

Data Insights: Global Equity Risk Premia

Monday, April 24, 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.

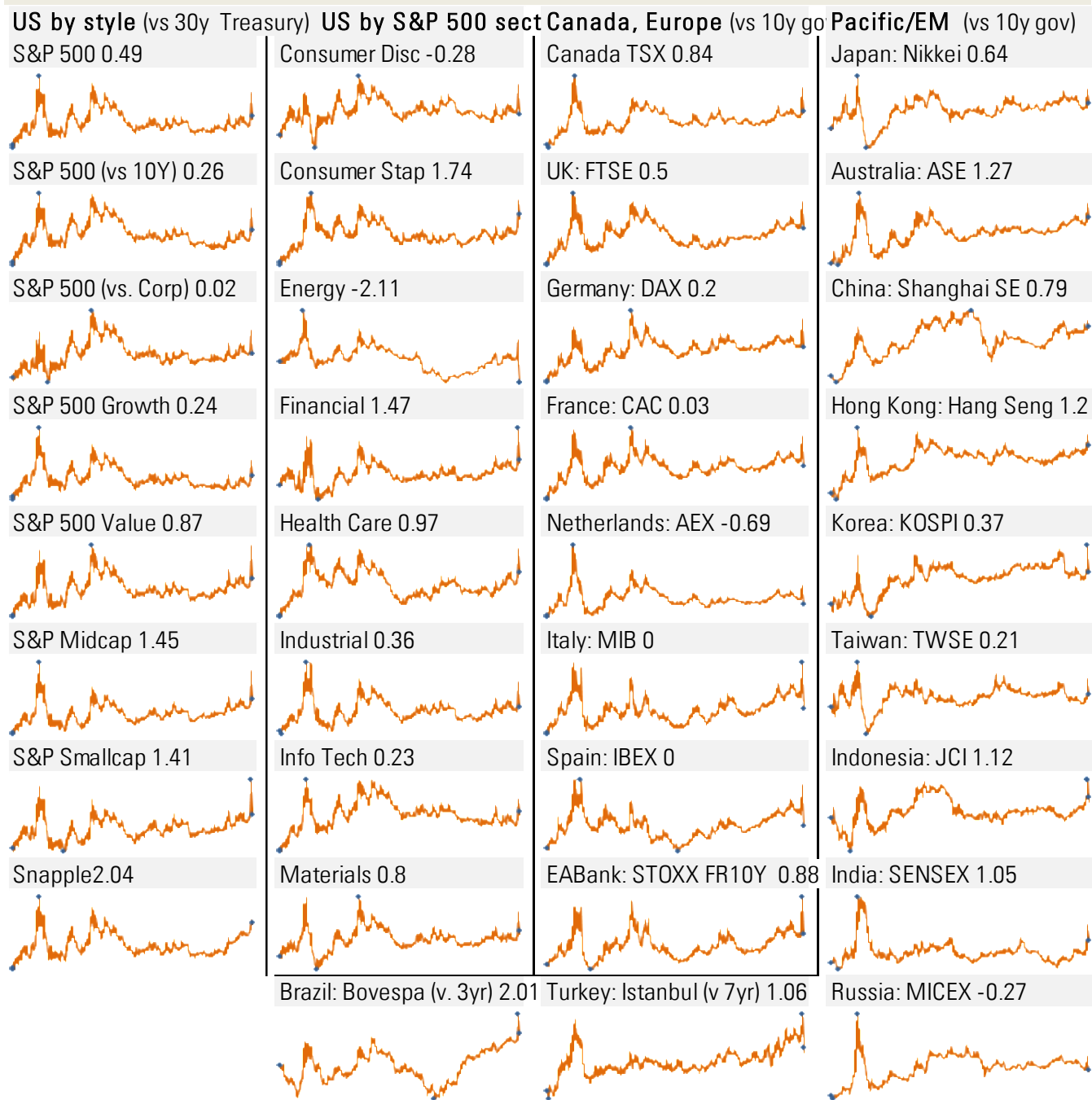
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	Brazil: Bovespa	+2.01	Turkey: Istanbul	6.0	Indonesia: JCI	-17%	Indonesia: JCI	+7%
2	Australia: ASE	+1.27	Russia: MICEX	7.4	China: Shanghai SE	-21%	Turkey: Istanbul	-5%
3	HK: Hang Seng	+1.20	HK: Hang Seng	10.1	India: SENSEX	-27%	Netherlands: AEX	-8%
4	Indonesia: JCI	+1.12	China: Shanghai SE	10.6	Turkey: Istanbul	-29%	Australia: ASE	-11%
5	Turkey: Istanbul	+1.06	Korea: KOSPI	11.4	Taiwan: TWSE	-31%	Germany: DAX	-12%
6	India: SENSEX	+1.06	Indonesia: JCI	11.6	Japan: Nikkei	-32%	China: Shanghai SE	-12%
7	Canada: TSX	+0.85	Brazil: Bovespa	12.5	Korea: KOSPI	-37%	Korea: KOSPI	-13%
8	China: Shanghai SE	+0.79	Italy: MIB	13.0	HK: Hang Seng	-38%	Taiwan: TWSE	-14%
9	Japan: Nikkei	+0.64	Spain: IBEX	14.1	US: S&P 500	-56%	Brazil: Bovespa	-14%
10	UK: FTSE	+0.51	UK: FTSE	14.3	Australia: ASE	-58%	Japan: Nikkei	-17%
11	US: S&P 500	+0.50	Germany: DAX	14.5	Russia: MICEX	-64%	HK: Hang Seng	-18%
12	Korea: KOSPI	+0.37	Taiwan: TWSE	15.1	Canada: TSX	-65%	India: SENSEX	-20%
13	Taiwan: TWSE	+0.21	Japan: Nikkei	15.6	Germany: DAX	-65%	US: S&P 500	-23%
14	Germany: DAX	+0.21	France: CAC	15.7	Netherlands: AEX	-69%	Italy: MIB	-24%
15	France: CAC	+0.04	India: SENSEX	16.1	Brazil: Bovespa	-70%	Canada: TSX	-30%
