

## Data Insights: Global Equity Risk Premia

Friday, February 9, 2018

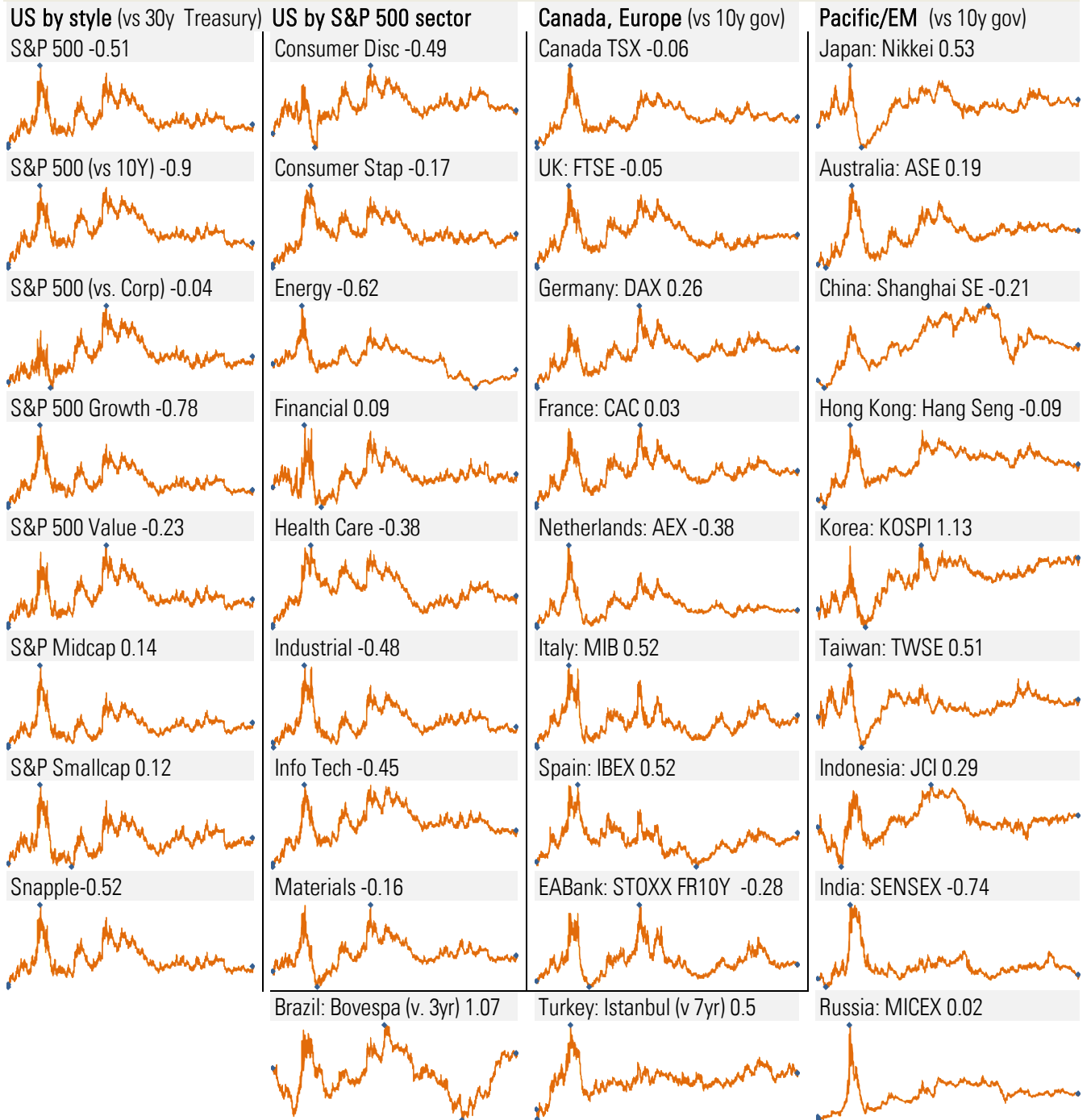
### Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

