

## Data Insights: Global Equity Risk Premia

Monday, May 7, 2018

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

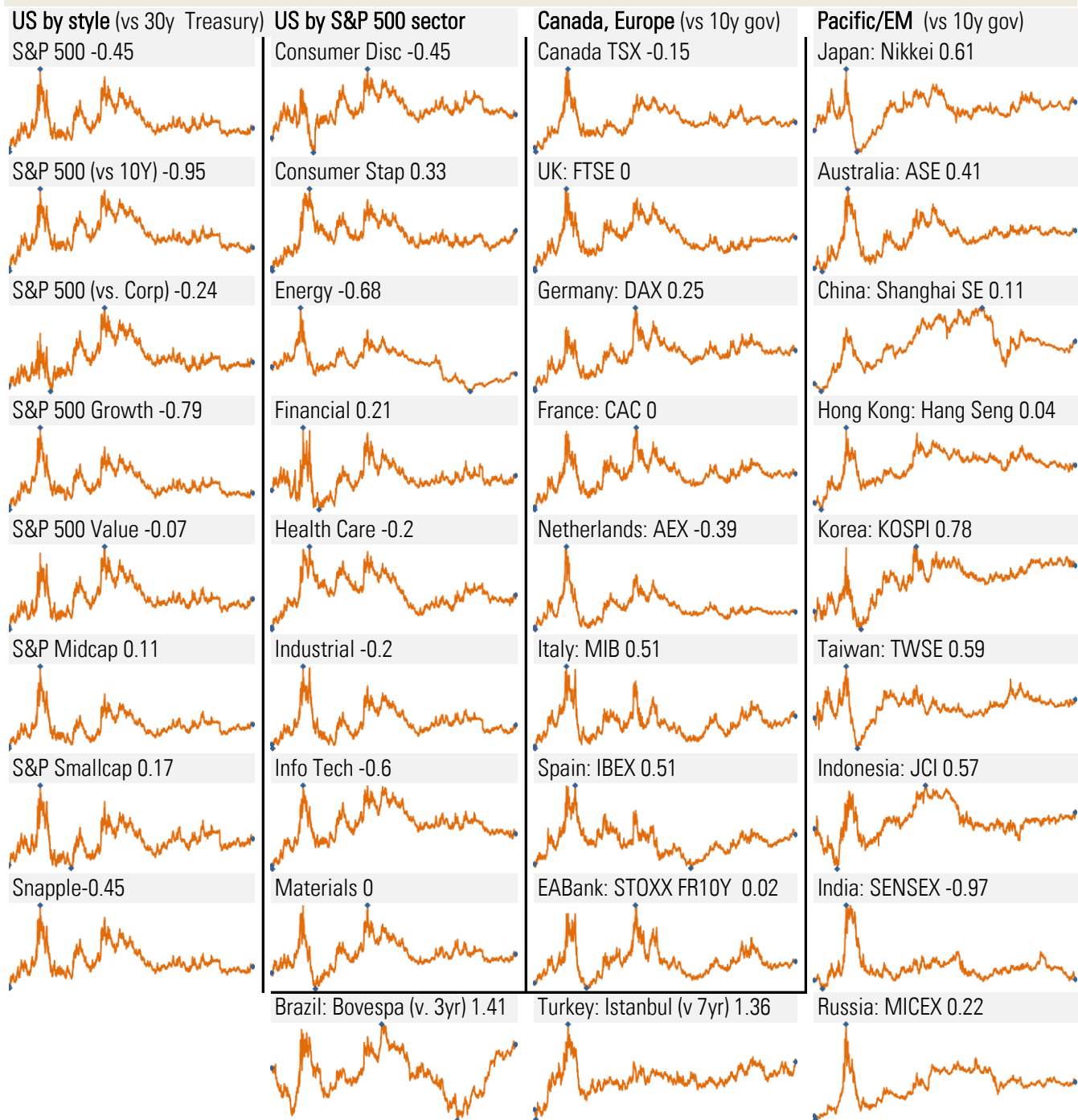
Rank	Equity risk premium By SD from crisis era mean		Forward PE ratio		Fwd earnings upgrade rate Trailing 90 days, AR		Fwd sales upgrade rate Trailing 90 days, AR	
	By country		By country		By country		By country	
1	Brazil: Bovespa	+1.42	Russia: MICEX	6.3	Brazil: Bovespa	+41%	Indonesia: JCI	+92%
2	Turkey: Istanbul	+1.36	Turkey: Istanbul	6.9	Italy: MIB	+32%	Turkey: Istanbul	+26%
3	Korea: KOSPI	+0.79	Korea: KOSPI	9.5	Turkey: Istanbul	+29%	Canada: TSX	+26%
4	Japan: Nikkei	+0.61	HK: Hang Seng	11.1	Russia: MICEX	+27%	Russia: MICEX	+19%
5	Taiwan: TWSA	+0.59	China: Shanghai SE	11.6	Australia: ASE	+27%	Korea: KOSPI	+17%
6	Indonesia: JCI	+0.58	Brazil: Bovespa	12.0	Indonesia: JCI	+21%	UK: FTSE	+15%
7	Spain: IBEX	+0.52	Italy: MIB	12.8	Japan: Nikkei	+19%	Netherlands: AEX	+11%
8	Italy: MIB	+0.52	Germany: DAX	12.9	UK: FTSE	+19%	China: Shanghai SE	+11%
9	Australia: ASE	+0.41	Spain: IBEX	12.9	Netherlands: AEX	+18%	HK: Hang Seng	+11%
10	Germany: DAX	+0.26	Taiwan: TWSA	13.4	France: CAC	+15%	Australia: ASE	+10%
11	Russia: MICEX	+0.22	UK: FTSE	13.8	US: S&P 500	+15%	Brazil: Bovespa	+9%
12	China: Shanghai SE	+0.11	Indonesia: JCI	14.2	Canada: TSX	+8%	US: S&P 500	+8%
13	HK: Hang Seng	+0.04	France: CAC	14.6	China: Shanghai SE	+7%	France: CAC	+8%
14	France: CAC	+0.01	Canada: TSX	14.9	Spain: IBEX	+6%	India: SENSEX	+6%
