

## Data Insights: Global Equity Risk Premia

Monday, July 30, 2018

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

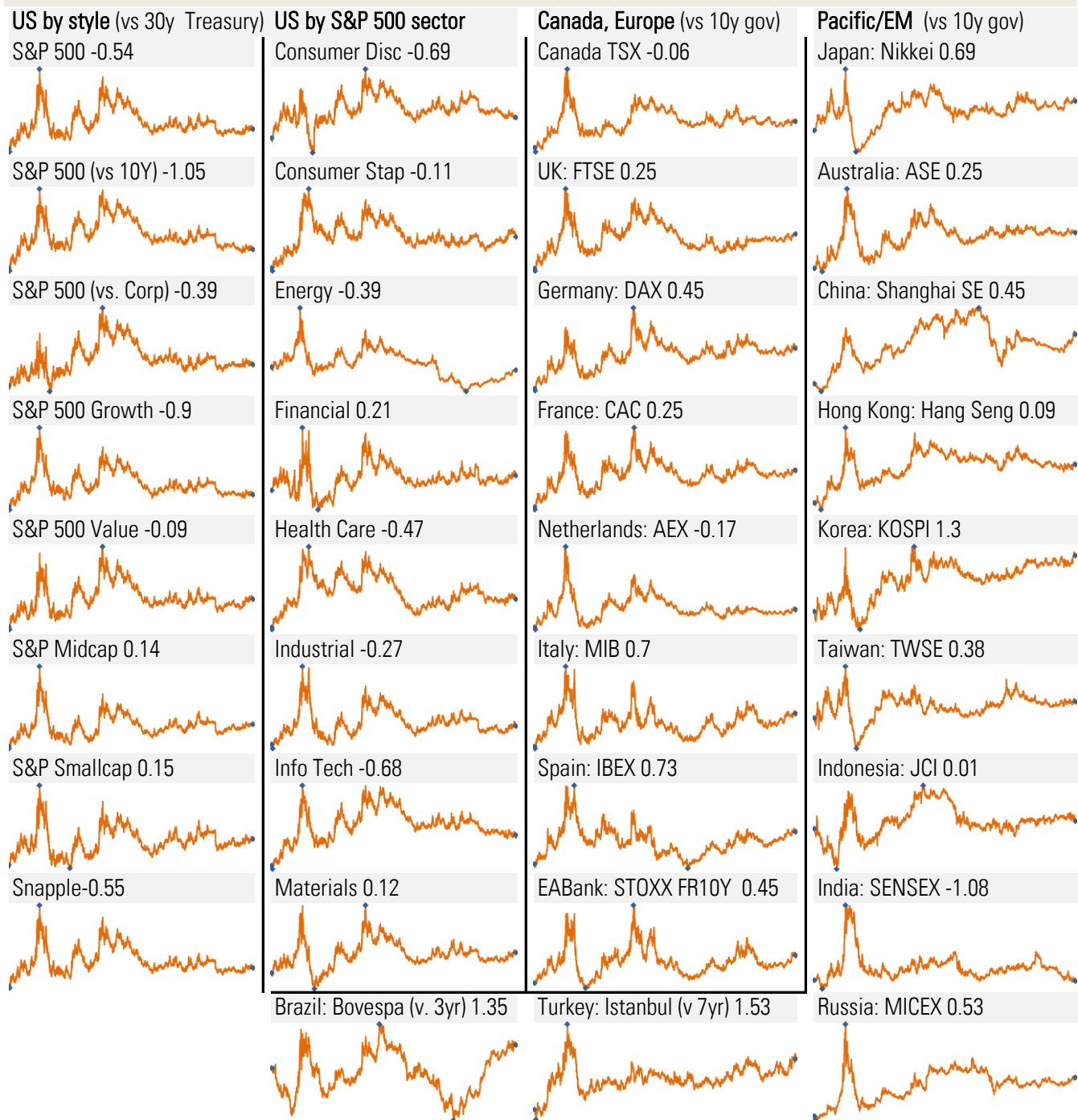
Rank	Equity risk premium		Forward PE ratio		Fwd earnings upgrade rate		Fwd sales upgrade rate	
	By SD from crisis era mean				Trailing 90 days, AR		Trailing 90 days, AR	
	By country		By country		By country		By country	
1	Turkey: Istanbul	+1.54	Russia: MICEX	5.7	Russia: MICEX	+38%	Netherlands: AEX	+38%
2	Brazil: Bovespa	+1.36	Turkey: Istanbul	6.4	Netherlands: AEX	+29%	Turkey: Istanbul	+36%
3	Korea: KOSPI	+1.31	Korea: KOSPI	8.7	UK: FTSE	+29%	Brazil: Bovespa	+29%
4	Spain: IBEX	+0.73	China: Shanghai SE	10.6	Canada:TSX	+26%	UK: FTSE	+26%
5	Italy: MIB	+0.71	HK: Hang Seng	11.0	Italy: MIB	+23%	Indonesia:JCI	+25%
6	Japan: Nikkei	+0.70	Brazil: Bovespa	11.0	Brazil: Bovespa	+20%	France: CAC	+19%
7	Russia: MICEX	+0.54	Italy: MIB	11.1	India: SENSEX	+20%	Germany: DAX	+13%
8	China: Shanghai SE	+0.46	Spain: IBEX	12.3	Japan: Nikkei	+18%	Spain: IBEX	+12%
9	Germany: DAX	+0.45	Germany: DAX	12.7	France: CAC	+17%	Canada:TSX	+12%
10	Taiwan:TWSA	+0.38	UK: FTSE	13.3	US: S&P 500	+16%	Australia: ASE	+12%
11	UK: FTSE	+0.26	Taiwan:TWSA	13.7	Spain: IBEX	+12%	Taiwan:TWSA	+10%
12	France: CAC	+0.26	France: CAC	14.1	Germany: DAX	+12%	China: Shanghai SE	+10%
13	Australia: ASE	+0.26	Indonesia:JCI	14.4	Indonesia:JCI	+12%	US: S&P 500	+9%
14	HK: Hang Seng	+0.10	Canada:TSX	14.8	Taiwan:TWSA	+9%	India: SENSEX	+7%
