

Data Insights: Global Equity Risk Premia

Monday, August 20, 2018

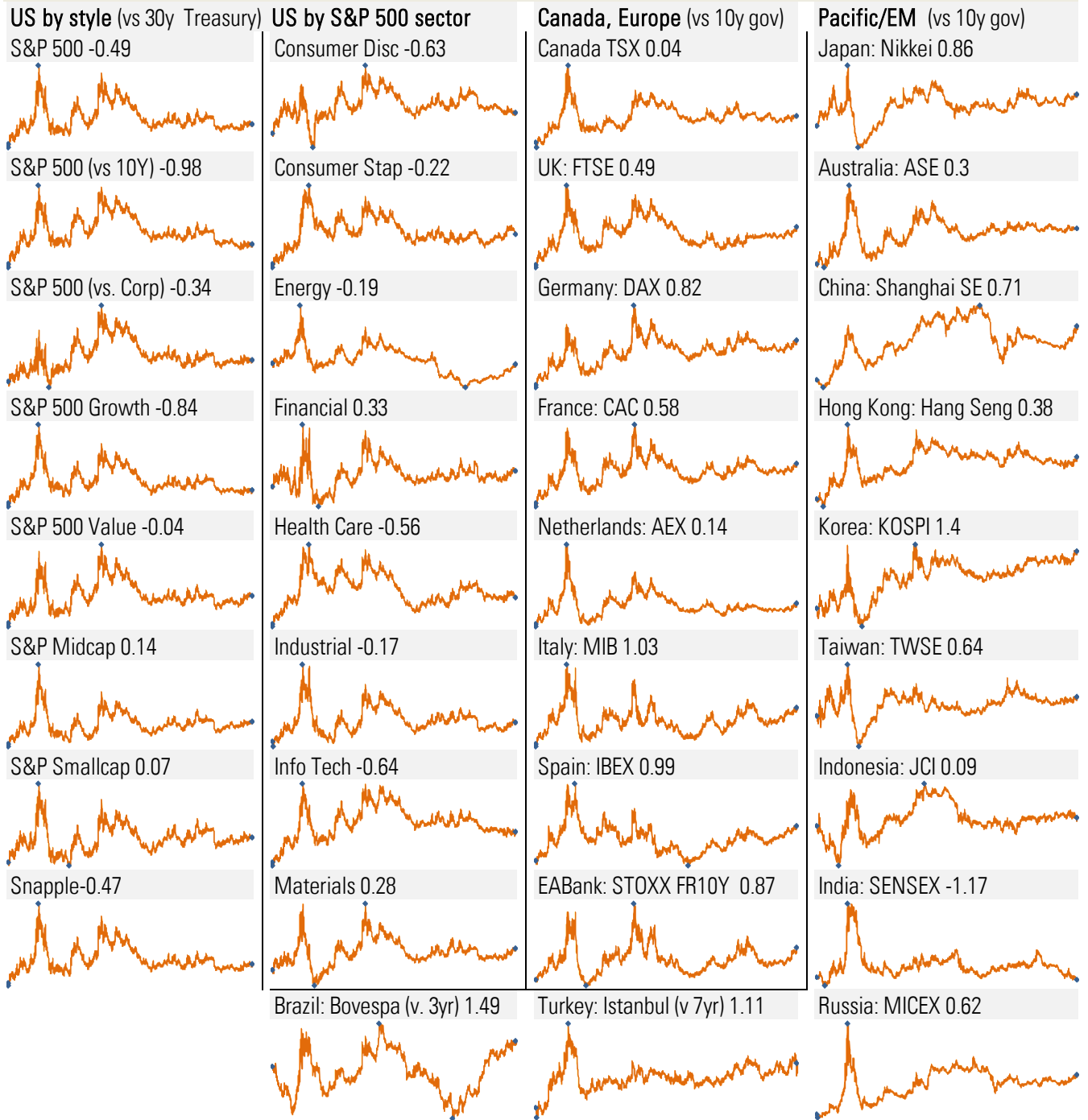
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	+1.50	Russia: MICEX	5.6	Netherlands: AEX	+29%	Netherlands: AEX	+40%
2	Korea: KOSPI	+1.41	Turkey: Istanbul	5.9	UK: FTSE	+28%	Turkey: Istanbul	+37%
3	Turkey: Istanbul	+1.12	Korea: KOSPI	8.5	Brazil: Bovespa	+26%	UK: FTSE	+27%
4	Italy: MIB	+1.04	China: Shanghai SE	9.8	Canada:TSX	+23%	India: SENSEX	+24%
5	Spain: IBEX	+1.00	Italy: MIB	10.2	Japan: Nikkei	+21%	Brazil: Bovespa	+21%
6	Japan: Nikkei	+0.87	Brazil: Bovespa	10.2	France: CAC	+19%	Indonesia:JCI	+21%
7	Germany: DAX	+0.82	HK: Hang Seng	10.4	US: S&P 500	+15%	France: CAC	+20%
8	China: Shanghai SE	+0.72	Spain: IBEX	11.7	Indonesia:JCI	+15%	Korea: KOSPI	+11%
9	Taiwan:TWSA	+0.64	Germany: DAX	12.0	Russia: MICEX	+15%	Canada:TSX	+11%
10	Russia: MICEX	+0.62	UK: FTSE	12.8	Italy: MIB	+15%	Taiwan:TWSA	+11%
11	France: CAC	+0.58	Taiwan:TWSA	13.3	India: SENSEX	+9%	US: S&P 500	+9%
12	UK: FTSE	+0.49	France: CAC	13.4	Taiwan:TWSA	+9%	Australia: ASE	+9%
13	HK: Hang Seng	+0.38	Indonesia:JCI	13.7	Spain: IBEX	+8%	China: Shanghai SE	+8%
14	Australia: ASE	+0.31	Netherlands: AEX	14.1	China: Shanghai SE	+6%	Italy: MIB	+8%
15	Netherlands: AEX	+0.14	Canada:TSX	14.5	Australia: ASE	+5%	Germany: DAX	+6%
16	Indonesia:JCI	+0.09	Japan: Nikkei	15.1	Germany: DAX	+5%	Japan: Nikkei	+6%
