

Data Insights: Global Equity Risk Premia

Tuesday, July 28, 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.

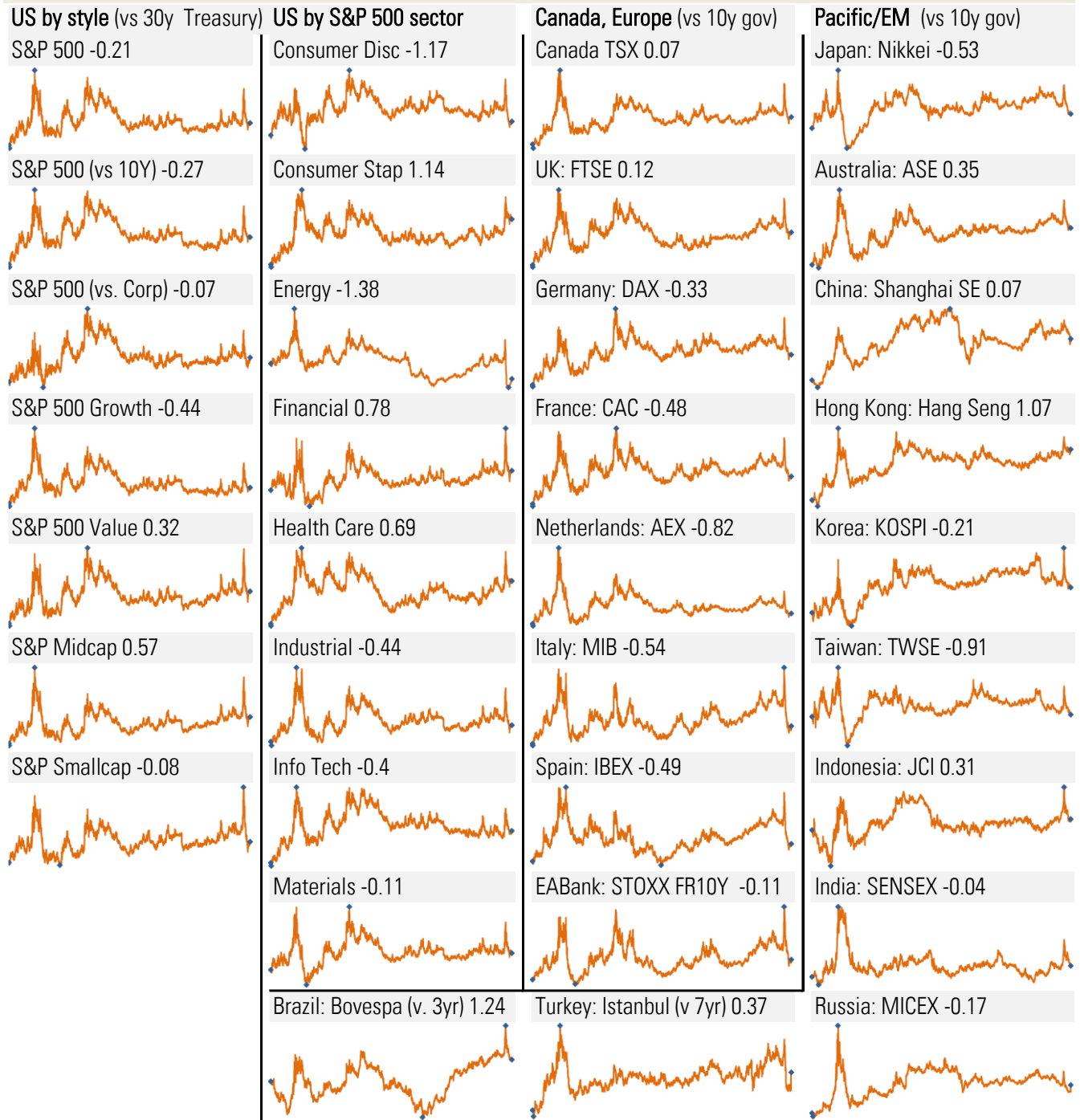
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

