

## Data Insights: Global Equity Risk Premia

Monday, June 27, 2016

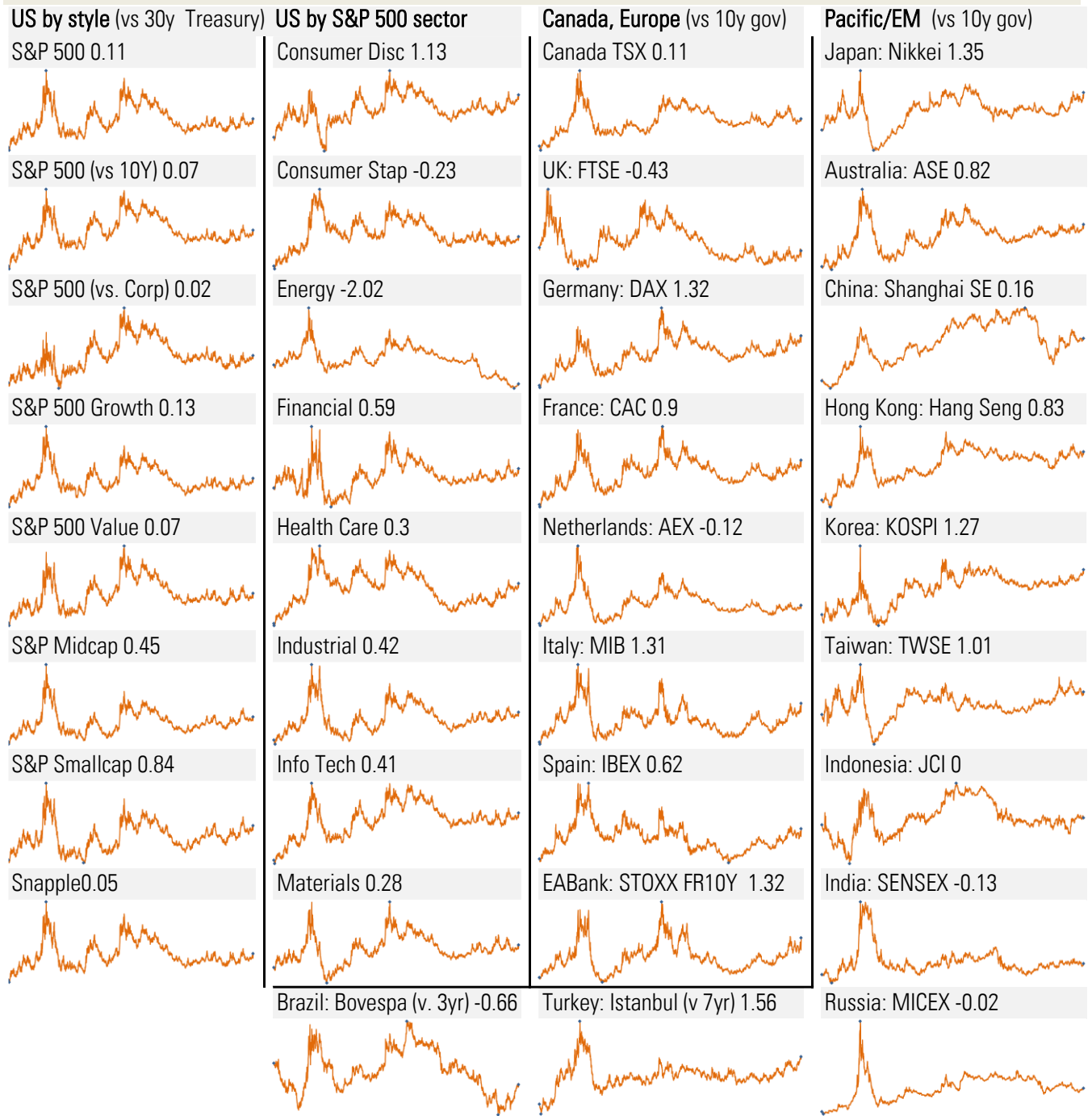
### Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