15	UK: FTSE	-0.00	Australia: ASE	15.2	Taiwan: TWSA	+6%	Germany: DAX	+6%
16	Canada: TSX	-0.16	Netherlands: AEX	15.3	Germany: DAX	+5%	Japan: Nikkei	+5%
17	Netherlands: AEX	-0.39	Japan: Nikkei	16.0	India: SENSEX	+5%	Spain: IBEX	+4%
18	US: S&P 500	-0.46	US: S&P 500	16.2	HK: Hang Seng	+3%	Taiwan: TWSA	-0%
19	India: SENSEX	-0.98	India: SENSEX	18.3	Korea: KOSPI	-11%	Italy: MIB	-4%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.18	S&P 500 Value	14.0	S&P Smallcap	+34%	S&P Smallcap	+41%
2	S&P Midcap	+0.12	S&P 500	16.2	S&P 500 Growth	+20%	S&P Midcap	+20%
3	S&P 500 Value	-0.07	S&P Midcap	17.1	S&P Midcap	+19%	S&P 500 Growth	+14%
4	S&P 500	-0.46	S&P Smallcap	18.0	S&P 500	+15%	S&P 500	+8%
5	S&P 500 Growth	-0.79	S&P 500 Growth	18.8	S&P 500 Value	+11%	S&P 500 Value	+7%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+2.43	Telecom	10.1	Info Tech	+24%	Health Care	+44%
2	Consumer Stap	+0.34	Financial	12.7	Energy	+24%	Info Tech	+13%
3	Financial	+0.22	Health Care	14.8	Industrial	+21%	Industrial	+12%
4	Materials	-0.00	Materials	15.8	Consumer Disc	+18%	Materials	+12%
5	Health Care	-0.20	Industrial	16.1	Materials	+17%	Consumer Disc	+12%
6	Industrial	-0.20	Utilities	16.4	Health Care	+13%	Financial	+9%
7	Utilities	-0.43	Consumer Stap	16.5	Utilities	+12%	Energy	+7%
8	Consumer Disc	-0.45	Info Tech	17.5	Financial	+10%	Telecom	-3%
9	Info Tech	-0.60	Consumer Disc	19.1	Telecom	-2%	Utilities	-5%
10	Energy	-0.68	Energy	19.6	Consumer Stap	-5%	Consumer Stap	-30%

