

Data Insights: Global Equity Risk Premia

Monday, March 2, 2020

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.

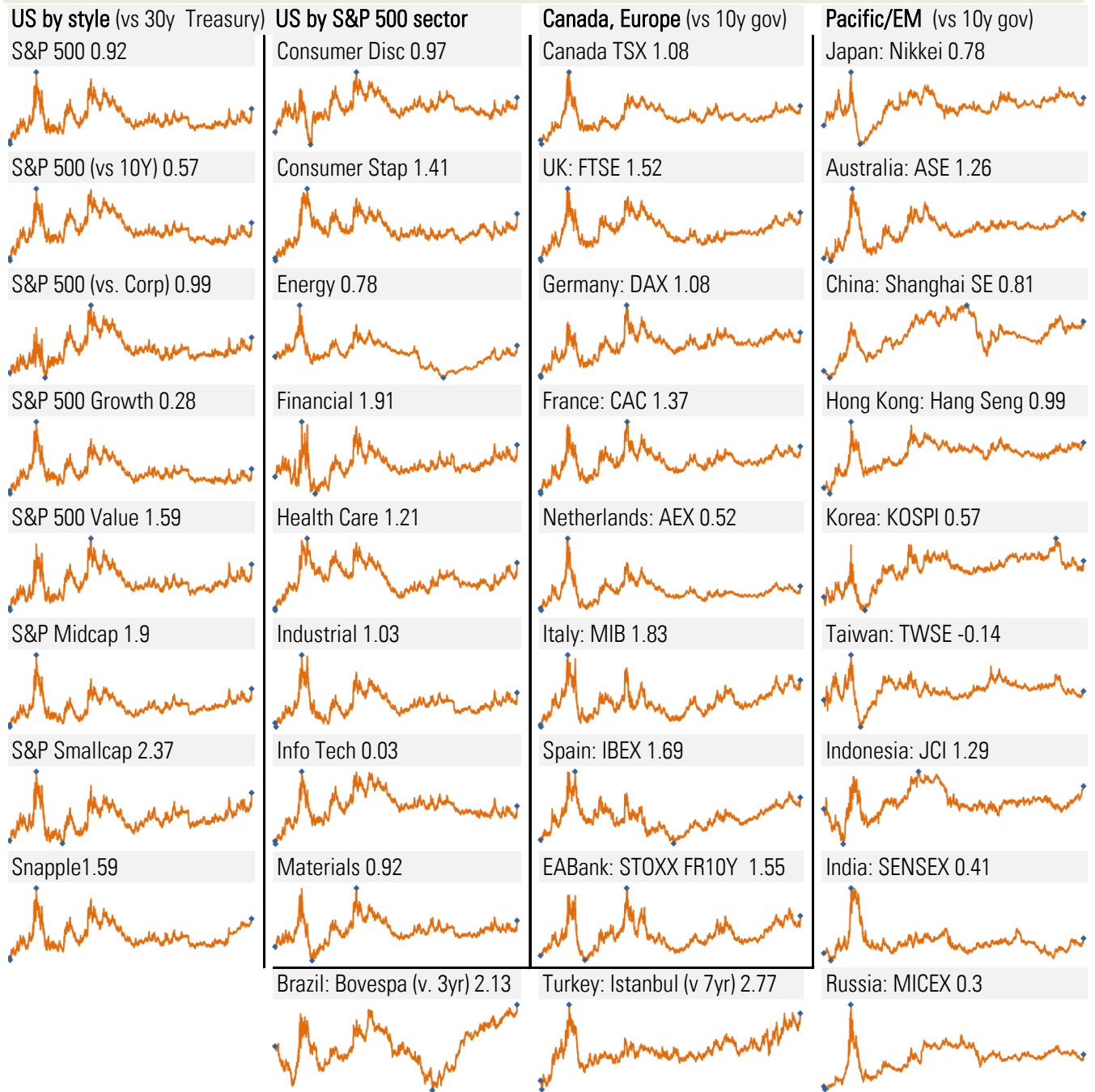
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