15	Indonesia:JCI	+0.01	Netherlands: AEX	15.0	Australia: ASE	+7%	Japan: Nikkei	+6%
16	Canada:TSX	-0.07	Japan: Nikkei	15.6	China: Shanghai SE	+3%	Russia: MICEX	+6%
17	Netherlands: AEX	-0.18	Australia: ASE	16.0	Korea: KOSPI	+2%	Korea: KOSPI	+3%
18	US: S&P 500	-0.55	US: S&P 500	16.6	Turkey: Istanbul	-0%	Italy: MIB	+0%
19	India: SENSEX	-1.08	India: SENSEX	18.6	HK: Hang Seng	-8%	HK: Hang Seng	-25%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.16	S&P 500 Value	14.1	S&P Smallcap	+33%	S&P Smallcap	+60%
2	S&P Midcap	+0.15	S&P 500	16.6	S&P Midcap	+18%	S&P 500 Value	+11%
3	S&P 500 Value	-0.09	S&P Midcap	17.1	S&P 500 Growth	+18%	S&P 500	+9%
4	S&P 500	-0.55	S&P Smallcap	18.2	S&P 500	+16%	S&P 500 Growth	+8%
5	S&P 500 Growth	-0.91	S&P 500 Growth	19.4	S&P 500 Value	+16%	S&P Midcap	+8%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+2.45	Telecom	9.9	Energy	+94%	Health Care	+41%
2	Financial	+0.22	Financial	12.7	Materials	+24%	Materials	+30%
3	Materials	+0.13	Materials	15.5	Info Tech	+18%	Telecom	+29%
4	Consumer Stap	-0.12	Health Care	15.6	Health Care	+16%	Energy	+19%
5	Industrial	-0.28	Industrial	16.5	Telecom	+14%	Industrial	+10%
6	Energy	-0.39	Utilities	16.7	Industrial	+12%	Consumer Disc	+10%
7	Health Care	-0.48	Energy	17.4	Financial	+12%	Info Tech	+10%
8	Utilities	-0.52	Consumer Stap	17.7	Consumer Disc	+8%	Financial	+5%
9	Info Tech	-0.68	Info Tech	18.0	Utilities	+1%	Utilities	+1%
10	Consumer Disc	-0.70	Consumer Disc	20.2	Consumer Stap	-8%	Consumer Stap	-30%