Source: Bloomberg, TrendMacro calculations

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

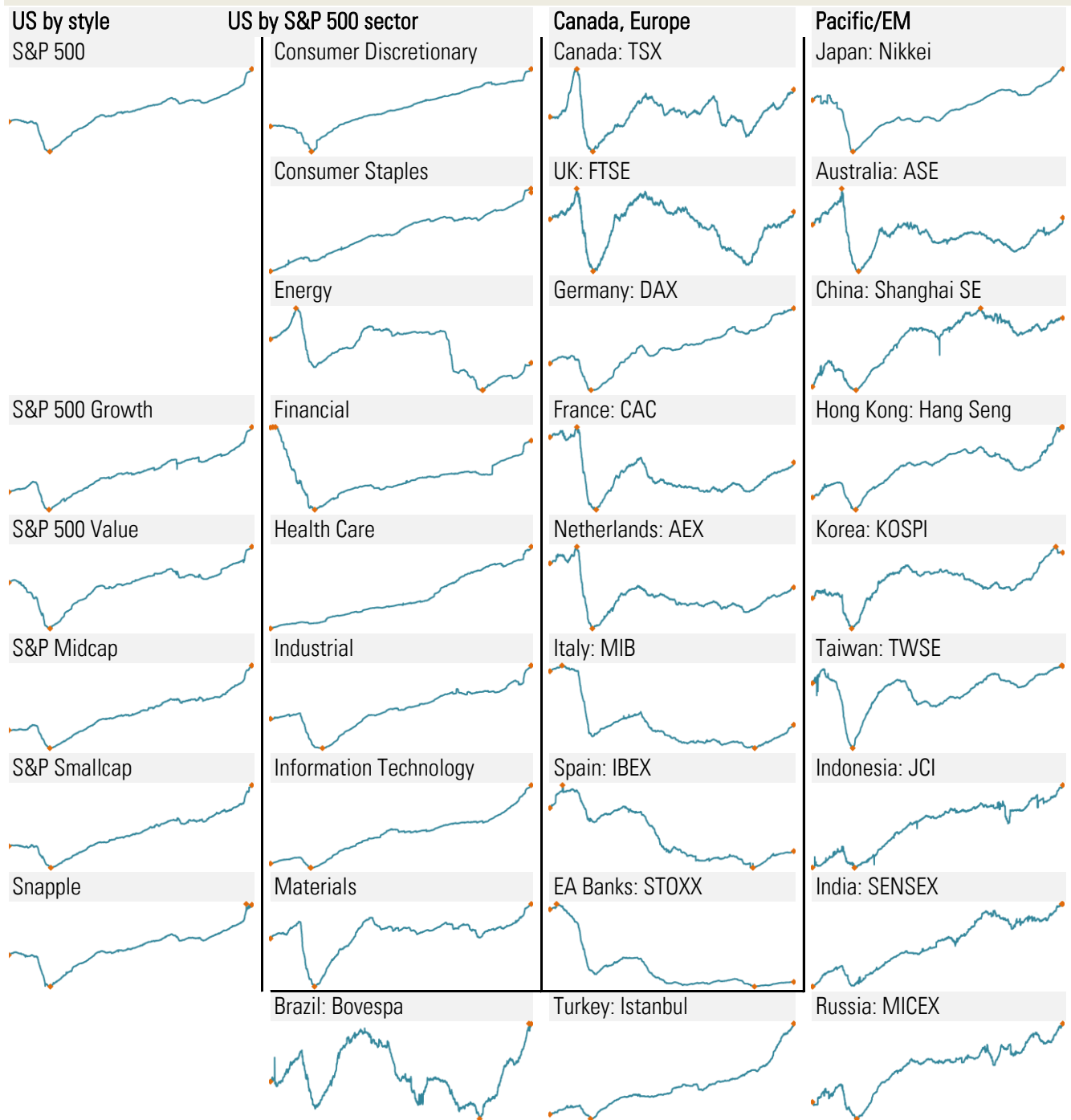
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