| Rank | Equity risk premium | | Forward PE ratio | | Fwd earnings upgrade rate | | Fwd sales upgrade rate | |
|------|------------------------|-------|----------------------|------|---------------------------|-------|------------------------|------|
| | By SD from 2007-> mean | | | | Trailing 90 days, AR | | Trailing 90 days, AR | |
| | By country | | By country | | By country | | By country | |
| 1 | Brazil: Bovespa | +1.25 | Russia: MICEX | 7.7 | Turkey: Istanbul | +165% | Turkey: Istanbul | +72% |
| 2 | HK: Hang Seng | +1.07 | Turkey: Istanbul | 7.7 | Germany: DAX | +37% | Brazil: Bovespa | +27% |
| 3 | Turkey: Istanbul | +0.37 | HK: Hang Seng | 10.4 | Russia: MICEX | +28% | HK: Hang Seng | +18% |
| 4 | Australia: ASE | +0.36 | China: Shanghai SE | 12.4 | Korea: KOSPI | +17% | Netherlands: AEX | +13% |
| 5 | Indonesia:JCI | +0.31 | Korea: KOSPI | 13.0 | Taiwan:TWSA | +15% | Korea: KOSPI | +8% |
| 6 | UK: FTSE | +0.13 | Indonesia:JCI | 15.4 | Netherlands: AEX | +15% | US: S&P 500 | +5% |
| 7 | Canada:TSX | +0.08 | UK: FTSE | 15.9 | US: S&P 500 | +13% | China: Shanghai SE | +5% |
| 8 | China: Shanghai SE | +0.08 | Germany: DAX | 16.5 | HK: Hang Seng | +4% | UK: FTSE | +4% |
| 9 | India: SENSEX | -0.05 | Italy: MIB | 17.0 | China: Shanghai SE | -7% | Germany: DAX | -1% |
| 10 | Russia: MICEX | -0.17 | Taiwan:TWSA | 17.8 | Canada:TSX | -8% | Italy: MIB | -2% |
| 11 | US: S&P 500 | -0.21 | Spain: IBEX | 17.8 | UK: FTSE | -13% | Spain: IBEX | -2% |
| 12 | Korea: KOSPI | -0.22 | France: CAC | 18.3 | France: CAC | -14% | Taiwan:TWSA | -5% |
| 13 | Germany: DAX | -0.34 | Brazil: Bovespa | 18.9 | Japan: Nikkei | -18% | France: CAC | -9% |
| 14 | France: CAC | -0.48 | Canada:TSX | 19.0 | Australia: ASE | -19% | India: SENSEX | -10% |
| 15 | Spain: IBEX | -0.49 | Japan: Nikkei | 20.2 | India: SENSEX | -19% | Indonesia:JCI | -12% |
| 16 | Japan: Nikkei | -0.53 | Netherlands: AEX | 20.4 | Italy: MIB | -31% | Australia: ASE | -13% |
| 17 | Italy: MIB | -0.54 | Australia: ASE | 20.6 | Brazil: Bovespa | -37% | Japan: Nikkei | -16% |
| 18 | Netherlands: AEX | -0.82 | India: SENSEX | 21.4 | Spain: IBEX | -49% | Russia: MICEX | -16% |
| 19 | Taiwan:TWSA | -0.92 | US: S&P 500 | 22.0 | Indonesia:JCI | -50% | Canada:TSX | -26% |
| | US, by style | | US, by style | | US, by style | | US, by style | |
| 1 | S&P Midcap | +0.58 | S&P 500 Value | 17.3 | S&P Midcap | +22% | S&P 500 Growth | +12% |
| 2 | S&P 500 Value | +0.33 | S&P Midcap | 21.8 | S&P 500 Growth | +19% | S&P 500 | +5% |
| 3 | S&P Smallcap | -0.09 | S&P 500 | 22.0 | S&P 500 | +13% | S&P 500 Value | +4% |
| 4 | S&P 500 | -0.21 | S&P 500 Growth | 27.0 | S&P 500 Value | +8% | S&P Smallcap | -1% |
| 5 | S&P 500 Growth | -0.45 | S&P Smallcap | 28.0 | S&P Smallcap | -26% | S&P Midcap | -2% |
| | US, by sector | | US, by sector | | US, by sector | | US, by sector | |
| 1 | Consumer Stap | +1.15 | Financial | 14.2 | Energy | ##### | Consumer Disc | +12% |
| 2 | Utilities | +0.95 | Health Care | 16.7 | Info Tech | +18% | Energy | +8% |
| 3 | Financial | +0.79 | Utilities | 18.3 | Health Care | +13% | Communications | +8% |
| 4 | Health Care | +0.70 | Consumer Stap | 20.6 | Financial | +12% | Info Tech | +8% |
| 5 | Materials | -0.12 | Communications | 21.1 | Materials | +11% | Health Care | +7% |
| 6 | Communications | -0.32 | Materials | 22.8 | Communications | +4% | Consumer Stap | +4% |
| 7 | Info Tech | -0.41 | Industrial | 24.2 | Consumer Stap | +1% | Materials | +1% |
| 8 | Industrial | -0.44 | Info Tech | 24.8 | Utilities | -1% | Financial | +1% |
| 9 | Consumer Disc | -1.17 | Consumer Disc | 37.2 | Industrial | -4% | Industrial | -2% |
| 10 | Energy | -1.38 | Energy | 63.9 | Consumer Disc | -6% | Utilities | -5% |