Rank	Equity risk premium		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	+2.77	Turkey: Istanbul	5.6	Turkey: Istanbul	+31%	China: Shanghai SE	+10%
2	Brazil: Bovespa	+2.14	Russia: MICEX	6.3	Taiwan:TWSA	+13%	France: CAC	+10%
3	Italy: MIB	+1.83	HK: Hang Seng	10.0	Korea: KOSPI	+12%	Spain: IBEX	+9%
4	Spain: IBEX	+1.70	China: Shanghai SE	10.4	Brazil: Bovespa	+9%	Germany: DAX	+8%
5	UK: FTSE	+1.52	Korea: KOSPI	10.6	India: SENSEX	+7%	Brazil: Bovespa	+7%
6	France: CAC	+1.37	Italy: MIB	10.8	China: Shanghai SE	+7%	Indonesia:JCI	+6%
7	Indonesia:JCI	+1.29	Spain: IBEX	11.4	US: S&P 500	+4%	US: S&P 500	+5%
8	Australia: ASE	+1.26	UK: FTSE	11.7	Indonesia:JCI	+4%	Australia: ASE	+4%
9	Canada:TSX	+1.08	Brazil: Bovespa	12.2	Italy: MIB	+2%	HK: Hang Seng	+1%
10	Germany: DAX	+1.08	Germany: DAX	12.7	France: CAC	-1%	Turkey: Istanbul	+1%
11	HK: Hang Seng	+1.00	Indonesia:JCI	12.7	HK: Hang Seng	-1%	UK: FTSE	-0%
12	US: S&P 500	+0.92	France: CAC	13.1	Spain: IBEX	-1%	Italy: MIB	-1%
13	China: Shanghai SE	+0.81	Canada:TSX	14.4	Germany: DAX	-2%	Japan: Nikkei	-1%
14	Japan: Nikkei	+0.79	Netherlands: AEX	14.7	Canada:TSX	-3%	Russia: MICEX	-3%
15	Korea: KOSPI	+0.58	Taiwan:TWSA	15.0	Japan: Nikkei	-4%	Korea: KOSPI	-4%
16	Netherlands: AEX	+0.53	Japan: Nikkei	15.6	UK: FTSE	-8%	Taiwan:TWSA	-6%
17	India: SENSEX	+0.41	US: S&P 500	16.6	Netherlands: AEX	-8%	Canada:TSX	-13%
18	Russia: MICEX	+0.30	Australia: ASE	16.7	Russia: MICEX	-8%	Netherlands: AEX	-18%
19	Taiwan:TWSA	-0.14	India: SENSEX	17.5	Australia: ASE	-14%	India: SENSEX	-40%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+2.38	S&P 500 Value	13.3	S&P Smallcap	+13%	S&P 500 Value	+11%
2	S&P Midcap	+1.90	S&P Midcap	16.0	S&P Midcap	+4%	S&P 500	+5%
3	S&P 500 Value	+1.59	S&P Smallcap	16.1	S&P 500 Value	+4%	S&P Smallcap	+1%
4	S&P 500	+0.92	S&P 500	16.6	S&P 500	+4%	S&P Midcap	-6%
5	S&P 500 Growth	+0.29	S&P 500 Growth	20.8	S&P 500 Growth	+2%	S&P 500 Growth	-8%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Financial	+1.91	Financial	11.4	Info Tech	+25%	Health Care	+15%
2	Consumer Stap	+1.41	Energy	14.3	Health Care	+9%	Info Tech	+12%
3	Health Care	+1.21	Health Care	14.4	Financial	+5%	Financial	+12%
4	Industrial	+1.04	Industrial	15.9	Communications	+5%	Communications	+8%
5	Consumer Disc	+0.98	Materials	16.5	Consumer Stap	+4%	Consumer Disc	+6%
6	Materials	+0.93	Communications	16.6	Utilities	+3%	Consumer Stap	+4%
7	Energy	+0.79	Consumer Stap	18.5	Consumer Disc	+1%	Energy	-3%
8	Communications	+0.38	Utilities	18.9	Materials	-16%	Materials	-4%
9	Utilities	+0.33	Consumer Disc	19.9	Industrial	-20%	Industrial	-7%
10	Info Tech	+0.03	Info Tech	20.0	Energy	-22%	Utilities	-8%

