

Data Insights: Global Equity Risk Premia

Monday, April 29, 2019

NOTE: In September 2016, Standard & Poor's created a new Real Estate sector from stocks that had been in the Financials sector. In October 2018 it converted the Telecom sector to "Communications Services," moving stocks from Info Tech and Consumer Discretionary. These changes distort metrics for those sectors throughout this report. The overall S&P 500 is not affected.

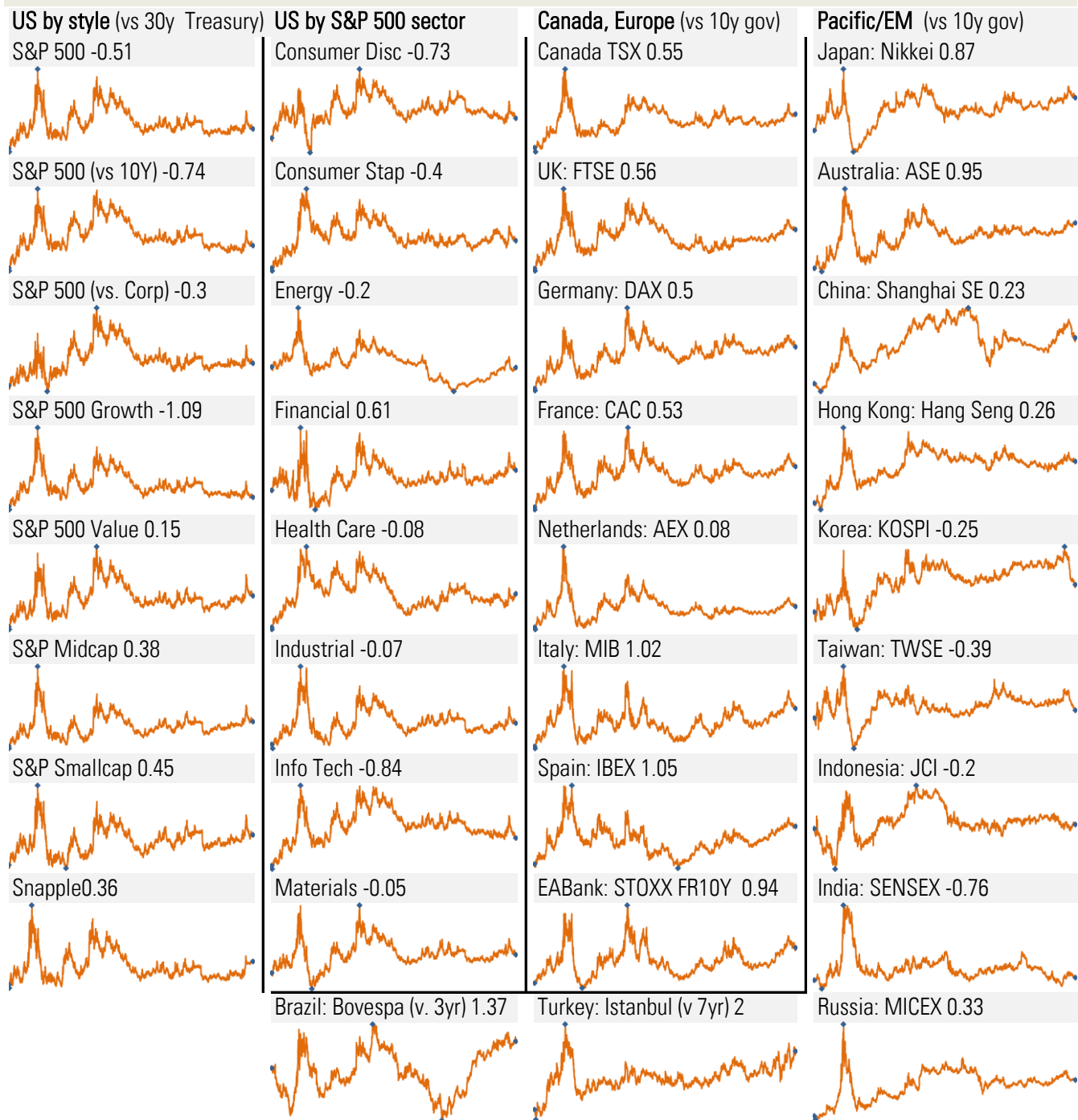
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	Turkey: Istanbul	+2.00	Russia: MICEX	5.8	Brazil: Bovespa	+29%	Australia: ASE	+32%
2	Brazil: Bovespa	+1.37	Turkey: Istanbul	5.8	Turkey: Istanbul	+28%	Canada:TSX	+22%
3	Spain: IBEX	+1.06	Italy: MIB	10.6	Australia: ASE	+17%	China: Shanghai SE	+17%
4	Italy: MIB	+1.02	HK: Hang Seng	11.2	Canada:TSX	+14%	Brazil: Bovespa	+11%
5	Australia: ASE	+0.95	Brazil: Bovespa	11.3	India: SENSEX	+11%	HK: Hang Seng	+11%
6	Japan: Nikkei	+0.87	Korea: KOSPI	11.3	UK: FTSE	+8%	Indonesia:JCI	+8%
7	UK: FTSE	+0.56	China: Shanghai SE	11.3	Indonesia:JCI	+7%	France: CAC	+7%
8	Canada:TSX	+0.55	Spain: IBEX	12.0	HK: Hang Seng	+5%	US: S&P 500	+6%
9	France: CAC	+0.53	UK: FTSE	12.7	US: S&P 500	+4%	Korea: KOSPI	+6%
10	Germany: DAX	+0.50	Germany: DAX	13.1	China: Shanghai SE	+4%	Spain: IBEX	+6%
11	Russia: MICEX	+0.33	France: CAC	14.0	Russia: MICEX	+3%	UK: FTSE	+5%
12	HK: Hang Seng	+0.27	Canada:TSX	14.5	Netherlands: AEX	+0%	Turkey: Istanbul	+5%
13	China: Shanghai SE	+0.23	Netherlands: AEX	14.7	France: CAC	+0%	Germany: DAX	+4%