Source: Bloomberg, TrendMacro calculations

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

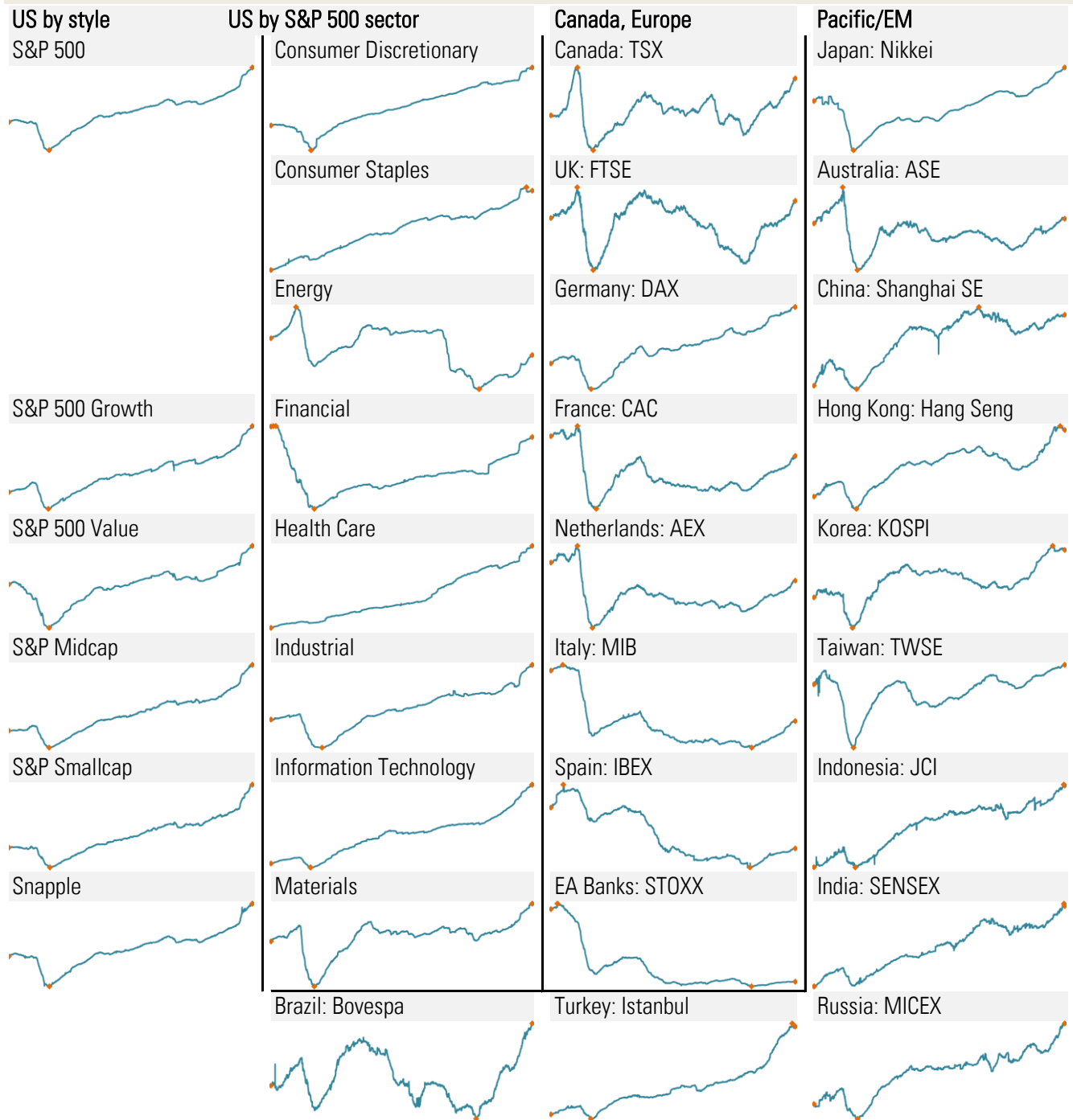
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