Source: Bloomberg, TrendMacro calculations

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

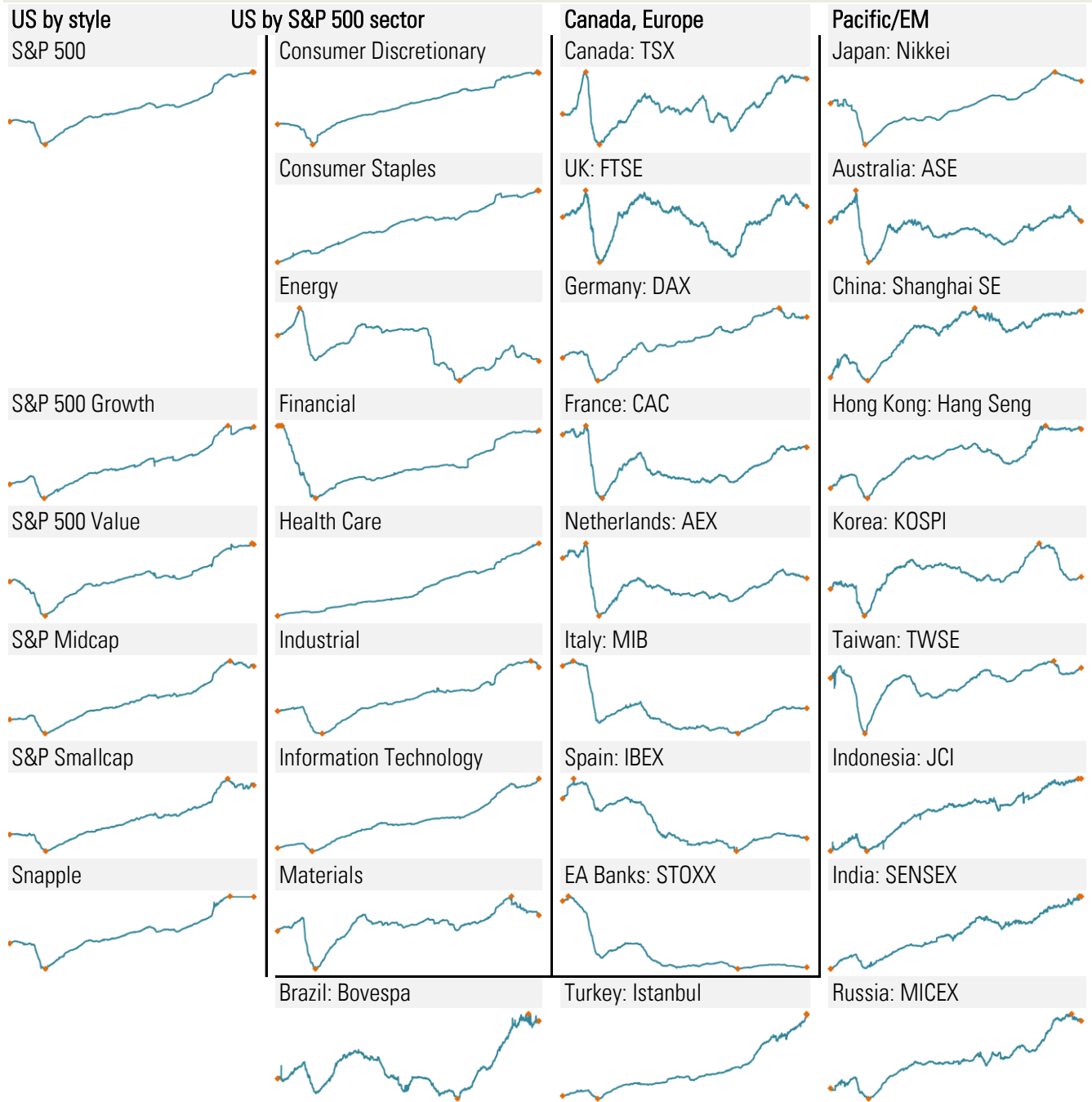
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