14	Netherlands: AEX	+0.09	Indonesia:JCI	15.0	Germany: DAX	-1%	Taiwan:TWSA	+1%
15	Indonesia:JCI	-0.20	Japan: Nikkei	15.2	Italy: MIB	-1%	Japan: Nikkei	-1%
16	Korea: KOSPI	-0.26	Taiwan:TWSA	15.5	Spain: IBEX	-3%	Italy: MIB	-1%
17	Taiwan:TWSA	-0.40	Australia: ASE	15.6	Japan: Nikkei	-3%	Netherlands: AEX	-6%
18	US: S&P 500	-0.52	US: S&P 500	17.0	Taiwan:TWSA	-8%	India: SENSEX	-9%
19	India: SENSEX	-0.76	India: SENSEX	18.7	Korea: KOSPI	-35%	Russia: MICEX	-21%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.46	S&P 500 Value	13.9	S&P 500 Growth	+12%	S&P 500 Growth	+10%
2	S&P Midcap	+0.38	S&P Midcap	16.8	S&P 500	+4%	S&P 500	+6%
3	S&P 500 Value	+0.15	S&P 500	17.0	S&P 500 Value	-1%	S&P Midcap	+5%
4	S&P 500	-0.52	S&P Smallcap	17.8	S&P Midcap	-4%	S&P 500 Value	+5%
5	S&P 500 Growth	-1.10	S&P 500 Growth	21.0	S&P Smallcap	-10%	S&P Smallcap	-2%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Financial	+0.62	Financial	12.1	Energy	+26%	Communications	+15%
2	Materials	-0.06	Health Care	15.0	Communications	+17%	Health Care	+13%
3	Industrial	-0.07	Industrial	16.2	Consumer Disc	+7%	Financial	+9%
4	Health Care	-0.08	Materials	16.4	Health Care	+7%	Utilities	+7%
5	Energy	-0.20	Energy	16.6	Utilities	+4%	Energy	+7%
6	Consumer Stap	-0.40	Communications	17.4	Financial	+3%	Industrial	+4%
7	Consumer Disc	-0.73	Utilities	18.4	Info Tech	+2%	Consumer Stap	+4%
8	Communications	-0.81	Consumer Stap	19.1	Industrial	-0%	Info Tech	+3%
9	Info Tech	-0.84	Info Tech	19.4	Consumer Stap	-5%	Consumer Disc	+3%
10	Utilities	-0.92	Consumer Disc	21.1	Materials	-18%	Materials	+1%