Source: Bloomberg, TrendMacro calculations

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

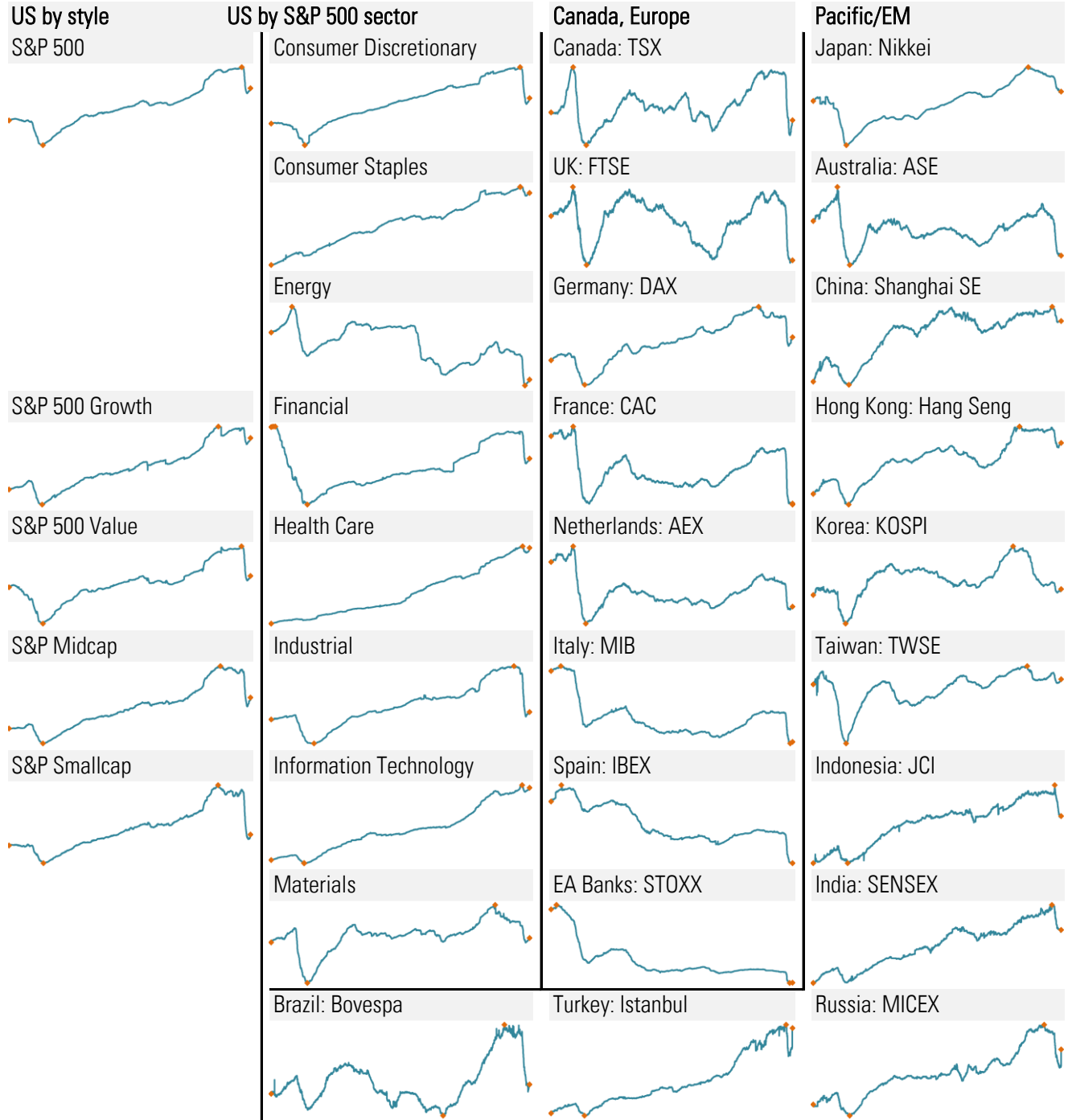
Standard deviations from mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

