

## Data Insights: Global Equity Risk Premia

Wednesday, December 28, 2016

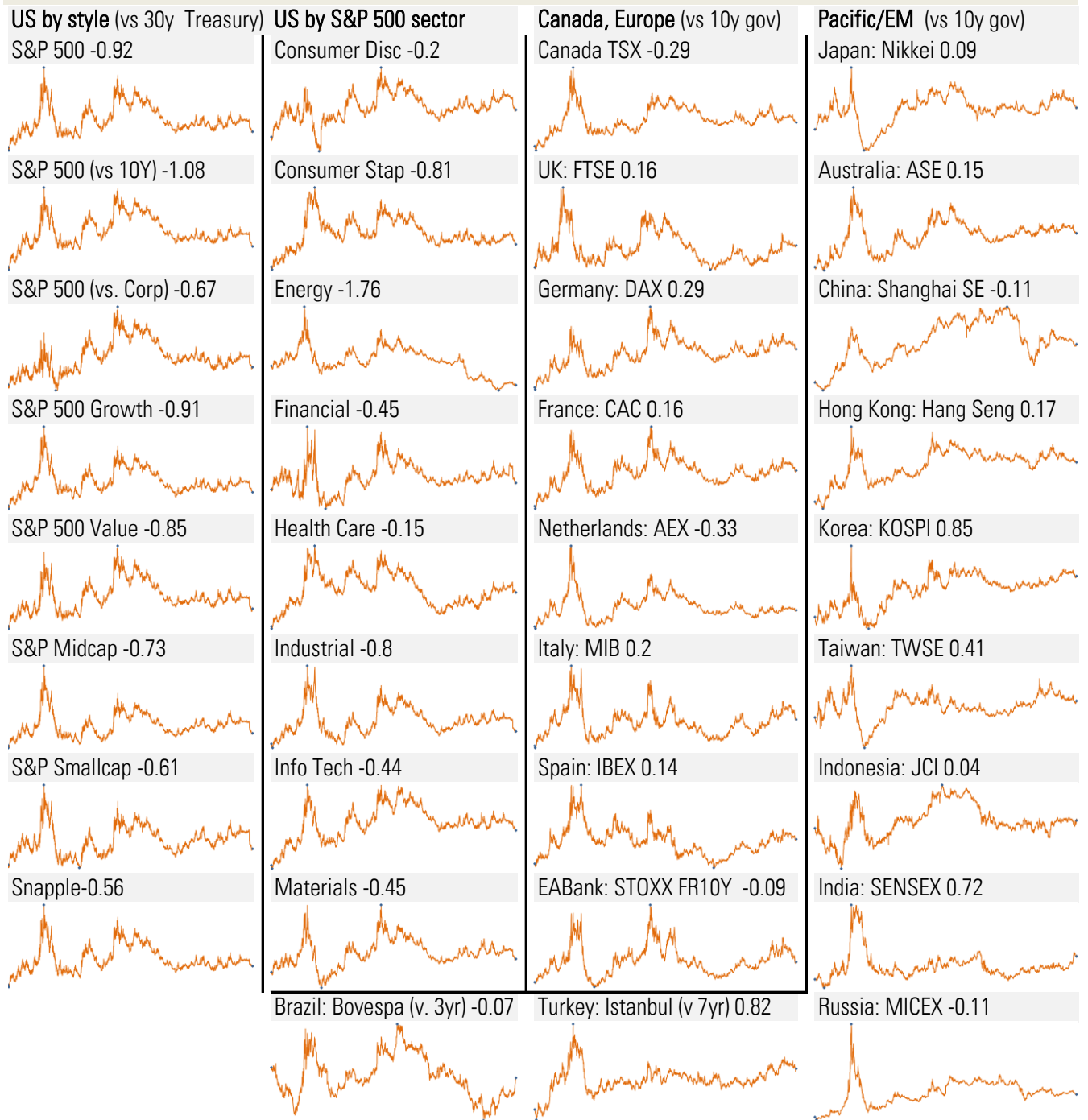
### Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	Korea: KOSPI	+0.85	Russia: MICEX	6.6	Brazil: Bovespa	+46%	Taiwan:TWSA	+26%
2	Turkey: Istanbul	+0.82	Turkey: Istanbul	7.7	Indonesia:JCI	+32%	Canada:TSX	+25%
3	India: SENSEX	+0.72	Korea: KOSPI	10.2	Italy: MIB	+32%	Russia: MICEX	+25%
4	Taiwan:TWSA	+0.42	HK: Hang Seng	10.9	Canada:TSX	+28%	Indonesia:JCI	+22%
5	Germany: DAX	+0.30	Brazil: Bovespa	11.9	Australia: ASE	+27%	Turkey: Istanbul	+21%
6	Italy: MIB	+0.20	China: Shanghai SE	13.1	Netherlands: AEX	+26%	UK: FTSE	+15%
7	HK: Hang Seng	+0.17	Taiwan:TWSA	13.2	Turkey: Istanbul	+24%	India: SENSEX	+15%
8	UK: FTSE	+0.17	Italy: MIB	13.4	UK: FTSE	+24%	Brazil: Bovespa	+13%
9	France: CAC	+0.16	Germany: DAX	13.4	Taiwan:TWSA	+22%	France: CAC	+9%
10	Australia: ASE	+0.16	Spain: IBEX	13.7	Russia: MICEX	+22%	Australia: ASE	+9%
11	Spain: IBEX	+0.14	Indonesia:JCI	14.0	Spain: IBEX	+19%	US: S&P 500	+8%
12	Japan: Nikkei	+0.10	France: CAC	14.3	France: CAC	+17%	Germany: DAX	+4%
13	Indonesia:JCI	+0.04	UK: FTSE	14.6	Japan: Nikkei	+12%	Italy: MIB	+4%
14	Brazil: Bovespa	-0.08	India: SENSEX	15.2	US: S&P 500	+10%	Japan: Nikkei	+4%
15	China: Shanghai SE	-0.11	Netherlands: AEX	15.7	Korea: KOSPI	+8%	China: Shanghai SE	+0%
