

Data Insights: Global Equity Risk Premia

Wednesday, February 22, 2016

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

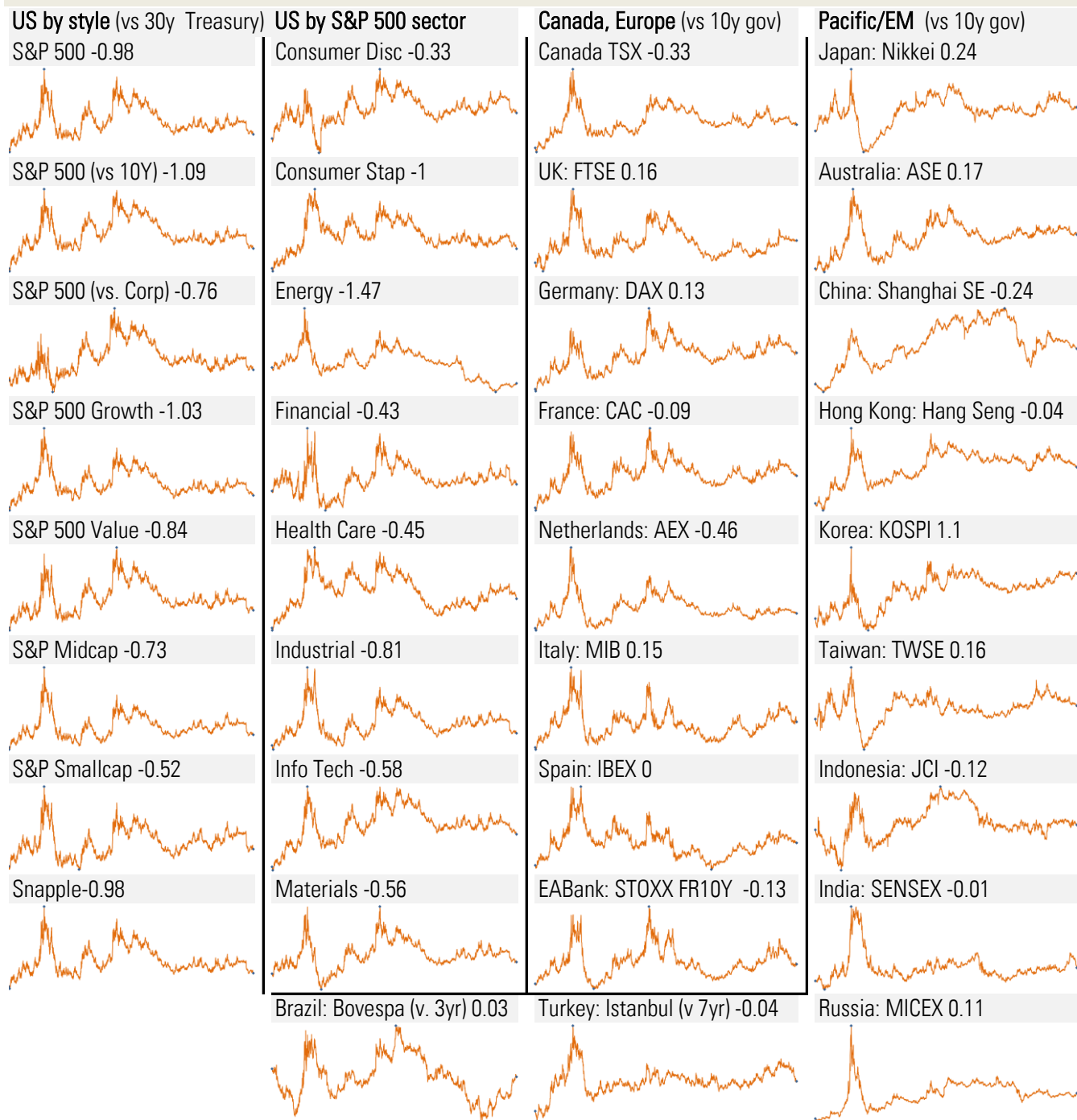
Rank	Equity risk premium		Forward PE ratio		Fwd earnings upgrade rate		Fwd sales upgrade rate	
	By SD from crisis era mean				Trailing 90 days, AR		Trailing 90 days, AR	
	By country		By country		By country		By country	
1	Korea: KOSPI	+1.10	Russia: MICEX	6.4	Brazil: Bovespa	+77%	Korea: KOSPI	+33%
2	Japan: Nikkei	+0.24	Turkey: Istanbul	8.7	Korea: KOSPI	+46%	Turkey: Istanbul	+31%
3	Australia: ASE	+0.18	Korea: KOSPI	9.7	Japan: Nikkei	+27%	Indonesia:JCI	+20%
4	UK: FTSE	+0.16	HK: Hang Seng	11.8	Italy: MIB	+26%	UK: FTSE	+17%
5	Taiwan:TWSA	+0.16	Italy: MIB	12.8	Netherlands: AEX	+25%	Italy: MIB	+12%
6	Italy: MIB	+0.15	Brazil: Bovespa	13.2	Australia: ASE	+22%	Brazil: Bovespa	+11%
7	Germany: DAX	+0.14	China: Shanghai SE	13.4	Spain: IBEX	+21%	HK: Hang Seng	+10%
8	Russia: MICEX	+0.12	Spain: IBEX	13.6	Taiwan:TWSA	+21%	Russia: MICEX	+9%
9	Brazil: Bovespa	+0.04	Taiwan:TWSA	13.7	Canada:TSX	+19%	Spain: IBEX	+9%
10	Spain: IBEX	-0.01	Germany: DAX	13.7	HK: Hang Seng	+18%	US: S&P 500	+5%
11	India: SENSEX	-0.02	France: CAC	14.2	Turkey: Istanbul	+15%	Netherlands: AEX	+4%
12	Turkey: Istanbul	-0.04	UK: FTSE	15.0	UK: FTSE	+13%	Japan: Nikkei	+4%
13	HK: Hang Seng	-0.05	Indonesia:JCI	15.2	France: CAC	+13%	China: Shanghai SE	+4%
14	France: CAC	-0.10	Netherlands: AEX	15.6	Russia: MICEX	+12%	France: CAC	+3%