Source: Bloomberg, TrendMacro calculations

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

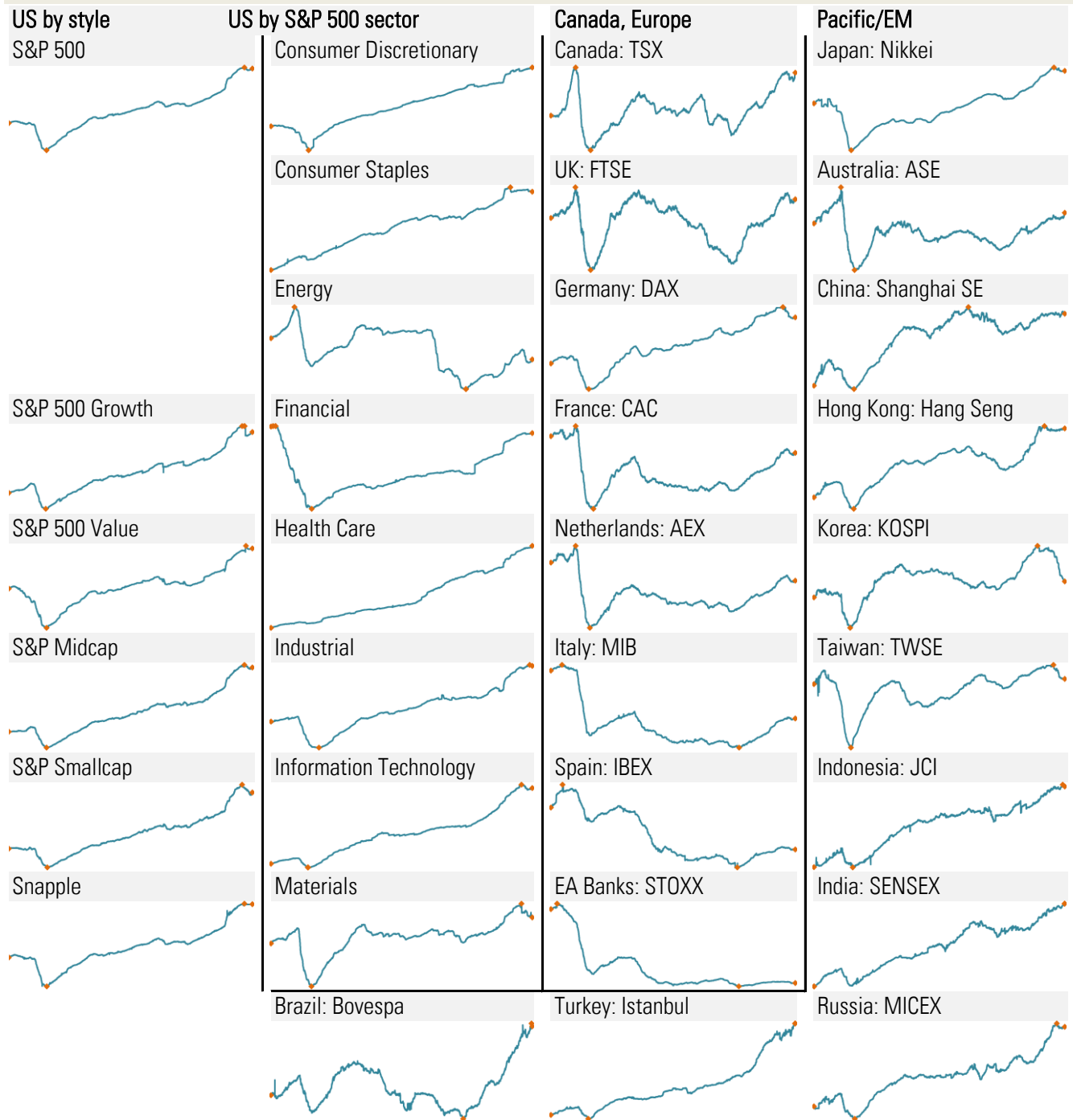
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