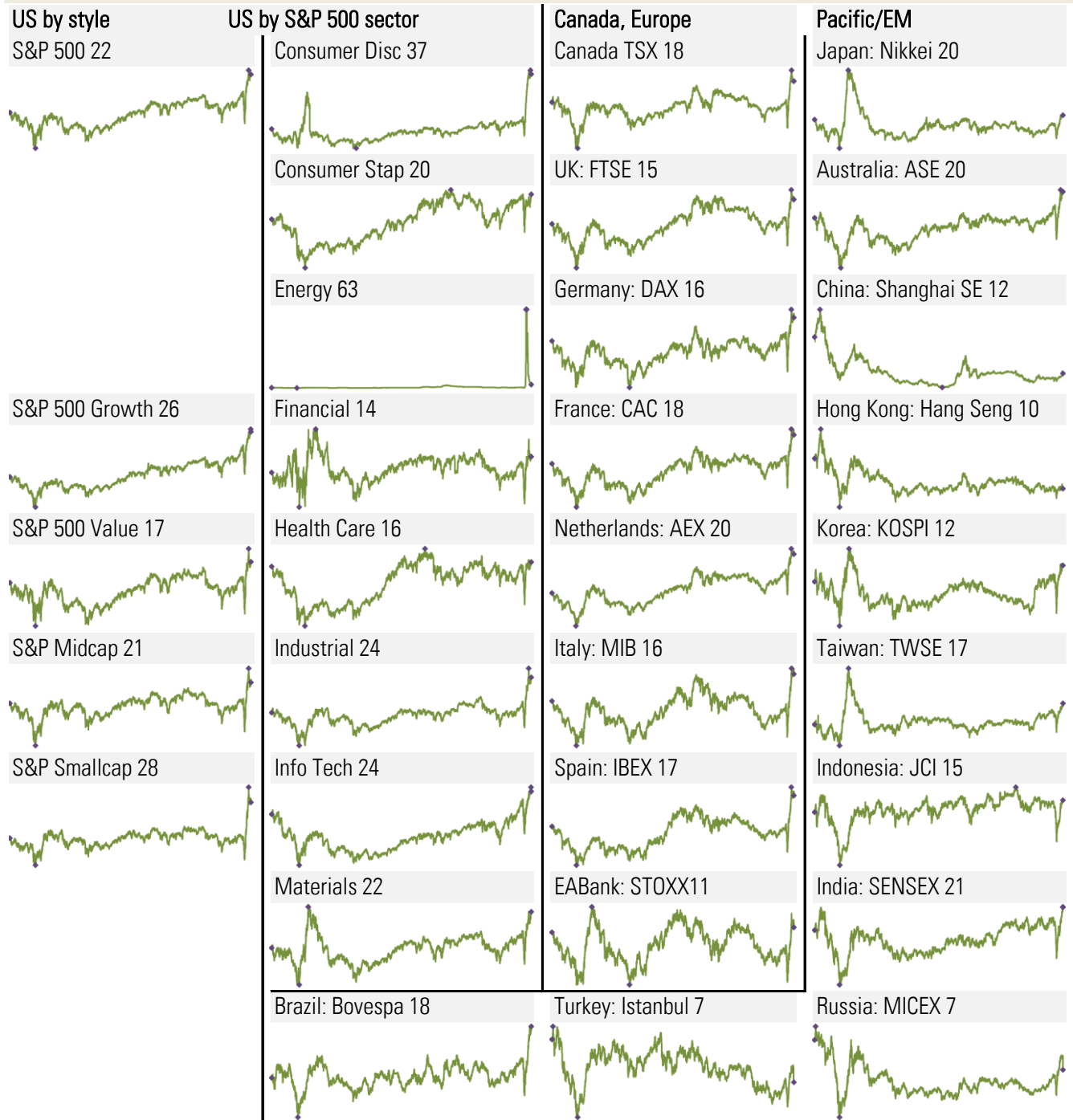
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