15	Indonesia:JCI	-0.12	Australia: ASE	16.0	Germany: DAX	+10%	Germany: DAX	+3%
16	China: Shanghai SE	-0.25	Canada:TSX	16.9	US: S&P 500	+10%	Canada:TSX	+3%
17	Canada:TSX	-0.33	India: SENSEX	17.0	China: Shanghai SE	+6%	Taiwan:TWSA	+1%
18	Netherlands: AEX	-0.47	Japan: Nikkei	17.4	India: SENSEX	-6%	Australia: ASE	+1%
19	US: S&P 500	-0.99	US: S&P 500	17.8	Indonesia:JCI	-9%	India: SENSEX	-26%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	-0.52	S&P 500 Value	16.1	S&P 500 Value	+25%	S&P 500 Value	+45%
2	S&P Midcap	-0.73	S&P 500	17.8	S&P Smallcap	+16%	S&P Smallcap	+7%
3	S&P 500 Value	-0.85	S&P 500 Growth	19.6	S&P Midcap	+16%	S&P 500	+5%
4	S&P 500	-0.99	S&P Midcap	20.5	S&P 500	+10%	S&P Midcap	+1%
5	S&P 500 Growth	-1.04	S&P Smallcap	20.8	S&P 500 Growth	-1%	S&P 500 Growth	-26%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+0.48	Telecom	13.8	Energy	+84%	Energy	+13%
2	Consumer Disc	-0.33	Financial	14.4	Financial	+19%	Info Tech	+8%
3	Financial	-0.44	Health Care	15.6	Info Tech	+15%	Financial	+6%
4	Health Care	-0.46	Utilities	17.5	Industrial	+10%	Health Care	+6%
5	Materials	-0.56	Info Tech	17.6	Consumer Disc	+6%	Industrial	+4%
6	Info Tech	-0.59	Materials	18.1	Utilities	+2%	Consumer Disc	+3%
7	Industrial	-0.81	Industrial	18.5	Consumer Stap	+2%	Utilities	+2%
8	Utilities	-0.82	Consumer Disc	18.9	Materials	+1%	Materials	+2%
9	Consumer Stap	-1.01	Consumer Stap	20.5	Health Care	-2%	Consumer Stap	-1%
10	Energy	-1.48	Energy	28.8	Telecom	-7%	Telecom	-2%