17	Canada:TSX	+0.05	Australia: ASE	16.1	Turkey: Istanbul	+3%	Spain: IBEX	+5%
18	US: S&P 500	-0.49	US: S&P 500	16.6	Korea: KOSPI	-5%	Russia: MICEX	-7%
19	India: SENSEX	-1.18	India: SENSEX	18.8	HK: Hang Seng	-10%	HK: Hang Seng	-22%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Midcap	+0.14	S&P 500 Value	14.2	S&P Smallcap	+31%	S&P Smallcap	+57%
2	S&P Smallcap	+0.08	S&P 500	16.6	S&P 500 Growth	+17%	S&P 500 Value	+10%
3	S&P 500 Value	-0.05	S&P Midcap	17.3	S&P 500	+15%	S&P 500	+9%
4	S&P 500	-0.49	S&P Smallcap	18.7	S&P Midcap	+15%	S&P 500 Growth	+9%
5	S&P 500 Growth	-0.85	S&P 500 Growth	19.5	S&P 500 Value	+14%	S&P Midcap	+5%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Telecom	+2.03	Telecom	10.5	Energy	+58%	Telecom	+32%
2	Financial	+0.33	Financial	12.6	Materials	+21%	Materials	+28%
3	Materials	+0.29	Materials	15.1	Telecom	+19%	Energy	+16%
4	Industrial	-0.17	Health Care	16.1	Info Tech	+17%	Info Tech	+12%
5	Energy	-0.20	Industrial	16.3	Industrial	+15%	Industrial	+10%
6	Consumer Stap	-0.22	Energy	16.3	Financial	+14%	Financial	+10%
7	Health Care	-0.56	Utilities	17.1	Health Care	+11%	Consumer Disc	+7%
8	Utilities	-0.60	Info Tech	18.1	Consumer Disc	+5%	Consumer Stap	+5%
9	Consumer Disc	-0.64	Consumer Stap	18.2	Consumer Stap	+3%	Health Care	+5%
10	Info Tech	-0.64	Consumer Disc	20.2	Utilities	+2%	Utilities	+1%

