

Data Insights: Global Equity Risk Premia

Monday, March 26, 2018

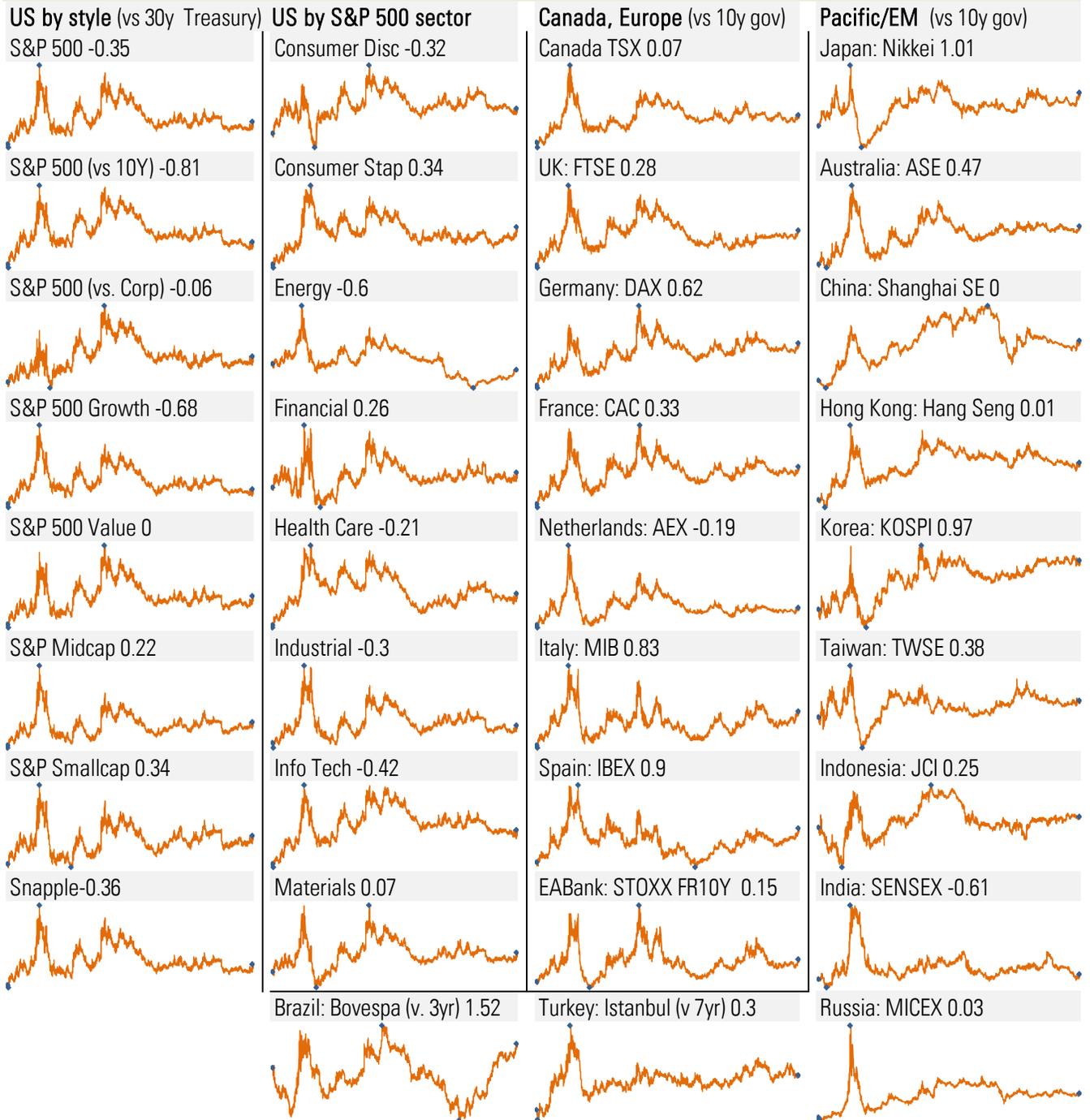
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	
	By country		By country		By country		By country	
1	Brazil: Bovespa	+1.52	Russia: MICEX	6.4	Brazil: Bovespa	+64%	HK: Hang Seng	+38%
2	Japan: Nikkei	+1.01	Turkey: Istanbul	8.2	US: S&P 500	+44%	Indonesia: JCI	+29%
3	Korea: KOSPI	+0.97	Korea: KOSPI	9.3	Italy: MIB	+43%	Turkey: Istanbul	+26%
4	Spain: IBEX	+0.91	HK: Hang Seng	11.5	HK: Hang Seng	+35%	Russia: MICEX	+24%
5	Italy: MIB	+0.83	China: Shanghai SE	11.8	Indonesia: JCI	+29%	Canada: TSX	+16%
6	Germany: DAX	+0.63	Italy: MIB	12.0	Japan: Nikkei	+28%	Brazil: Bovespa	+15%
7	Australia: ASE	+0.48	Germany: DAX	12.1	Russia: MICEX	+27%	India: SENSEX	+12%
8	Taiwan: TWSA	+0.39	Spain: IBEX	12.1	Netherlands: AEX	+18%	US: S&P 500	+9%
9	France: CAC	+0.33	Brazil: Bovespa	12.4	Turkey: Istanbul	+17%	Japan: Nikkei	+9%
10	Turkey: Istanbul	+0.31	UK: FTSE	12.9	India: SENSEX	+16%	Australia: ASE	+4%
11	UK: FTSE	+0.29	Taiwan: TWSA	13.8	Canada: TSX	+16%	UK: FTSE	+4%
12	Indonesia: JCI	+0.25	France: CAC	13.8	Australia: ASE	+15%	Netherlands: AEX	+3%
13	Canada: TSX	+0.07	Netherlands: AEX	14.6	China: Shanghai SE	+12%	China: Shanghai SE	+2%
14	Russia: MICEX	+0.04	Canada: TSX	14.6	UK: FTSE	+8%	Spain: IBEX	+0%
15	HK: Hang Seng	+0.02	Japan: Nikkei	14.9	Taiwan: TWSA	+8%	Germany: DAX	-2%
