

## Data Insights: Global Equity Risk Premia

Wednesday, December 12, 2017

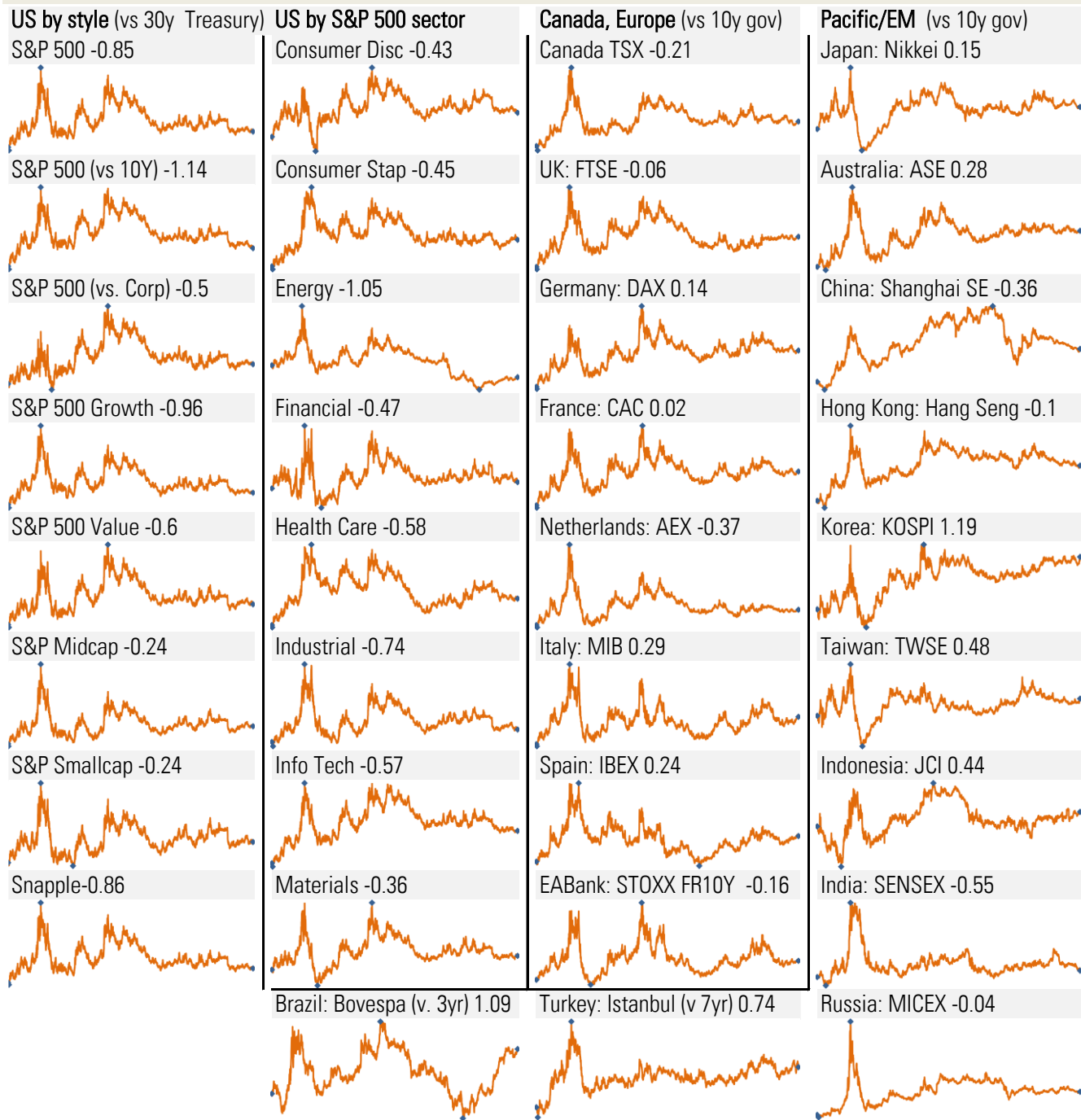
### Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