Source: Bloomberg, TrendMacro calculations

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

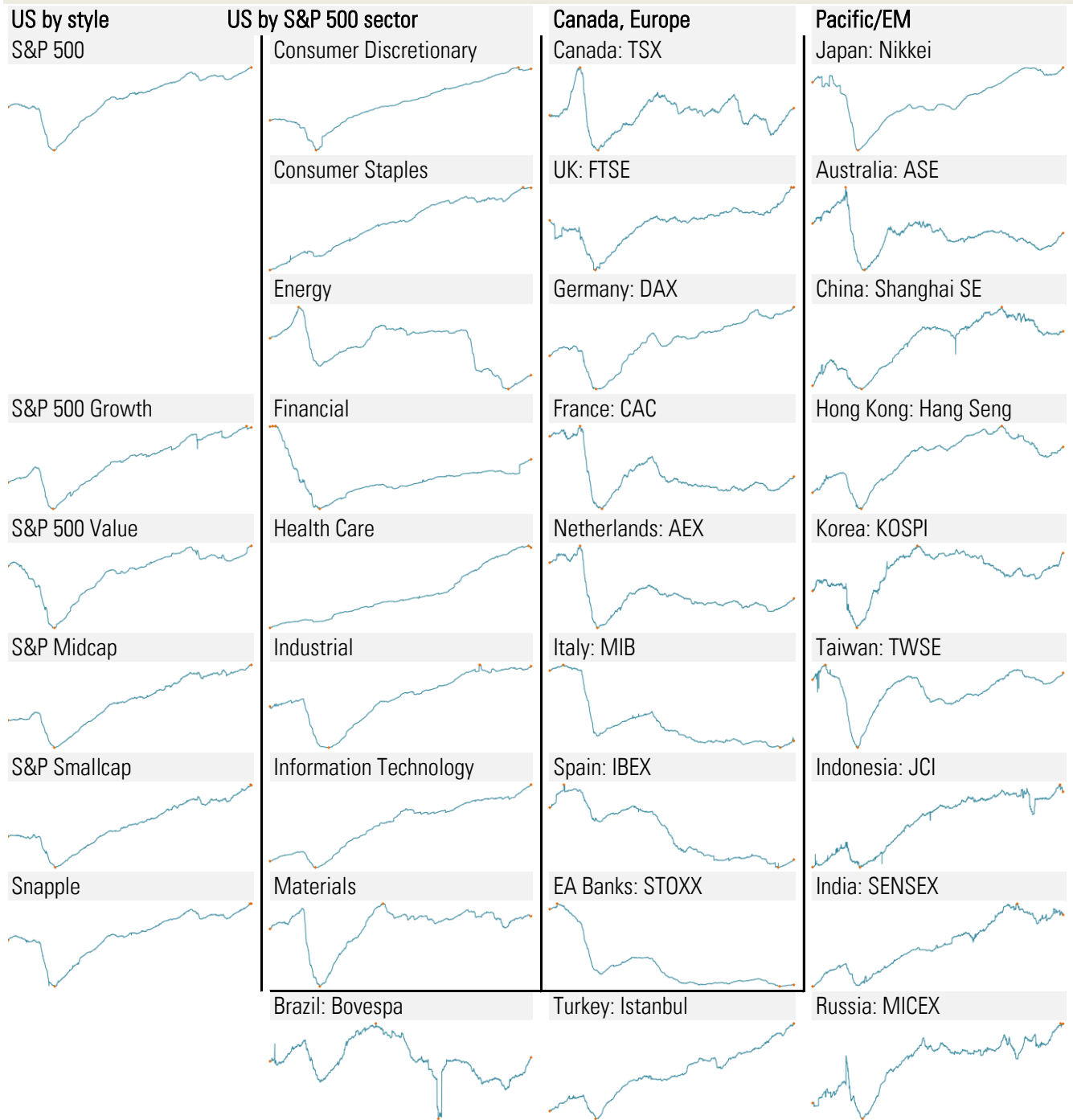
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