Source: Bloomberg, TrendMacro calculations

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

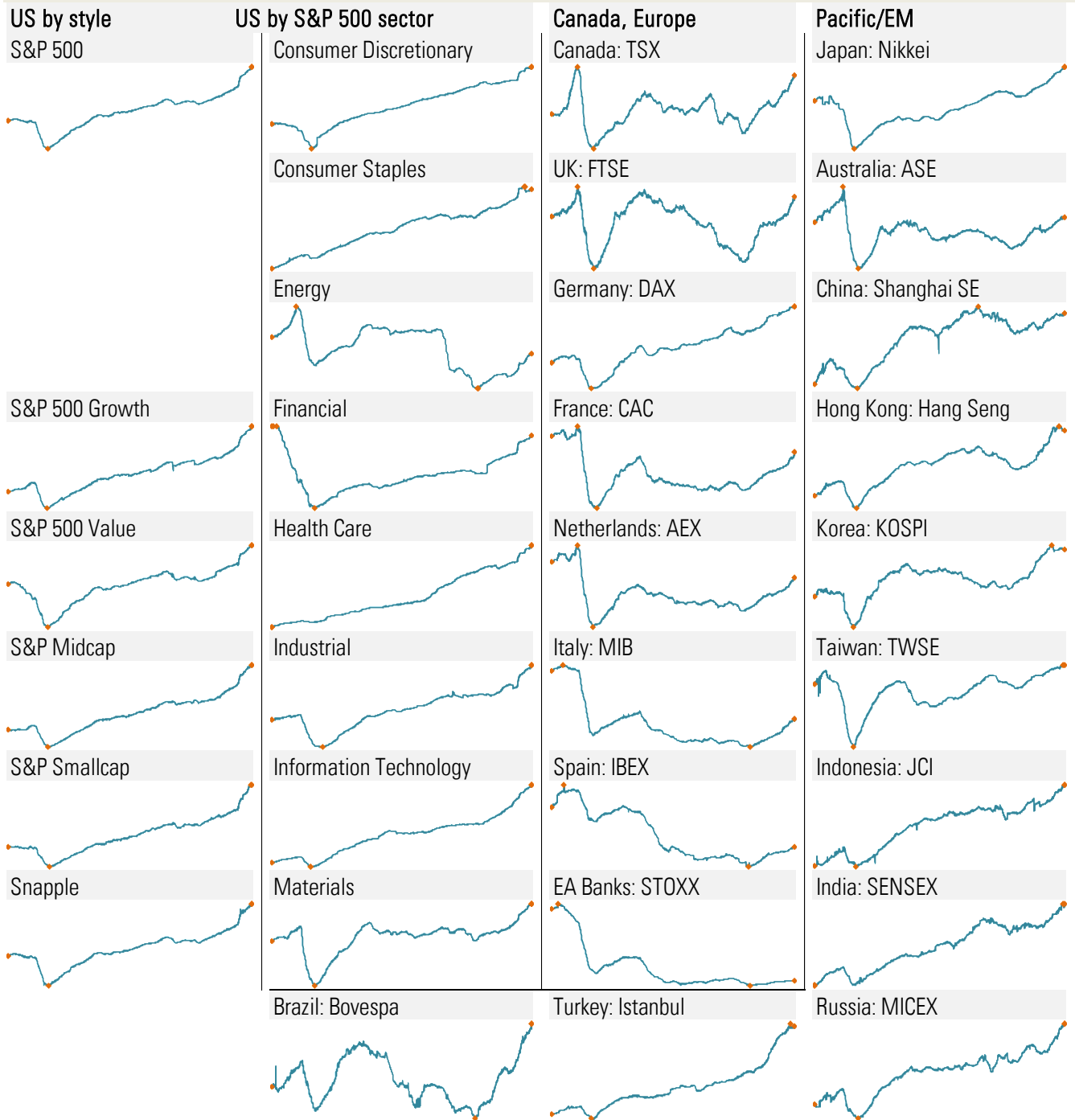
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

