

Data Insights: Global Equity Risk Premia

Monday, January 11, 2021

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.

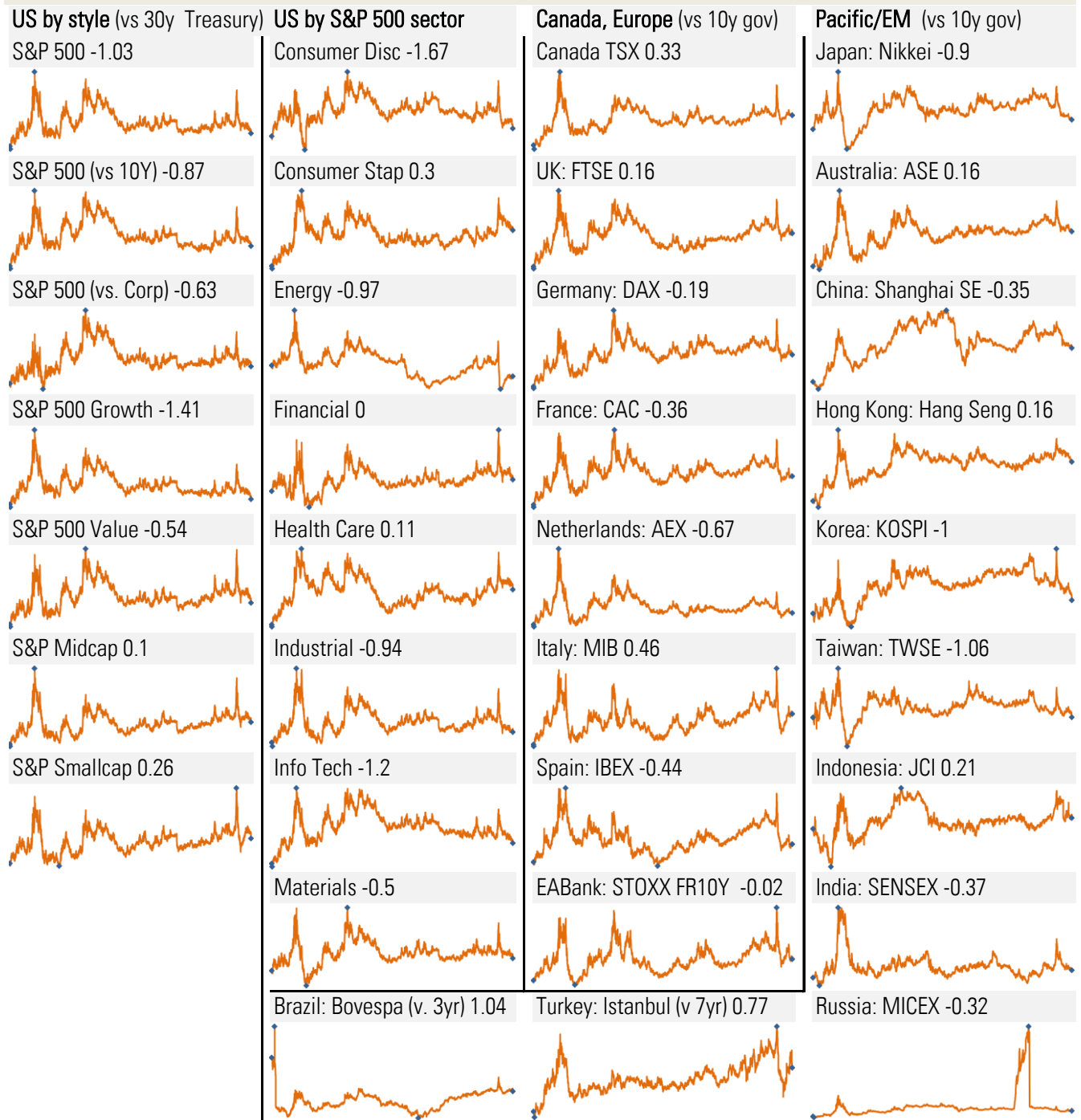
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	+1.05	Turkey: Istanbul	7.7	Brazil: Bovespa	+144%	Turkey: Istanbul	+49%
2	Turkey: Istanbul	+0.78	Russia: MICEX	8.6	Turkey: Istanbul	+96%	Russia: MICEX	+17%
3	Italy: MIB	+0.47	HK: Hang Seng	12.5	Italy: MIB	+82%	Brazil: Bovespa	+14%
4	Canada:TSX	+0.33	China: Shanghai SE	13.8	Russia: MICEX	+78%	Canada:TSX	+14%
5	Indonesia:JCI	+0.22	Brazil: Bovespa	14.0	India: SENSEX	+64%	Italy: MIB	+14%
6	HK: Hang Seng	+0.17	Italy: MIB	14.6	Korea: KOSPI	+54%	Japan: Nikkei	+11%
7	Australia: ASE	+0.17	Korea: KOSPI	15.3	Canada:TSX	+51%	Taiwan:TWSA	+10%
8	UK: FTSE	+0.16	UK: FTSE	15.3	France: CAC	+51%	Korea: KOSPI	+9%
9	Germany: DAX	-0.20	Germany: DAX	16.1	UK: FTSE	+46%	HK: Hang Seng	+9%
10	Russia: MICEX	-0.33	Canada:TSX	17.1	Taiwan:TWSA	+46%	US: S&P 500	+7%
11	China: Shanghai SE	-0.35	Indonesia:JCI	17.5	Japan: Nikkei	+45%	Australia: ASE	+6%
12	France: CAC	-0.36	Taiwan:TWSA	18.2	Spain: IBEX	+44%	France: CAC	+4%
13	India: SENSEX	-0.38	France: CAC	18.3	Australia: ASE	+35%	Indonesia:JCI	+3%
14	Spain: IBEX	-0.44	Spain: IBEX	18.6	Netherlands: AEX	+34%	India: SENSEX	-1%
15	Netherlands: AEX	-0.68	Netherlands: AEX	20.0	US: S&P 500	+28%	China: Shanghai SE	-4%