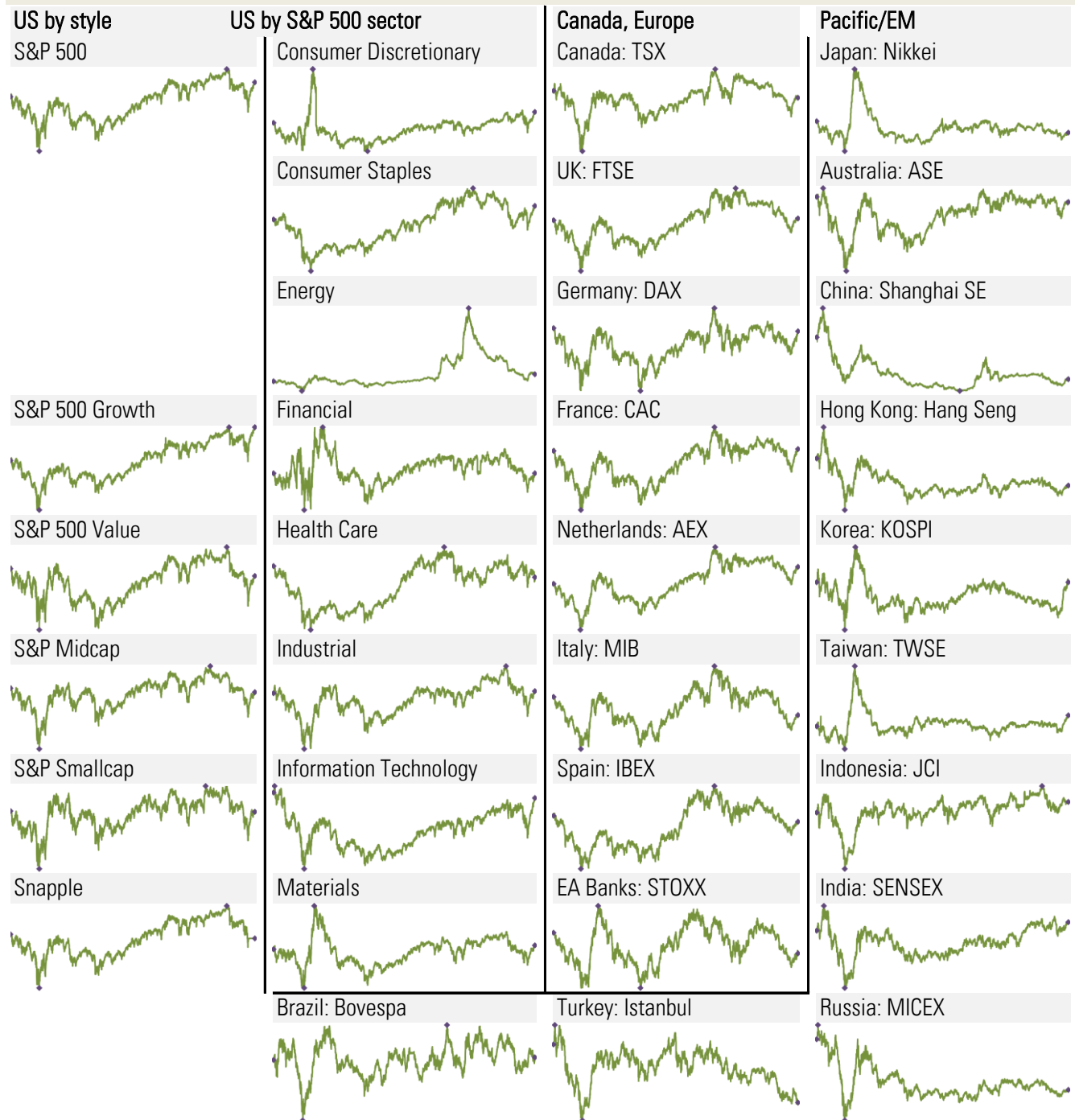
● First, High, Low, Last



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

US

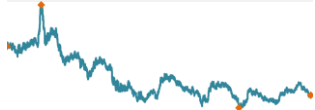
30-year Treasury



10-year Treasury

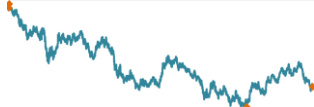


Moody's Corporate Avg