16	China: Shanghai SE	+0.00	Australia: ASE	15.2	Germany: DAX	+8%	Italy: MIB	-3%
17	Netherlands: AEX	-0.20	Indonesia: JCI	15.5	France: CAC	+7%	Korea: KOSPI	-4%
18	US: S&P 500	-0.35	US: S&P 500	16.1	Spain: IBEX	+2%	France: CAC	-10%
19	India: SENSEX	-0.61	India: SENSEX	17.4	Korea: KOSPI	-15%	Taiwan: TWSA	-10%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.34	S&P 500 Value	14.0	S&P Smallcap	+77%	S&P Smallcap	+36%
2	S&P Midcap	+0.22	S&P 500	16.1	S&P Midcap	+50%	S&P Midcap	+13%
3	S&P 500 Value	+0.01	S&P Midcap	17.0	S&P 500 Value	+46%	S&P 500 Growth	+12%
4	S&P 500	-0.35	S&P Smallcap	17.7	S&P 500	+44%	S&P 500	+9%
5	S&P 500 Growth	-0.68	S&P 500 Growth	18.6	S&P 500 Growth	+43%	S&P 500 Value	+8%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+2.49	Telecom	10.2	Energy	+123%	Energy	+16%
2	Consumer Stap	+0.35	Financial	12.7	Telecom	+70%	Consumer Disc	+14%
3	Financial	+0.27	Health Care	14.9	Industrial	+62%	Materials	+14%
4	Materials	+0.07	Materials	15.7	Financial	+57%	Industrial	+14%
5	Utilities	-0.11	Utilities	15.7	Consumer Disc	+51%	Financial	+9%
6	Health Care	-0.22	Industrial	16.6	Materials	+40%	Health Care	+9%
7	Industrial	-0.31	Consumer Stap	16.7	Info Tech	+33%	Info Tech	+9%
8	Consumer Disc	-0.32	Info Tech	17.0	Health Care	+33%	Consumer Stap	+6%
9	Info Tech	-0.43	Consumer Disc	18.9	Consumer Stap	+27%	Utilities	-7%
10	Energy	-0.60	Energy	19.1	Utilities	+15%	Telecom	-18%