| 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   |      |
|      | <b>By country</b>          |       | <b>By country</b>    |      | <b>By country</b>         |       | <b>By country</b>      |      |
| 1    | Korea: KOSPI               | +1.13 | Russia: MICEX        | 6.4  | US: S&P 500               | +47%  | HK: Hang Seng          | +36% |
| 2    | Brazil: Bovespa            | +1.07 | Turkey: Istanbul     | 8.2  | HK: Hang Seng             | +46%  | Turkey: Istanbul       | +24% |
| 3    | Japan: Nikkei              | +0.53 | Korea: KOSPI         | 9.0  | Brazil: Bovespa           | +44%  | Russia: MICEX          | +18% |
| 4    | Spain: IBEX                | +0.53 | HK: Hang Seng        | 11.7 | Russia: MICEX             | +39%  | Brazil: Bovespa        | +12% |
| 5    | Italy: MIB                 | +0.52 | Italy: MIB           | 12.5 | Italy: MIB                | +38%  | US: S&P 500            | +11% |
| 6    | Taiwan:TWSA                | +0.52 | China: Shanghai SE   | 12.5 | Japan: Nikkei             | +31%  | Indonesia:JCI          | +10% |
| 7    | Turkey: Istanbul           | +0.50 | Germany: DAX         | 12.6 | Canada:TSX                | +26%  | Australia: ASE         | +9%  |
| 8    | Indonesia:JCI              | +0.30 | Spain: IBEX          | 12.7 | India: SENSEX             | +23%  | Canada:TSX             | +7%  |
| 9    | Germany: DAX               | +0.26 | Brazil: Bovespa      | 12.8 | Indonesia:JCI             | +19%  | Japan: Nikkei          | +6%  |
| 10   | Australia: ASE             | +0.19 | UK: FTSE             | 13.5 | Turkey: Istanbul          | +17%  | UK: FTSE               | +4%  |
| 11   | France: CAC                | +0.03 | Taiwan:TWSA          | 13.5 | Australia: ASE            | +13%  | Germany: DAX           | +3%  |
| 12   | Russia: MICEX              | +0.02 | France: CAC          | 14.1 | Netherlands: AEX          | +10%  | Korea: KOSPI           | +1%  |
| 13   | UK: FTSE                   | -0.05 | Canada:TSX           | 14.6 | UK: FTSE                  | +9%   | Spain: IBEX            | +0%  |
| 14   | Canada:TSX                 | -0.06 | Netherlands: AEX     | 15.1 | Taiwan:TWSA               | +8%   | France: CAC            | -0%  |
| 15   | HK: Hang Seng              | -0.09 | Australia: ASE       | 15.6 | Germany: DAX              | +7%   | China: Shanghai SE     | -1%  |
| 16   | China: Shanghai SE         | -0.22 | Japan: Nikkei        | 16.2 | Korea: KOSPI              | +6%   | Italy: MIB             | -4%  |
| 17   | Netherlands: AEX           | -0.39 | US: S&P 500          | 16.3 | France: CAC               | +5%   | Taiwan:TWSA            | -5%  |
| 18   | US: S&P 500                | -0.51 | Indonesia:JCI        | 16.8 | China: Shanghai SE        | +5%   | Netherlands: AEX       | -5%  |
| 19   | India: SENSEX              | -0.75 | India: SENSEX        | 18.1 | Spain: IBEX               | +3%   | India: SENSEX          | -13% |
|      | <b>US, by style</b>        |       | <b>US, by style</b>  |      | <b>US, by style</b>       |       | <b>US, by style</b>    |      |
| 1    | S&P Midcap                 | +0.15 | S&P 500 Value        | 14.3 | S&P Smallcap              | +55%  | S&P 500                | +11% |
| 2    | S&P Smallcap               | +0.13 | S&P 500              | 16.3 | S&P Midcap                | +53%  | S&P Smallcap           | +7%  |
| 3    | S&P 500 Value              | -0.23 | S&P Midcap           | 17.0 | S&P 500                   | +47%  | S&P 500 Value          | +1%  |
| 4    | S&P 500                    | -0.51 | S&P Smallcap         | 18.2 | S&P 500 Growth            | +41%  | S&P Midcap             | -5%  |
| 5    | S&P 500 Growth             | -0.78 | S&P 500 Growth       | 18.7 | S&P 500 Value             | +40%  | S&P 500 Growth         | -10% |
|      | <b>US, by sector</b>       |       | <b>US, by sector</b> |      | <b>US, by sector</b>      |       | <b>US, by sector</b>   |      |
| 1    | Telecom                    | +2.22 | Telecom              | 10.5 | Energy                    | +250% | Energy                 | +32% |
| 2    | Financial                  | +0.09 | Financial            | 12.9 | Telecom                   | +85%  | Industrial             | +12% |
| 3    | Utilities                  | -0.07 | Health Care          | 15.2 | Financial                 | +73%  | Materials              | +11% |
| 4    | Materials                  | -0.17 | Utilities            | 15.5 | Industrial                | +53%  | Health Care            | +11% |
| 5    | Consumer Stap              | -0.18 | Materials            | 16.4 | Materials                 | +43%  | Consumer Disc          | +10% |
| 6    | Health Care                | -0.39 | Info Tech            | 16.9 | Consumer Disc             | +43%  | Info Tech              | +9%  |
| 7    | Info Tech                  | -0.46 | Industrial           | 17.0 | Health Care               | +33%  | Telecom                | +7%  |
| 8    | Industrial                 | -0.49 | Consumer Stap        | 17.7 | Consumer Stap             | +29%  | Consumer Stap          | +7%  |
| 9    | Consumer Disc              | -0.50 | Energy               | 19.0 | Info Tech                 | +27%  | Financial              | +7%  |
| 10   | Energy                     | -0.62 | Consumer Disc        | 19.2 | Utilities                 | +10%  | 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