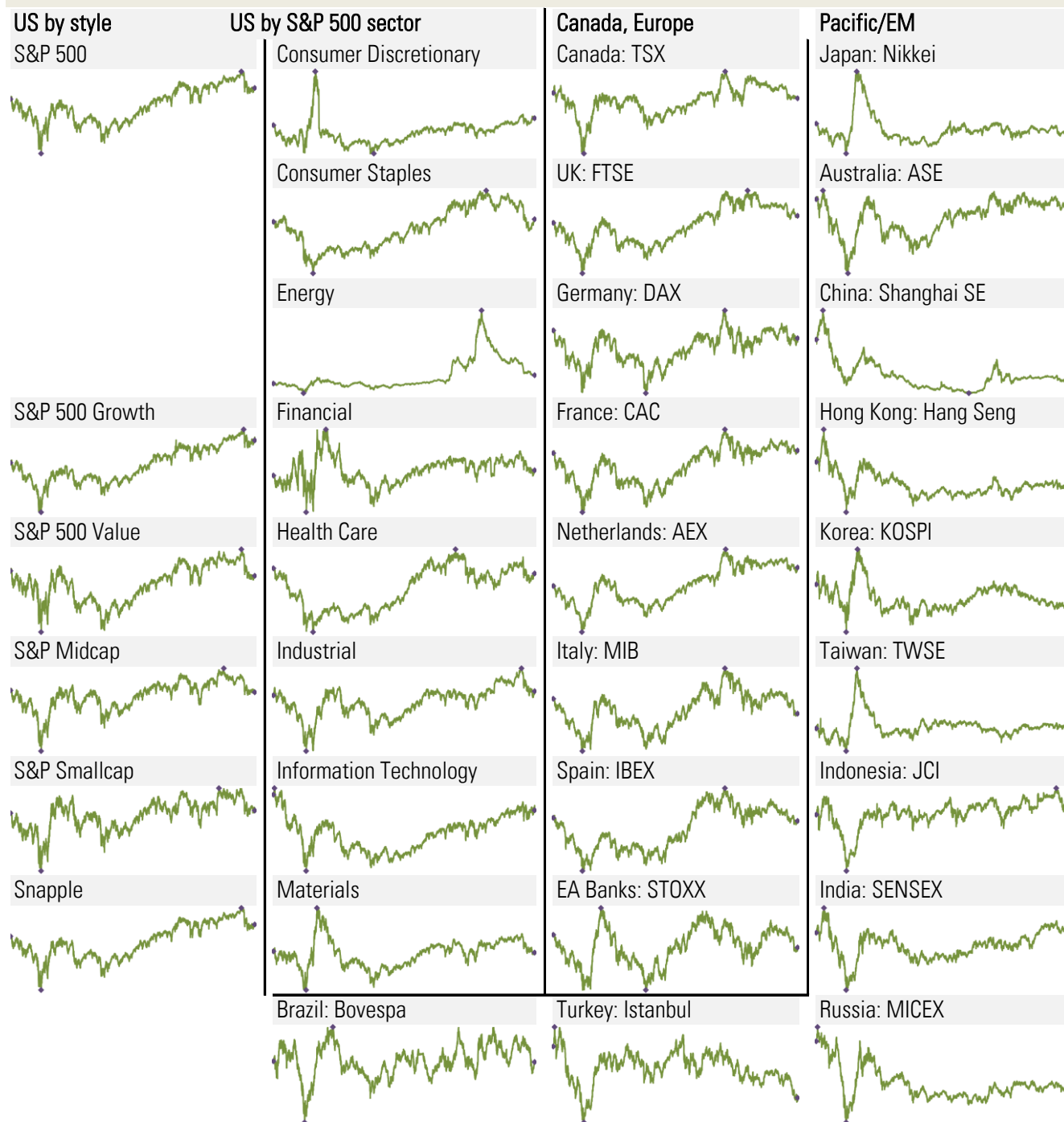
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

• First, High, Low, Last



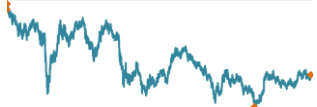
Source: Bloomberg, TrendMacro calculations