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



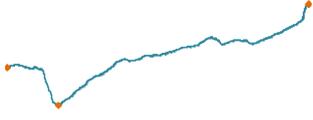
Source: Bloomberg, TrendMacro calculations

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

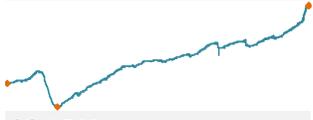
● First, High, Low, Last

US by style

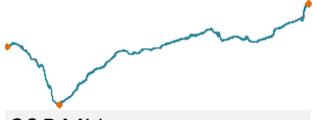
S&P 500



S&P 500 Growth



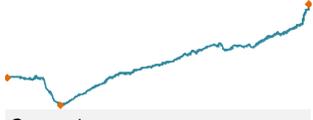
S&P 500 Value



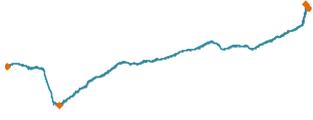
S&P Midcap



S&P Smallcap



Snapple



US by S&P 500 sector

Consumer Discretionary



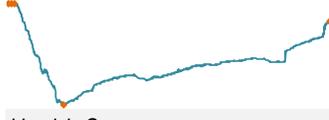
Consumer Staples



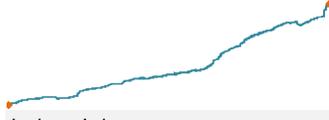
Energy



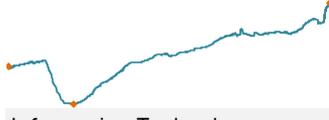