16	Spain: IBEX	+0.01	Canada: TSX	16.2	UK: FTSE	-73%	Russia: MICEX	-35%
17	Italy: MIB	-0.00	Australia: ASE	16.4	France: CAC	-76%	France: CAC	-39%
18	Russia: MICEX	-0.27	Netherlands: AEX	18.7	Italy: MIB	-83%	Spain: IBEX	-42%
19	Netherlands: AEX	-0.69	US: S&P 500	19.4	Spain: IBEX	-86%	UK: FTSE	-46%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Midcap	+1.45	S&P 500 Value	15.9	S&P 500 Growth	-38%	S&P Smallcap	-16%
2	S&P Smallcap	+1.41	S&P Midcap	18.5	S&P 500	-56%	S&P 500 Growth	-20%
3	S&P 500 Value	+0.88	S&P 500	19.4	S&P 500 Value	-68%	S&P 500	-23%
4	S&P 500	+0.50	S&P Smallcap	20.3	S&P Midcap	-74%	S&P 500 Value	-25%
5	S&P 500 Growth	+0.24	S&P 500 Growth	23.3	S&P Smallcap	-85%	S&P Midcap	-33%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Consumer Stap	+1.75	Financial	12.7	Utilities	+1%	Health Care	+7%
2	Financial	+1.48	Health Care	16.1	Info Tech	-10%	Consumer Stap	-4%
3	Utilities	+1.24	Utilities	17.8	Consumer Stap	-14%	Info Tech	-8%
4	Health Care	+0.97	Communications	18.2	Health Care	-14%	Utilities	-13%
5	Materials	+0.80	Materials	18.4	Communications	-43%	Communications	-15%
6	Industrial	+0.37	Consumer Stap	19.2	Materials	-57%	Financial	-15%
7	Communications	+0.35	Industrial	20.0	Financial	-70%	Materials	-26%
8	Info Tech	+0.24	Info Tech	20.9	Consumer Disc	-80%	Consumer Disc	-32%
9	Consumer Disc	-0.29	Consumer Disc	29.2	Industrial	-83%	Industrial	-34%
10	Energy	-2.11	Energy	6495.0	Energy	-100%	Energy	-77%