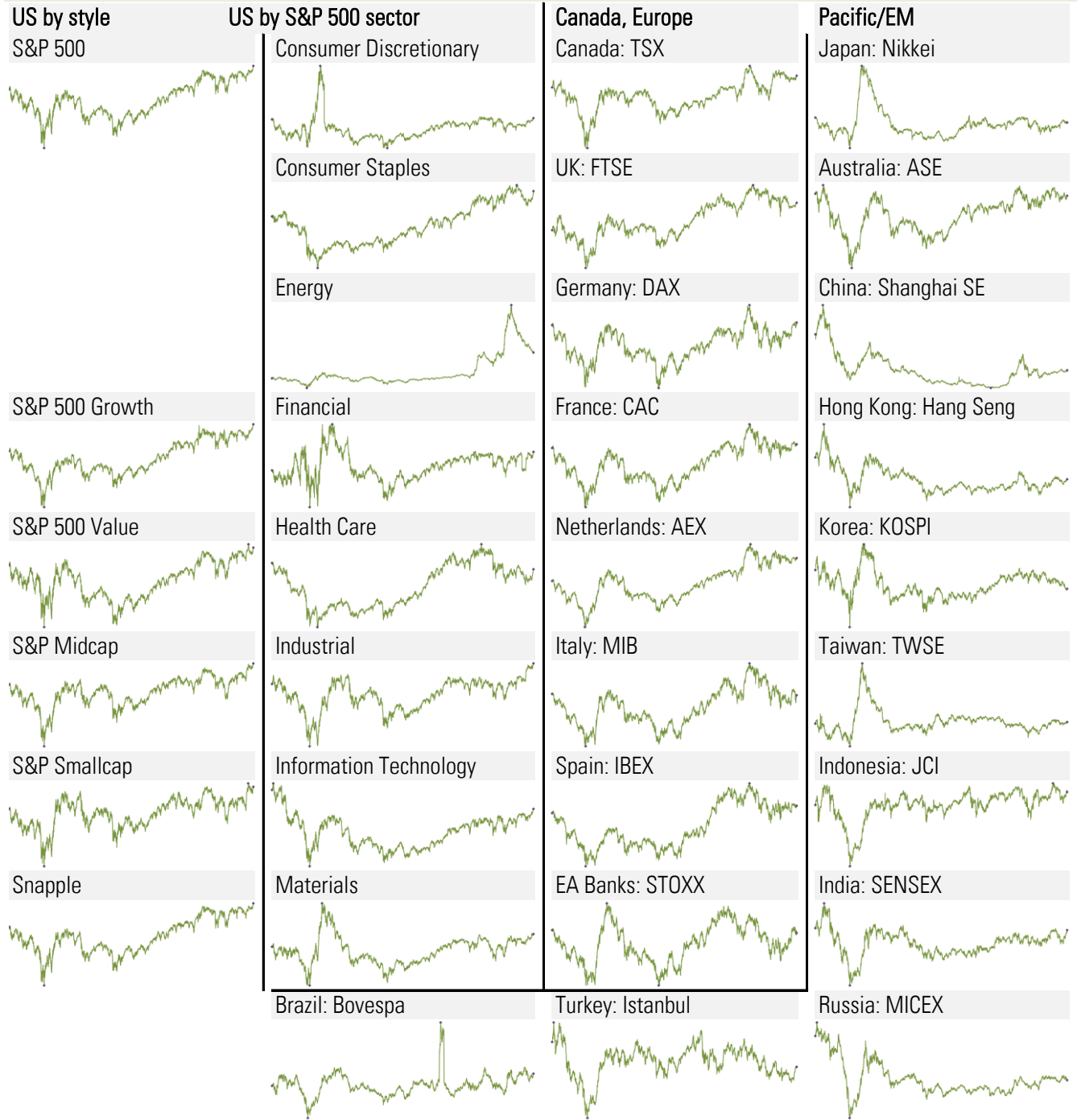
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