## Benchmark bond yields, July 2007 to current

● First, High, Low, Last

### US

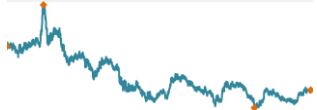
30-year Treasury



10-year Treasury

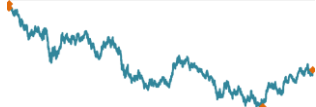


Moody's Corporate Avg

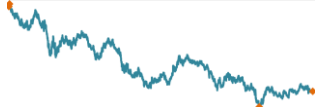


### Canada, Europe

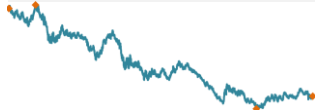
Canada 10-year govt



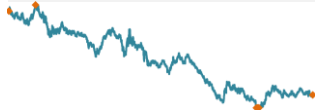
UK: 10-year govt



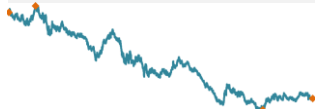
Germany: 10-year govt



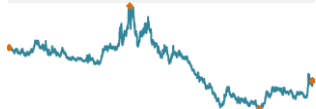
France: 10-year govt



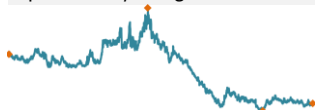
Netherlands: 10-year govt



Italy: 10-year govt

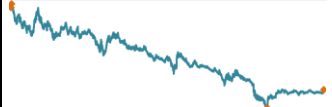


Spain: 10-year govt

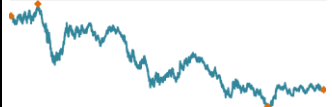


