

Data Insights: Global Equity Risk Premia

Monday, November 9, 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.

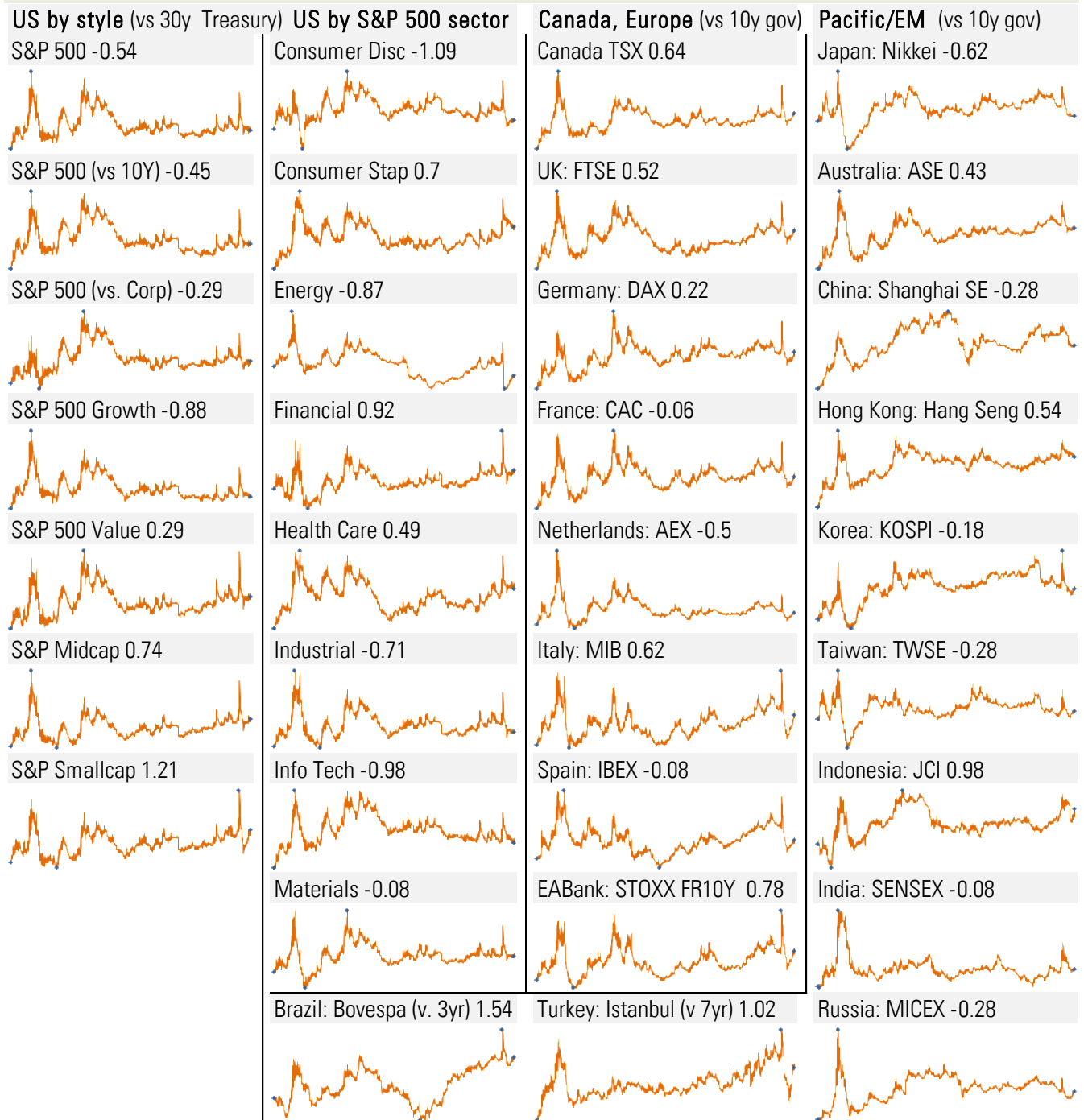
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	+1.55	Turkey: Istanbul	6.5	Brazil: Bovespa	+361%	Indonesia:JCI	+165%
2	Turkey: Istanbul	+1.02	Russia: MICEX	7.7	Turkey: Istanbul	+232%	Turkey: Istanbul	+69%
3	Indonesia:JCI	+0.99	HK: Hang Seng	11.4	Russia: MICEX	+90%	Brazil: Bovespa	+39%
4	Canada:TSX	+0.64	Korea: KOSPI	12.6	Italy: MIB	+84%	HK: Hang Seng	+28%
5	Italy: MIB	+0.62	Brazil: Bovespa	13.1	Indonesia:JCI	+70%	UK: FTSE	+21%
6	HK: Hang Seng	+0.54	China: Shanghai SE	13.1	Canada:TSX	+62%	Taiwan:TWSA	+21%
7	UK: FTSE	+0.52	Italy: MIB	13.9	Korea: KOSPI	+58%	Canada:TSX	+21%
8	Australia: ASE	+0.44	UK: FTSE	14.2	Taiwan:TWSA	+51%	India: SENSEX	+21%
9	Germany: DAX	+0.23	Indonesia:JCI	14.4	India: SENSEX	+44%	US: S&P 500	+11%
10	France: CAC	-0.06	Germany: DAX	14.8	France: CAC	+43%	Germany: DAX	+8%
11	India: SENSEX	-0.08	Taiwan:TWSA	16.1	UK: FTSE	+35%	Korea: KOSPI	+5%
12	Spain: IBEX	-0.09	Canada:TSX	16.6	US: S&P 500	+34%	Japan: Nikkei	+5%
13	Korea: KOSPI	-0.19	Spain: IBEX	16.6	Netherlands: AEX	+30%	China: Shanghai SE	+5%
14	Russia: MICEX	-0.28	France: CAC	17.1	Germany: DAX	+30%	Russia: MICEX	+5%
15	Taiwan:TWSA	-0.28	Netherlands: AEX	19.0	Japan: Nikkei	+22%	Netherlands: AEX	+4%
16	China: Shanghai SE	-0.29	Australia: ASE	20.5	Spain: IBEX	+14%	Spain: IBEX	+1%