Financial



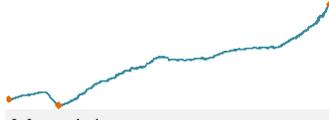
Health Care



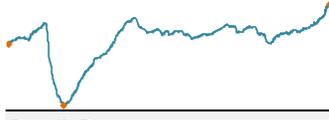
Industrial



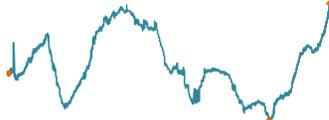
Information Technology



Materials



Brazil: Bovespa



Canada, Europe

Canada: TSX



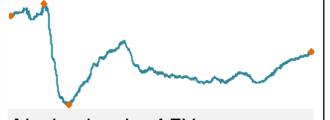
UK: FTSE



Germany: DAX



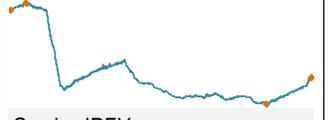
France: CAC



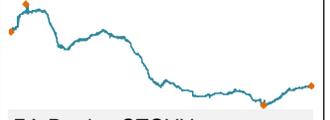
Netherlands: AEX



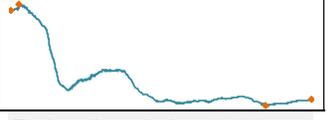
Italy: MIB



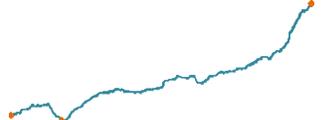
Spain: IBEX



EA Banks: STOXX



Turkey: Istanbul



Pacific/EM

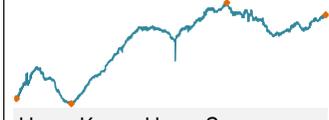
Japan: Nikkei



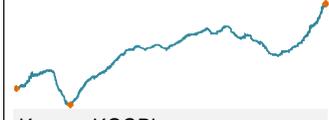