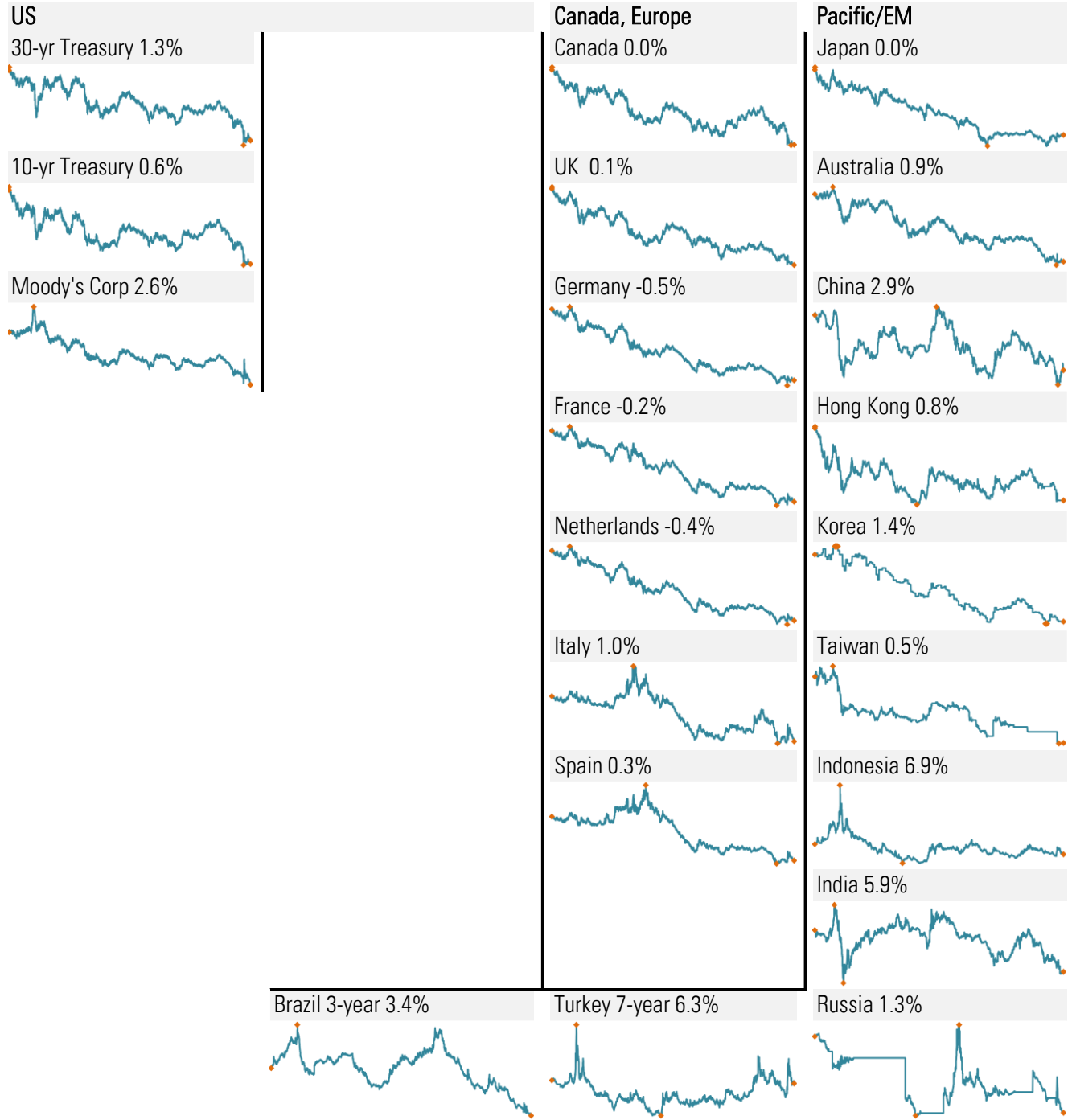
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