Rank	Equity risk premium By SD from crisis era mean		Forward PE ratio		Fwd earnings upgrade rate Trailing 90 days, AR		Fwd sales upgrade rate Trailing 90 days, AR	
	By country		By country		By country		By country	
1	Korea: KOSPI	+1.20	Russia: MICEX	6.6	Japan: Nikkei	+28%	Turkey: Istanbul	+25%
2	Brazil: Bovespa	+1.09	Turkey: Istanbul	8.1	India: SENSEX	+26%	Japan: Nikkei	+20%
3	Turkey: Istanbul	+0.74	Korea: KOSPI	9.2	Korea: KOSPI	+26%	HK: Hang Seng	+18%
4	Taiwan:TWASA	+0.49	HK: Hang Seng	11.9	Brazil: Bovespa	+25%	Korea: KOSPI	+18%
5	Indonesia:JCI	+0.45	Brazil: Bovespa	12.2	Canada:TSX	+20%	Russia: MICEX	+14%
6	Italy: MIB	+0.30	China: Shanghai SE	13.0	Turkey: Istanbul	+20%	France: CAC	+14%
7	Australia: ASE	+0.28	Spain: IBEX	13.4	Italy: MIB	+19%	Taiwan:TWASA	+13%
8	Spain: IBEX	+0.25	Italy: MIB	13.5	Indonesia:JCI	+18%	US: S&P 500	+10%
9	Japan: Nikkei	+0.16	Taiwan:TWASA	13.6	Netherlands: AEX	+16%	Indonesia:JCI	+9%
10	Germany: DAX	+0.14	Germany: DAX	13.6	HK: Hang Seng	+15%	Australia: ASE	+8%
11	France: CAC	+0.03	UK: FTSE	14.3	Taiwan:TWASA	+12%	Brazil: Bovespa	+6%
12	Russia: MICEX	-0.05	France: CAC	14.8	US: S&P 500	+11%	Canada:TSX	+6%
13	UK: FTSE	-0.06	Indonesia:JCI	15.7	Russia: MICEX	+10%	Netherlands: AEX	+3%
14	HK: Hang Seng	-0.11	Netherlands: AEX	16.0	UK: FTSE	+10%	India: SENSEX	+3%
15	Canada:TSX	-0.21	Australia: ASE	16.1	Australia: ASE	+9%	UK: FTSE	+2%
16	China: Shanghai SE	-0.37	Canada:TSX	16.2	France: CAC	+7%	Spain: IBEX	+1%
17	Netherlands: AEX	-0.38	Japan: Nikkei	17.7	China: Shanghai SE	+6%	China: Shanghai SE	-1%
18	India: SENSEX	-0.56	India: SENSEX	18.3	Spain: IBEX	+5%	Germany: DAX	-2%
19	US: S&P 500	-0.86	US: S&P 500	18.4	Germany: DAX	+2%	Italy: MIB	-21%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Midcap	-0.24	S&P 500 Value	16.1	S&P Midcap	+16%	S&P 500 Growth	+12%
2	S&P Smallcap	-0.25	S&P 500	18.4	S&P 500 Growth	+14%	S&P Smallcap	+11%
3	S&P 500 Value	-0.61	S&P Midcap	19.5	S&P 500	+11%	S&P 500	+10%
4	S&P 500	-0.86	S&P 500 Growth	20.7	S&P Smallcap	+11%	S&P 500 Value	+8%
5	S&P 500 Growth	-0.96	S&P Smallcap	20.8	S&P 500 Value	+9%	S&P Midcap	+5%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+1.09	Telecom	12.8	Energy	+83%	Telecom	+39%
2	Materials	-0.37	Financial	15.1	Info Tech	+29%	Materials	+19%
3	Consumer Disc	-0.44	Health Care	16.7	Materials	+19%	Info Tech	+18%
4	Consumer Stap	-0.46	Materials	18.2	Financial	+8%	Energy	+12%
5	Financial	-0.47	Info Tech	18.5	Consumer Stap	+7%	Financial	+11%
6	Info Tech	-0.58	Utilities	18.6	Health Care	+4%	Consumer Disc	+8%
7	Health Care	-0.59	Industrial	19.2	Telecom	+4%	Consumer Stap	+7%
8	Industrial	-0.75	Consumer Stap	19.8	Utilities	+3%	Industrial	+6%
9	Utilities	-0.85	Consumer Disc	20.4	Consumer Disc	+3%	Health Care	+5%
10	Energy	-1.06	Energy	25.6	Industrial	-9%	Utilities	-2%