| Rank | Equity risk premium        |       | Forward PE ratio   |      | Fwd earnings upgrade rate |       | Fwd sales upgrade rate |      |
|------|----------------------------|-------|--------------------|------|---------------------------|-------|------------------------|------|
|      | By SD from crisis era mean |       |                    |      | Trailing 90 days, AR      |       | Trailing 90 days, AR   |      |
|      | By country                 |       | By country         |      | By country                |       | By country             |      |
| 1    | Turkey: Istanbul           | +1.57 | Russia: MICEX      | 6.7  | Brazil: Bovespa           | +63%  | Netherlands: AEX       | +34% |
| 2    | Japan: Nikkei              | +1.36 | Turkey: Istanbul   | 7.9  | Korea: KOSPI              | +27%  | Canada:TSX             | +26% |
| 3    | Germany: DAX               | +1.33 | Korea: KOSPI       | 10.3 | Turkey: Istanbul          | +15%  | Turkey: Istanbul       | +15% |
| 4    | Italy: MIB                 | +1.31 | HK: Hang Seng      | 10.6 | Germany: DAX              | +14%  | India: SENSEX          | +14% |
| 5    | Korea: KOSPI               | +1.28 | Germany: DAX       | 11.4 | Canada:TSX                | +14%  | Germany: DAX           | +12% |
| 6    | Taiwan:TWASA               | +1.01 | Brazil: Bovespa    | 11.6 | India: SENSEX             | +12%  | France: CAC            | +9%  |
| 7    | France: CAC                | +0.90 | Italy: MIB         | 11.6 | Australia: ASE            | +12%  | Korea: KOSPI           | +8%  |
| 8    | HK: Hang Seng              | +0.84 | Spain: IBEX        | 12.1 | UK: FTSE                  | +12%  | US: S&P 500            | +6%  |
| 9    | Australia: ASE             | +0.82 | China: Shanghai SE | 12.3 | US: S&P 500               | +9%   | HK: Hang Seng          | +2%  |
| 10   | Spain: IBEX                | +0.63 | Taiwan:TWASA       | 13.0 | Netherlands: AEX          | +9%   | Indonesia:JCI          | -4%  |
| 11   | China: Shanghai SE         | +0.16 | France: CAC        | 13.1 | Indonesia:JCI             | +4%   | China: Shanghai SE     | -5%  |
| 12   | US: S&P 500                | +0.12 | Japan: Nikkei      | 14.3 | France: CAC               | +2%   | Australia: ASE         | -5%  |
| 13   | Canada:TSX                 | +0.11 | Indonesia:JCI      | 14.4 | Russia: MICEX             | +1%   | Russia: MICEX          | -5%  |
| 14   | Indonesia:JCI              | +0.01 | UK: FTSE           | 15.2 | Italy: MIB                | +1%   | Japan: Nikkei          | -6%  |
| 15   | Russia: MICEX              | -0.03 | Netherlands: AEX   | 15.3 | HK: Hang Seng             | -1%   | UK: FTSE               | -7%  |
| 16   | Netherlands: AEX           | -0.13 | Australia: ASE     | 15.6 | Taiwan:TWASA              | -8%   | Taiwan:TWASA           | -11% |
| 17   | India: SENSEX              | -0.13 | India: SENSEX      | 15.9 | China: Shanghai SE        | -10%  | Spain: IBEX            | -12% |
| 18   | UK: FTSE                   | -0.44 | US: S&P 500        | 16.2 | Spain: IBEX               | -15%  | Italy: MIB             | -20% |
| 19   | Brazil: Bovespa            | -0.67 | Canada:TSX         | 17.0 | Japan: Nikkei             | -16%  | Brazil: Bovespa        | -20% |
|      | US, by style               |       | US, by style       |      | US, by style              |       | US, by style           |      |
| 1    | S&P Smallcap               | +0.85 | S&P 500 Value      | 15.0 | S&P Smallcap              | +24%  | S&P Smallcap           | +17% |
| 2    | S&P Midcap                 | +0.46 | S&P 500            | 16.2 | S&P 500 Growth            | +12%  | S&P 500 Growth         | +12% |
| 3    | S&P 500 Growth             | +0.13 | S&P 500 Growth     | 17.7 | S&P 500                   | +9%   | S&P 500                | +6%  |
| 4    | S&P 500                    | +0.12 | S&P Midcap         | 18.0 | S&P 500 Value             | +7%   | S&P 500 Value          | +3%  |
| 5    | S&P 500 Value              | +0.07 | S&P Smallcap       | 18.1 | S&P Midcap                | +6%   | S&P Midcap             | -7%  |
|      | US, by sector              |       | US, by sector      |      | US, by sector             |       | US, by sector          |      |
| 1    | Consumer Disc              | +1.13 | Financial          | 12.9 | Energy                    | +107% | Health Care            | +19% |
| 2    | Telecom                    | +0.92 | Telecom            | 14.2 | Materials                 | +32%  | Consumer Disc          | +18% |
| 3    | Financial                  | +0.59 | Health Care        | 14.8 | Consumer Disc             | +20%  | Energy                 | +9%  |
| 4    | Industrial                 | +0.43 | Info Tech          | 15.4 | Consumer Stap             | +13%  | Materials              | +8%  |
| 5    | Info Tech                  | +0.42 | Industrial         | 15.5 | Health Care               | +13%  | Consumer Stap          | +7%  |
| 6    | Health Care                | +0.31 | Materials          | 16.4 | Telecom                   | +4%   | Industrial             | +3%  |
| 7    | Materials                  | +0.29 | Consumer Disc      | 16.4 | Industrial                | +3%   | Info Tech              | +3%  |
| 8    | Consumer Stap              | -0.24 | Utilities          | 17.9 | Financial                 | +2%   | Utilities              | -6%  |
| 9    | Utilities                  | -0.34 | Consumer Stap      | 20.3 | Utilities                 | +2%   | Telecom                | -6%  |
| 10   | Energy                     | -2.02 | Energy             | 46.3 | Info Tech                 | -1%   | Financial              | -6%  |