Australia: ASE



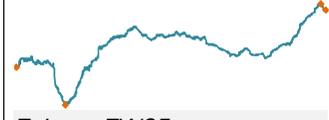
China: Shanghai SE



Hong Kong: Hang Seng



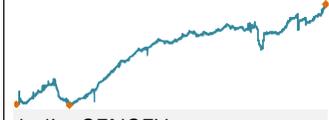
Korea: KOSPI



Taiwan: TWSE



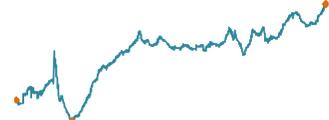
Indonesia: JCI



India: SENSEX



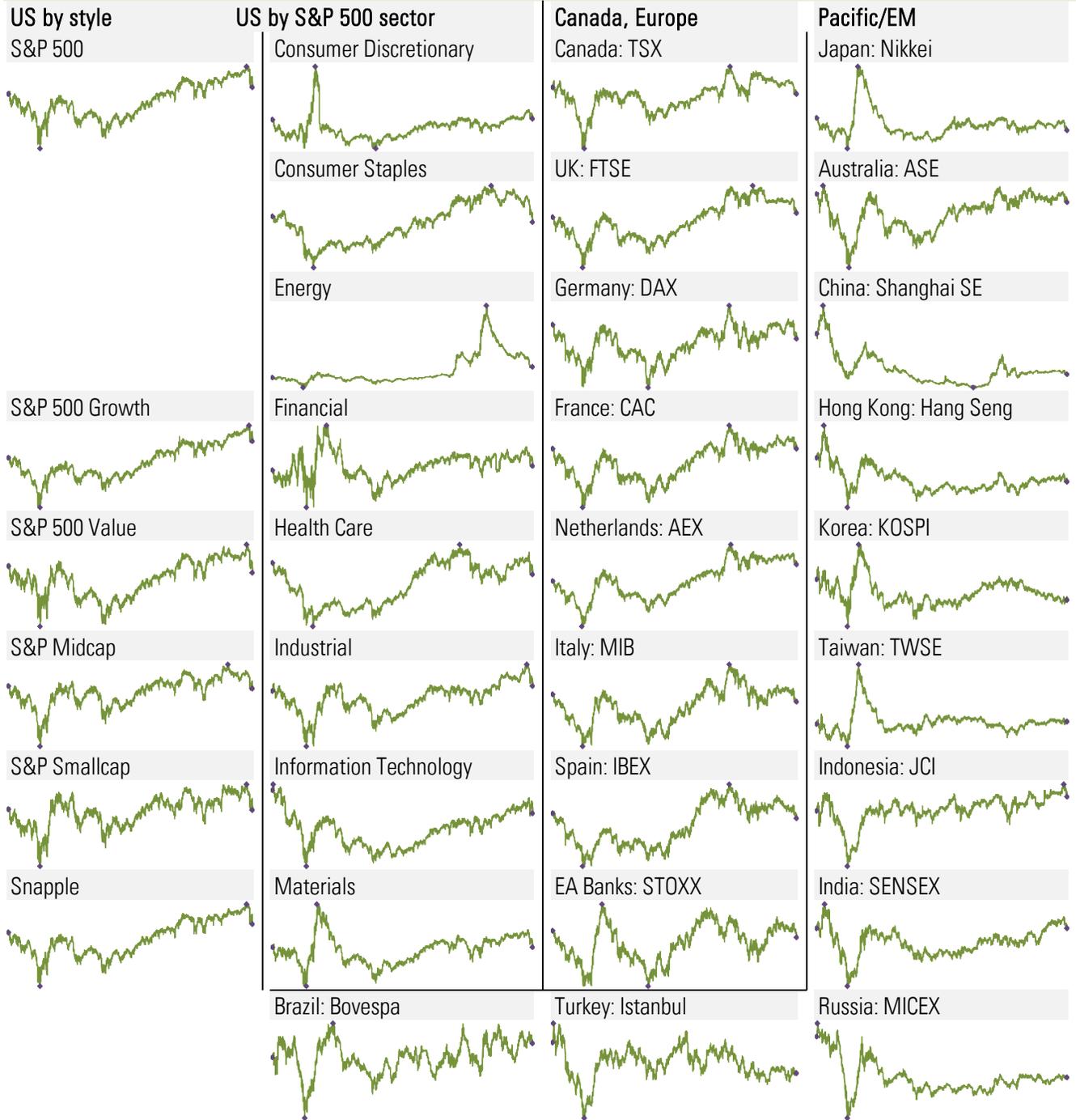
Russia: MICEX



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

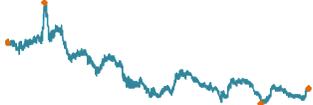
30-year Treasury



10-year Treasury

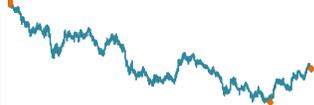


Moody's Corporate Avg

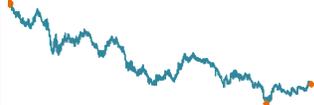


Canada, Europe

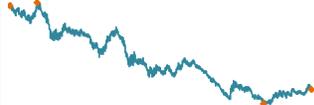
Canada 10-year govt



UK: 10-year govt



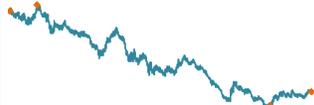