17	Netherlands: AEX	-0.51	Japan: Nikkei	20.6	Australia: ASE	+9%	France: CAC	+1%
18	US: S&P 500	-0.54	India: SENSEX	21.3	China: Shanghai SE	-9%	Italy: MIB	-20%
19	Japan: Nikkei	-0.62	US: S&P 500	21.7	HK: Hang Seng	-20%	Australia: ASE	-67%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+1.22	S&P 500 Value	16.3	S&P Smallcap	+236%	S&P 500 Growth	+21%
2	S&P Midcap	+0.74	S&P Smallcap	19.3	S&P Midcap	+93%	S&P Smallcap	+13%
3	S&P 500 Value	+0.30	S&P Midcap	19.5	S&P 500 Value	+35%	S&P Midcap	+13%
4	S&P 500	-0.54	S&P 500	21.7	S&P 500	+34%	S&P 500	+11%
5	S&P 500 Growth	-0.89	S&P 500 Growth	27.2	S&P 500 Growth	+34%	S&P 500 Value	+7%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Financial	+0.92	Financial	13.2	Energy	+200%	Utilities	+24%
2	Consumer Stap	+0.70	Health Care	16.3	Consumer Disc	+87%	Communications	+19%
3	Utilities	+0.52	Utilities	18.4	Materials	+82%	Materials	+17%
4	Health Care	+0.50	Consumer Stap	20.6	Industrial	+58%	Consumer Disc	+15%
5	Materials	-0.09	Materials	20.9	Financial	+50%	Info Tech	+14%
6	Industrial	-0.72	Communications	21.7	Utilities	+33%	Industrial	+12%
7	Communications	-0.74	Industrial	23.8	Communications	+29%	Financial	+10%
8	Energy	-0.87	Info Tech	26.5	Health Care	+21%	Health Care	+9%
9	Info Tech	-0.98	Consumer Disc	31.9	Info Tech	+21%	Consumer Stap	+6%
10	Consumer Disc	-1.09	Energy	33.2	Consumer Stap	+15%	Energy	+4%