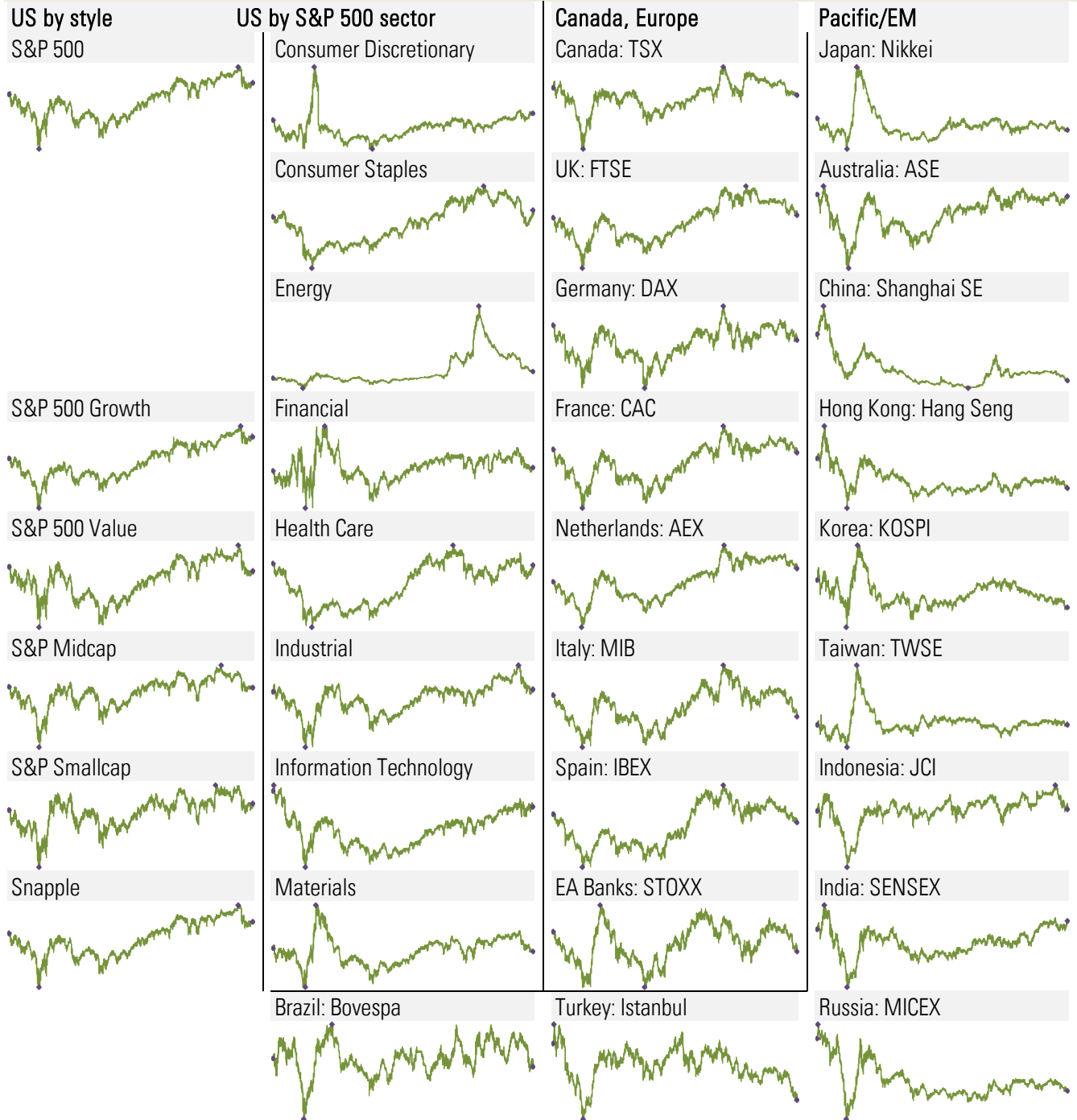
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