Source: Bloomberg, TrendMacro calculations

# Equity risk premium: forward earnings yield minus bond yield, July 2007 to current

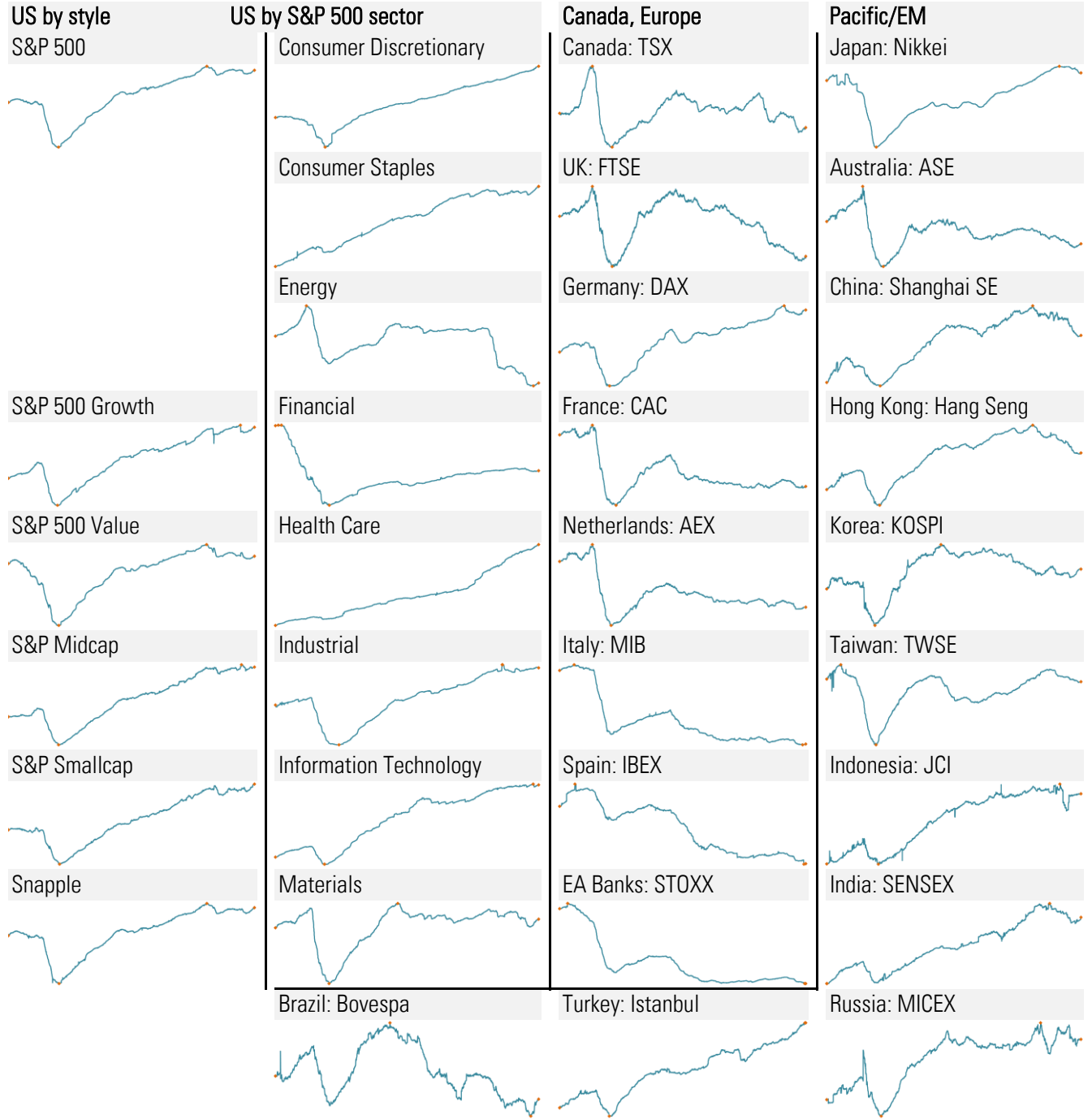
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