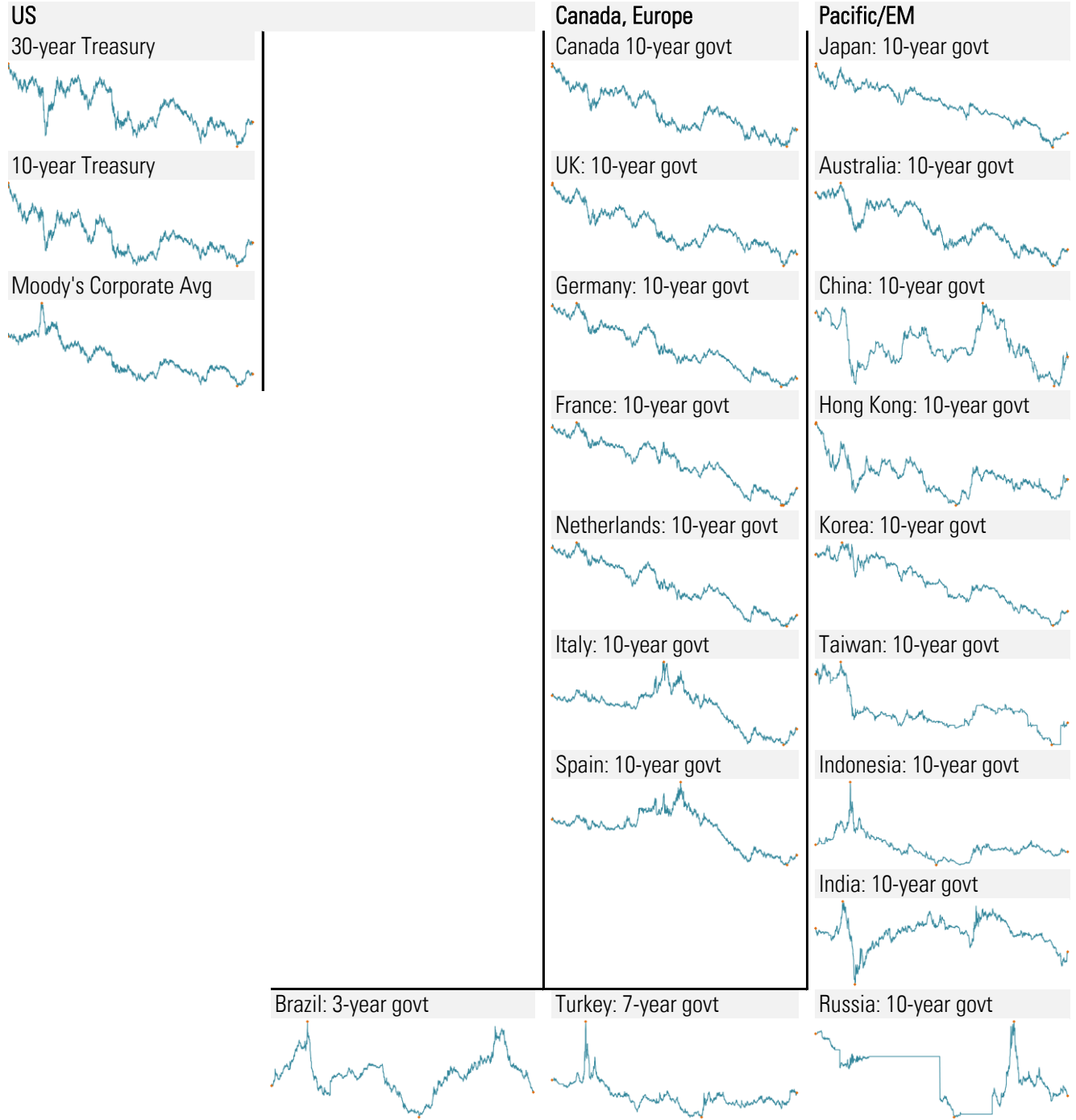
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

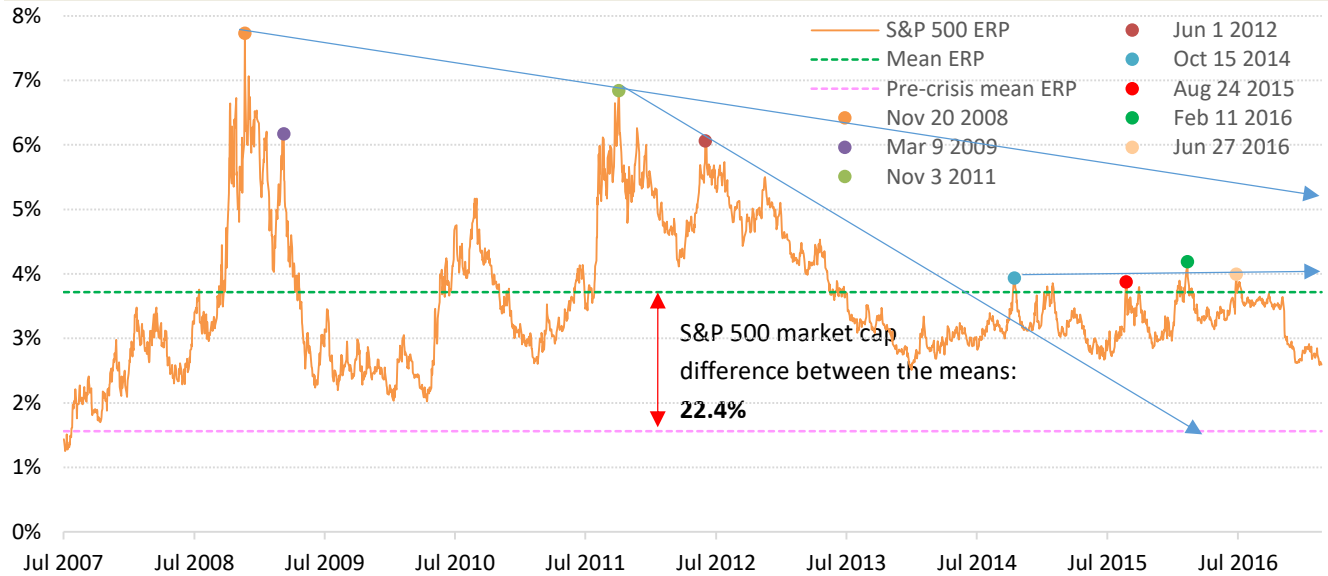
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