16	Russia: MICEX	-0.12	Australia: ASE	15.9	India: SENSEX	+7%	Korea: KOSPI	-1%
17	Canada:TSX	-0.29	Canada:TSX	16.6	Germany: DAX	+7%	Spain: IBEX	-1%
18	Netherlands: AEX	-0.33	US: S&P 500	17.3	HK: Hang Seng	+5%	HK: Hang Seng	-7%
19	US: S&P 500	-0.93	Japan: Nikkei	18.1	China: Shanghai SE	+3%	Netherlands: AEX	-15%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	-0.62	S&P 500 Value	15.8	S&P 500 Value	+25%	S&P 500 Value	+51%
2	S&P Midcap	-0.73	S&P 500	17.3	S&P Smallcap	+15%	S&P Smallcap	+28%
3	S&P 500 Value	-0.86	S&P 500 Growth	18.8	S&P 500	+10%	S&P 500	+8%
4	S&P 500 Growth	-0.92	S&P Midcap	20.1	S&P Midcap	+5%	S&P Midcap	-24%
5	S&P 500	-0.93	S&P Smallcap	20.8	S&P 500 Growth	+0%	S&P 500 Growth	-25%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+0.24	Telecom	14.2	Energy	+131%	Energy	+28%
2	Health Care	-0.16	Financial	14.3	Info Tech	+19%	Industrial	+21%
3	Consumer Disc	-0.21	Health Care	14.5	Financial	+18%	Financial	+11%
4	Info Tech	-0.45	Info Tech	16.7	Materials	+8%	Info Tech	+8%
5	Financial	-0.45	Utilities	17.2	Consumer Stap	+3%	Consumer Stap	+5%
6	Materials	-0.46	Materials	17.3	Health Care	+2%	Health Care	+4%
7	Industrial	-0.80	Industrial	18.1	Utilities	+1%	Utilities	+3%
8	Utilities	-0.81	Consumer Disc	18.2	Consumer Disc	-1%	Consumer Disc	+1%
9	Consumer Stap	-0.81	Consumer Stap	19.4	Industrial	-2%	Telecom	-1%
10	Energy	-1.76	Energy	33.2	Telecom	-3%	Materials	-19%