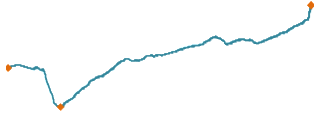
Source: Bloomberg, TrendMacro calculations

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

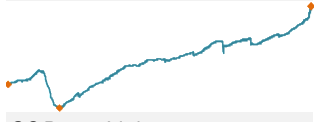
● First, High, Low, Last

## US by style

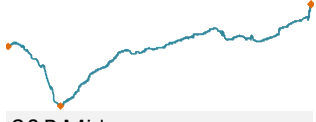
S&P 500



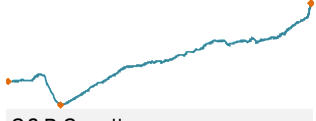
S&P 500 Growth



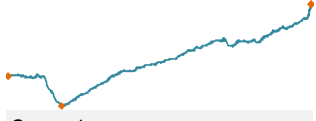
S&P 500 Value



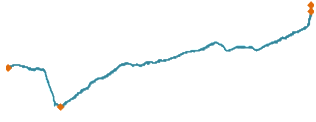
S&P Midcap



S&P Smallcap

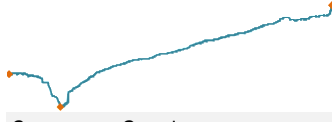


Snapple

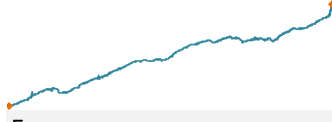


## US by S&P 500 sector

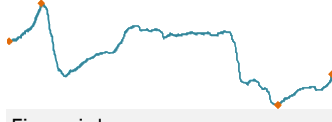
Consumer Discretionary



Consumer Staples



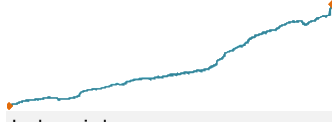
Energy



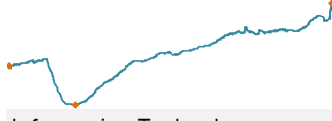
Financial



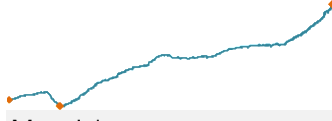
Health Care



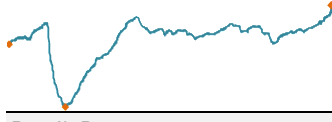