# EPS: forward consensus, bottom-up, July 2007 to current

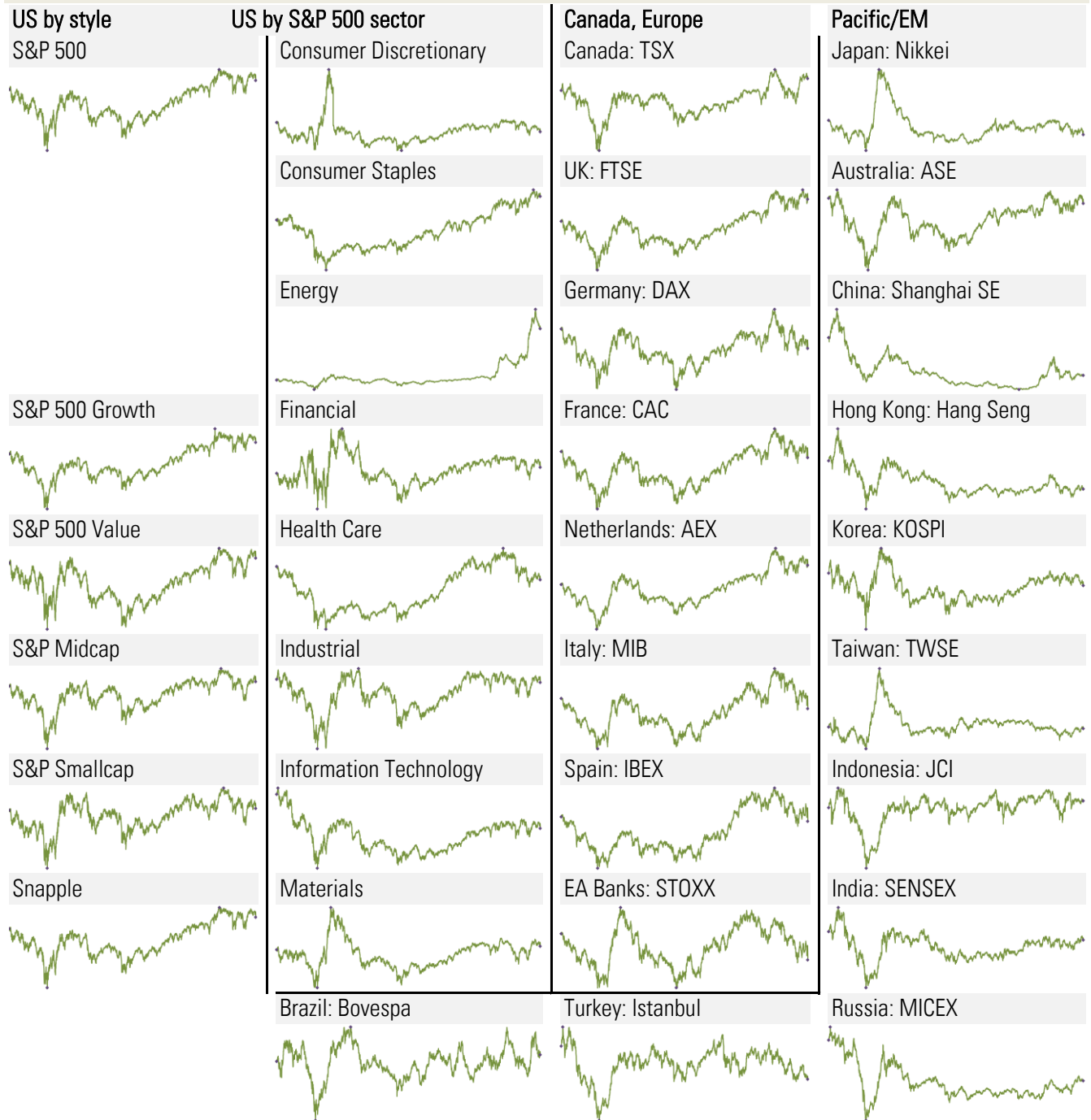
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