Source: Bloomberg, TrendMacro calculations

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

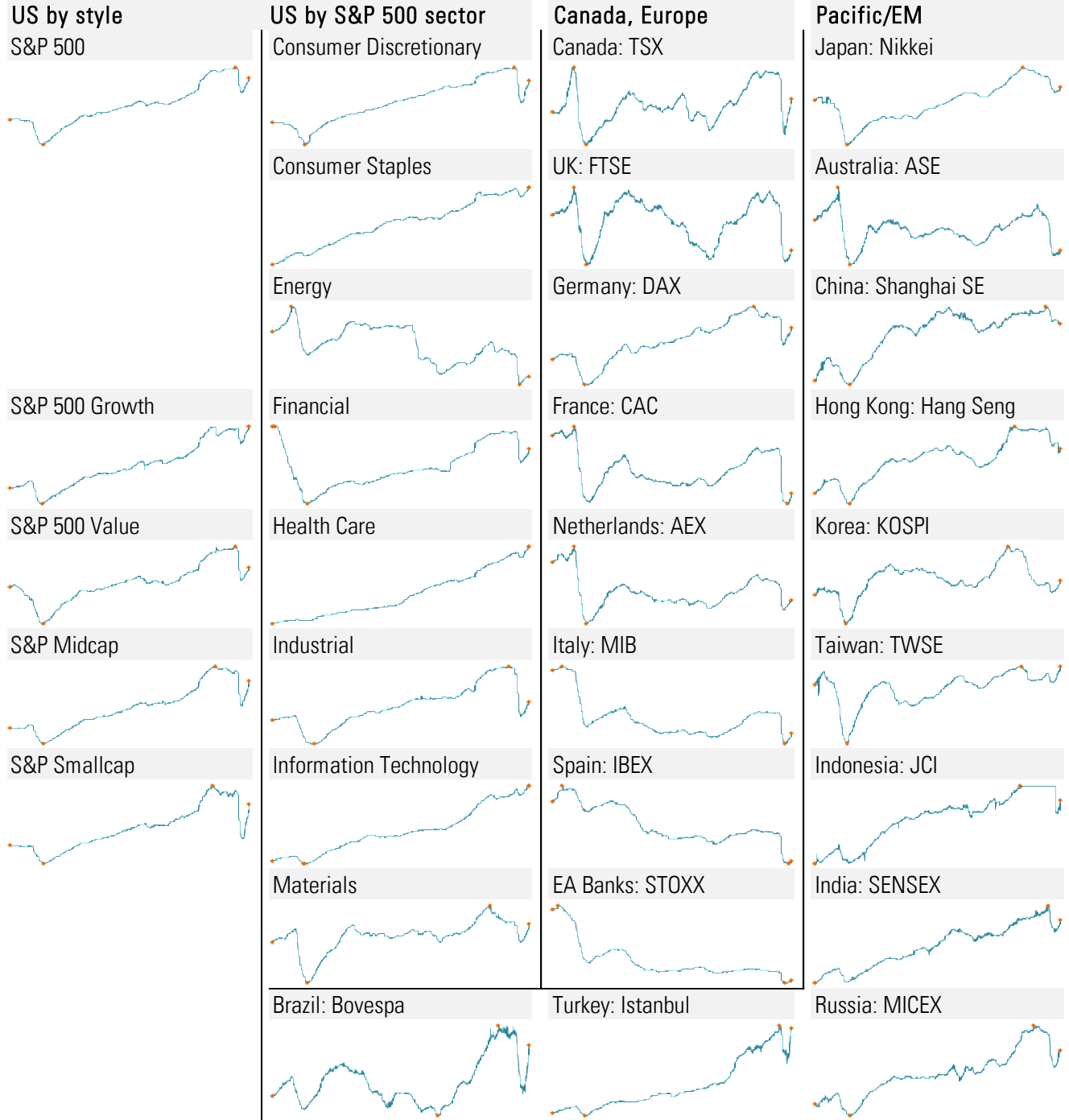
Standard deviations from mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