Source: Bloomberg, TrendMacro calculations

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

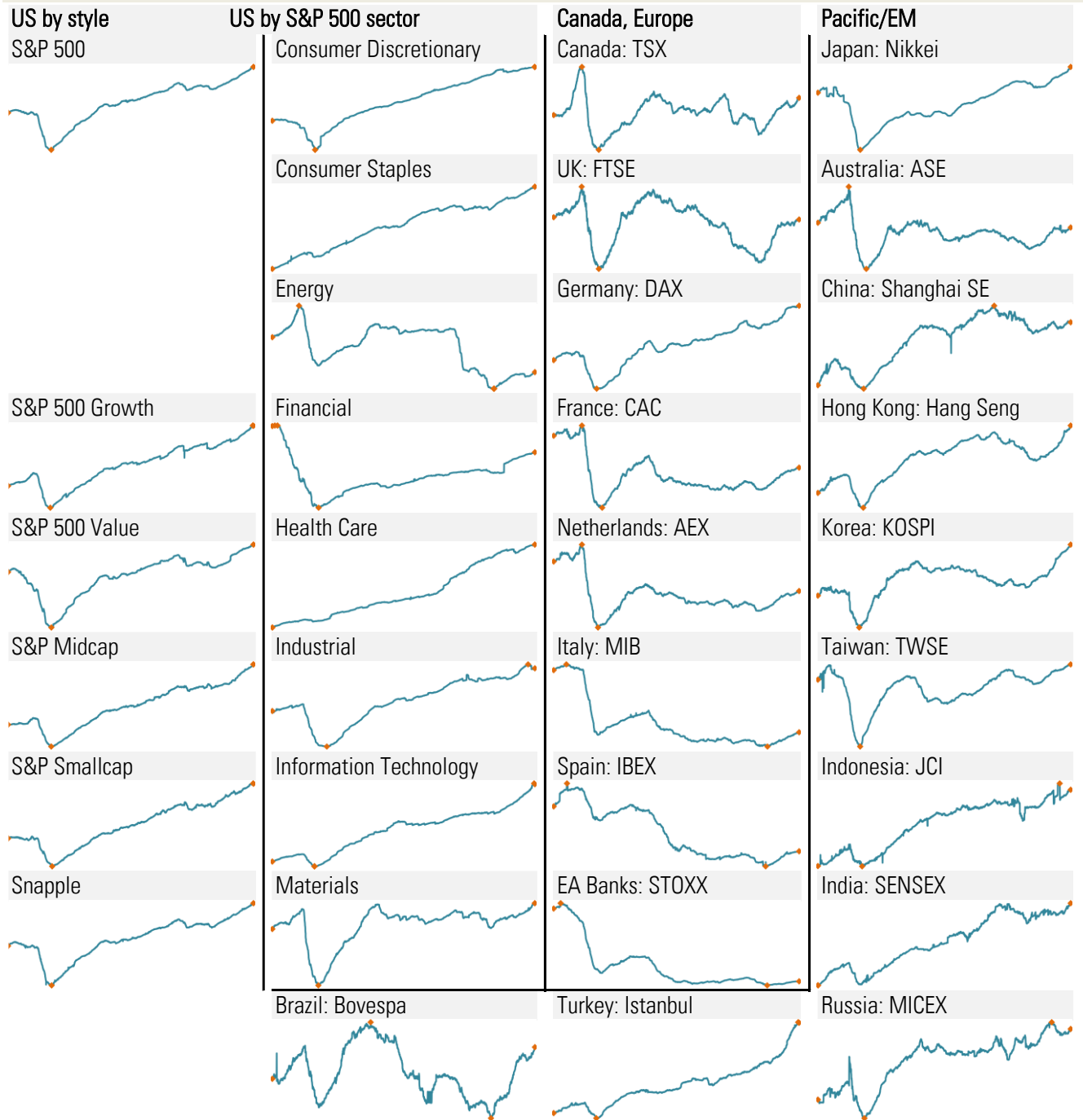
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