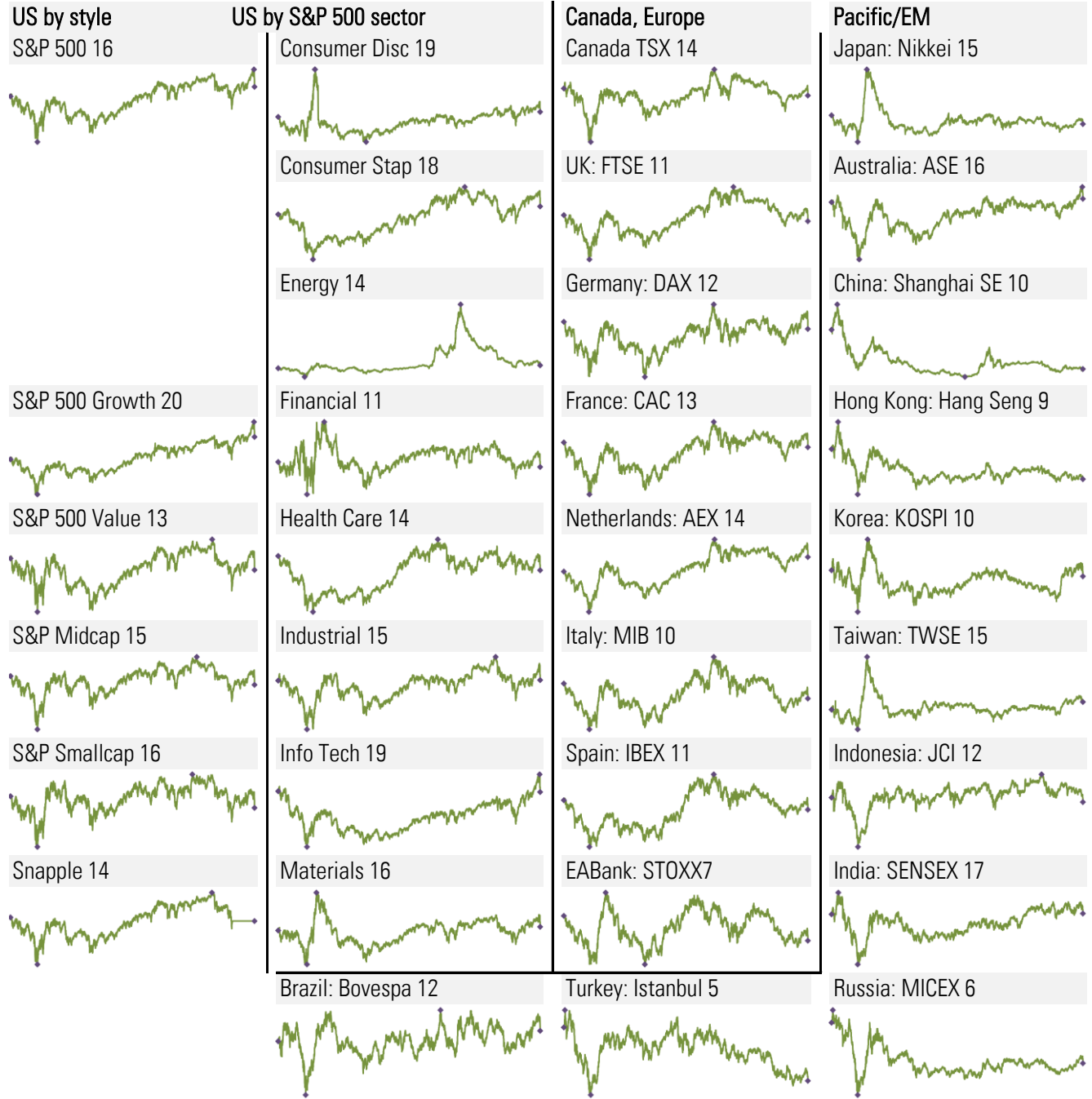
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

• First, High, Low, Last



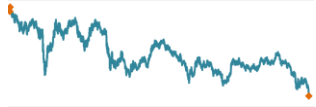
Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

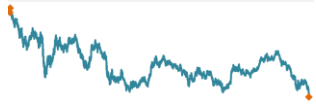
10-year government, unless indicated • First, High, Low, Last