Source: Bloomberg, TrendMacro calculations

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

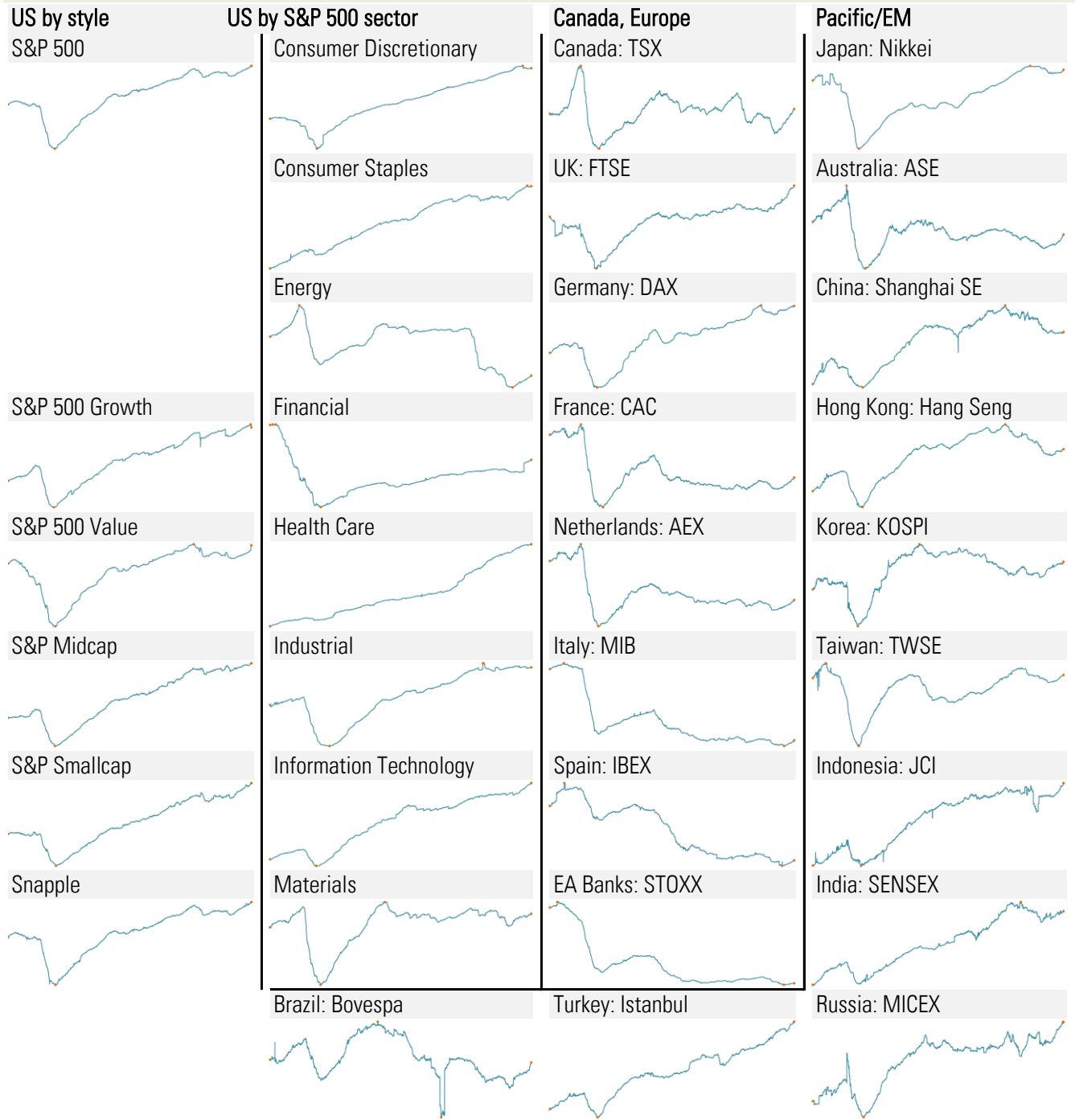
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