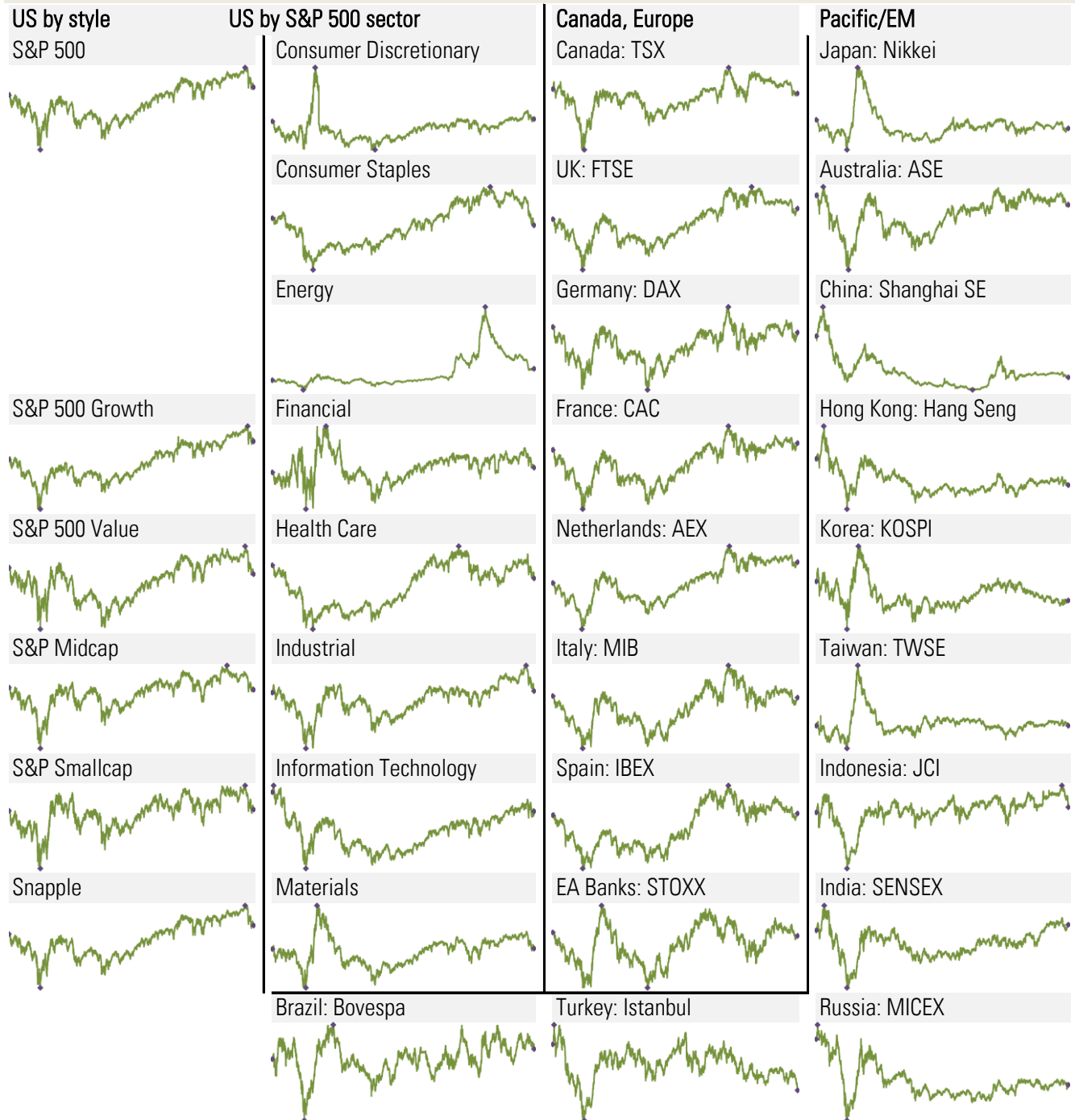
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

• First, High, Low, Last



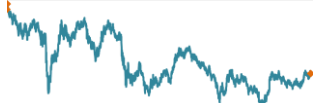
Source: Bloomberg, TrendMacro calculations