Source: Bloomberg, TrendMacro calculations

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

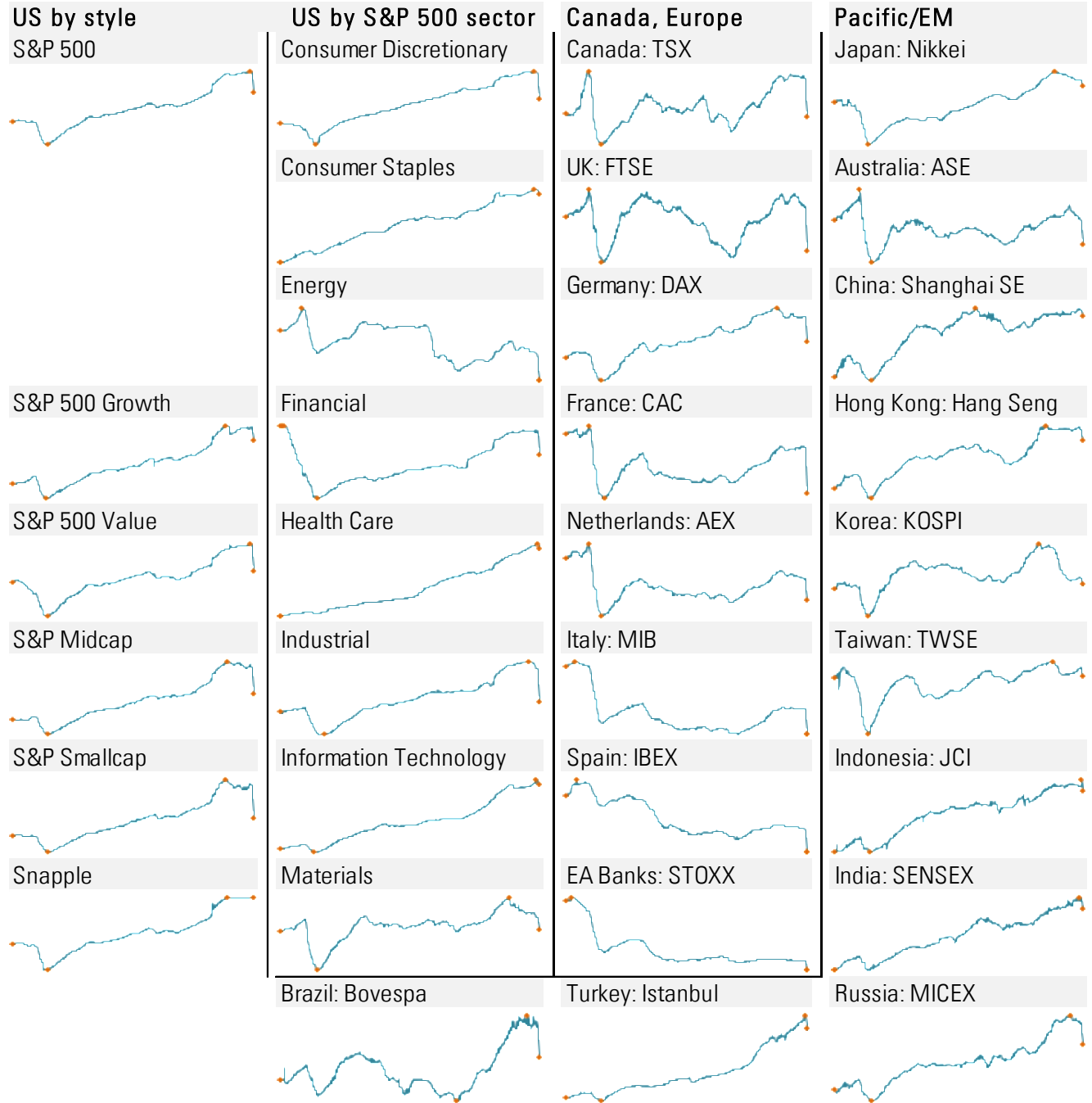
Standard deviations from crisis-era mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