Germany: 10-year govt



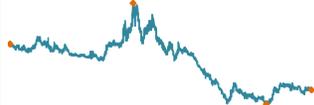
France: 10-year govt



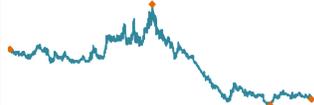
Netherlands: 10-year govt



Italy: 10-year govt



Spain: 10-year govt

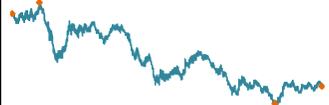


Pacific/EM

Japan: 10-year govt



Australia: 10-year govt



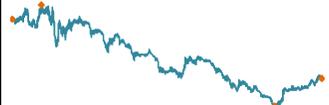
China: 10-year govt



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



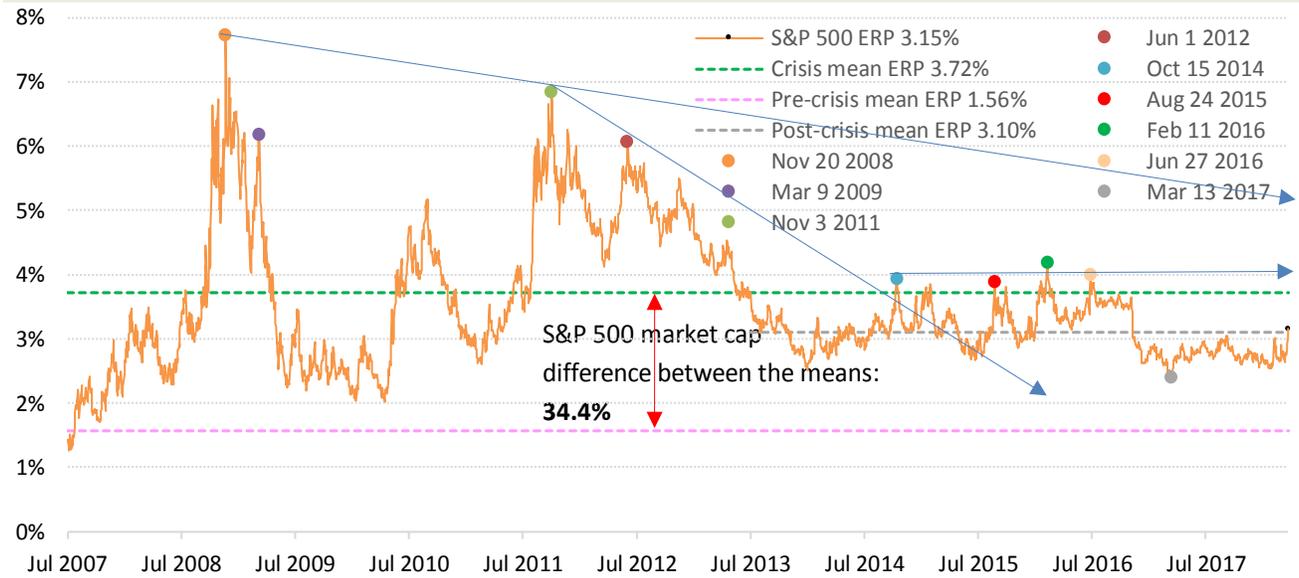
Russia: 10-year govt



Source: Bloomberg, TrendMacro calculations

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

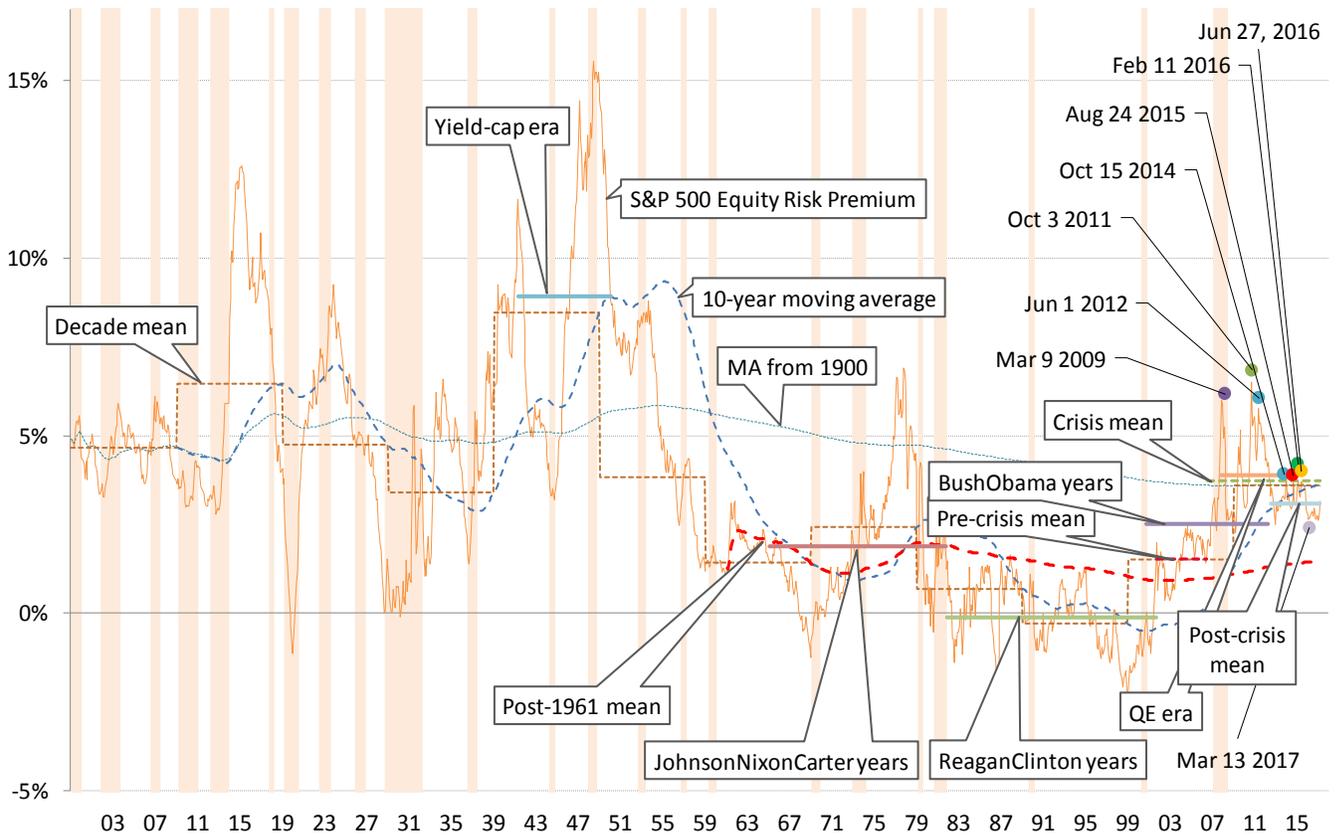
--- Crisis era mean --- Pre-crisis mean ↘ Trendlines