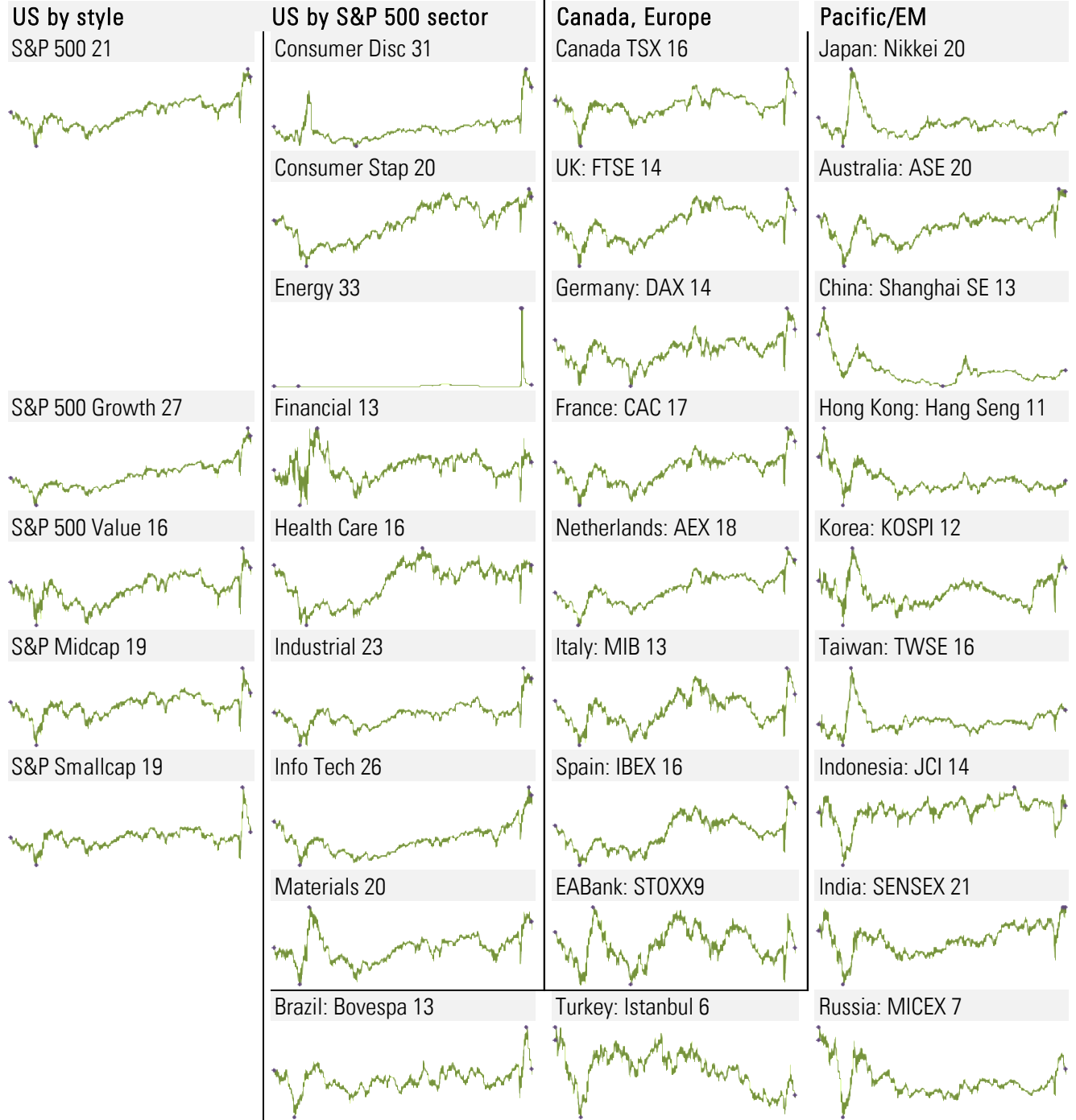
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