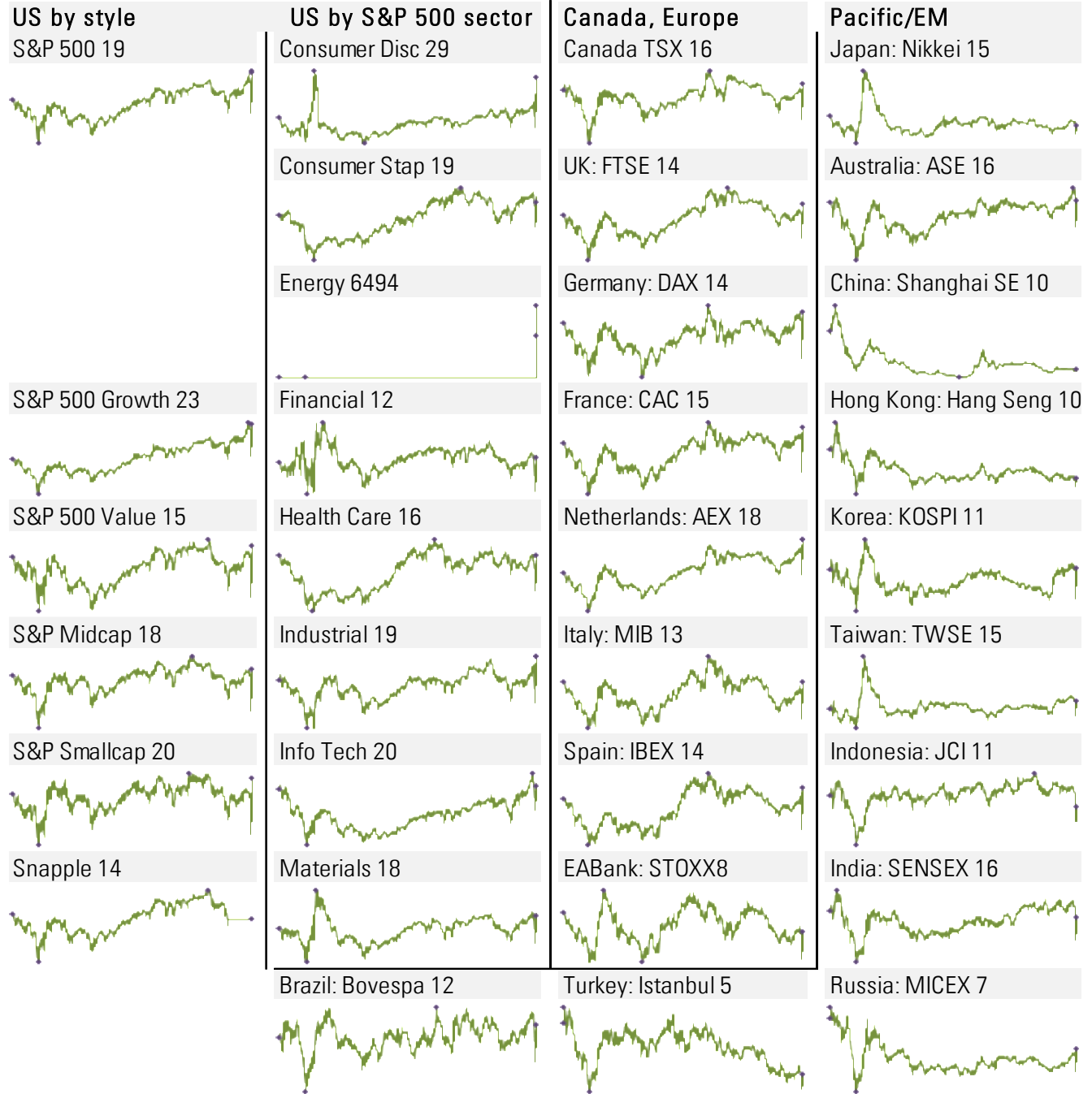
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

• First, High, Low, Last



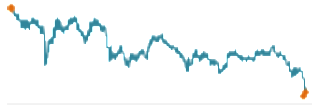
Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

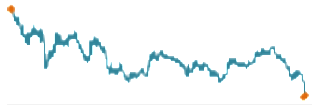
10-year government, unless indicated • First, High, Low, Last