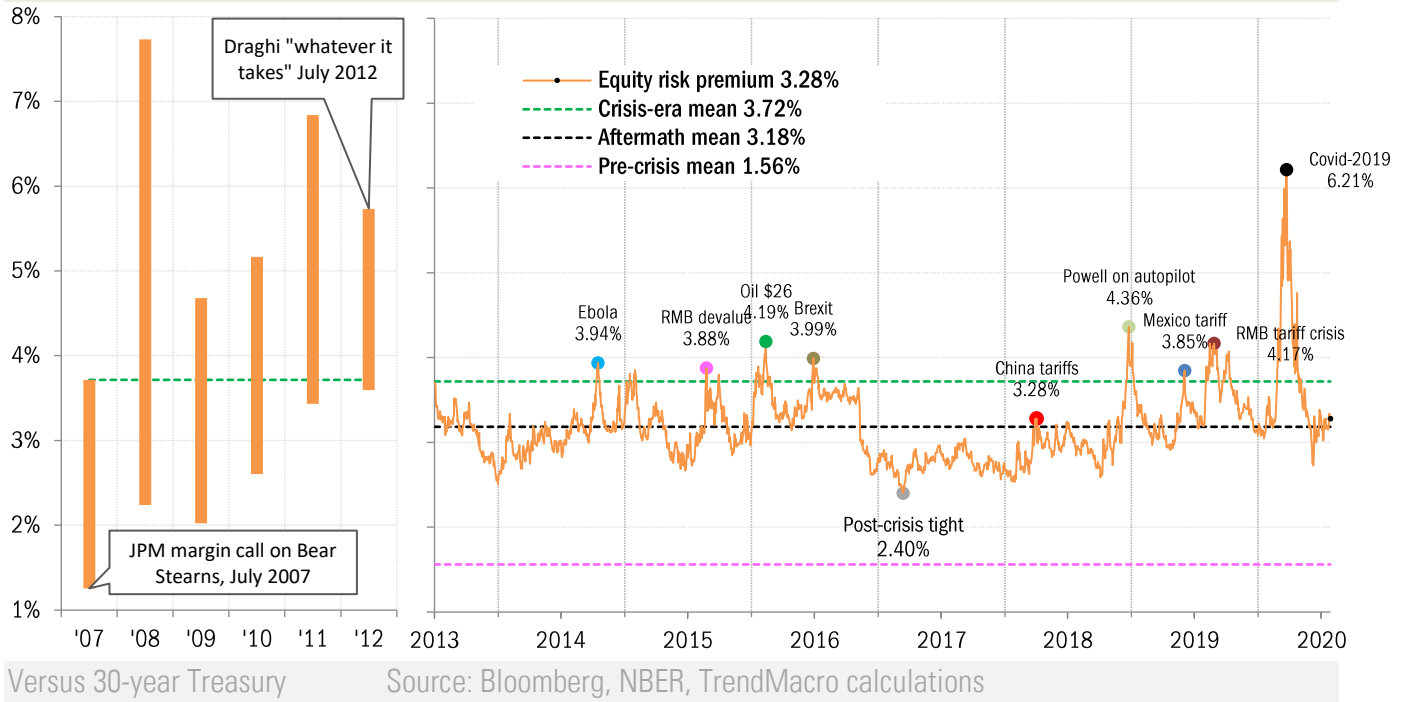
Benchmark bond yields, July 2007 to current