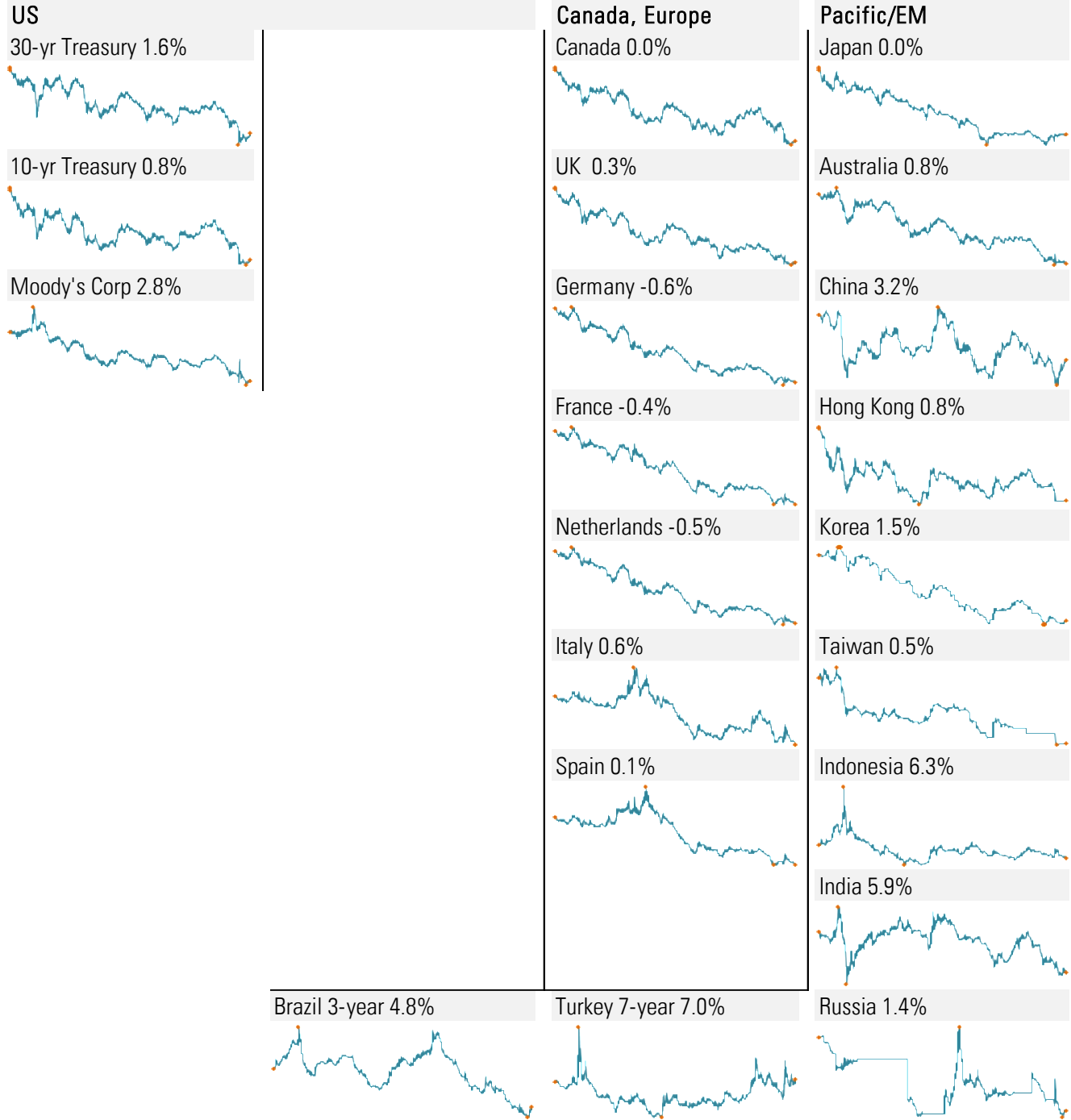
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

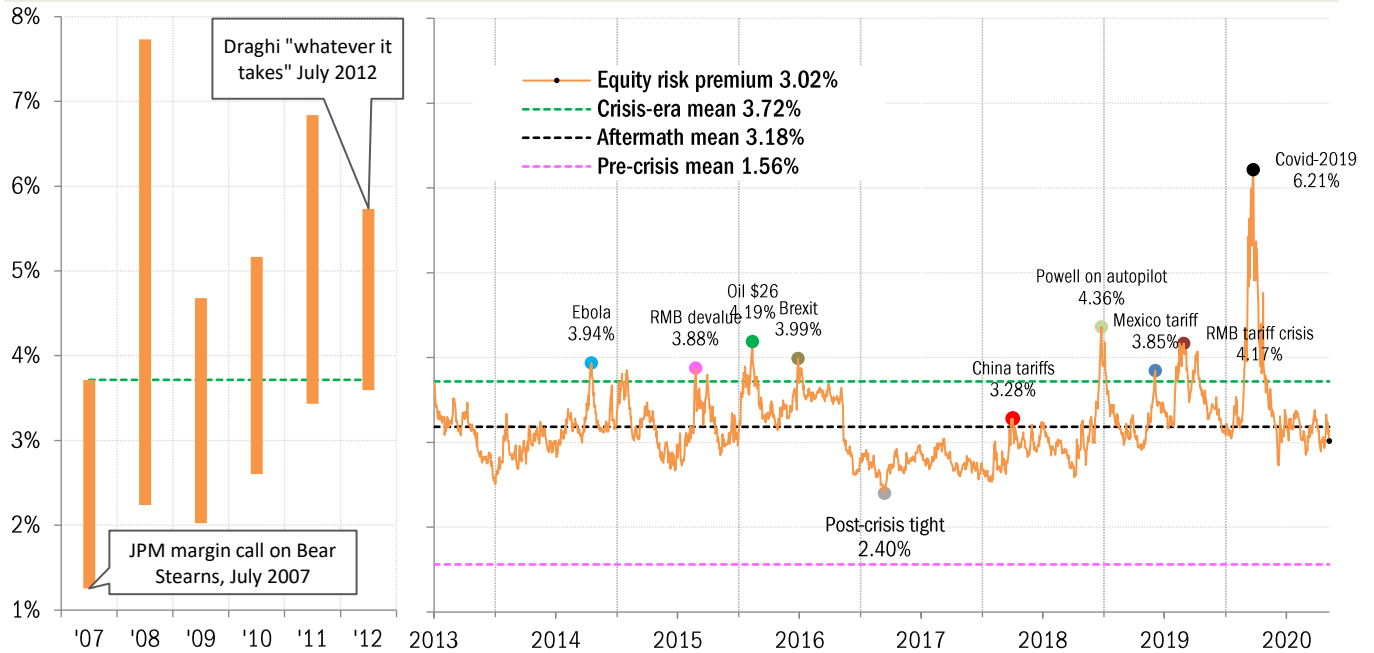
Benchmark bond yields, July 2007 to current