# P/E ratio: forward consensus, bottom-up, July 2007 to current

• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

# Benchmark bond yields, July 2007 to current

● First, High, Low, Last

## US

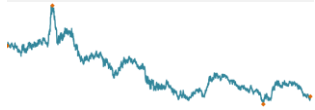
30-year Treasury



10-year Treasury

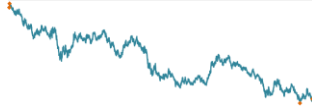


Moody's Corporate Avg

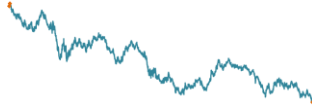


## Canada, Europe

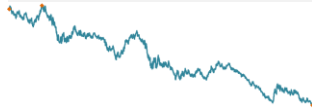
Canada 10-year govt



UK: 10-year govt



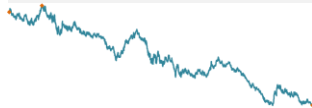
Germany: 10-year govt



France: 10-year govt



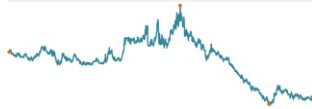
Netherlands: 10-year govt



Italy: 10-year govt



Spain: 10-year govt

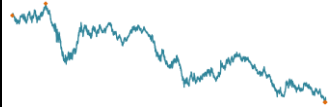


## Pacific/EM

Japan: 10-year govt