16	Japan: Nikkei	-0.90	Australia: ASE	20.7	Indonesia:JCI	+26%	Germany: DAX	-5%
17	Korea: KOSPI	-1.01	Japan: Nikkei	22.4	Germany: DAX	+26%	Spain: IBEX	-8%
18	US: S&P 500	-1.03	US: S&P 500	22.8	HK: Hang Seng	+8%	Netherlands: AEX	-11%
19	Taiwan:TWSA	-1.06	India: SENSEX	23.2	China: Shanghai SE	+4%	UK: FTSE	-15%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.27	S&P 500 Value	18.2	S&P Smallcap	+131%	S&P Midcap	+19%
2	S&P Midcap	+0.11	S&P Midcap	21.1	S&P Midcap	+87%	S&P Smallcap	+12%
3	S&P 500 Value	-0.55	S&P Smallcap	22.0	S&P 500	+28%	S&P 500	+7%
4	S&P 500	-1.03	S&P 500	22.8	S&P 500 Value	+17%	S&P 500 Growth	-6%
5	S&P 500 Growth	-1.42	S&P 500 Growth	29.5	S&P 500 Growth	+4%	S&P 500 Value	-27%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Utilities	+0.45	Financial	15.1	Energy	+458%	Communications	+18%
2	Consumer Stap	+0.31	Health Care	16.9	Financial	+63%	Health Care	+17%
3	Health Care	+0.11	Utilities	17.7	Materials	+59%	Materials	+16%
4	Financial	+0.00	Consumer Stap	20.8	Industrial	+56%	Info Tech	+15%
5	Materials	-0.50	Materials	22.1	Health Care	+25%	Industrial	+14%
6	Industrial	-0.95	Communications	22.3	Info Tech	+23%	Energy	+8%
7	Energy	-0.97	Industrial	24.2	Consumer Stap	+16%	Consumer Stap	+7%
8	Communications	-1.01	Info Tech	27.7	Communications	+13%	Utilities	+6%
9	Info Tech	-1.20	Energy	32.8	Utilities	+9%	Financial	+5%
10	Consumer Disc	-1.68	Consumer Disc	35.5	Consumer Disc	+3%	Consumer Disc	-24%