US

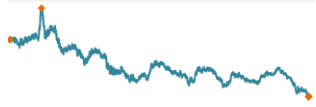
30-yr Treasury 1.7%



10-yr Treasury 1.1%

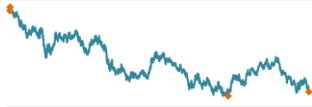


Moody's Corp 3.1%



Canada, Europe

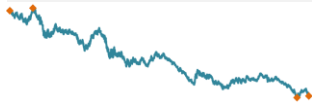
Canada 1.0%



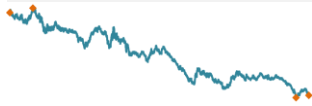
UK 0.4%



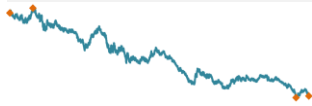
Germany -0.6%



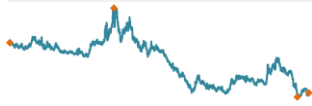
France -0.3%



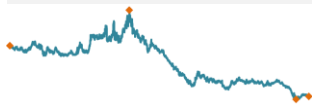
Netherlands -0.5%



Italy 1.1%

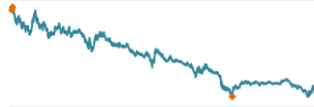


Spain 0.3%

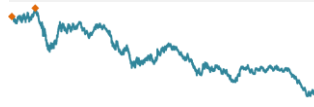