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



Source: Bloomberg, TrendMacro calculations

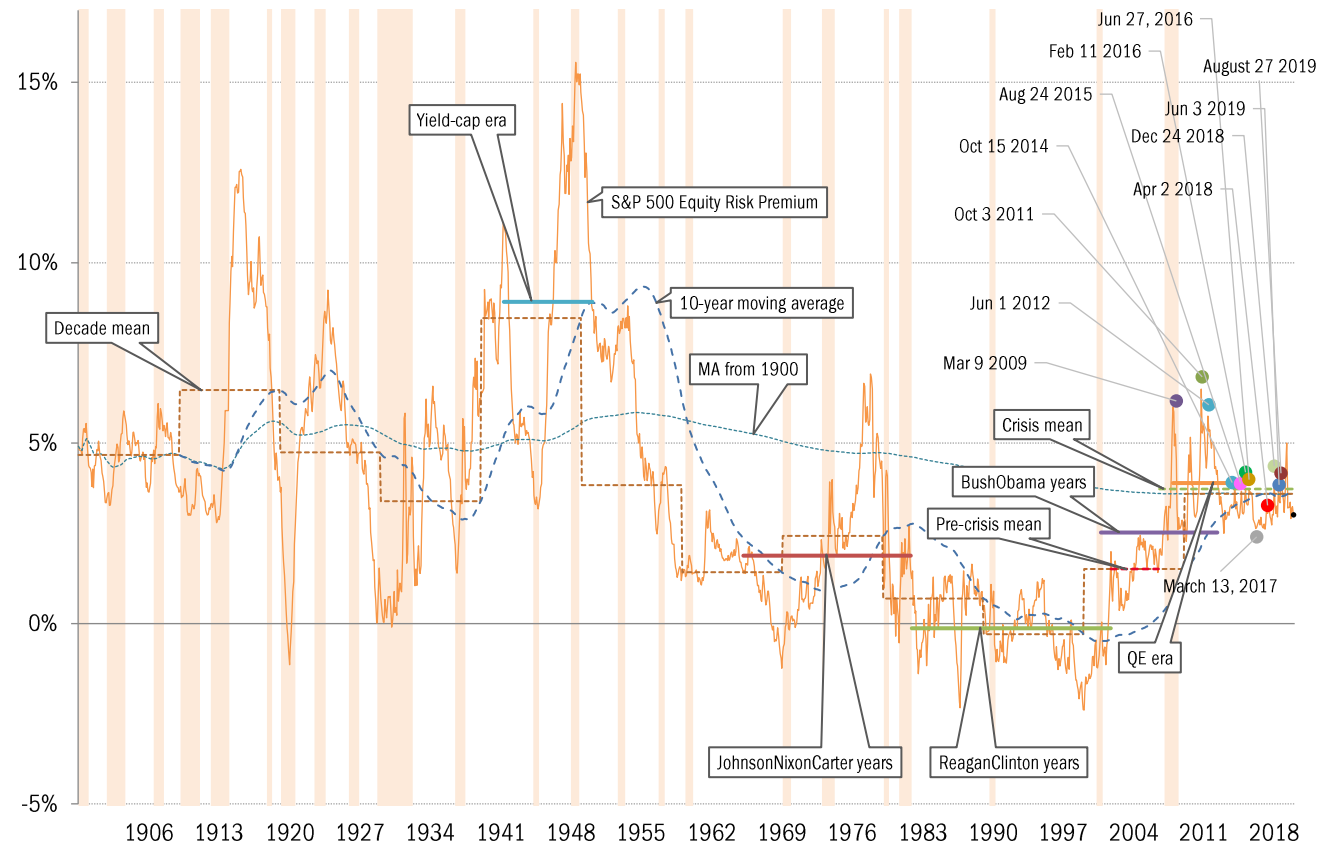
Daily S&P 500 equity risk premium in the era of crises