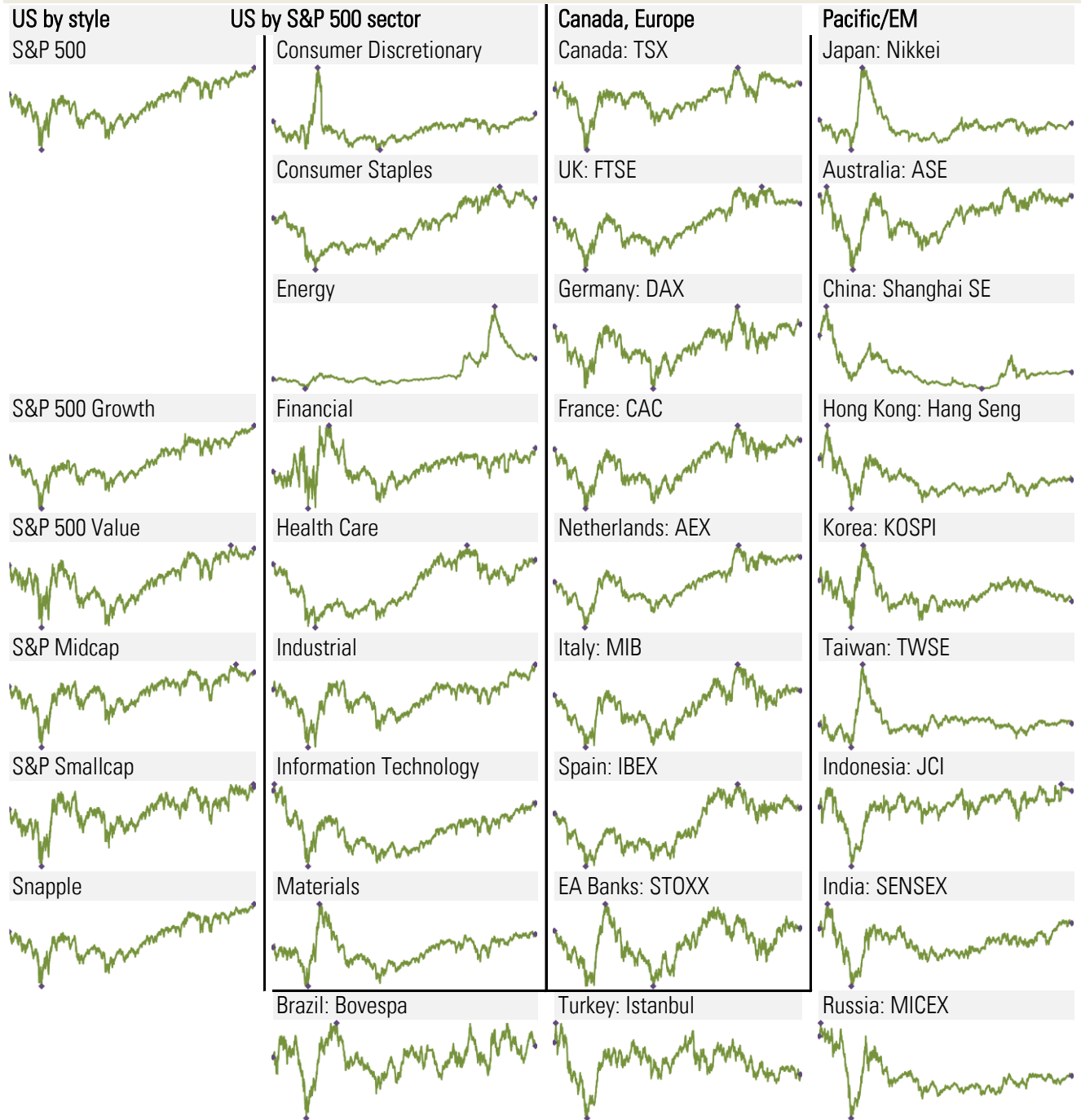
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