Industrial



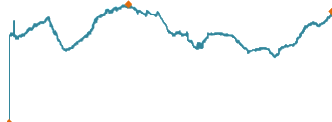
Information Technology



Materials

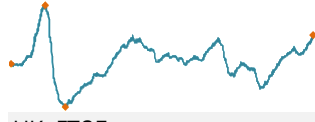


Brazil: Bovespa

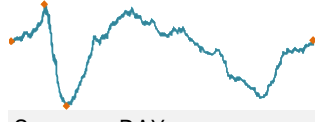


## Canada, Europe

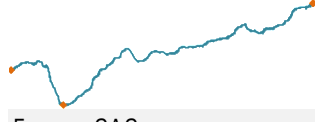
Canada: TSX



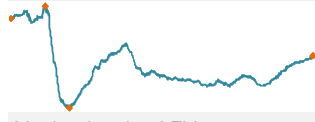
UK: FTSE



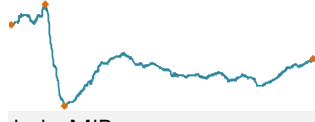
Germany: DAX



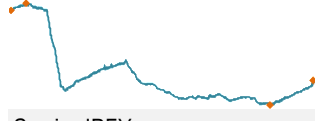
France: CAC



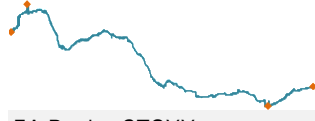
Netherlands: AEX



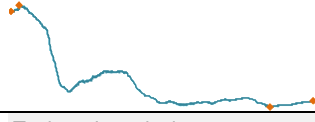
Italy: MIB



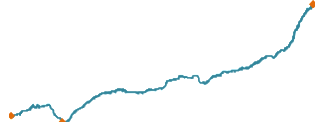
Spain: IBEX



EA Banks: STOXX

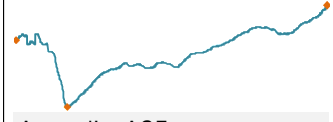


Turkey: Istanbul

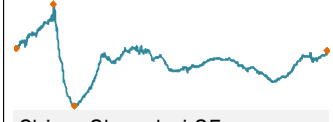


## Pacific/EM

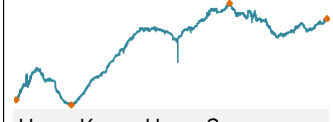
Japan: Nikkei



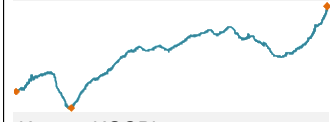