Source: Bloomberg, TrendMacro calculations

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

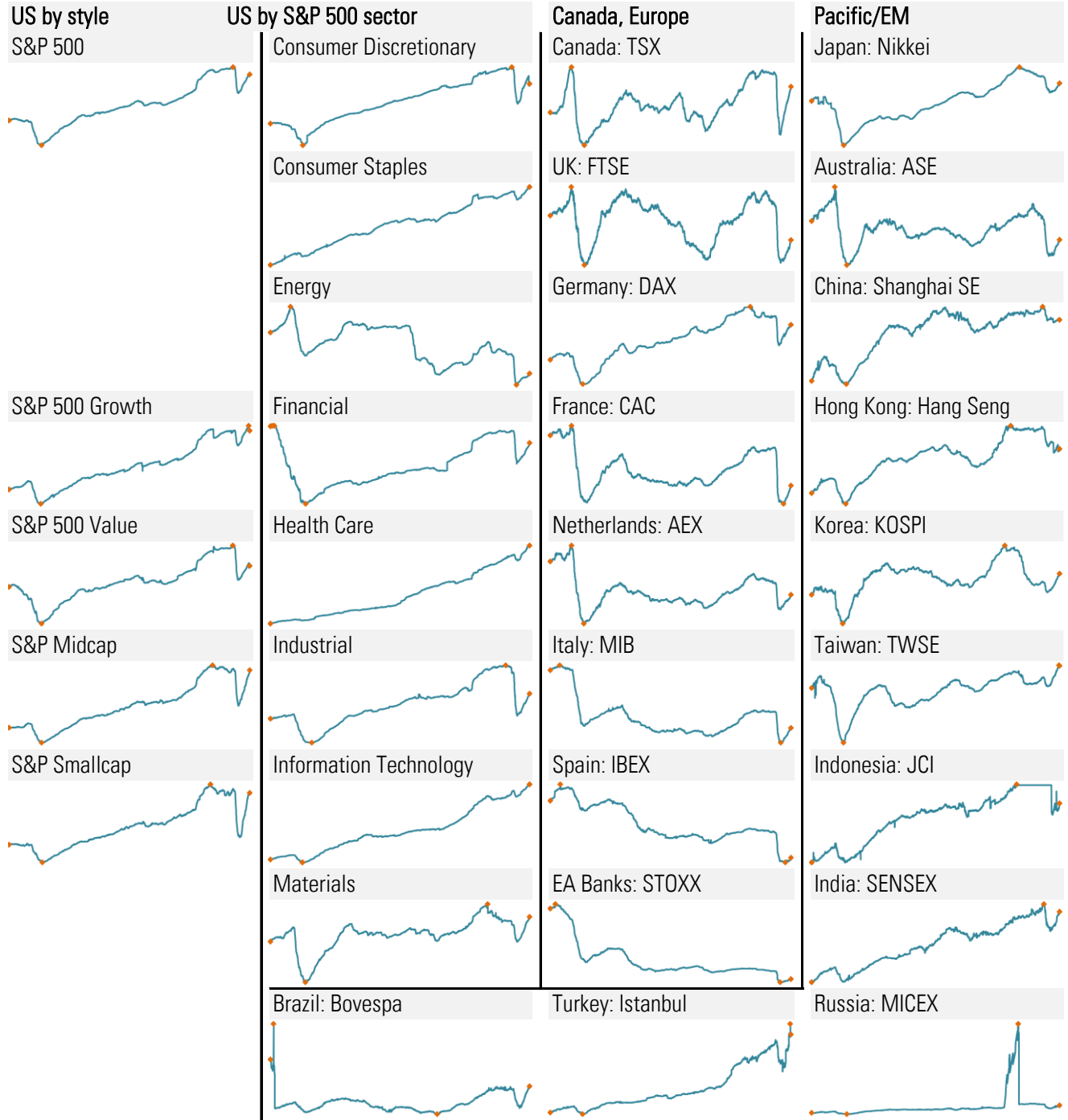
Standard deviations from mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