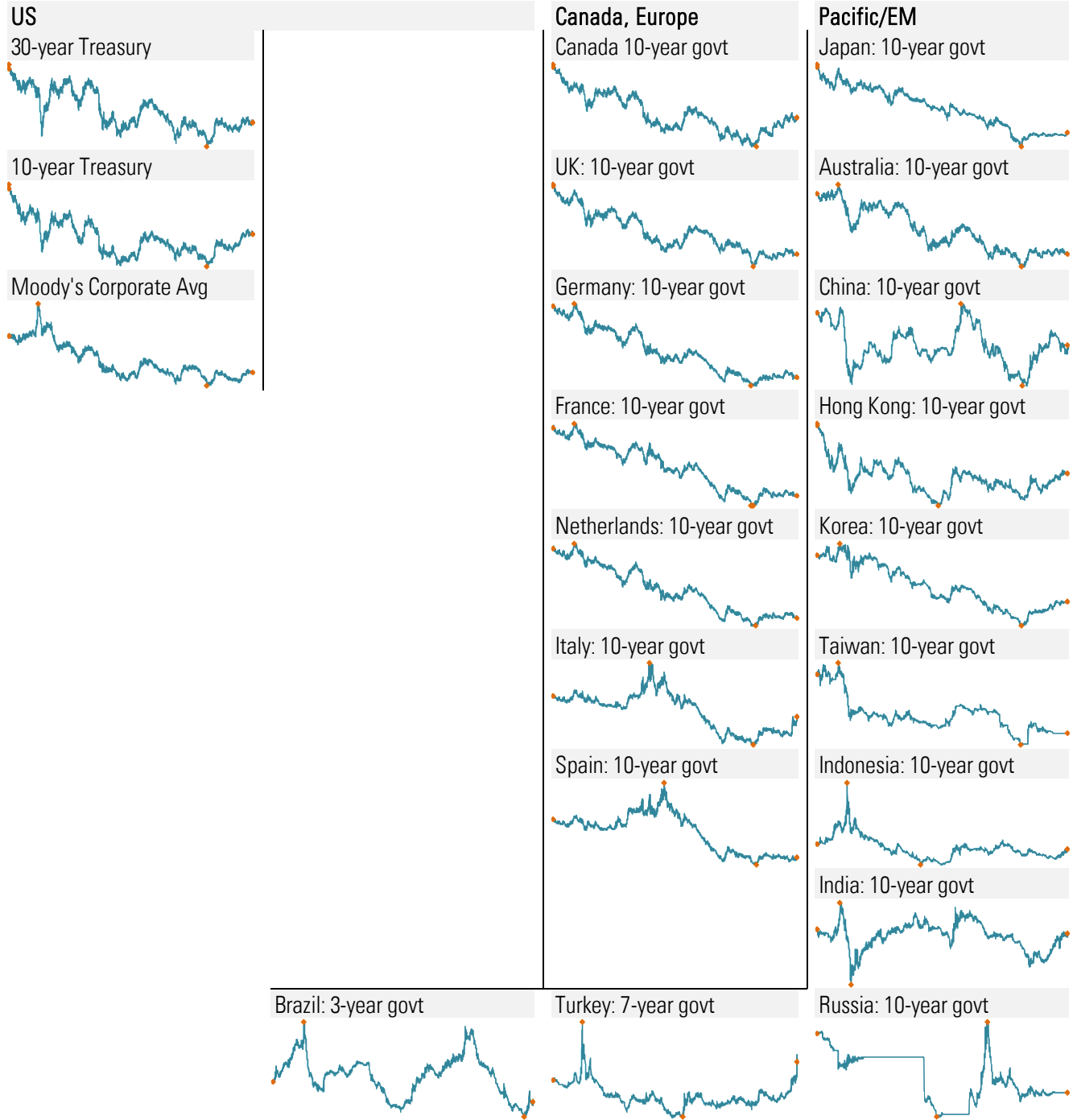
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

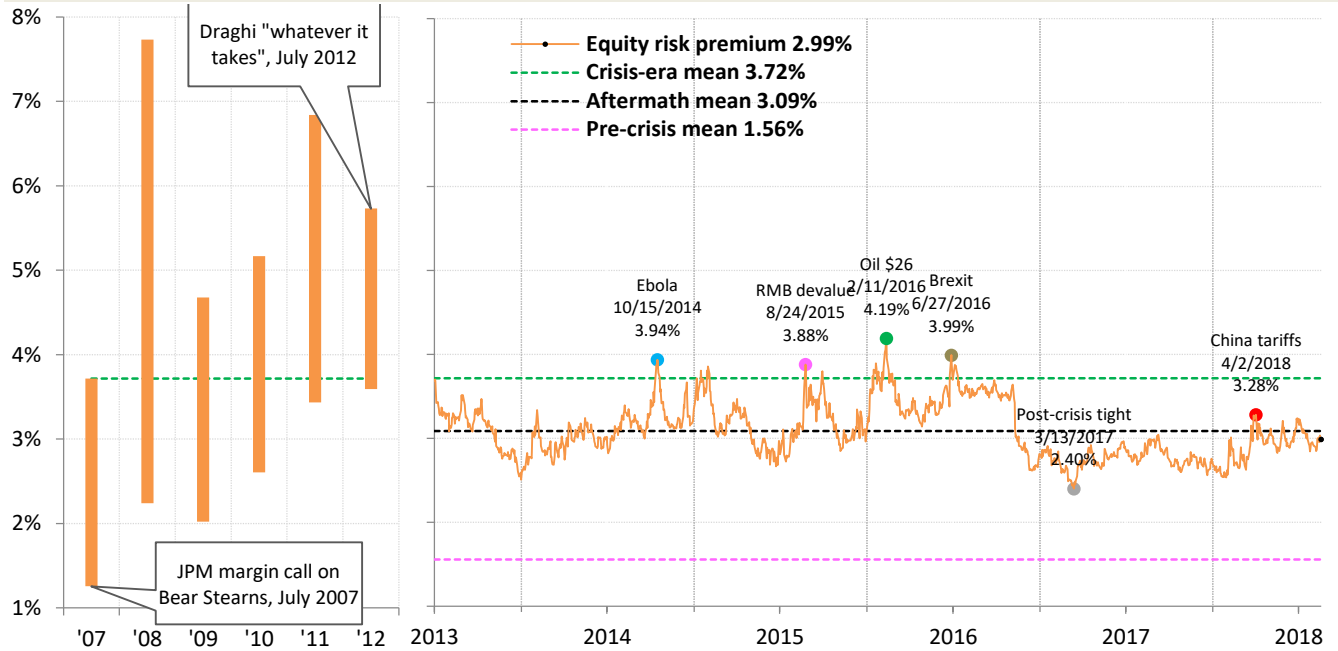
Benchmark bond yields, July 2007 to current

● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

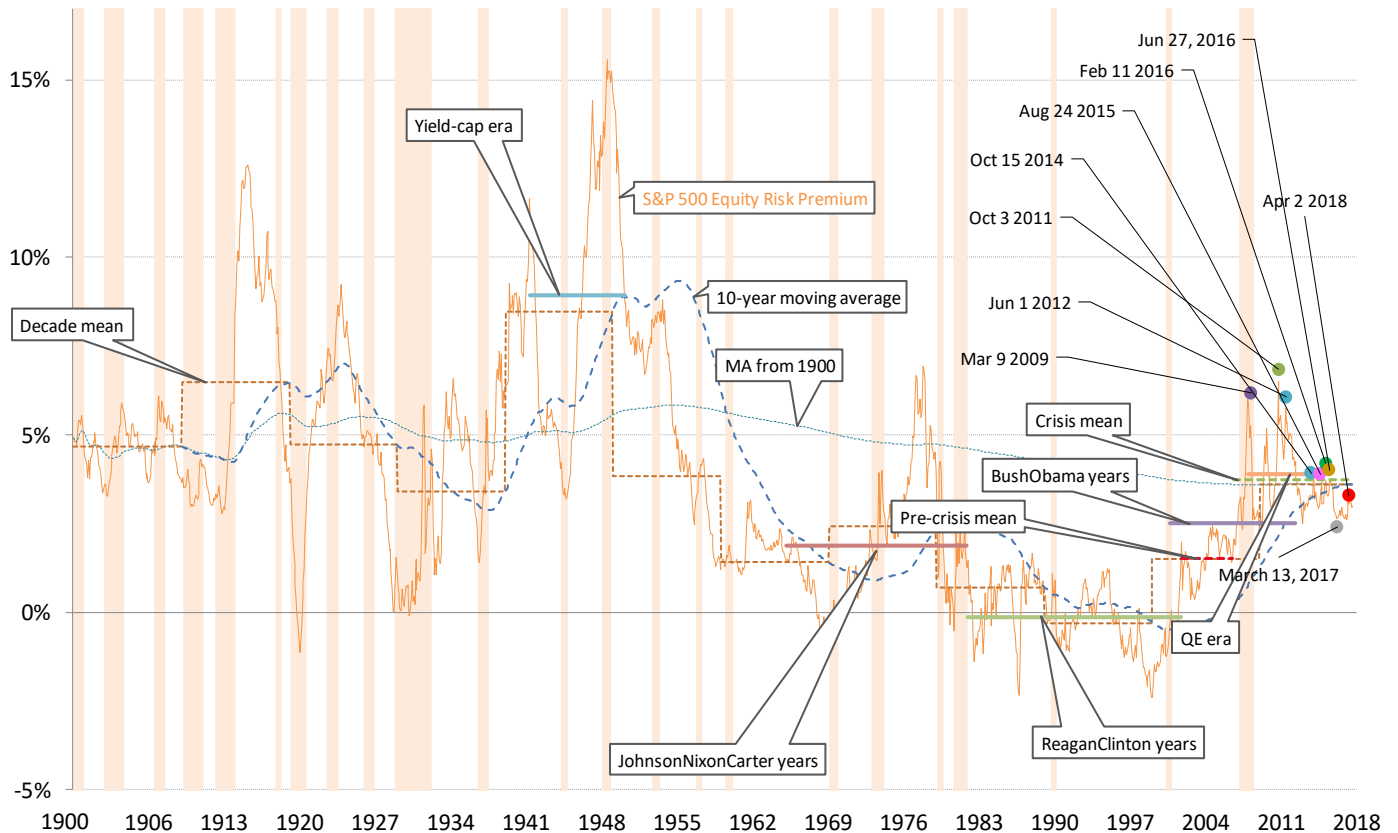
Daily S&P 500 equity risk premium in the crisis era