## Benchmark bond yields, July 2007 to current

● First, High, Low, Last

### US

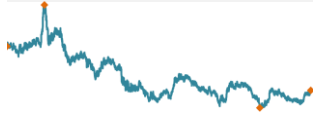
30-year Treasury



10-year Treasury

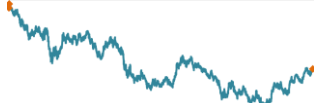


Moody's Corporate Avg

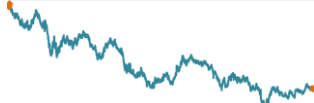


### Canada, Europe

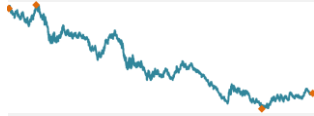
Canada 10-year govt



UK: 10-year govt



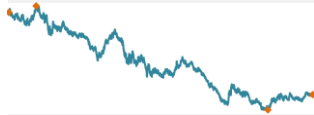
Germany: 10-year govt



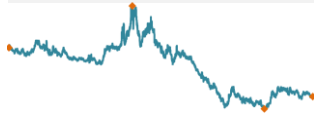
France: 10-year govt



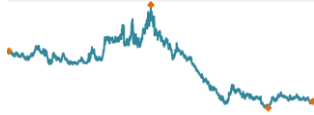
Netherlands: 10-year govt



Italy: 10-year govt

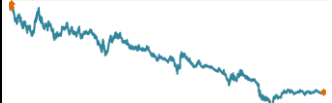


Spain: 10-year govt

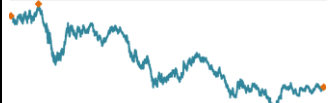


### Pacific/EM

Japan: 10-year govt