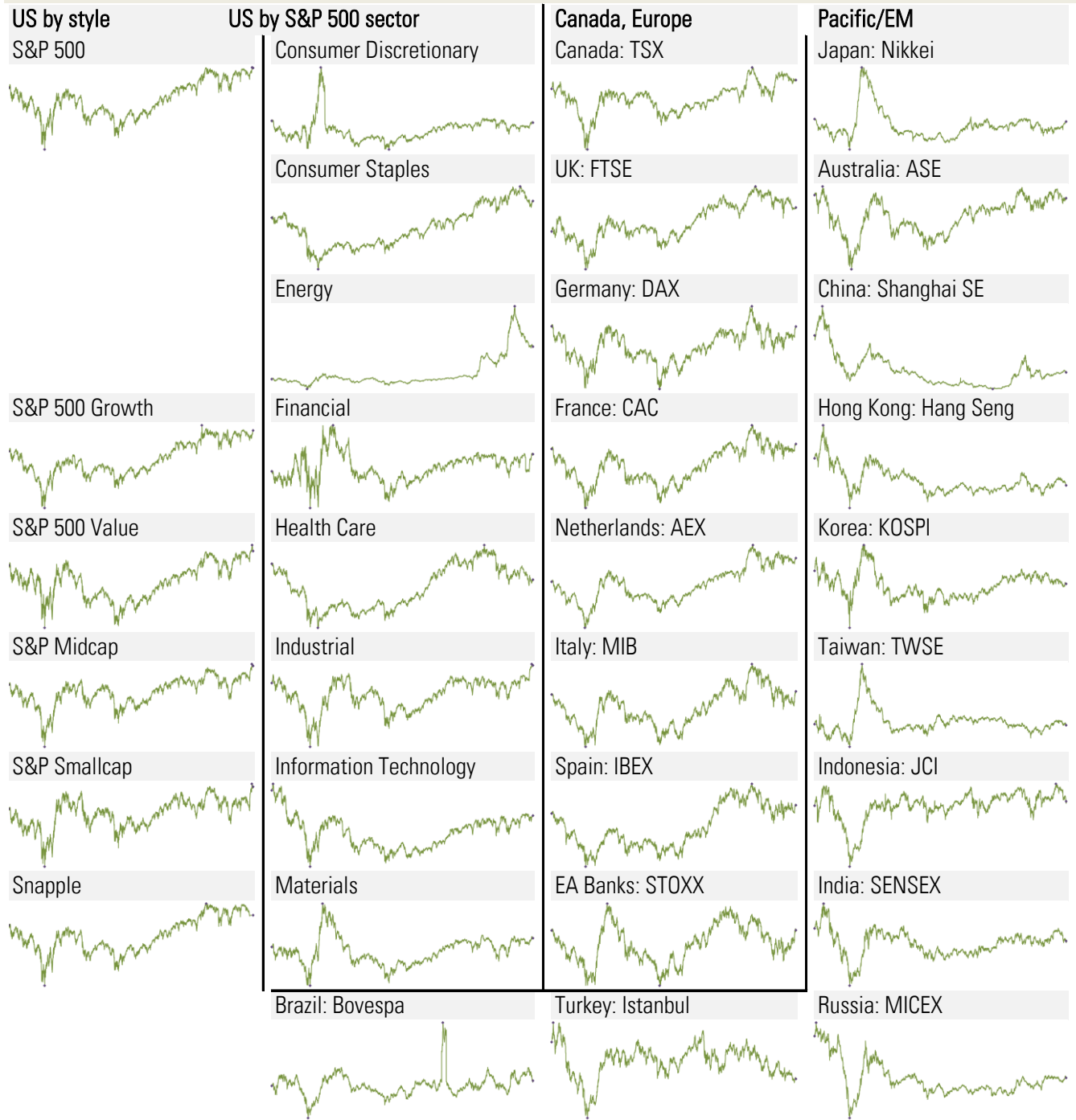
● First, High, Low, Last



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

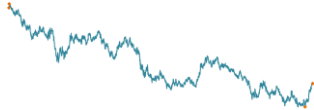


Moody's Corporate Avg

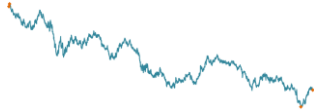


## Canada, Europe

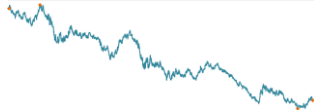
Canada 10-year govt



UK: 10-year govt



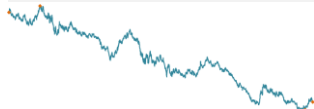
Germany: 10-year govt



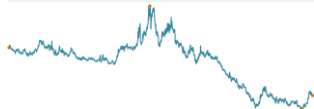