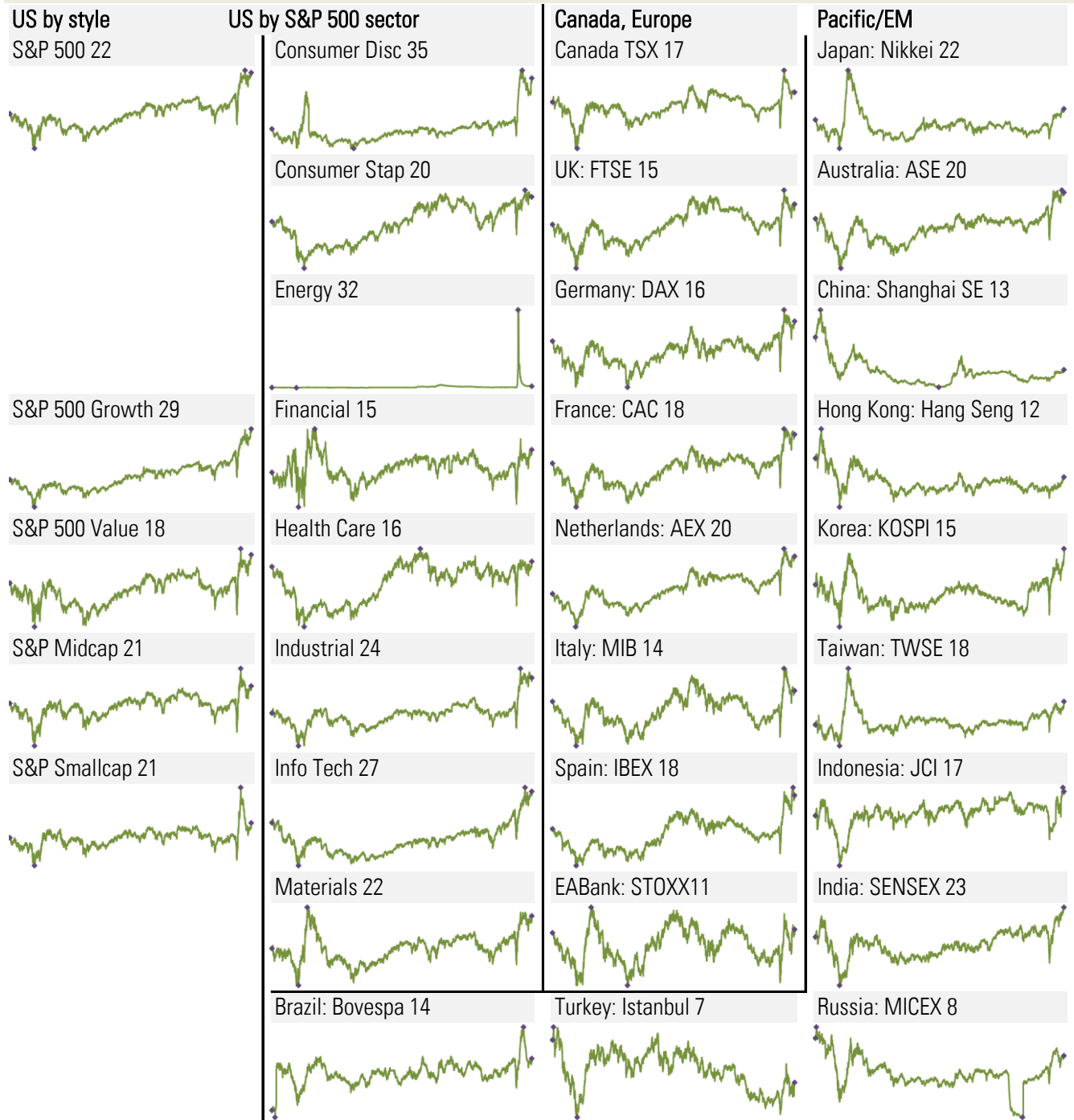
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

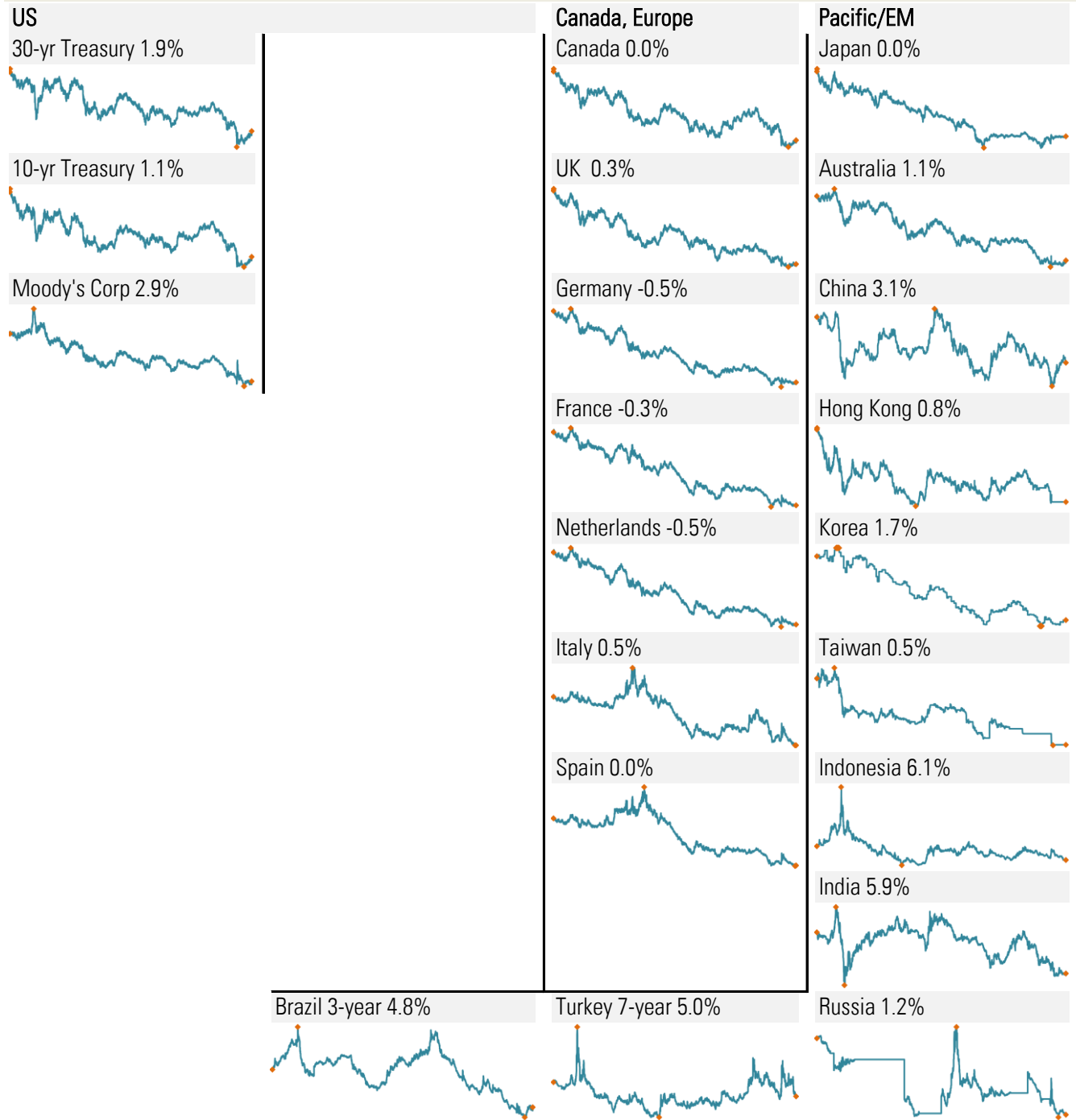
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