US

30-yr Treasury 1.2%



10-yr Treasury 0.6%

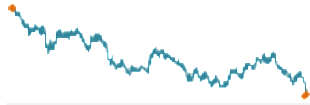


Moody's Corp 3.1%



Canada, Europe

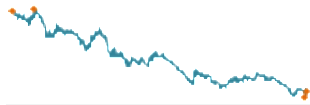
Canada 0.0%



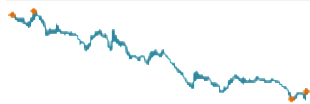
UK 0.3%



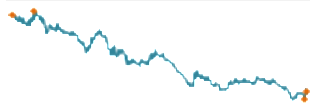
Germany -0.4%



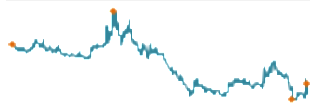
France 0.1%



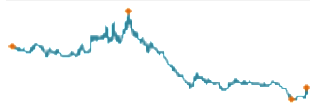
Netherlands -0.1%



Italy 2.0%

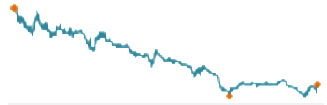


Spain 1.0%

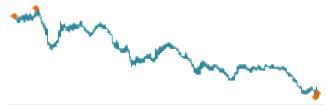


Pacific/EM

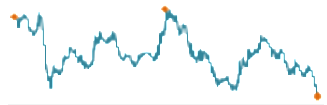
Japan 0.0%



Australia 0.9%



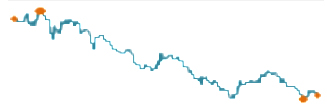
China 2.5%



Hong Kong 0.8%



Korea 1.4%