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

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

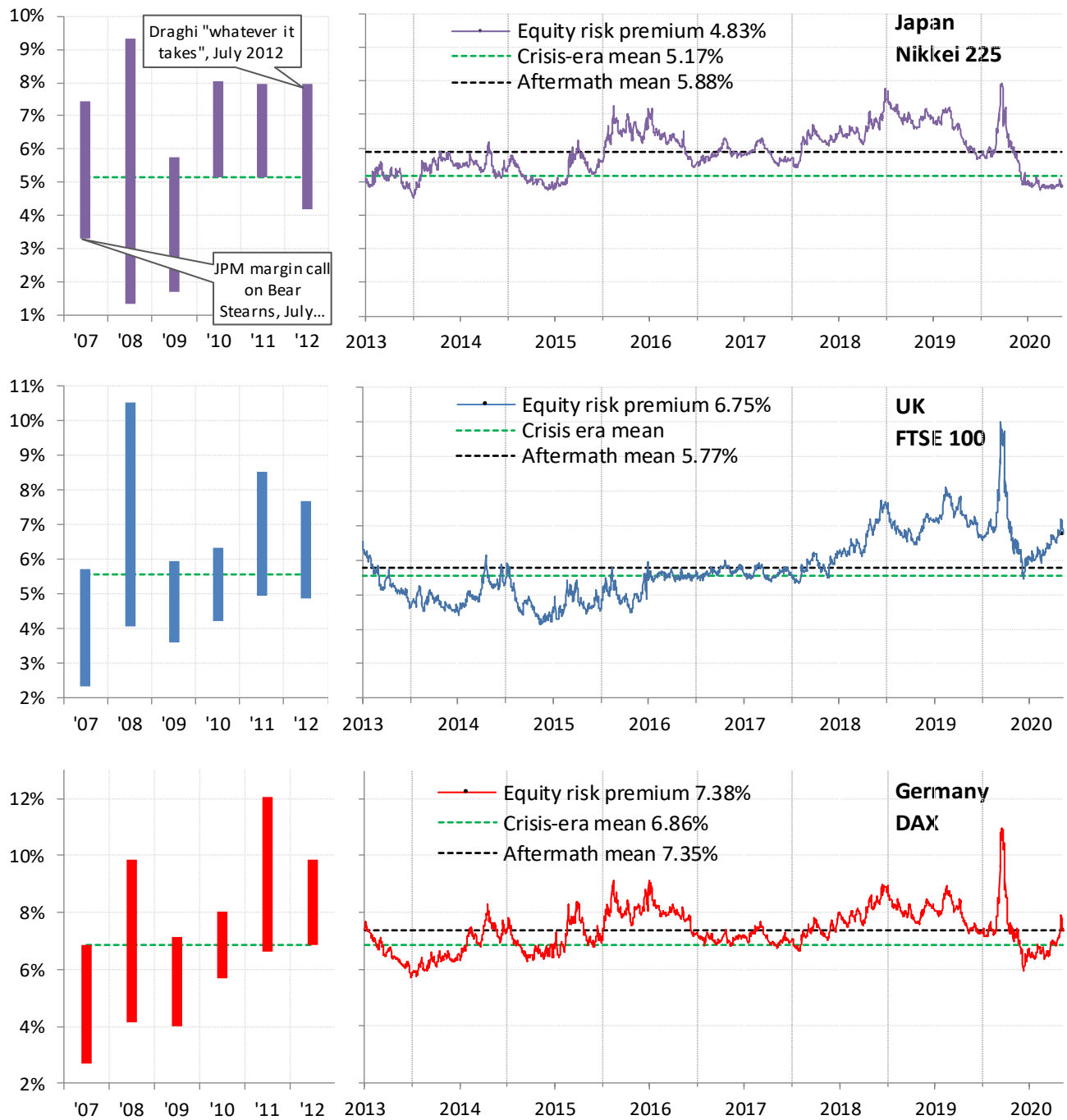


Versus 30-year Treasury

Source: Various, TrendMacro calculations