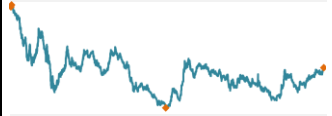
Australia: 10-year govt



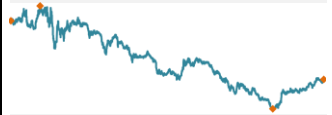
China: 10-year govt



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

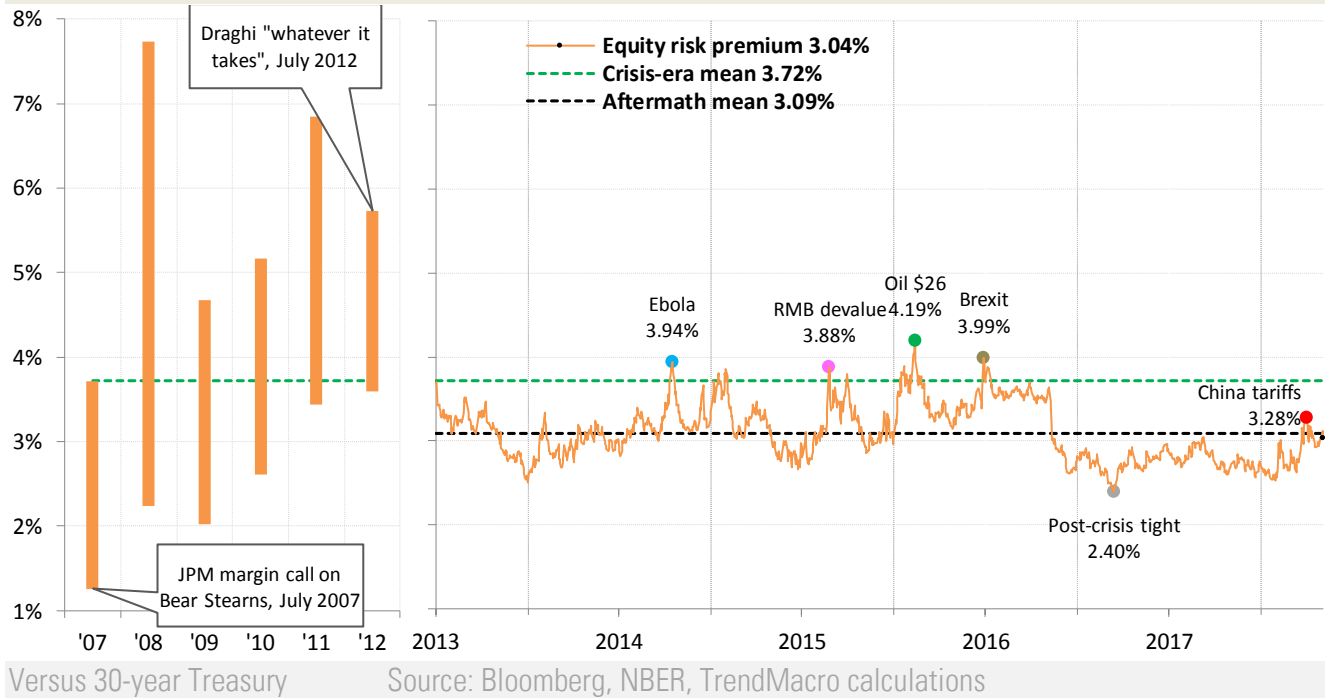


Russia: 10-year govt

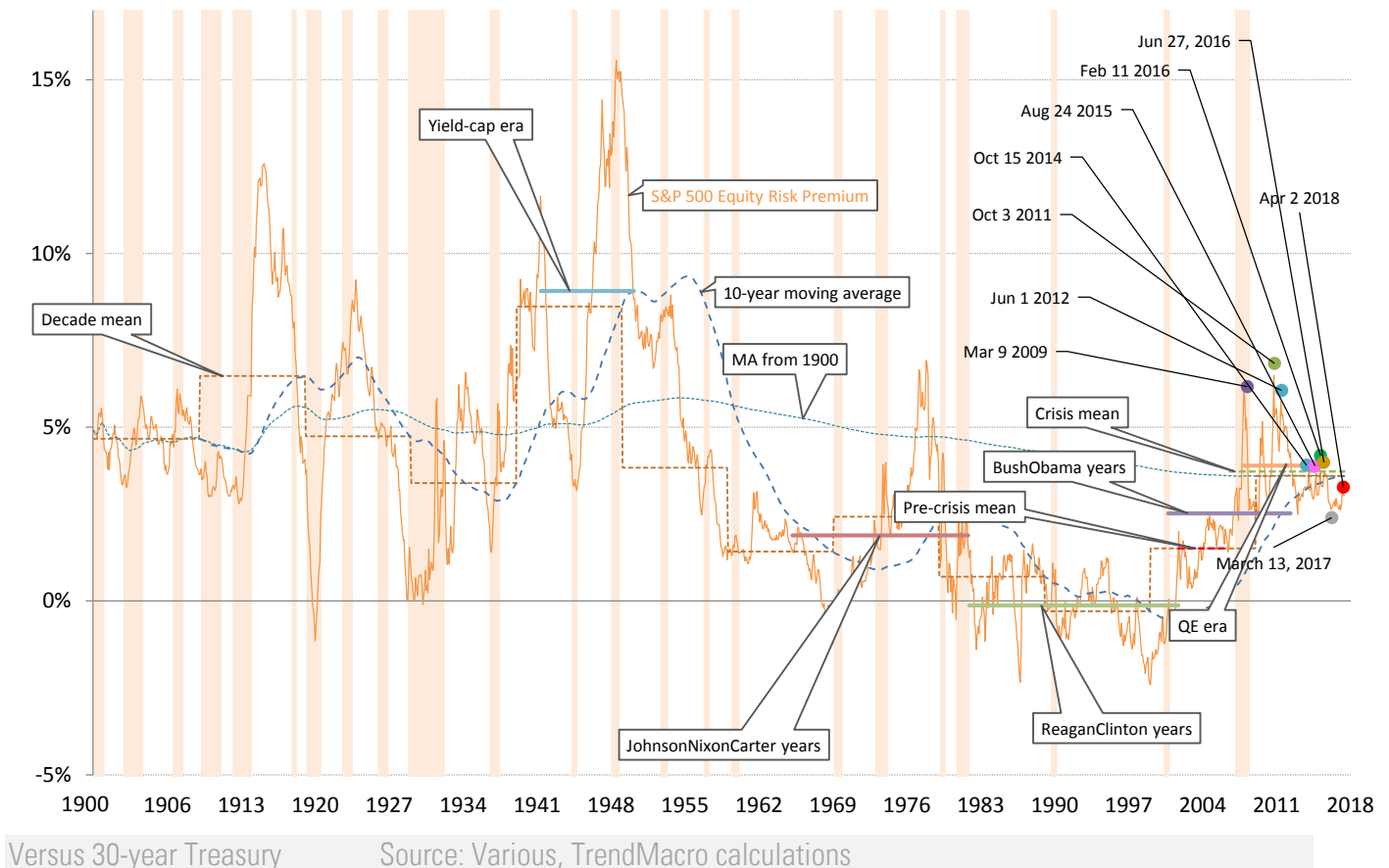


Source: Bloomberg, TrendMacro calculations