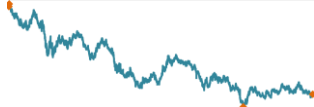


Canada, Europe

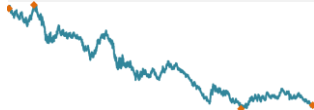
Canada 10-year govt



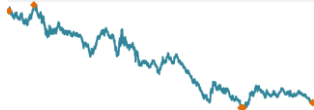
UK: 10-year govt



Germany: 10-year govt



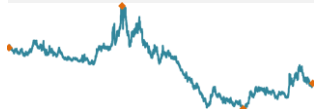
France: 10-year govt



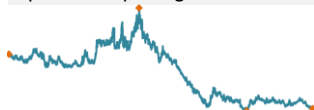
Netherlands: 10-year govt



Italy: 10-year govt

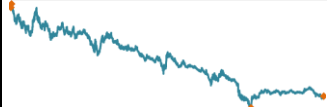


Spain: 10-year govt

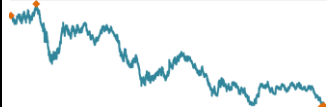


Pacific/EM

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



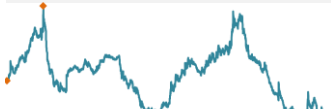
India: 10-year govt



Russia: 10-year govt



Brazil: 3-year govt

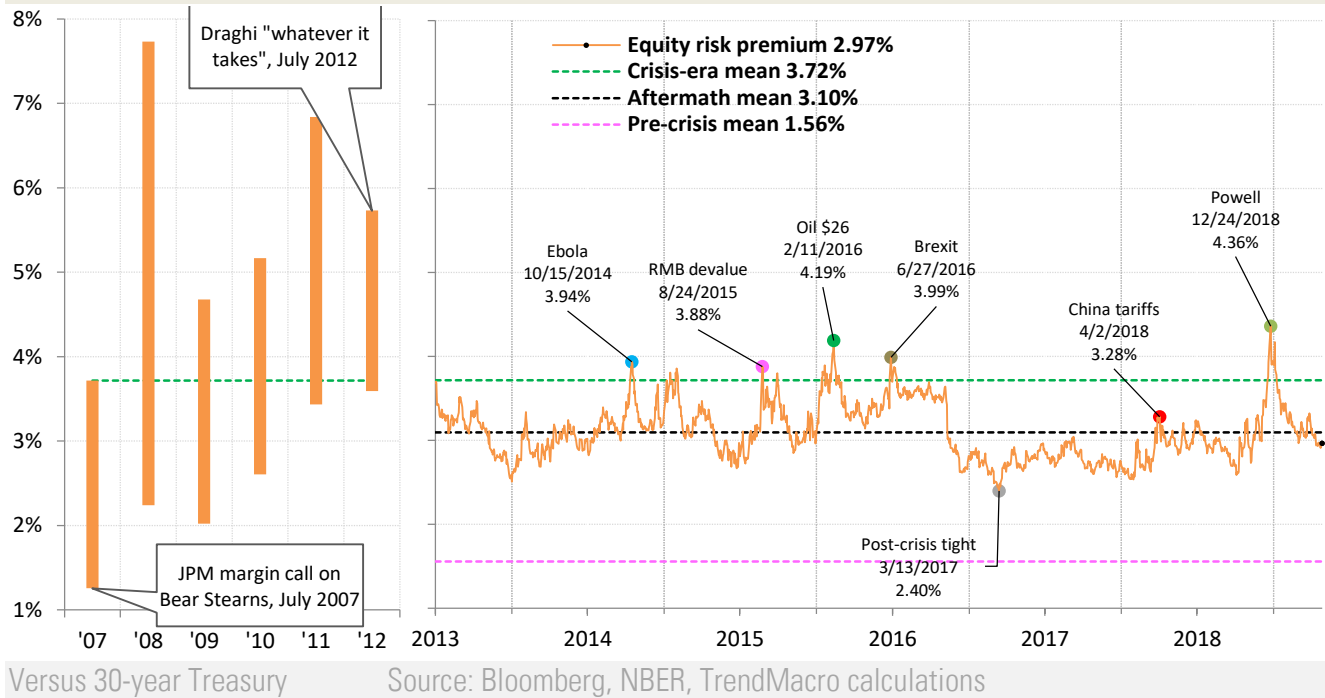


Turkey: 7-year govt

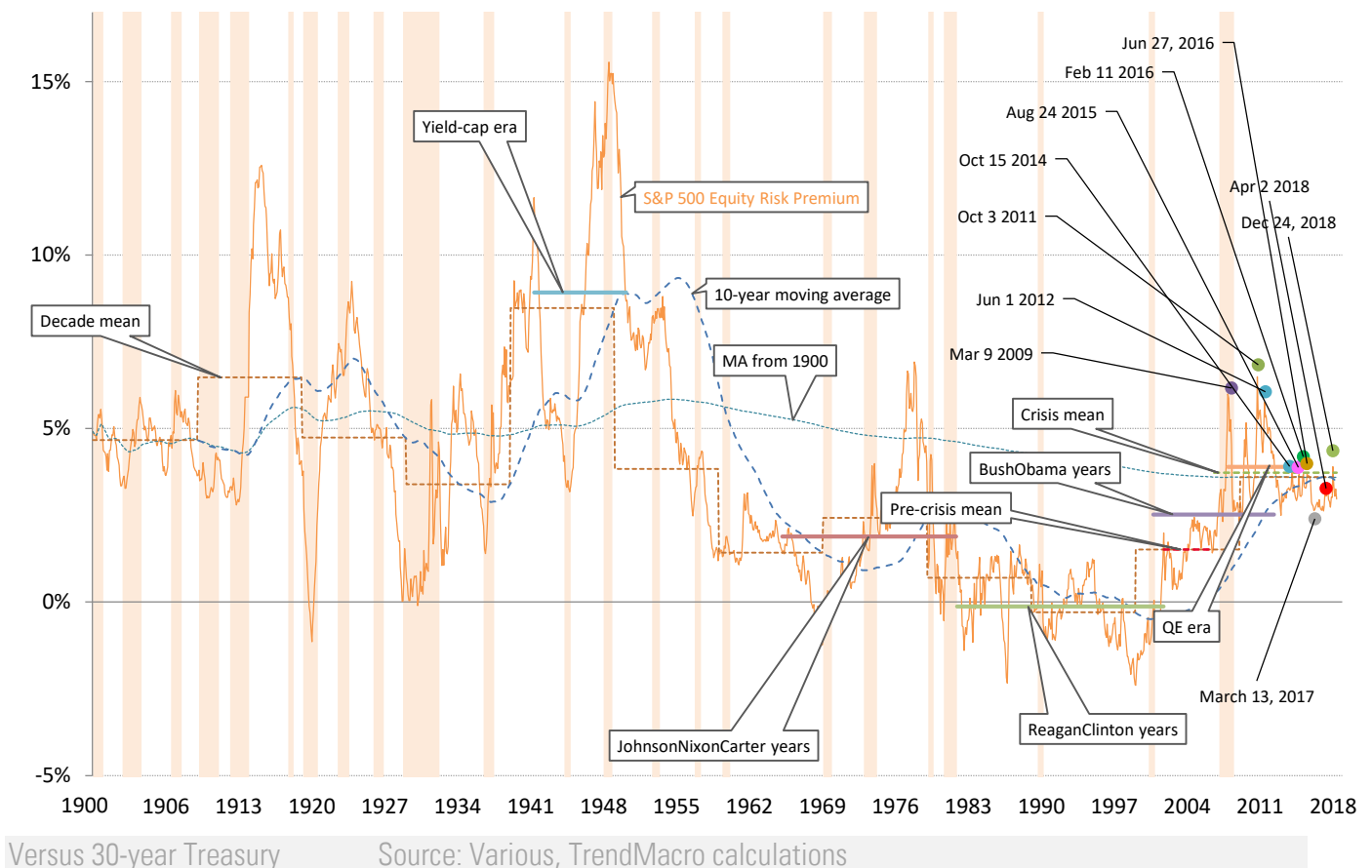


Source: Bloomberg, TrendMacro calculations

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

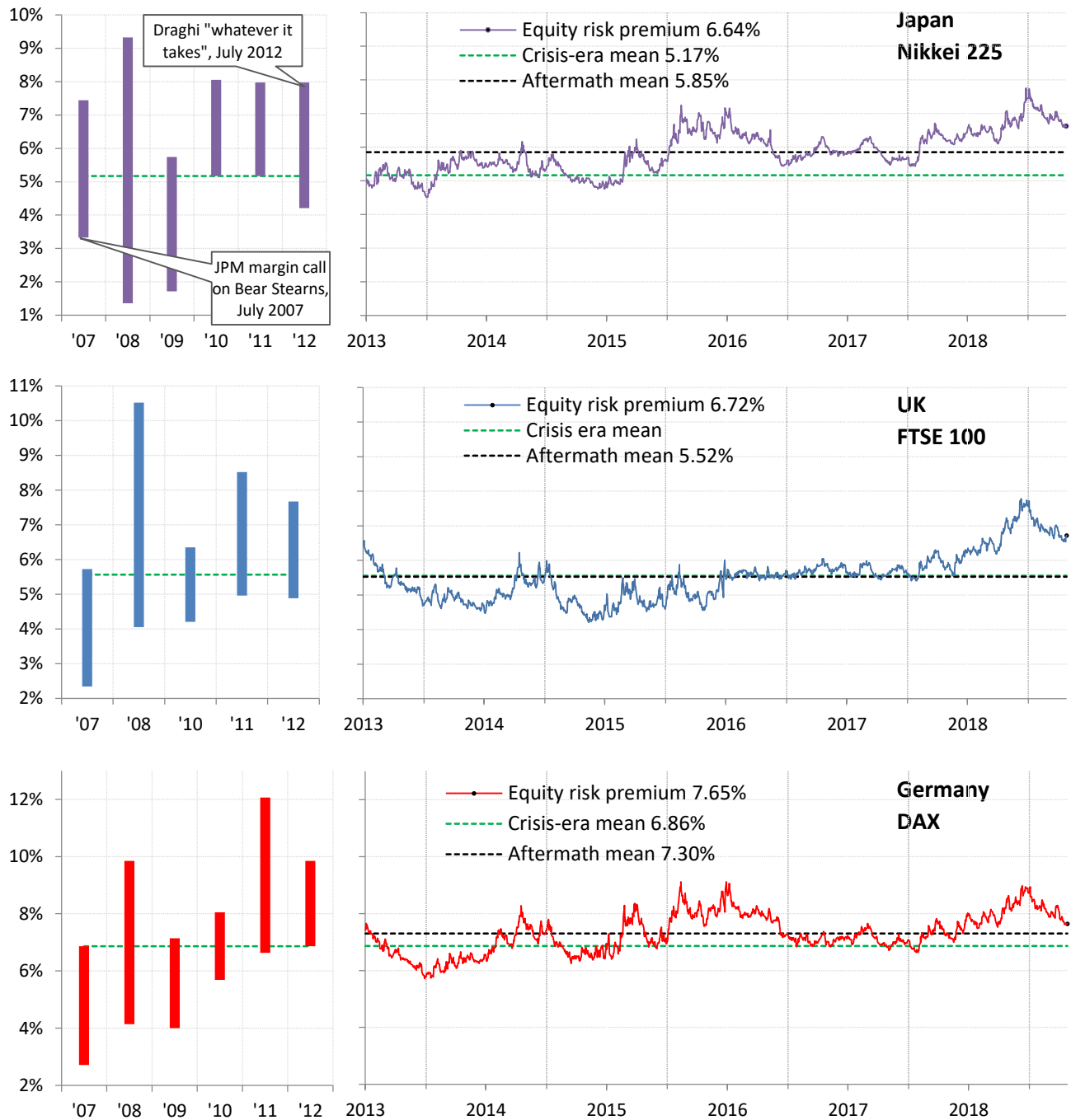