Pacific/EM

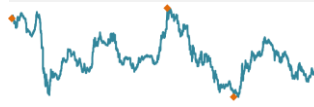
Japan -0.2%



Australia 0.8%



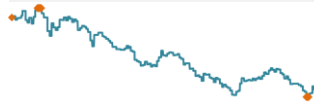
China 2.7%



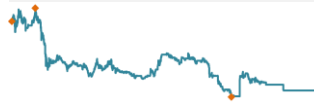
Hong Kong 1.4%



Korea 1.8%



Taiwan 0.8%



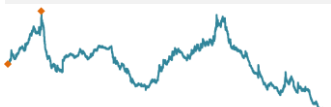
Indonesia 7.0%



India 6.4%



Brazil 3-year 4.2%



Turkey 7-year 6.0%

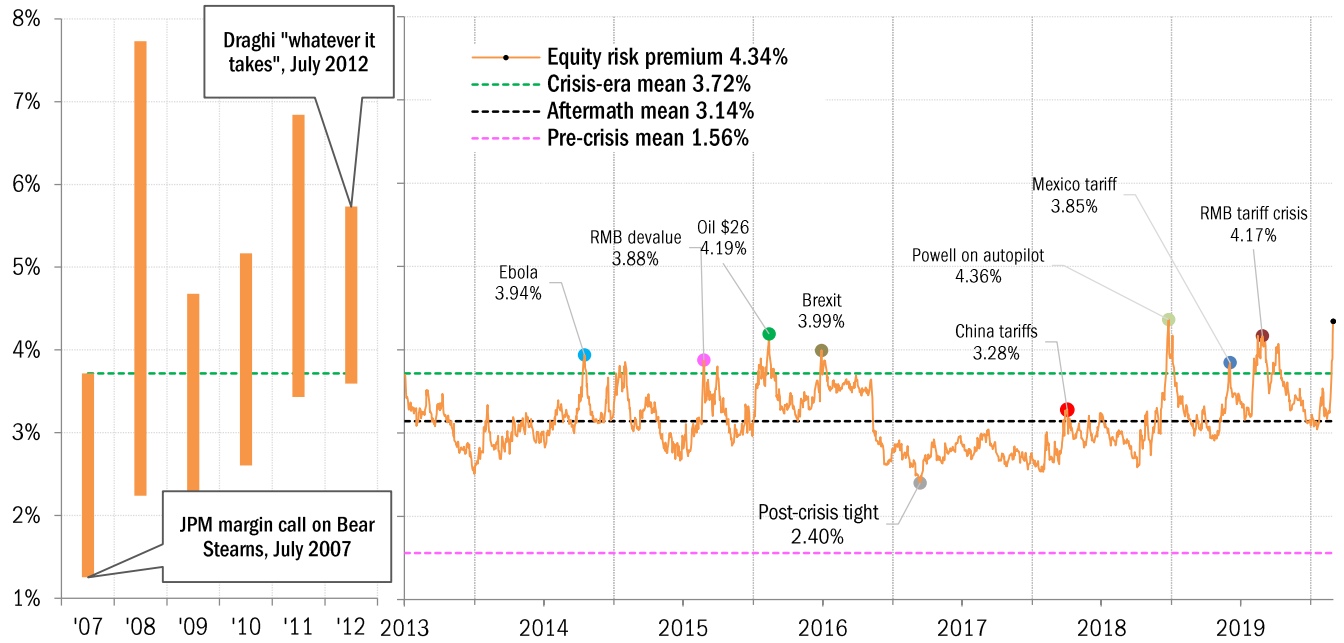


Russia 2.1%



Source: Bloomberg, TrendMacro calculations

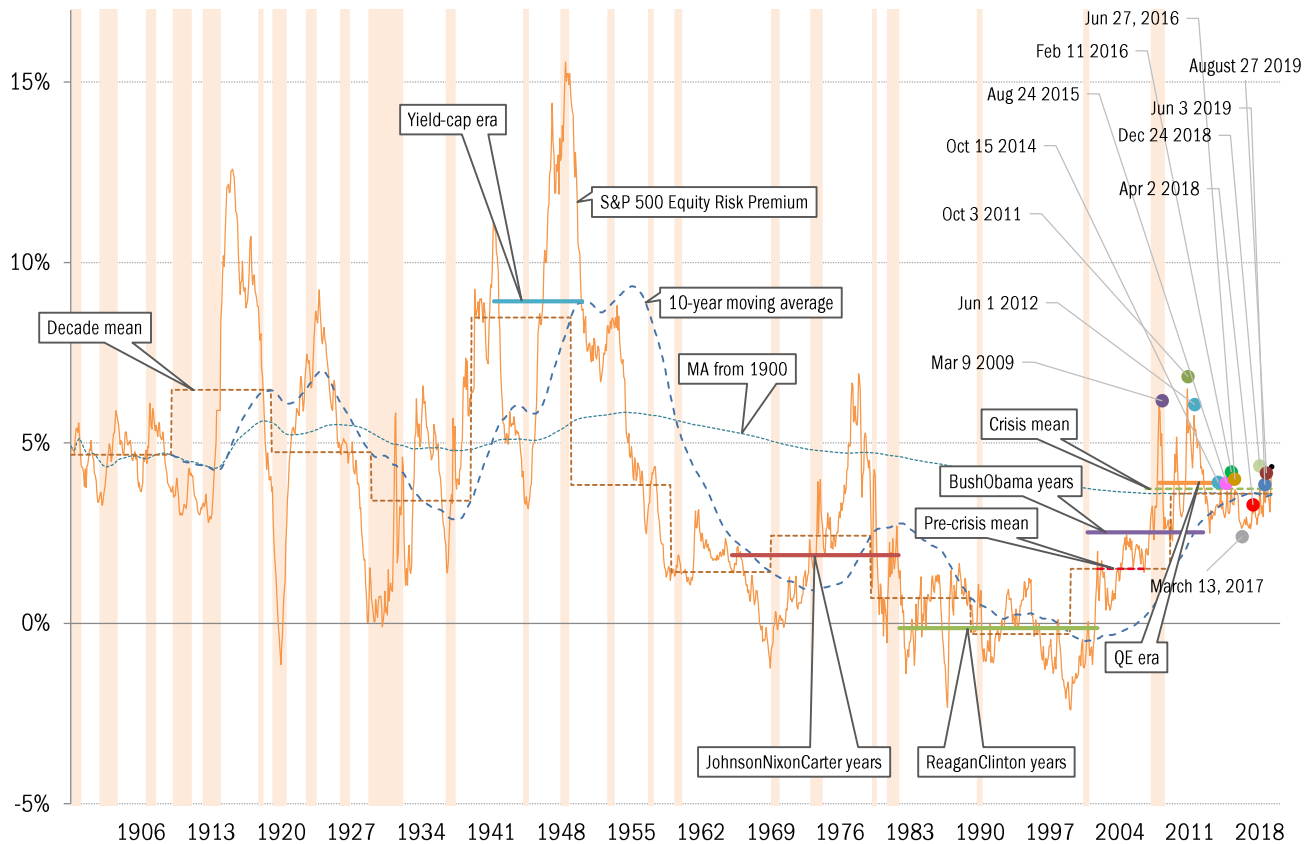
Daily S&P 500 equity risk premium in the crisis era