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

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

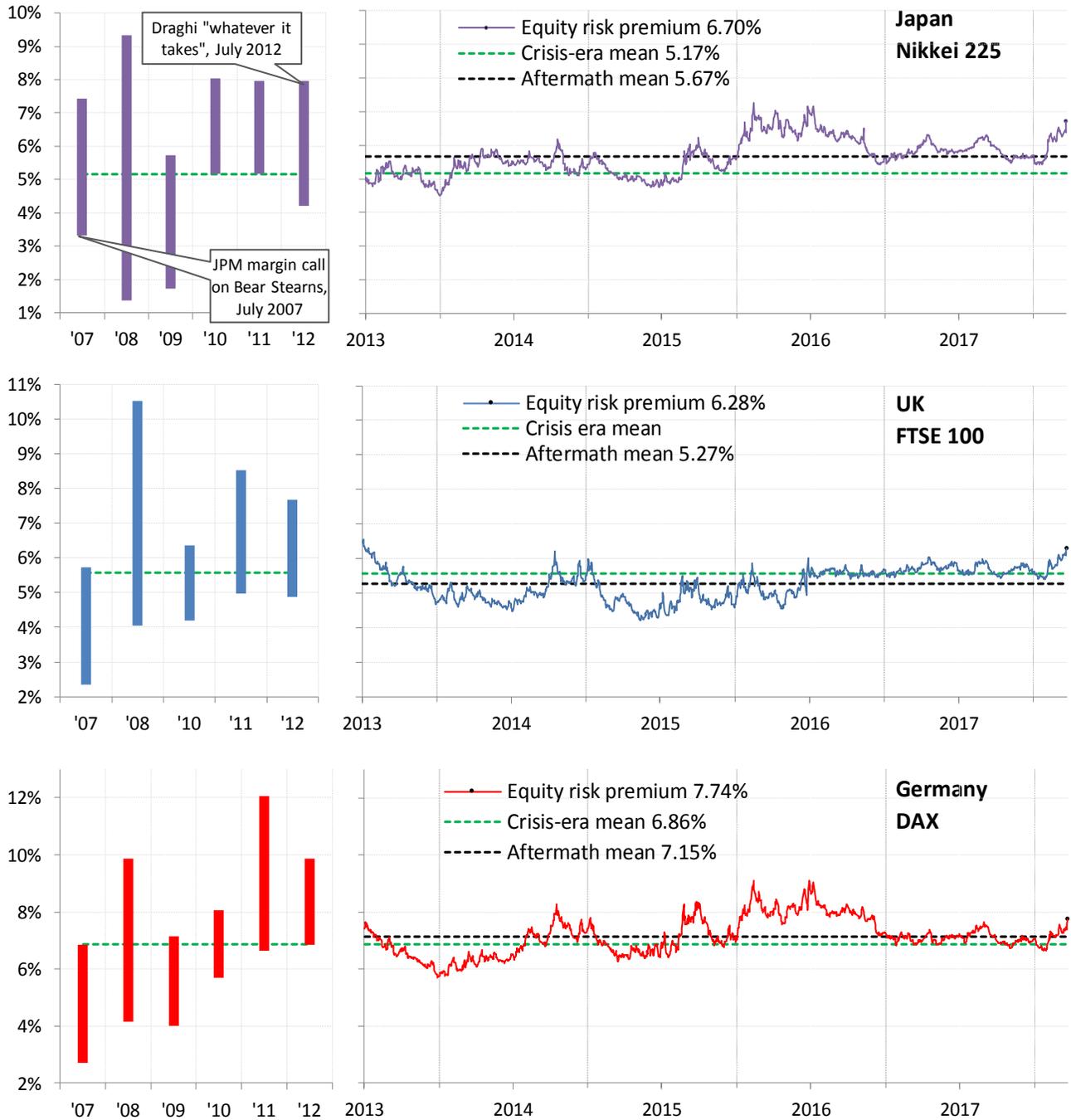


Versus 30-year Treasury

Source: Various, TrendMacro calculations

Close-up: Global equity risk premia in the crisis, and its aftermath

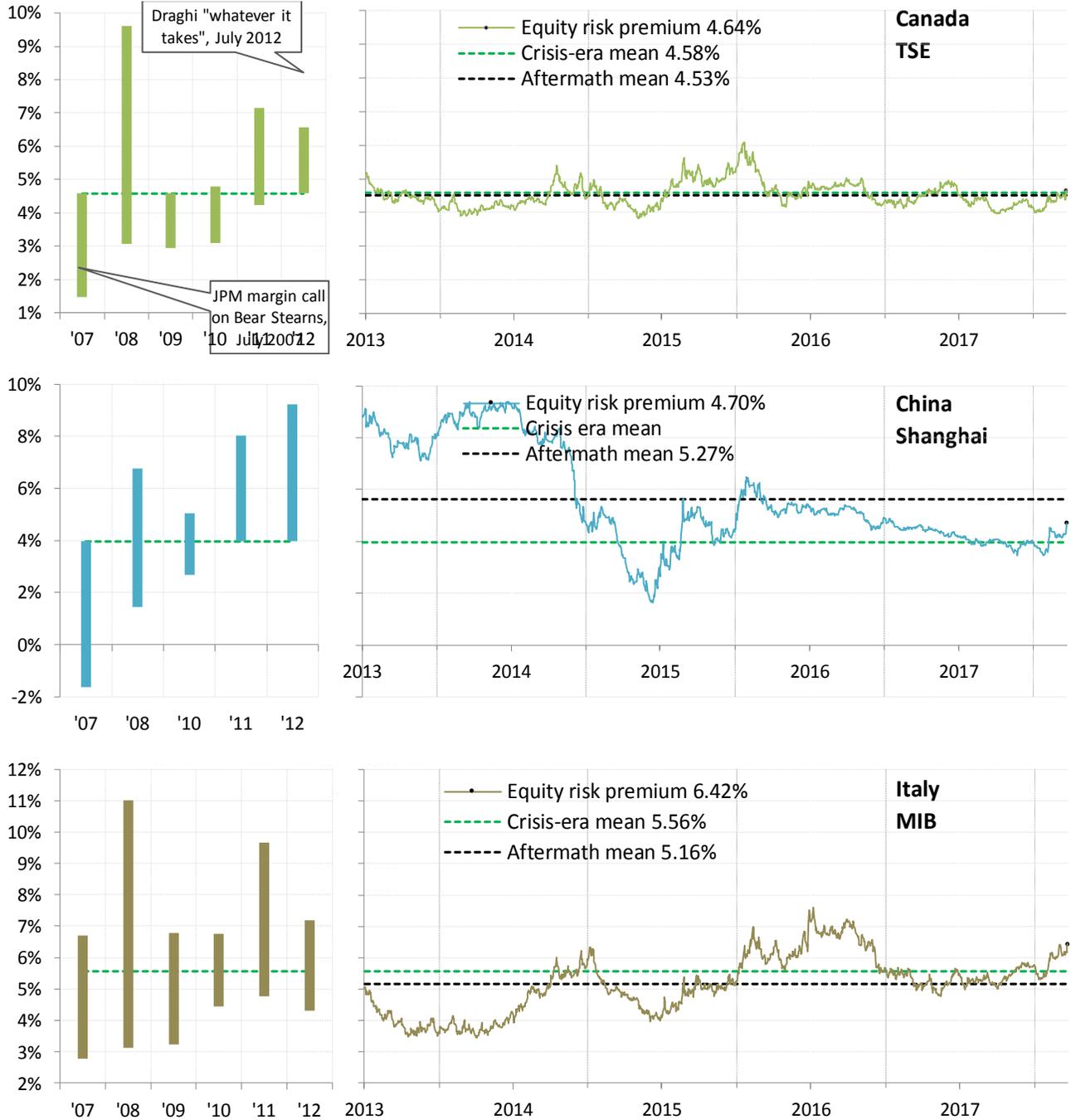
July-to-July range (left panel), daily from July 2013 (right panel)



Source: Bloomberg, TrendMacro calculations

Close-up: Global equity risk premia in the crisis, and its aftermath

July-to-July range (left panel), daily form July 2013 (right panel)



Source: Bloomberg, TrendMacro calculations