Australia: ASE



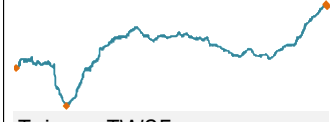
China: Shanghai SE



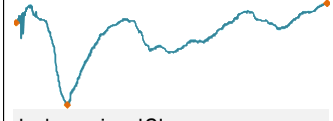
Hong Kong: Hang Seng



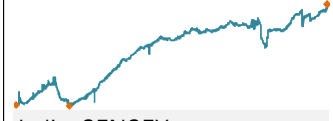
Korea: KOSPI



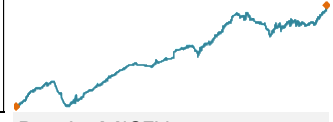
Taiwan: TWSE



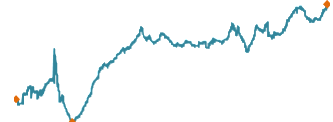
Indonesia: JCI



India: SENSEX



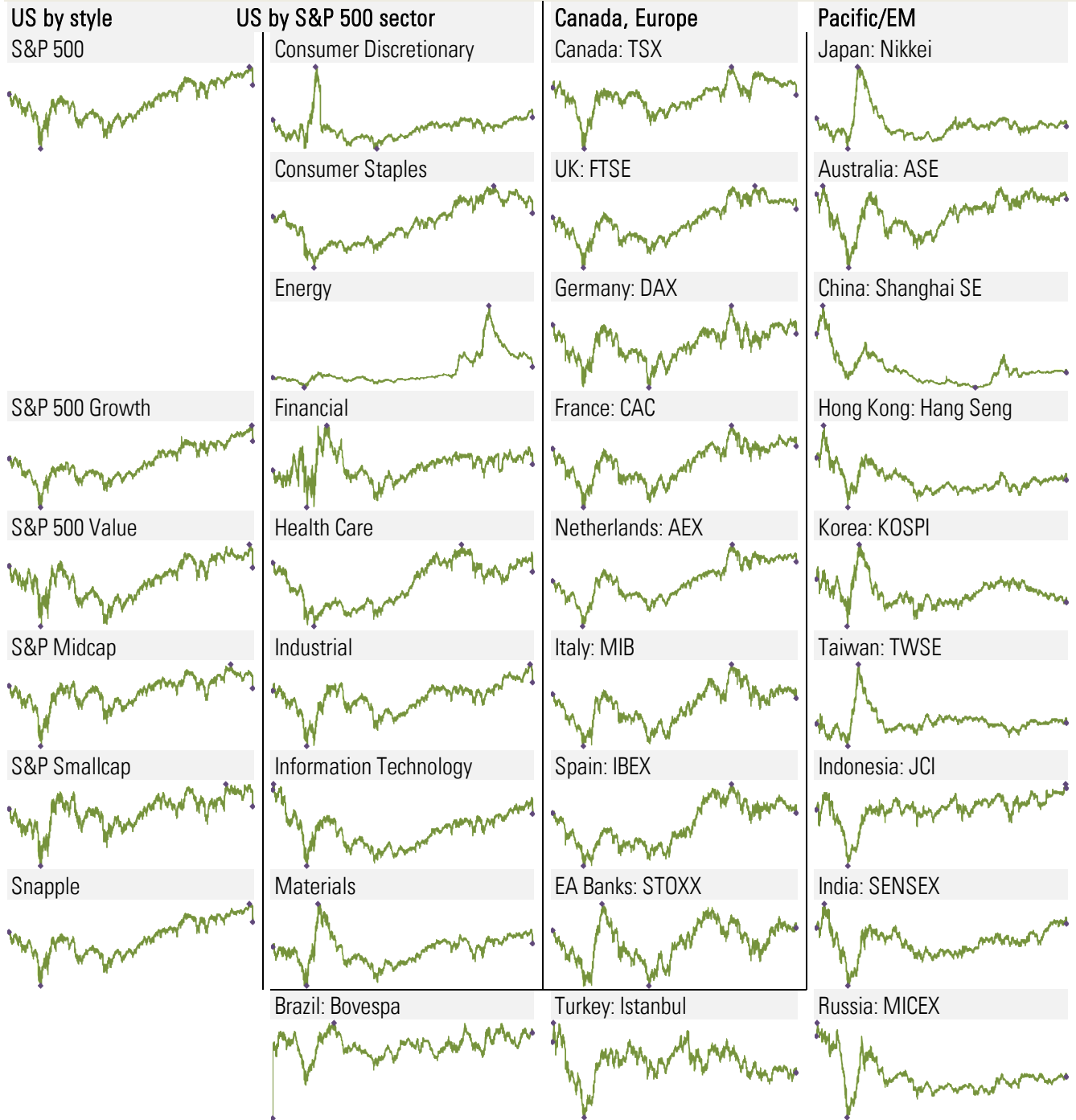
Russia: MICEX



Source: Bloomberg, TrendMacro calculations

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

• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

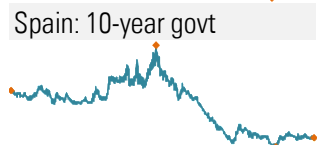
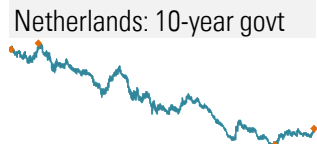
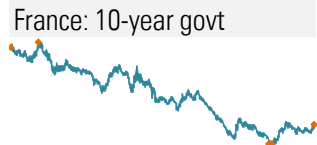
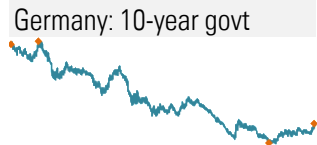
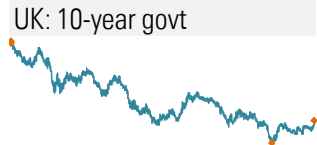
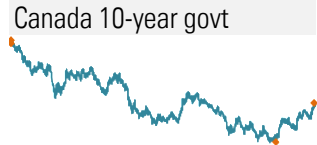
# Benchmark bond yields, July 2007 to current