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

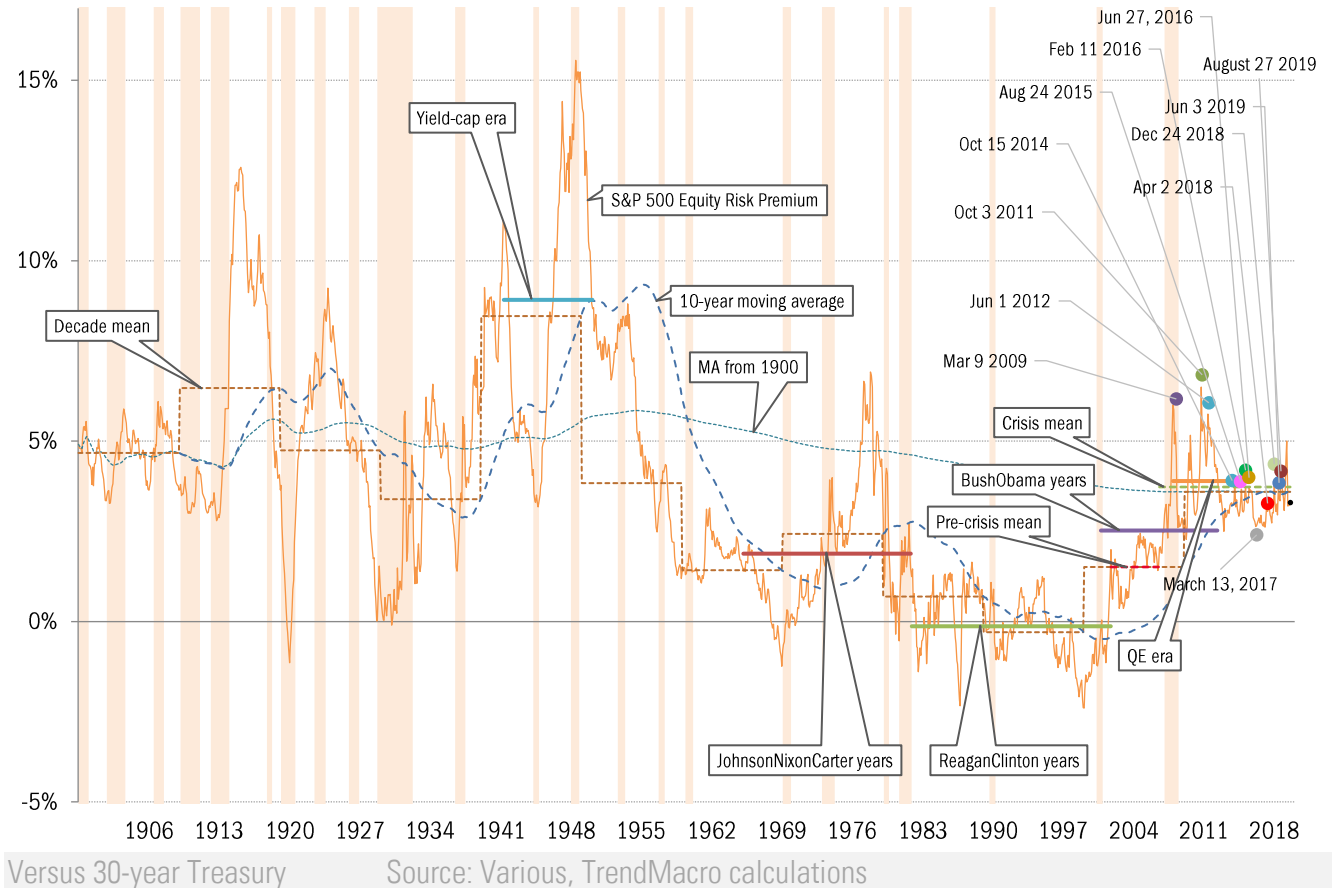


Source: Bloomberg, TrendMacro calculations

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

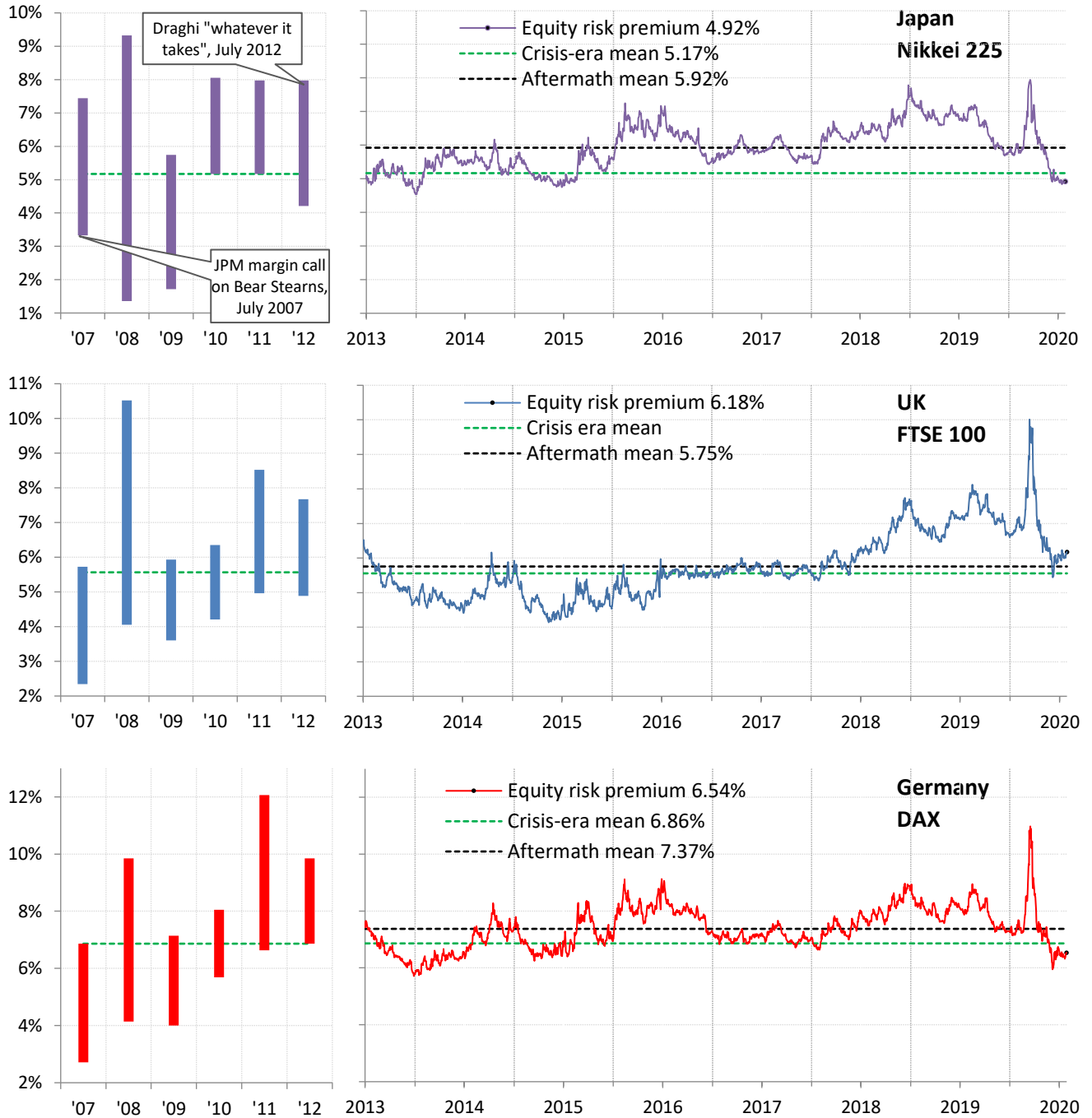