A century-plus of the monthly S&P 500 equity risk premium



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

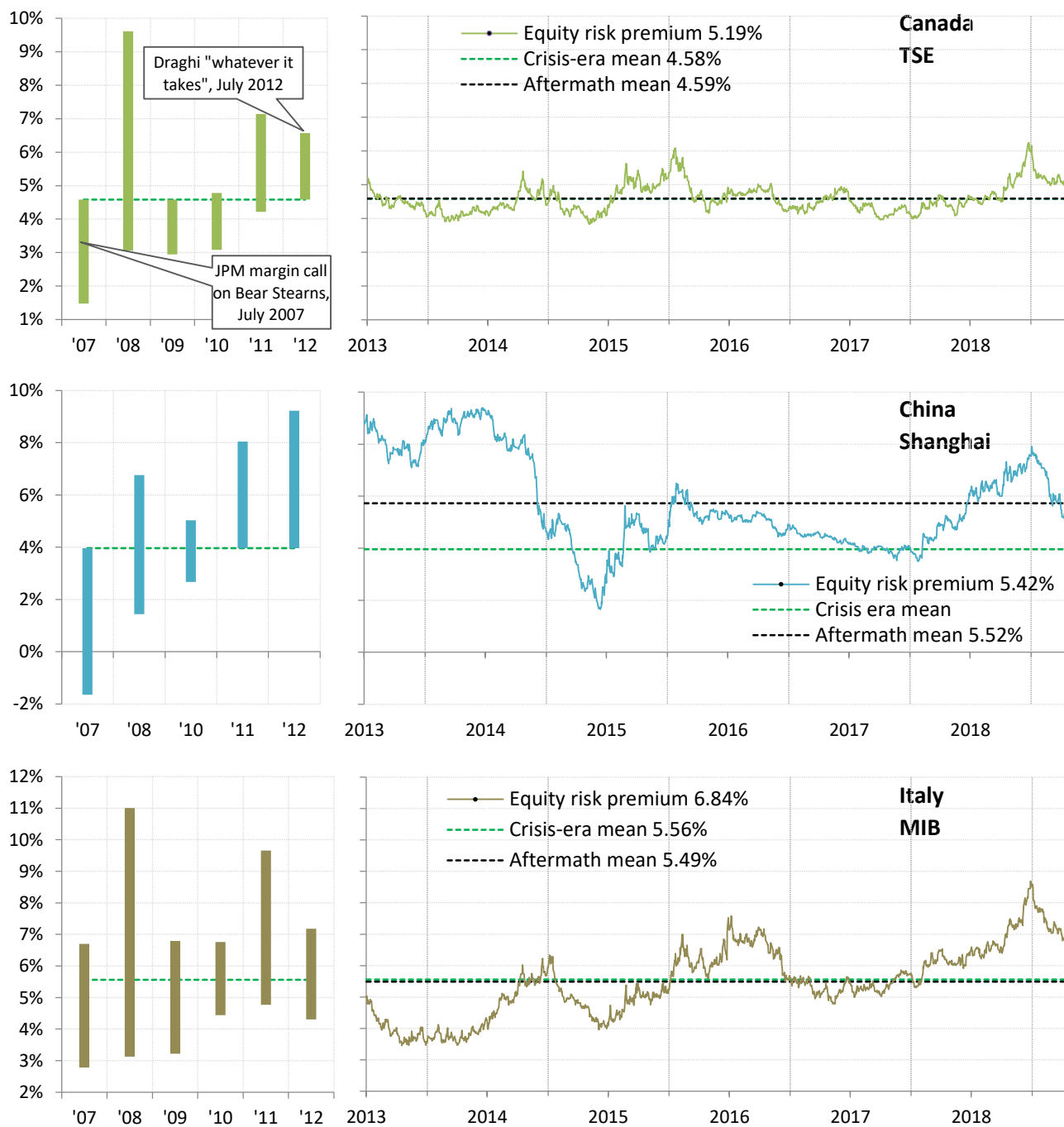
July-to-July range (left panel), daily from July 2013 (right panel)



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