• First, High, Low, Last



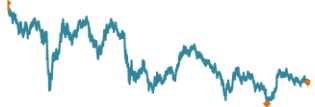
Source: Bloomberg, TrendMacro calculations

# Benchmark bond yields, July 2007 to current

● First, High, Low, Last

## US

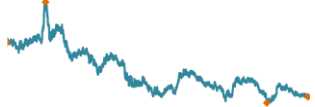
30-year Treasury



10-year Treasury

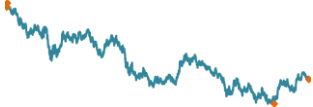


Moody's Corporate Avg

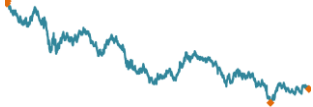


## Canada, Europe

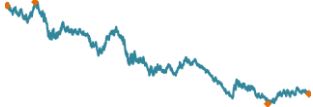
Canada 10-year govt



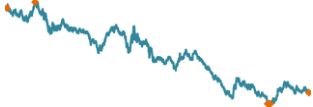
UK: 10-year govt



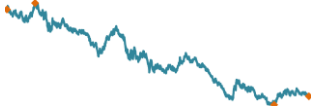
Germany: 10-year govt



France: 10-year govt



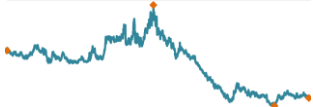