• First, High, Low, Last

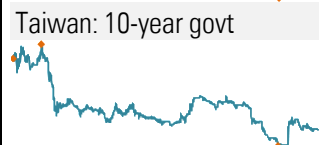
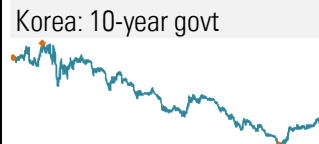
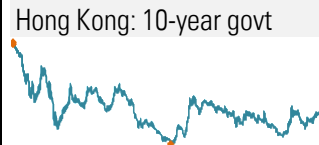
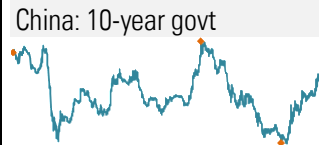
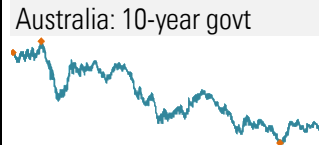
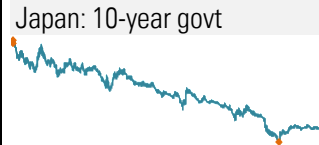
## US



## Canada, Europe



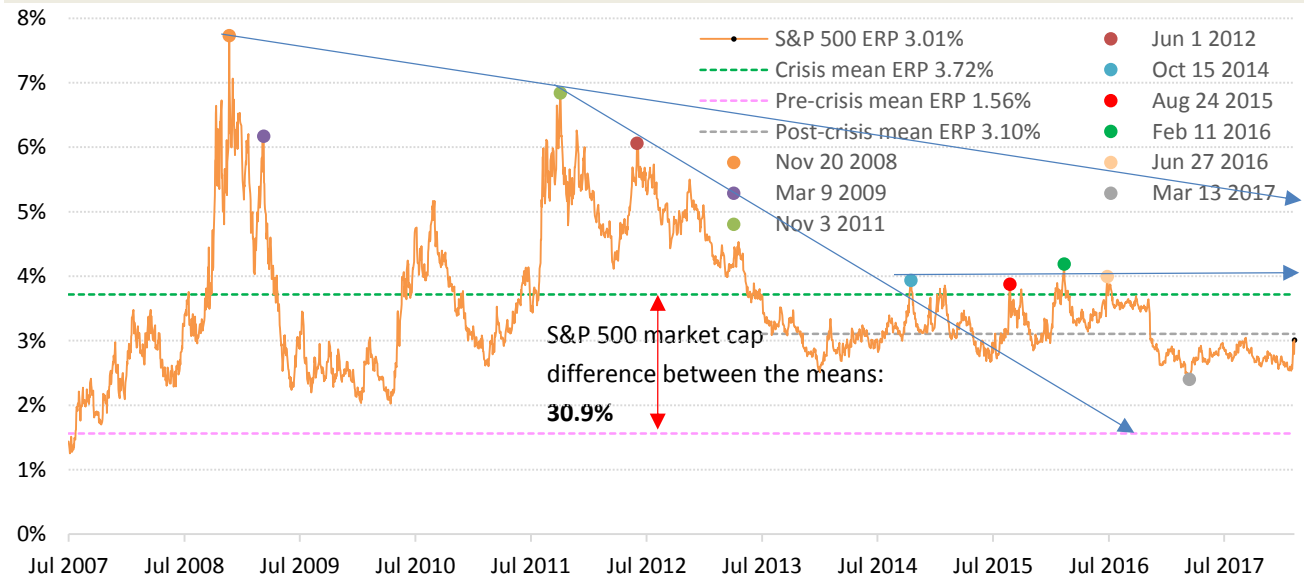
## Pacific/EM



Source: Bloomberg, TrendMacro calculations

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

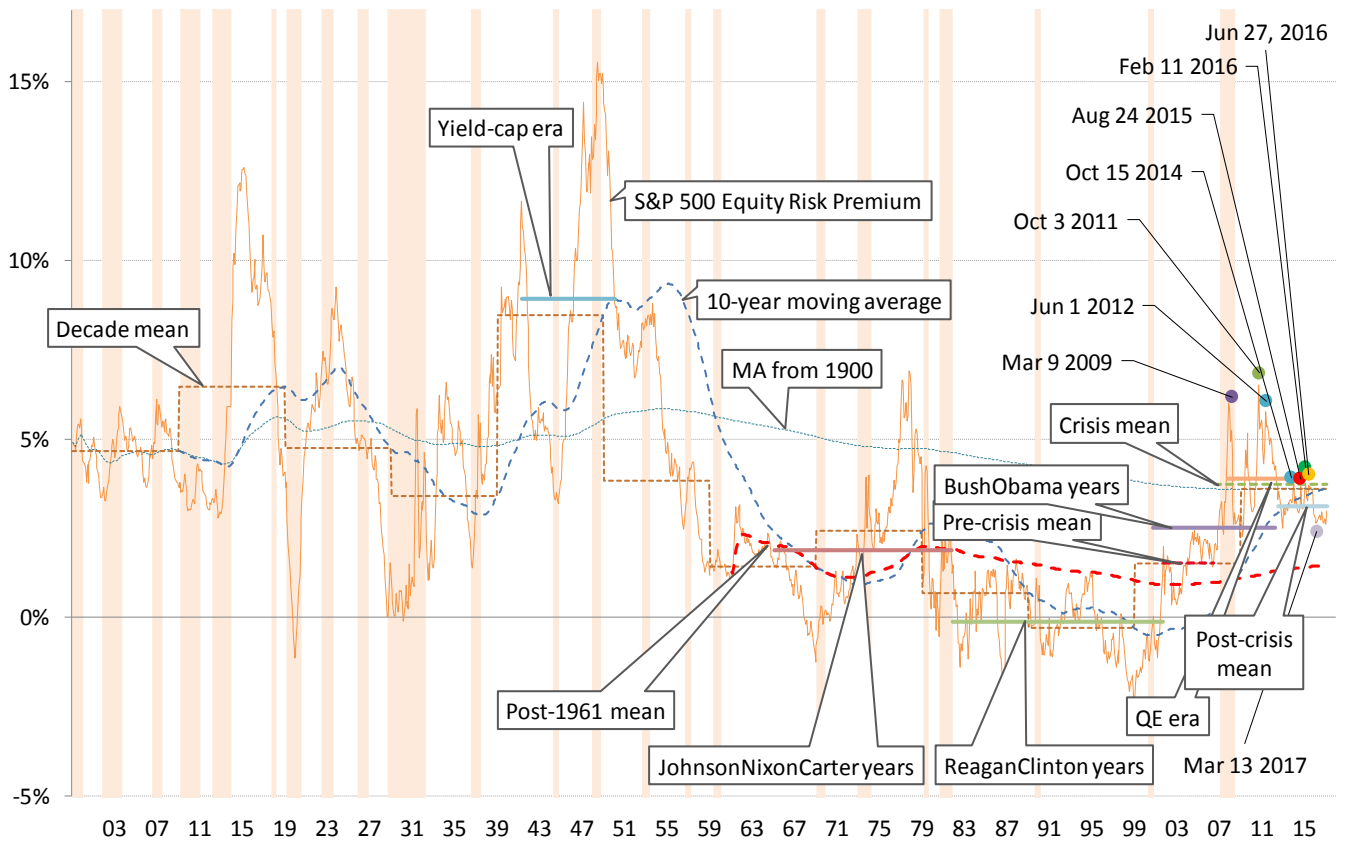
--- Crisis era mean --- Pre-crisis mean ↘ Trendlines



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