A century-plus of the monthly S&P 500 equity risk premium



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

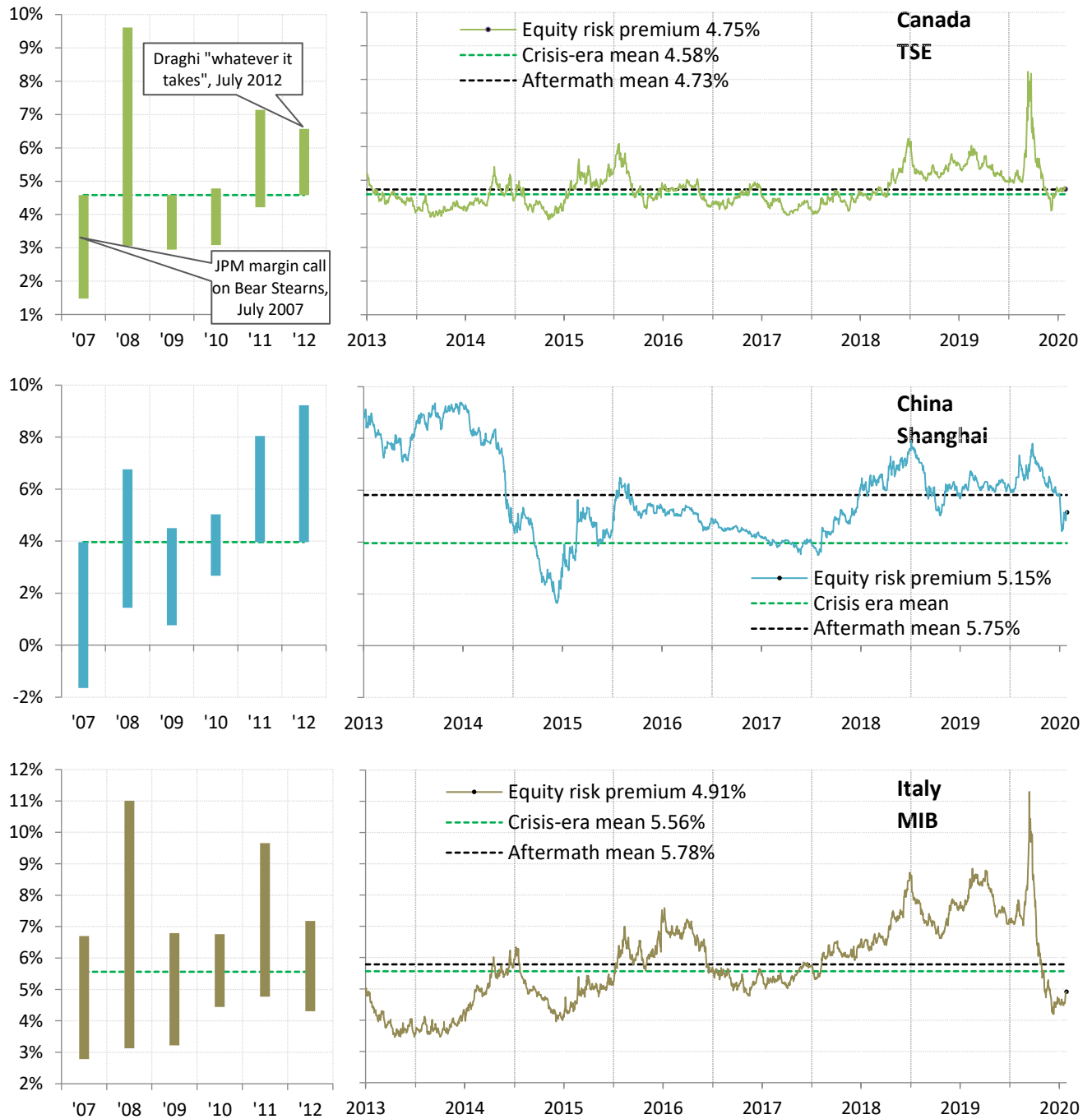
July-to-July range (left panel), daily from July 2013 (right panel)



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