### Pacific/EM

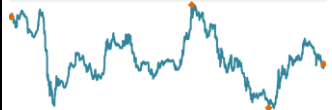
Japan: 10-year govt



Australia: 10-year govt



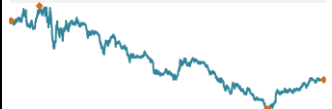
China: 10-year govt



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

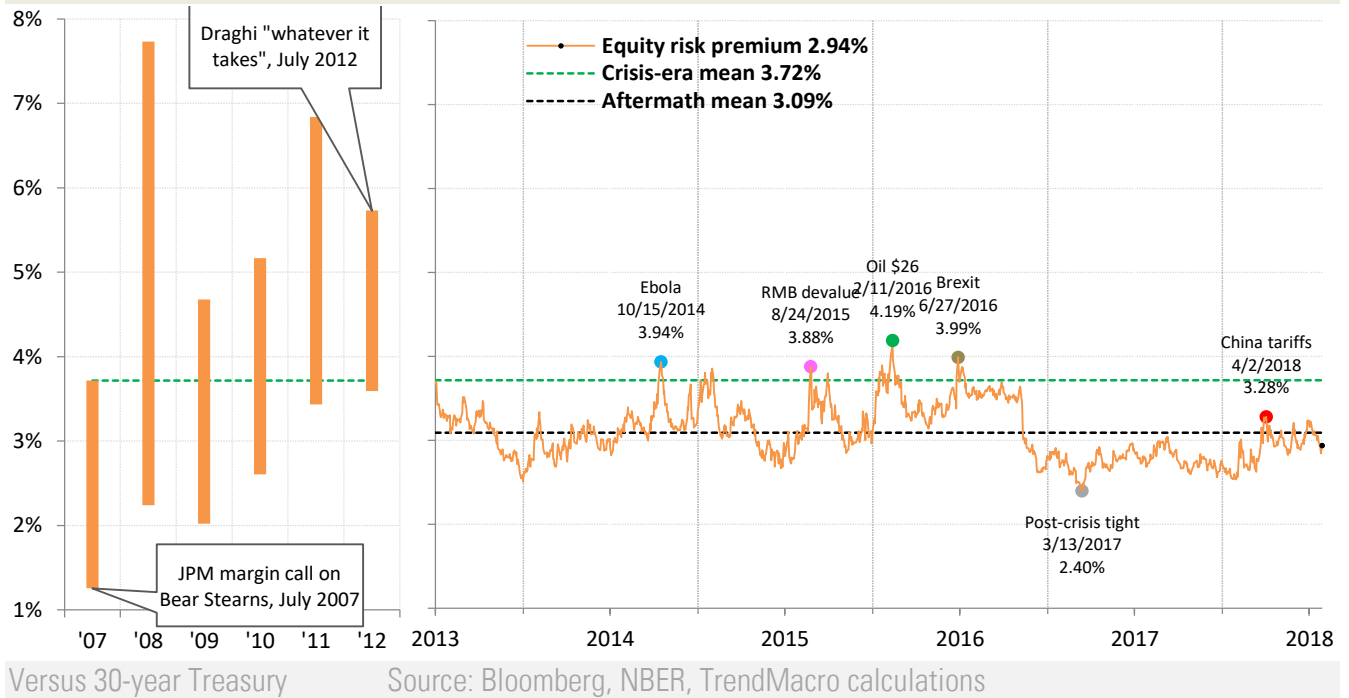


Russia: 10-year govt

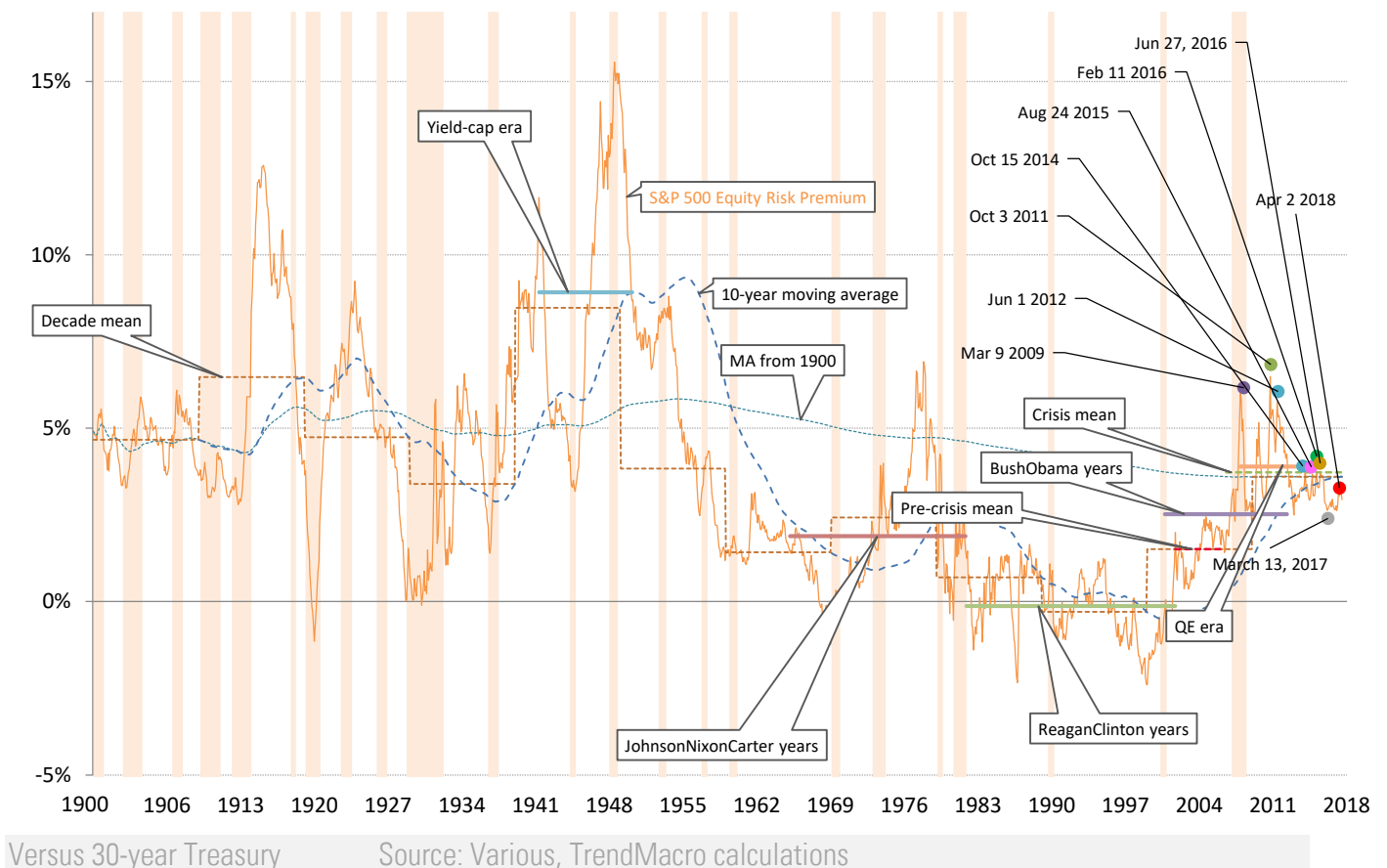


Source: Bloomberg, TrendMacro calculations

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