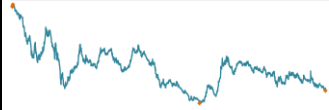
Australia: 10-year govt



China: 10-year govt



Hong Kong: 10-year govt



Korea: 10-year govt



Taiwan: 10-year govt



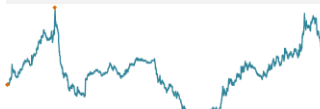
Indonesia: 10-year govt



India: 10-year govt



Brazil: 3-year govt



Turkey: 7-year govt



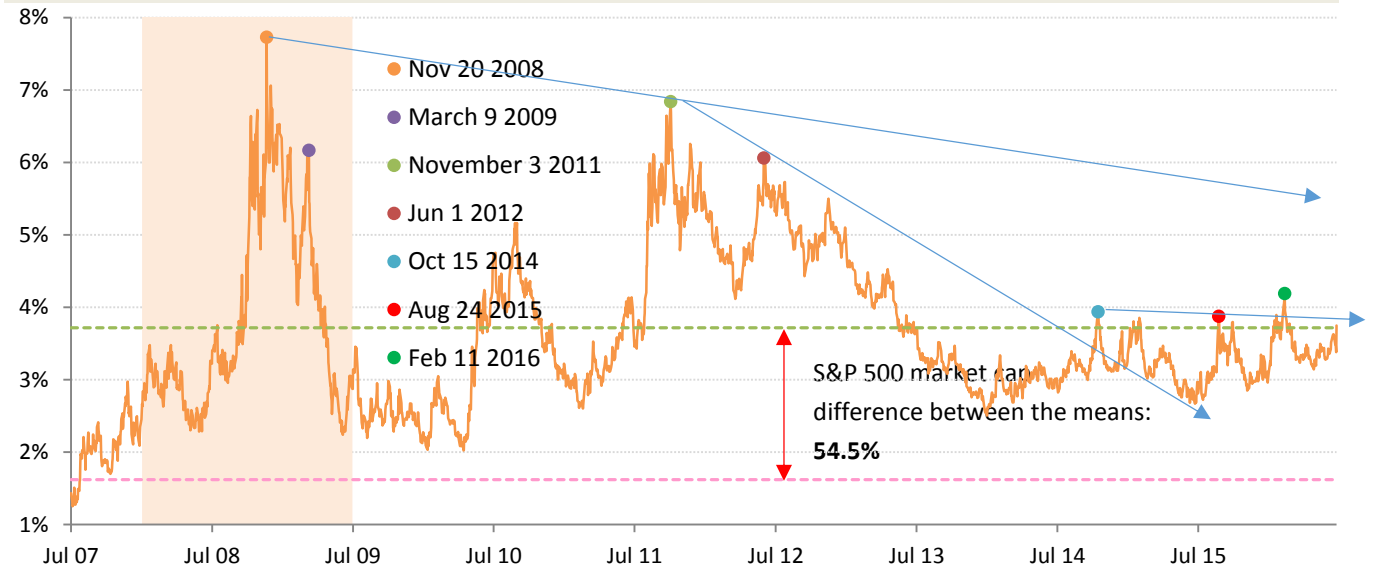
Russia: 10-year govt



Source: Bloomberg, TrendMacro calculations

## Daily S&P 500 equity risk premium in the crisis era

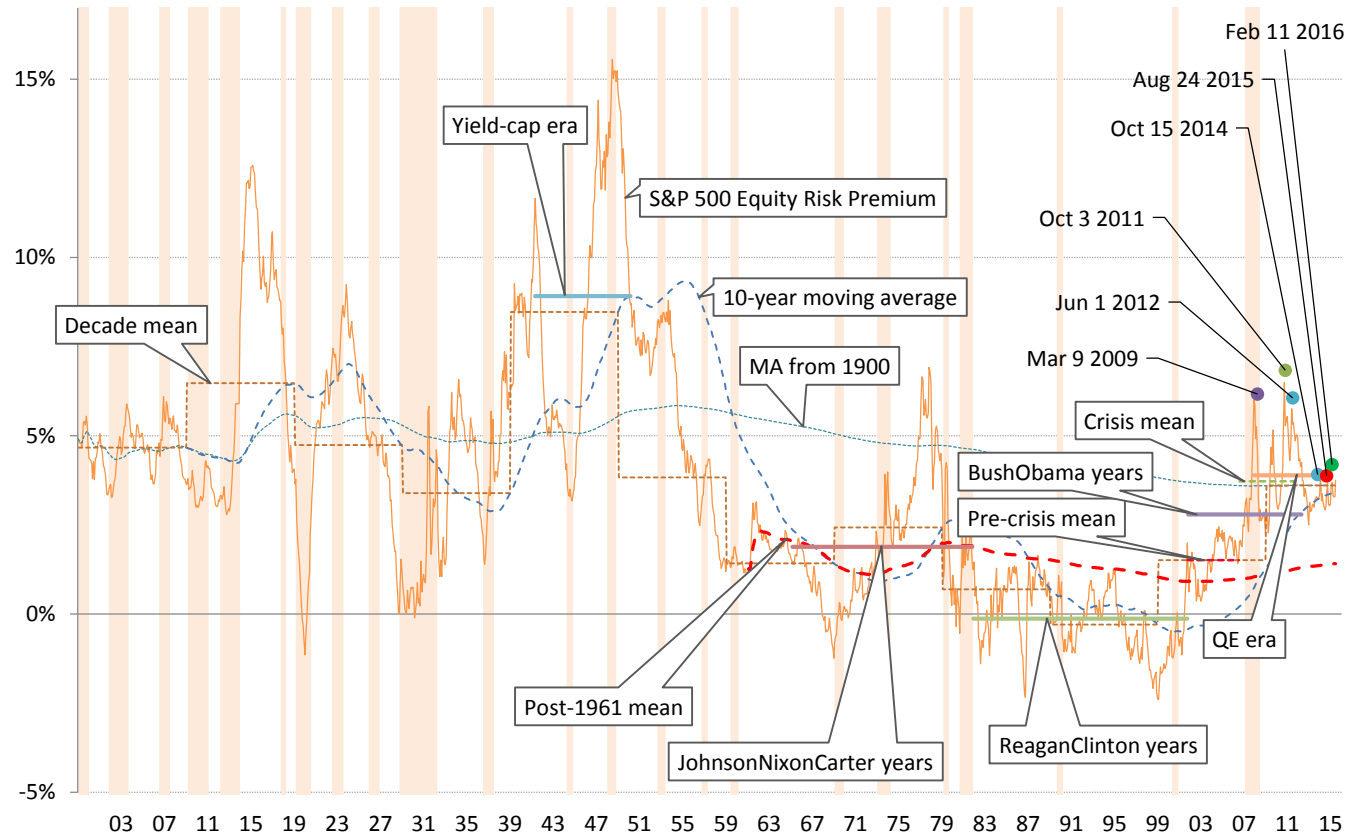
--- Crisis era mean    - - - Pre-crisis mean    ↘ Downtrends    ■ Recession



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

## A century-plus of the monthly S&P 500 equity risk premium



Versus 30-year Treasury

Source: Various, TrendMacro calculations