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

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

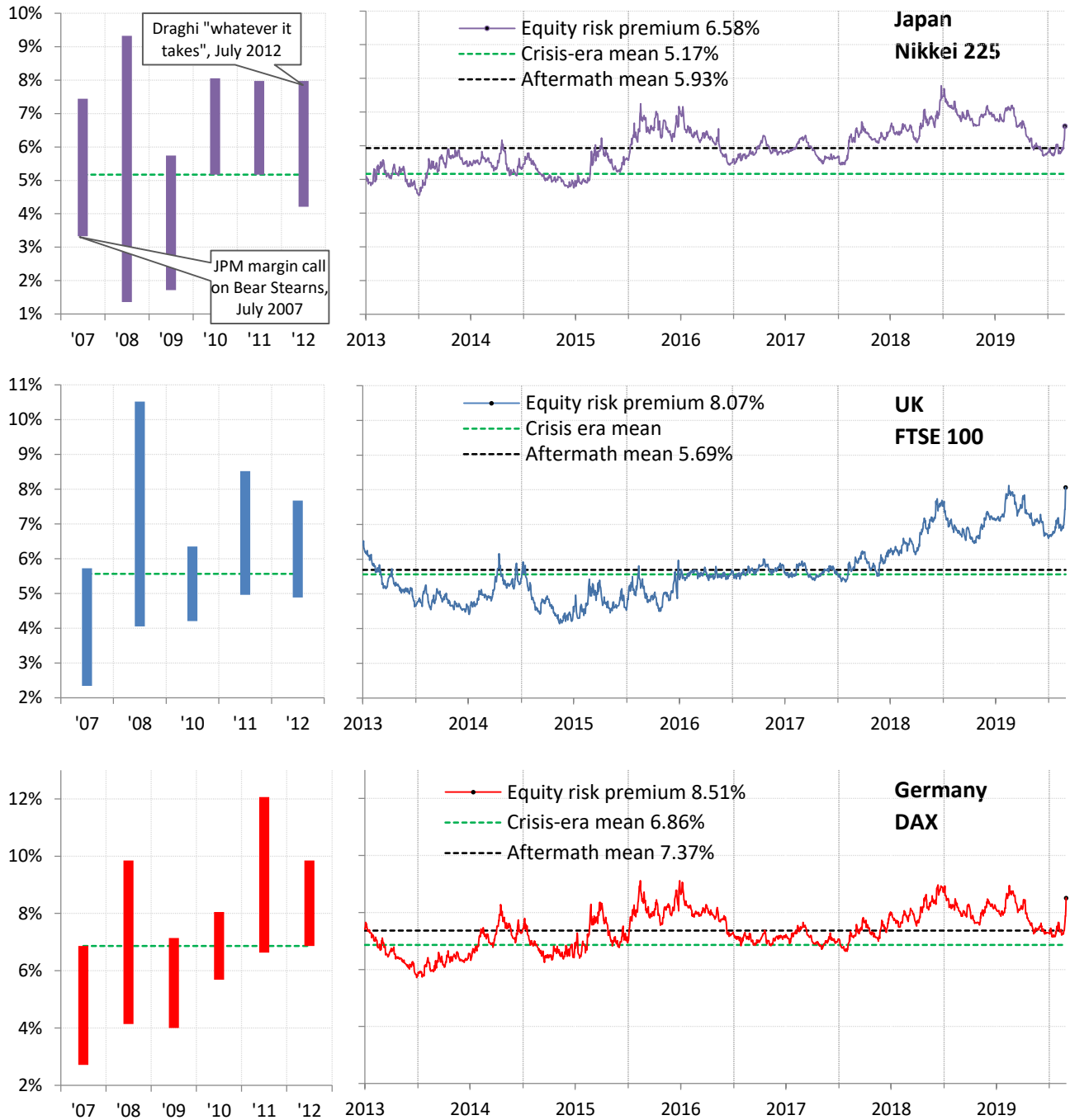


Versus 30-year Treasury

Source: Various, TrendMacro calculations