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

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

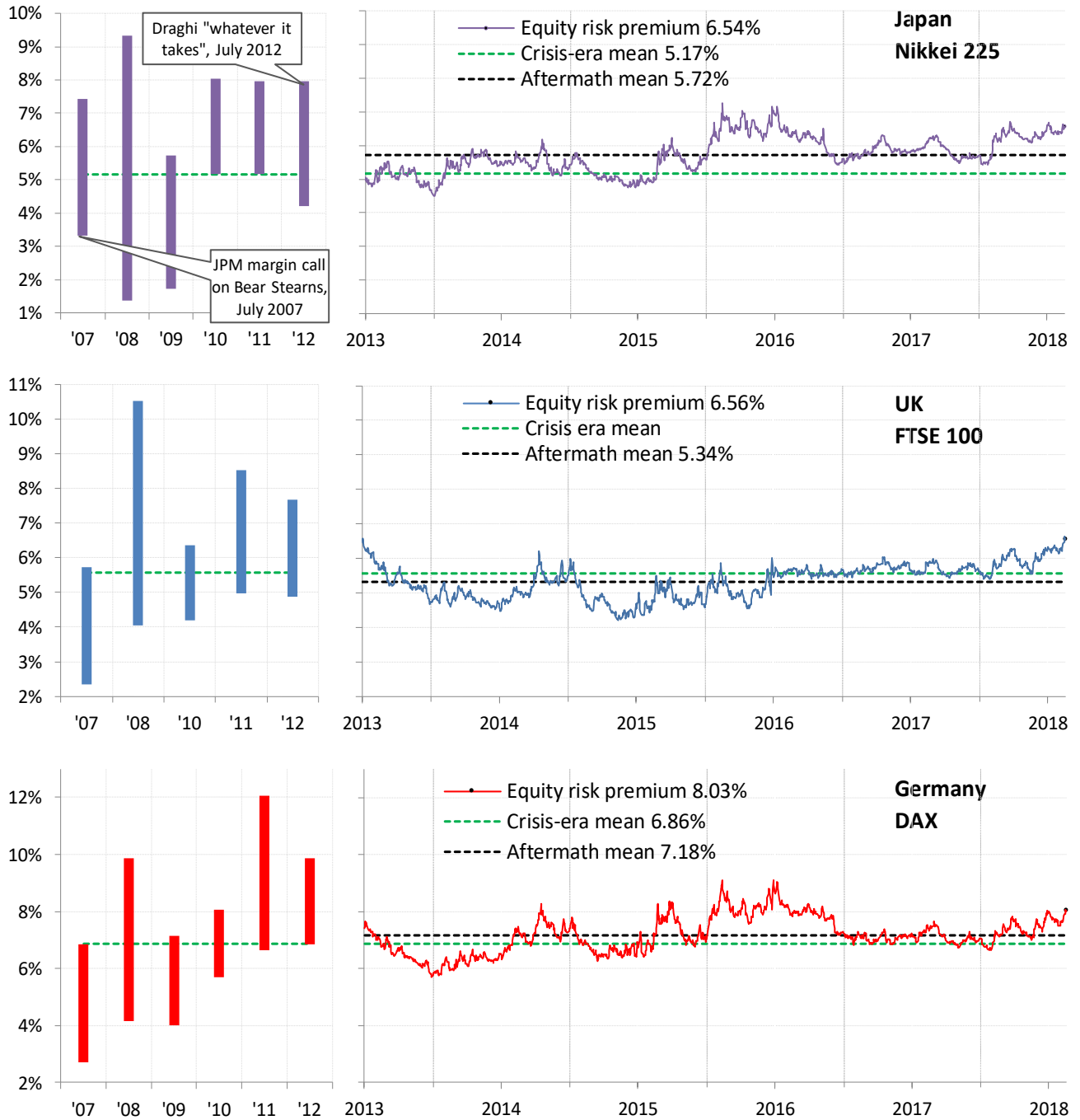


Versus 30-year Treasury

Source: Various, TrendMacro calculations