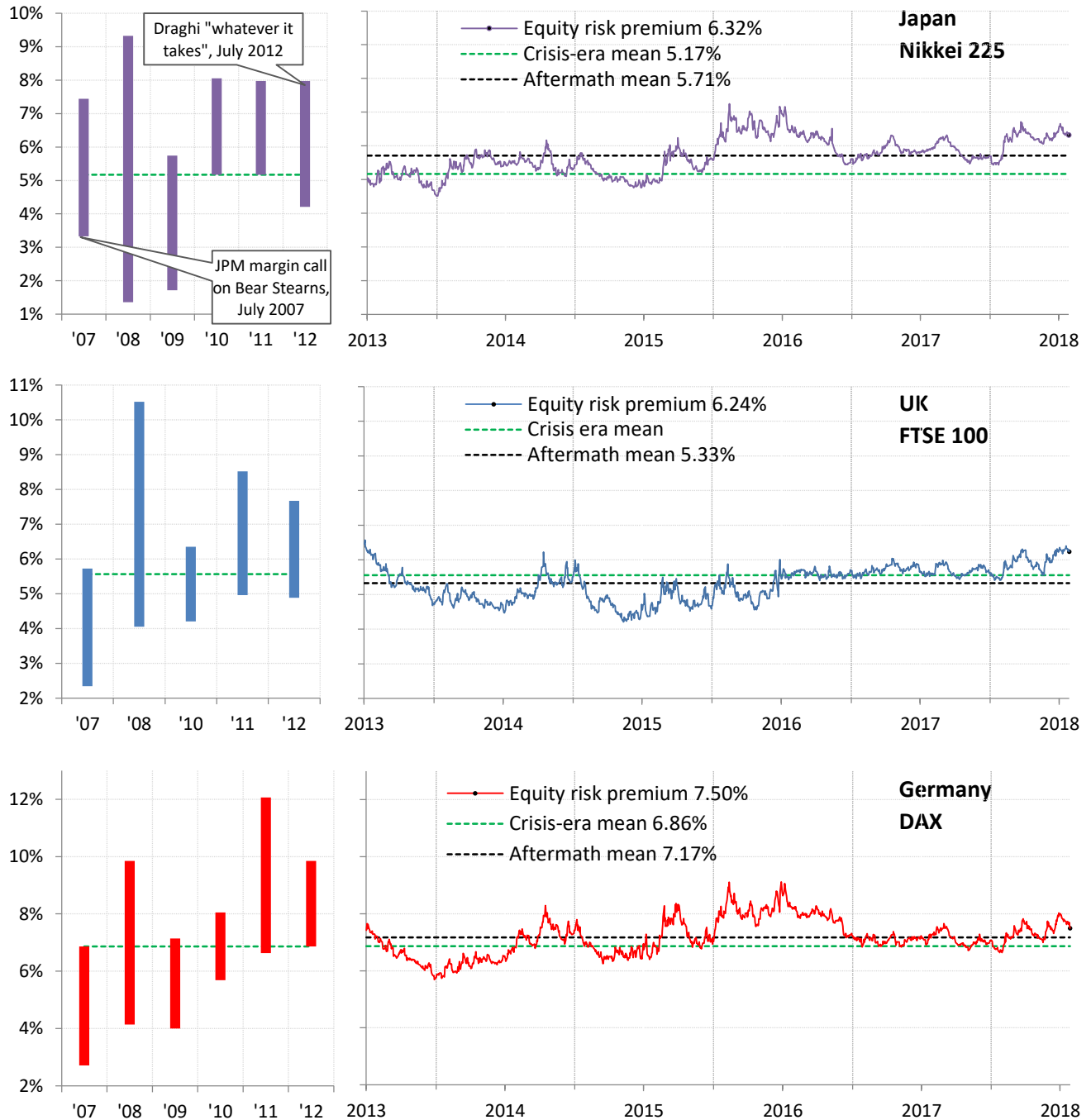


## A century-plus of the monthly S&P 500 equity risk premium



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

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

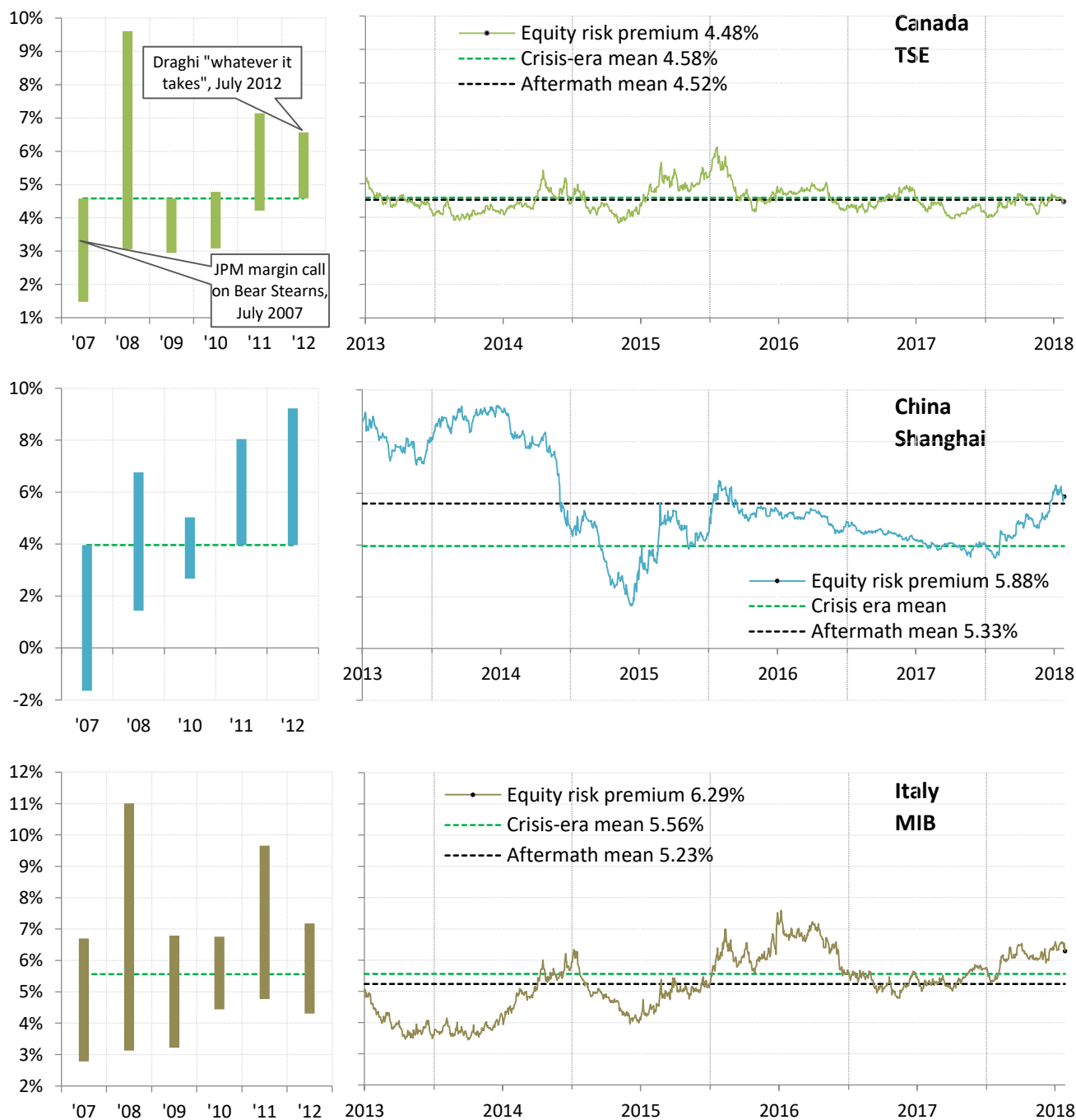


Source: Bloomberg, TrendMacro calculations



## 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