Taiwan 0.5%



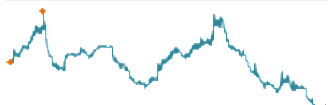
Indonesia 7.9%



India 6.1%



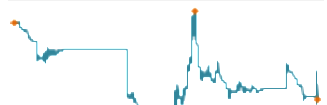
Brazil 3-year 4.2%



Turkey 7-year 7.9%

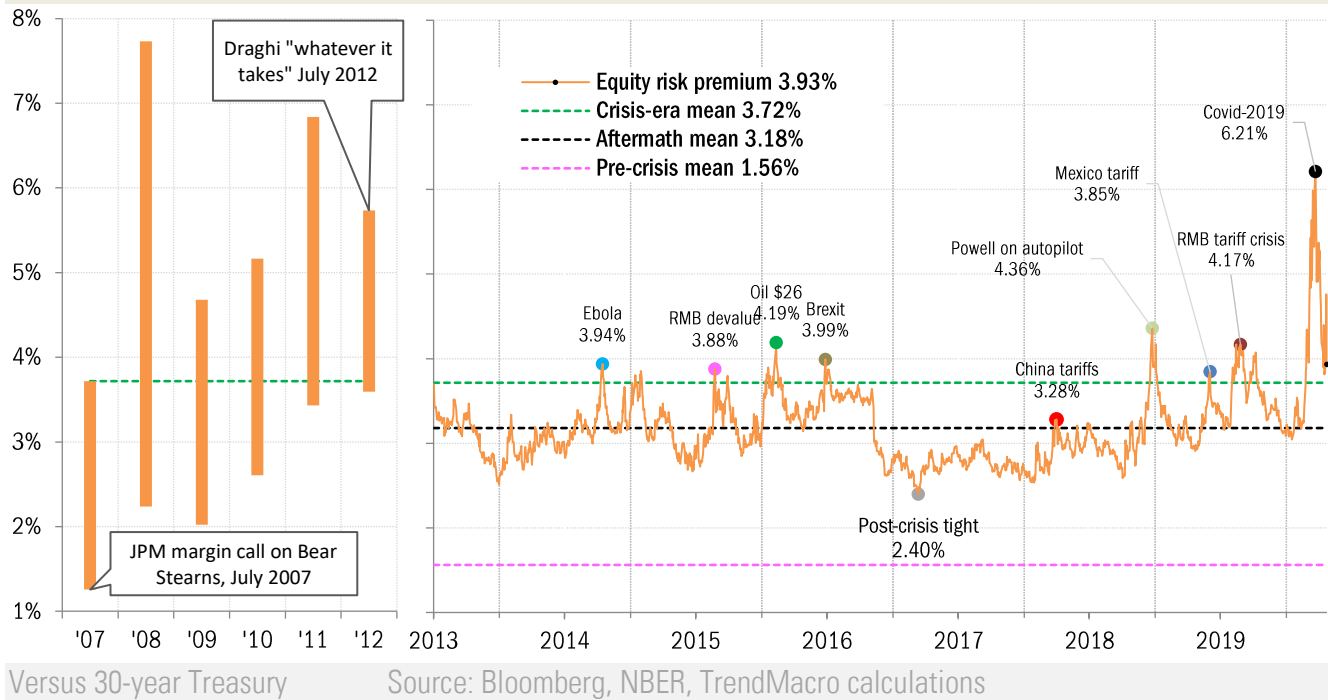


Russia 2.1%

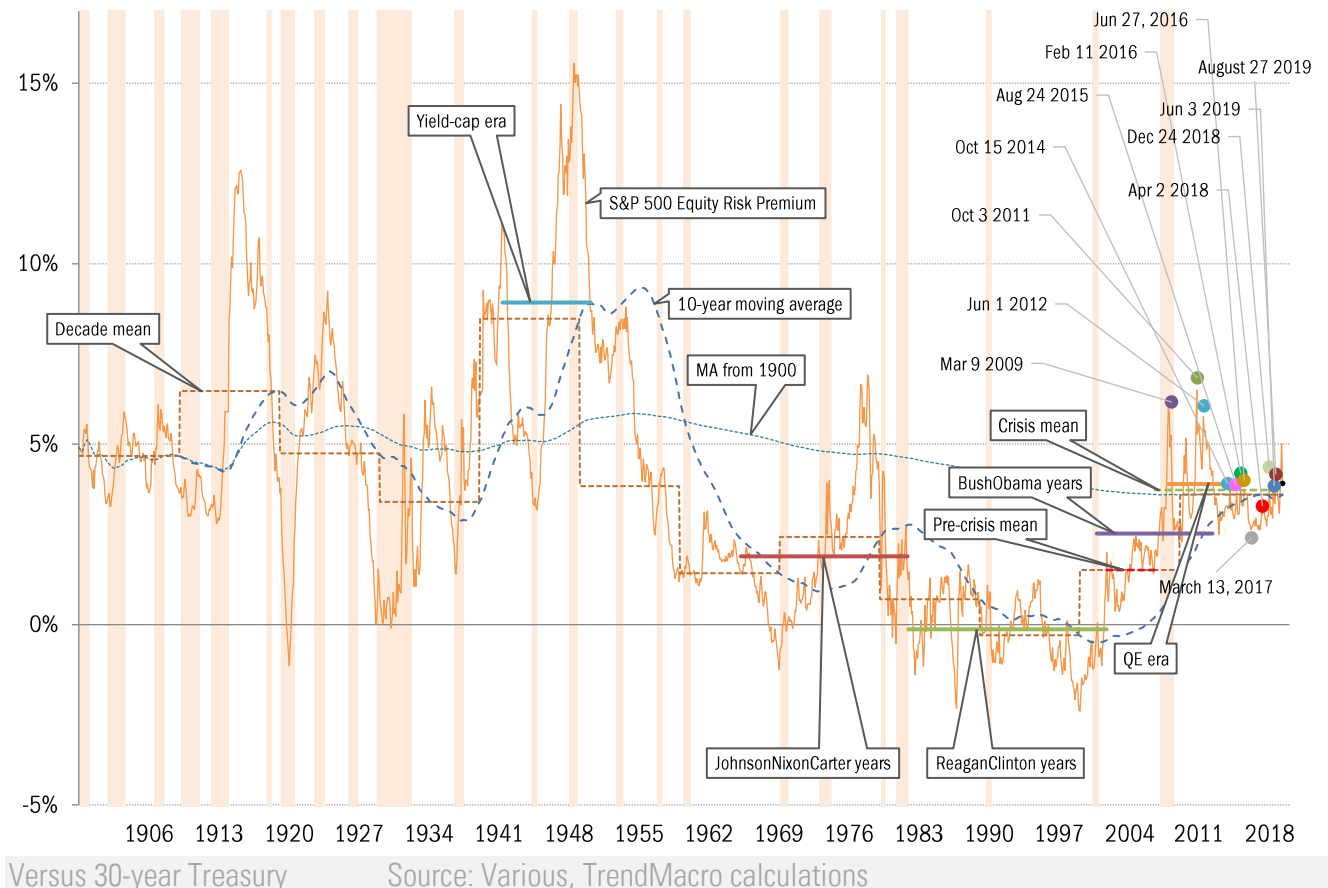


Source: Bloomberg, TrendMacro calculations

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