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

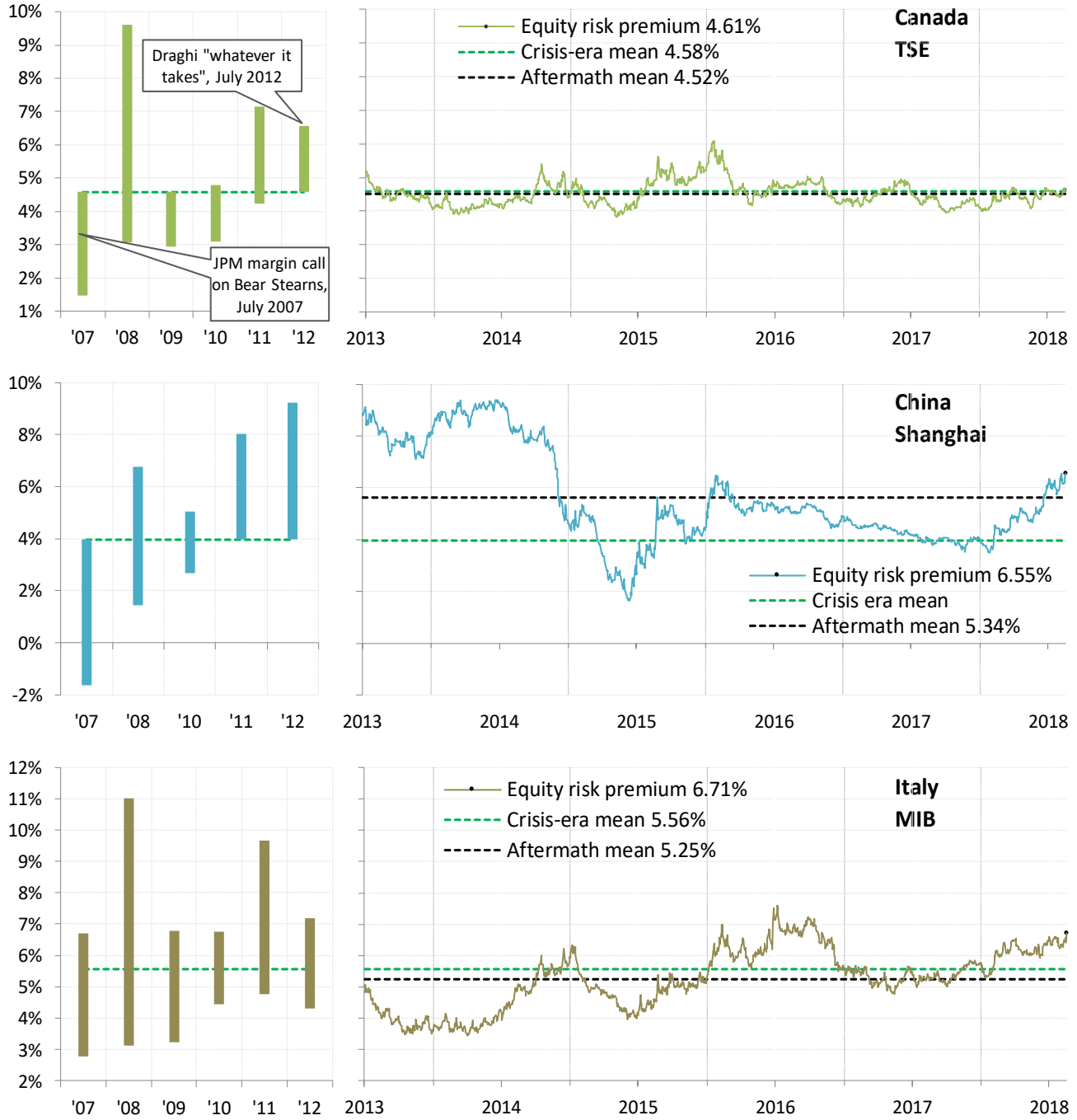
July-to-July range (left panel), daily from July 2013 (right panel)



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