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

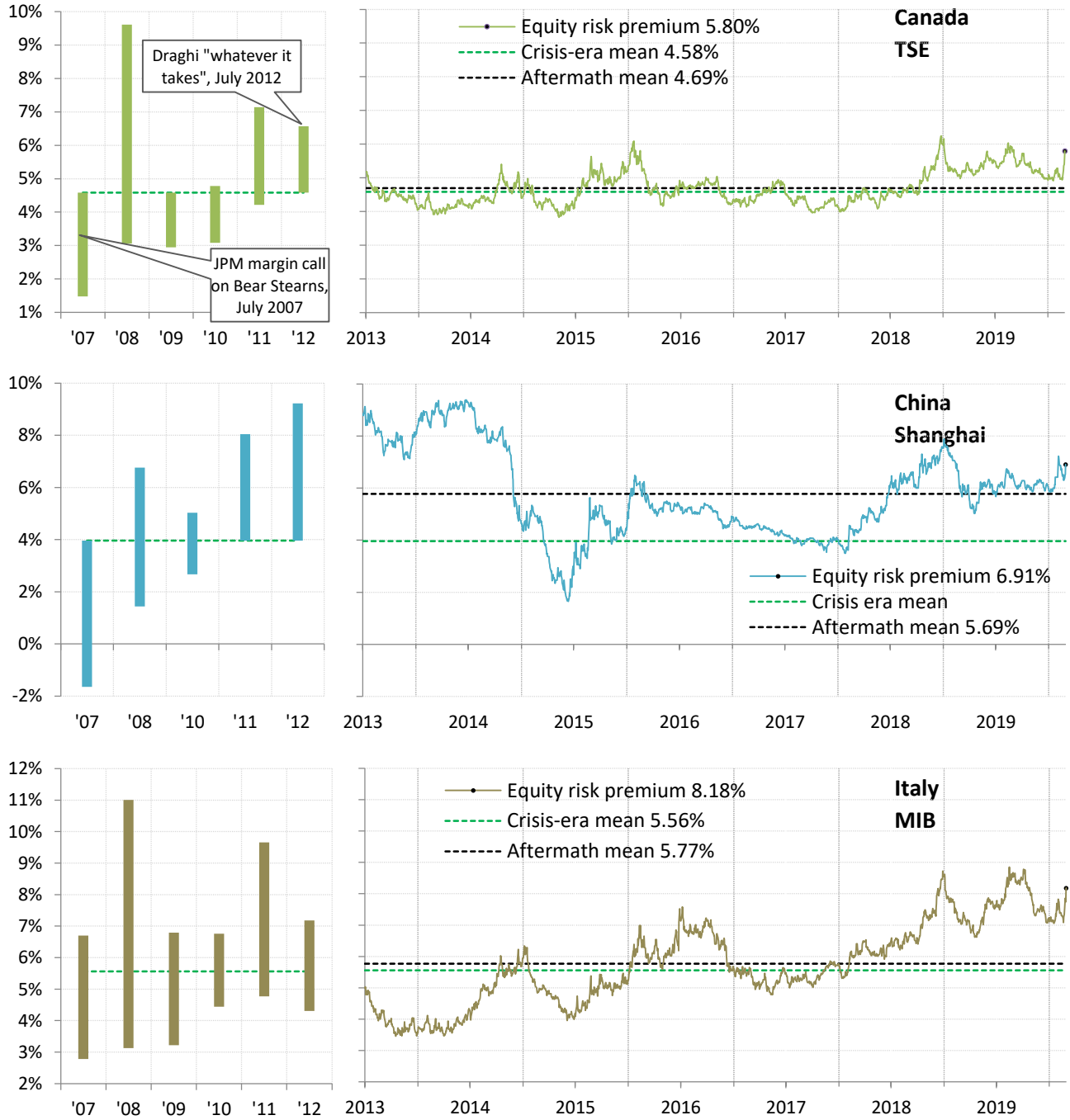
July-to-July range (left panel), daily from July 2013 (right panel)



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