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

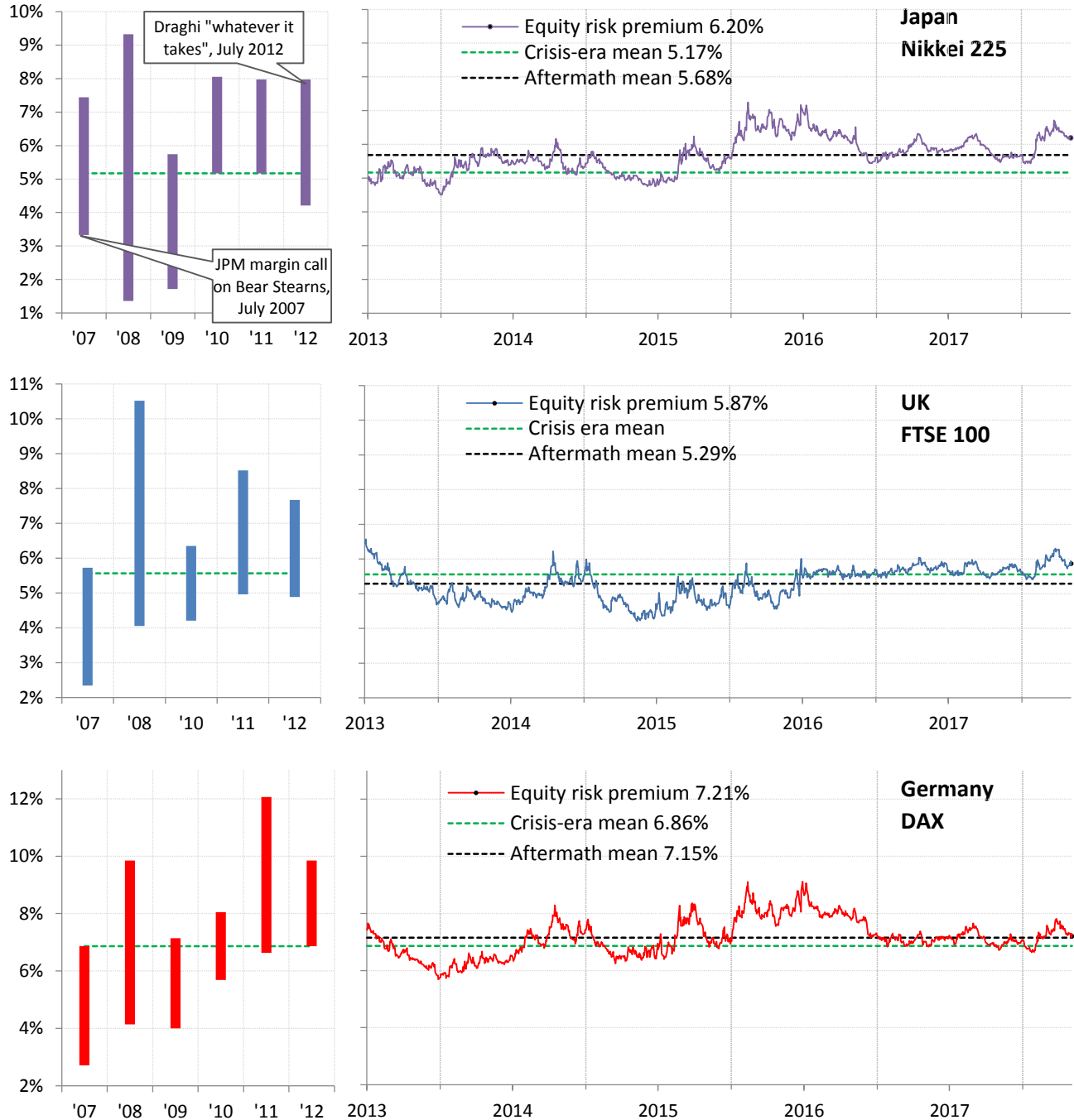


## A century-plus of the monthly S&P 500 equity risk premium



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

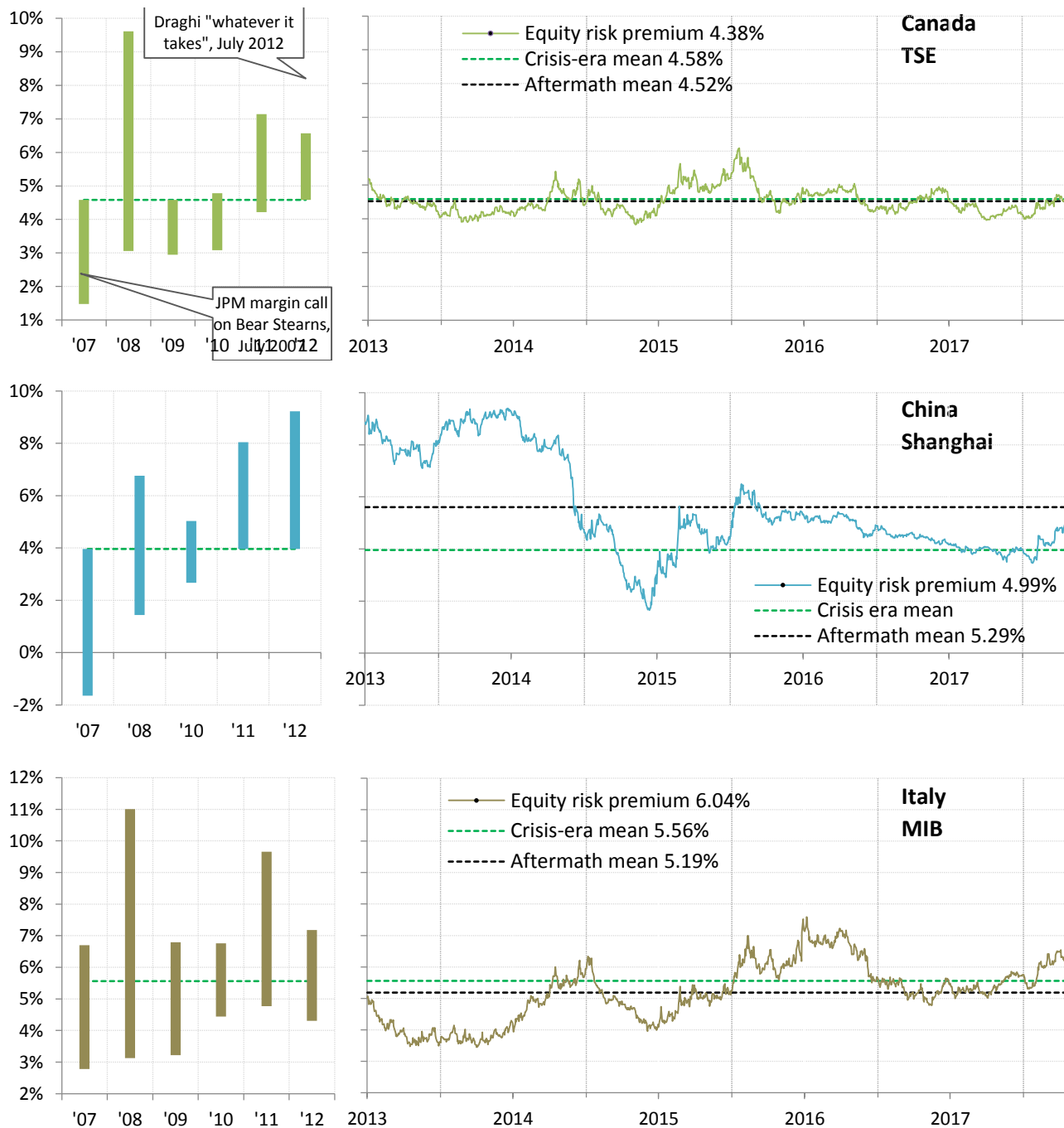
July-to-July range (left panel), daily from July 2013 (right panel)



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