Netherlands: 10-year govt



Italy: 10-year govt

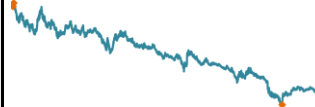


Spain: 10-year govt

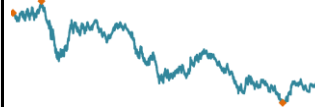


## Pacific/EM

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



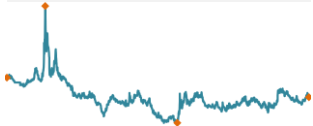
India: 10-year govt



Brazil: 3-year govt



Turkey: 7-year govt



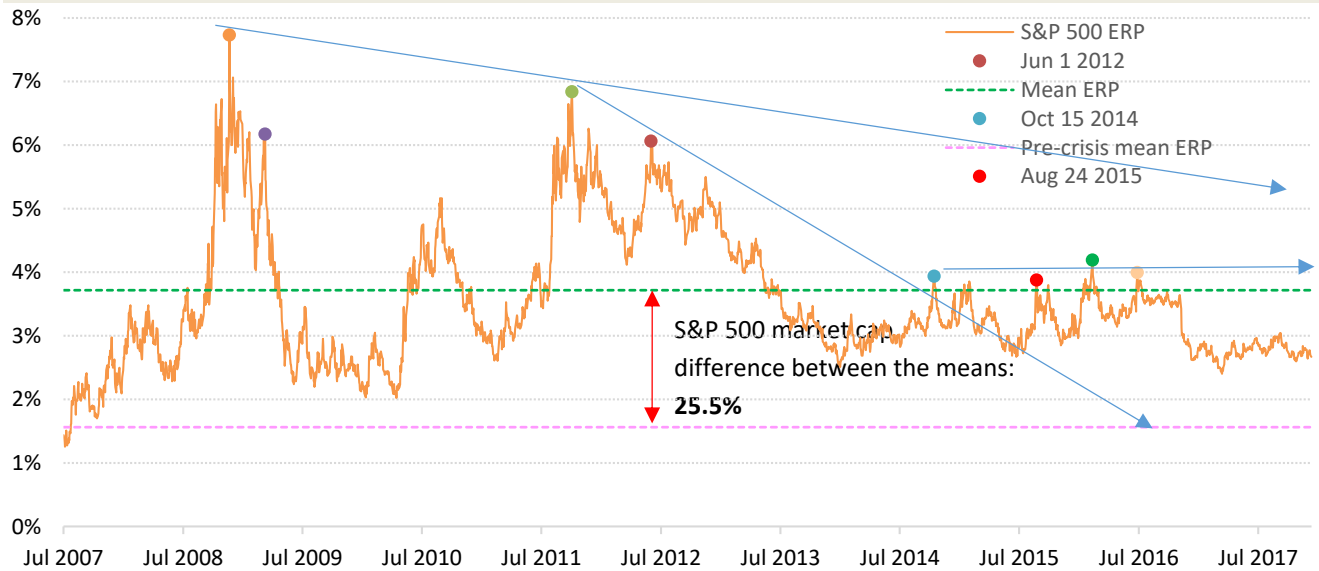
Russia: 10-year govt



Source: Bloomberg, TrendMacro calculations

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

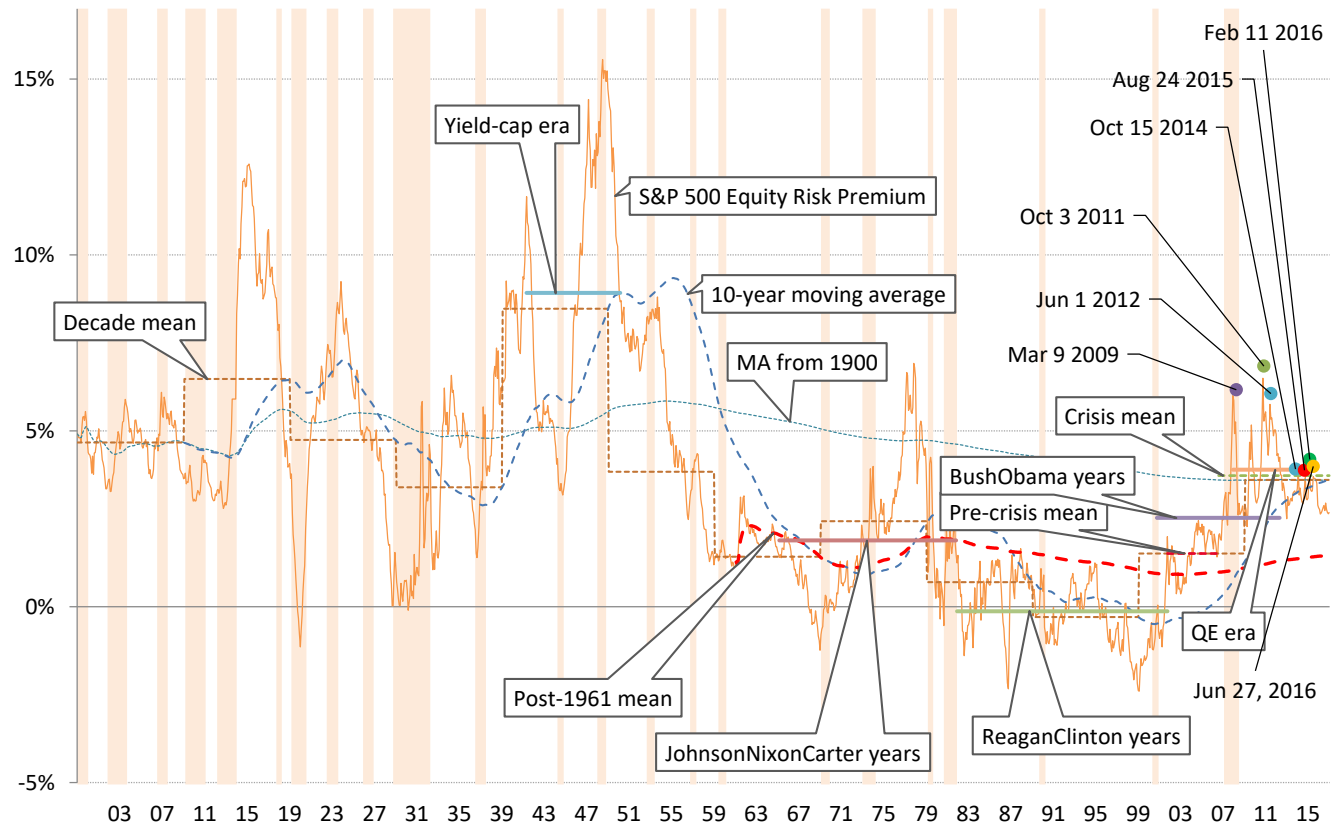
--- Crisis era mean    --- Pre-crisis mean    ↘ Trendlines



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