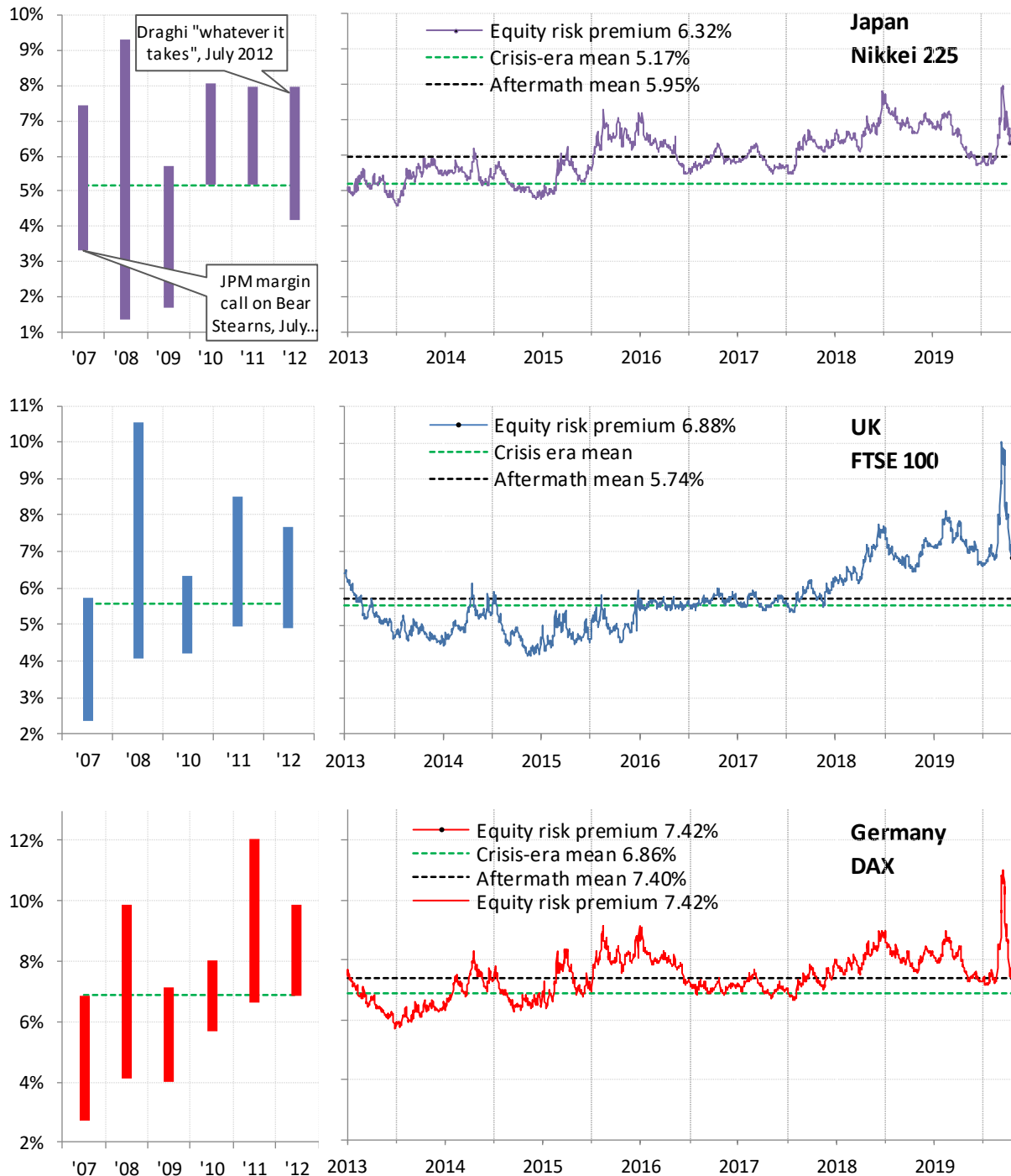


A century-plus of the monthly S&P 500 equity risk premium



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

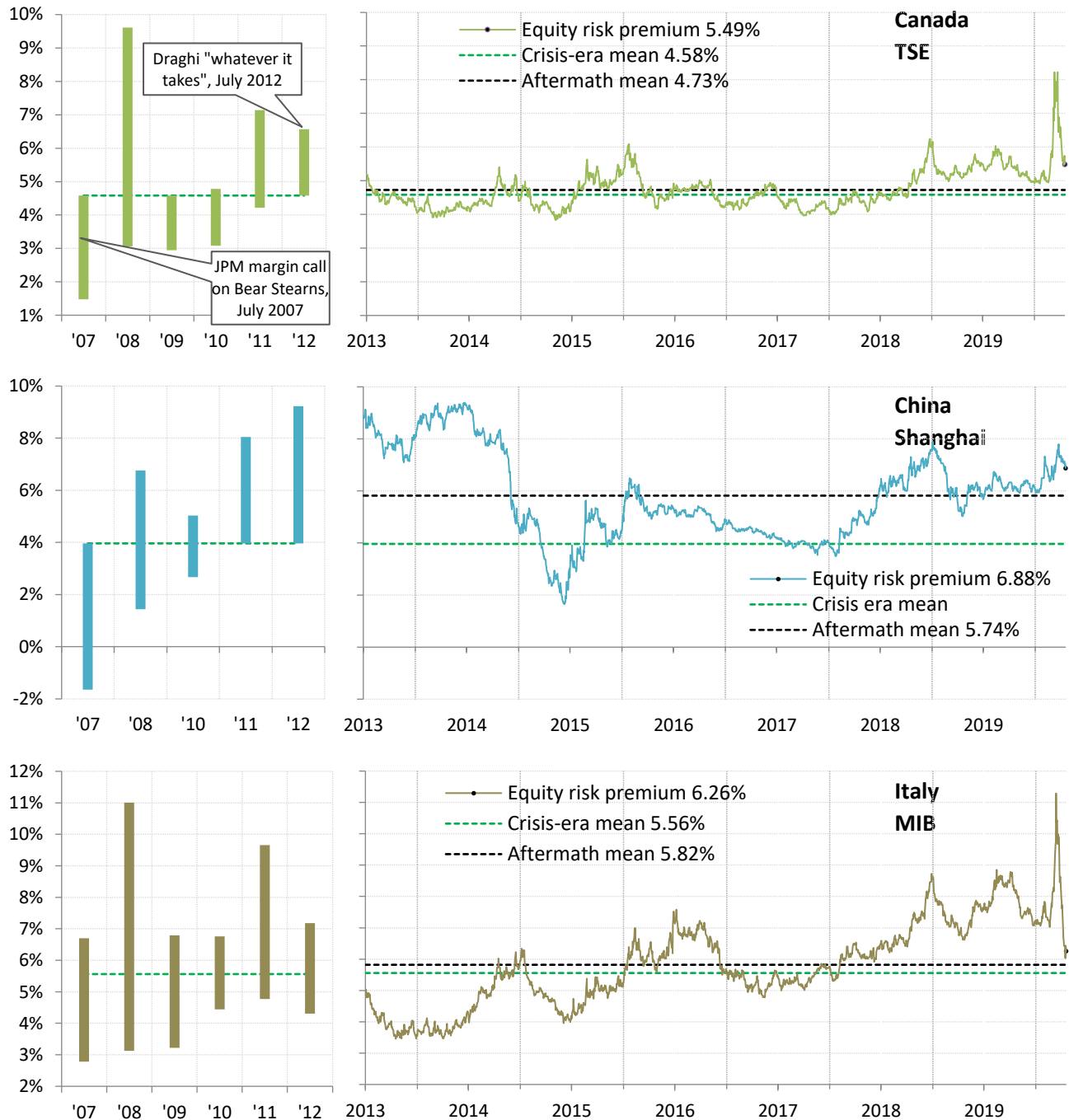
July-to-July range (left panel), daily from July 2013 (right panel)



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