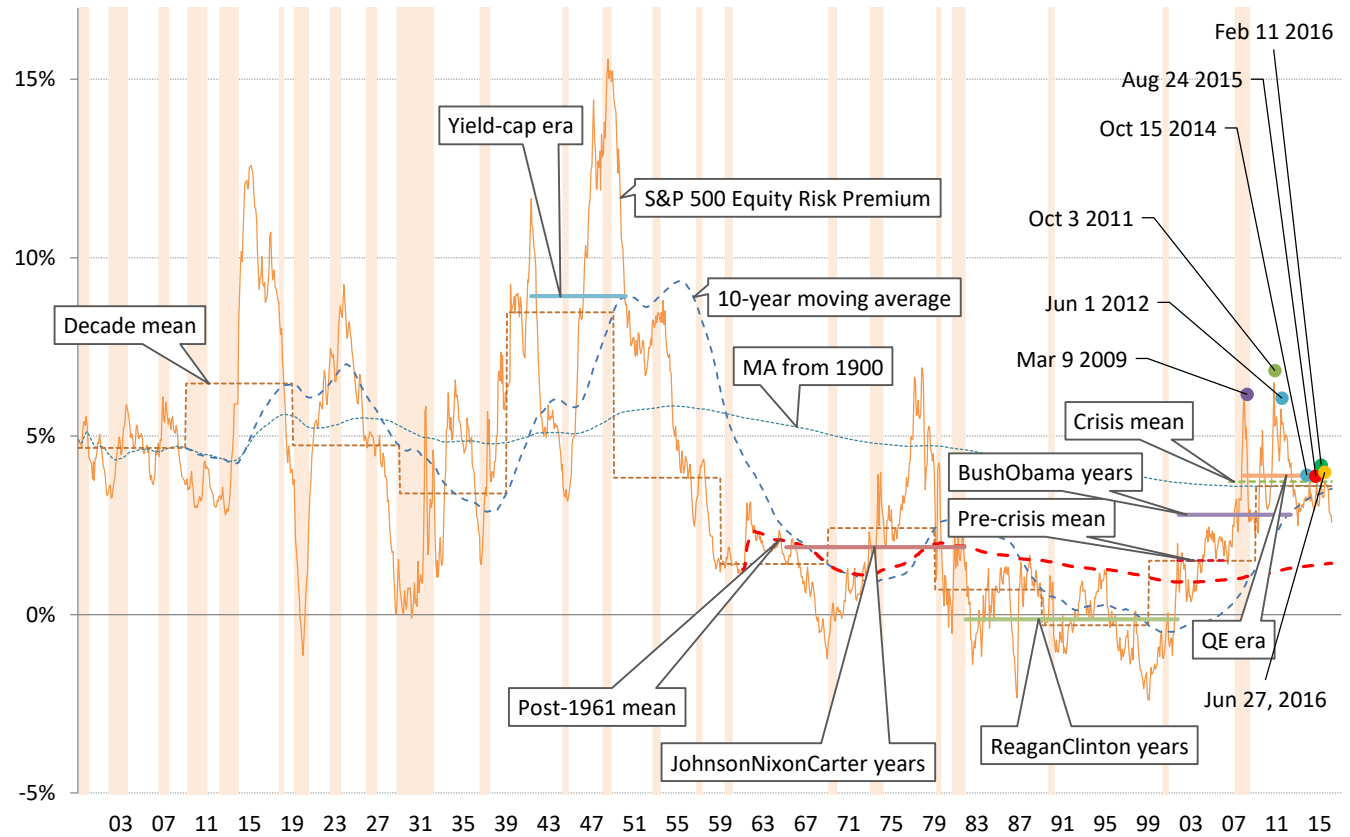
--- Crisis era mean --- Pre-crisis mean ↘ Trendlines



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