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

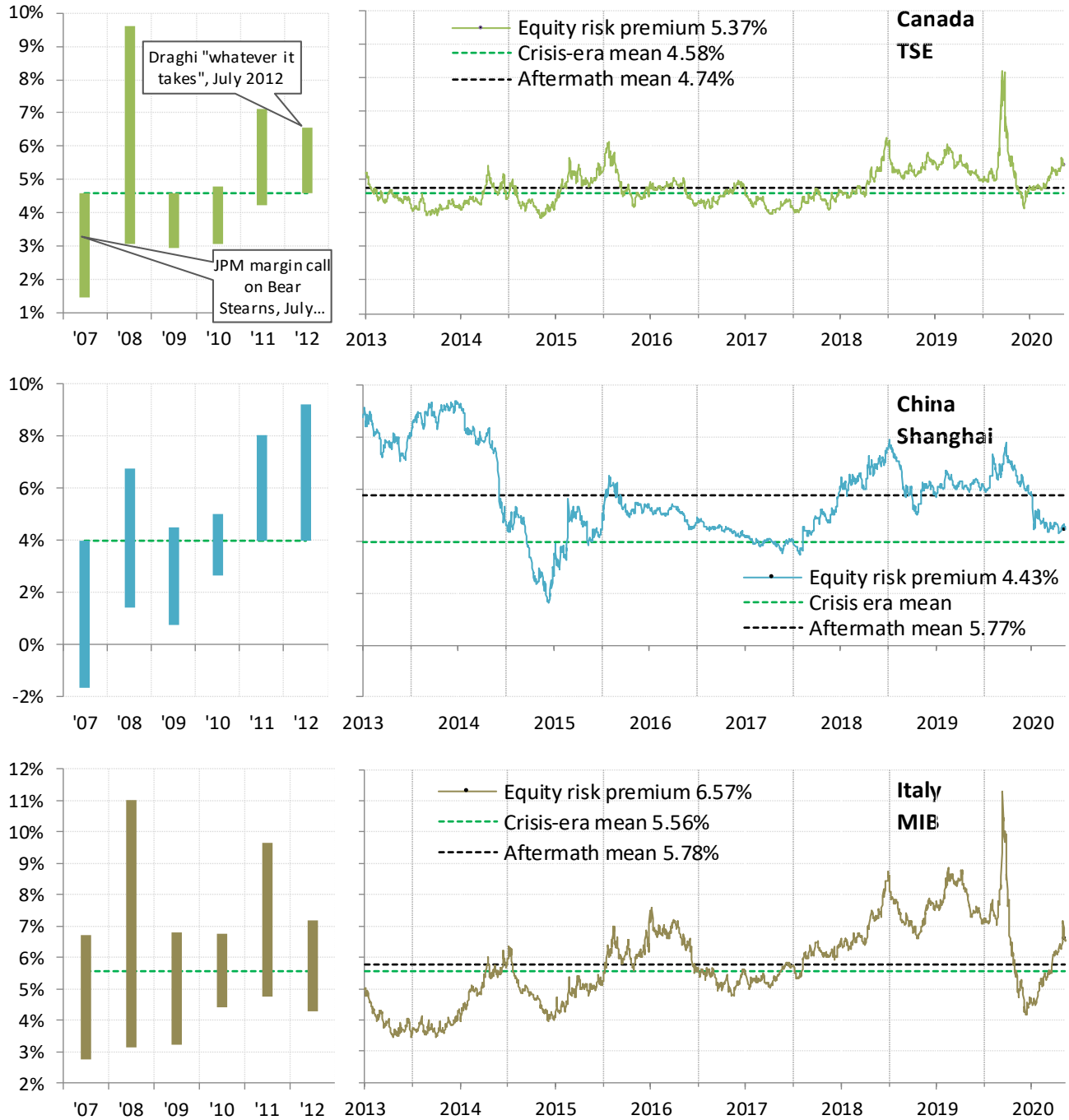
July-to-July range (left panel), daily from July 2013 (right panel)



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