France: 10-year govt



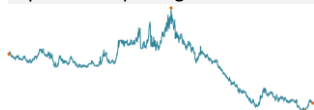
Netherlands: 10-year govt



Italy: 10-year govt



Spain: 10-year govt

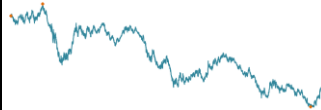


## Pacific/EM

Japan: 10-year govt



Australia: 10-year govt



China: 10-year govt



Hong Kong: 10-year govt



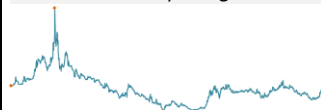
Korea: 10-year govt



Taiwan: 10-year govt



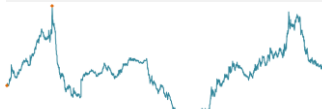
Indonesia: 10-year govt



India: 10-year govt



Brazil: 3-year govt



Turkey: 7-year govt



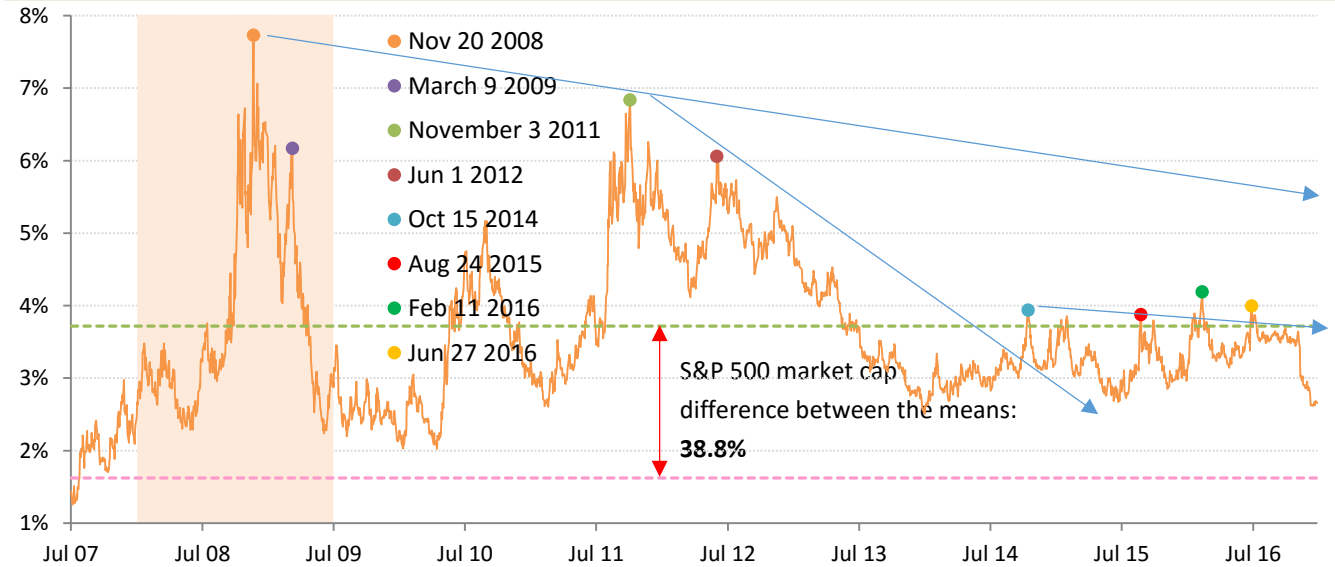
Russia: 10-year govt



Source: Bloomberg, TrendMacro calculations

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

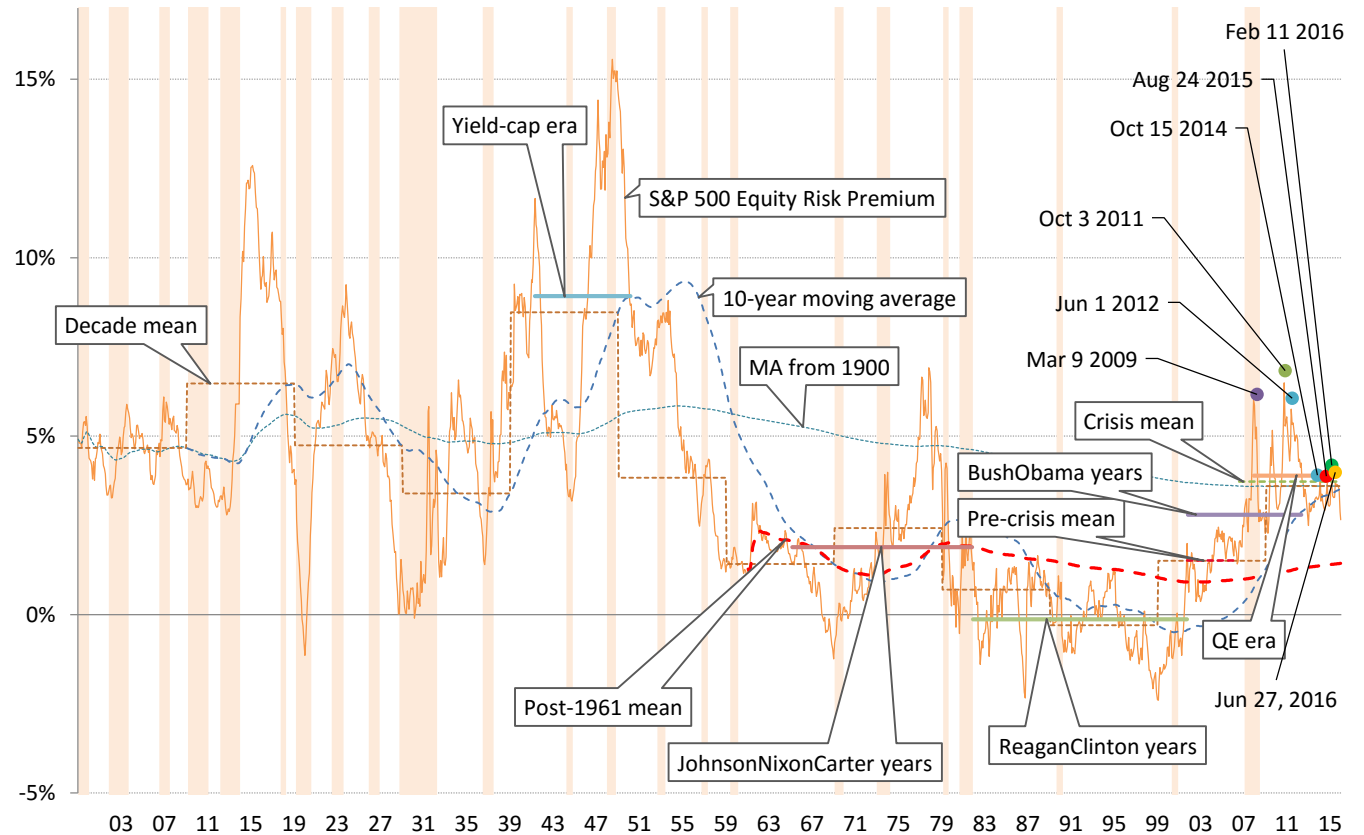
--- Crisis era mean    - - - Pre-crisis mean    ↘ Downtrends    ■ Recession



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