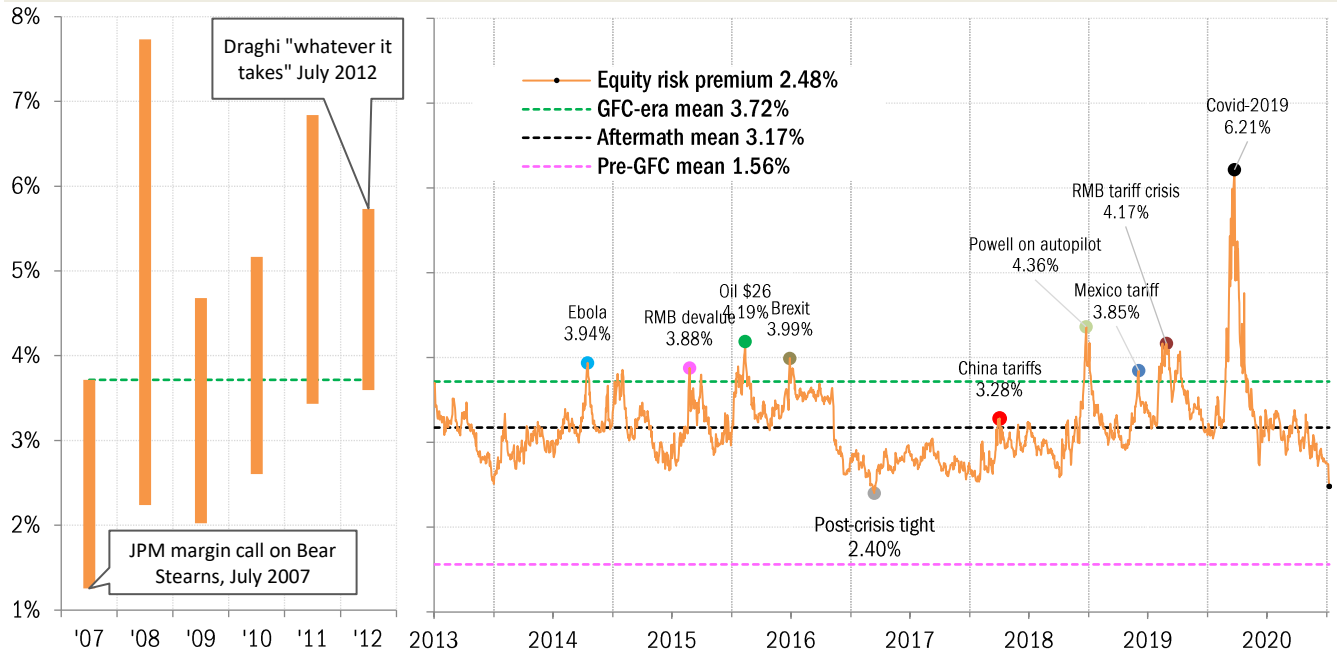
Benchmark bond yields, July 2007 to current

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



Source: Bloomberg, TrendMacro calculations

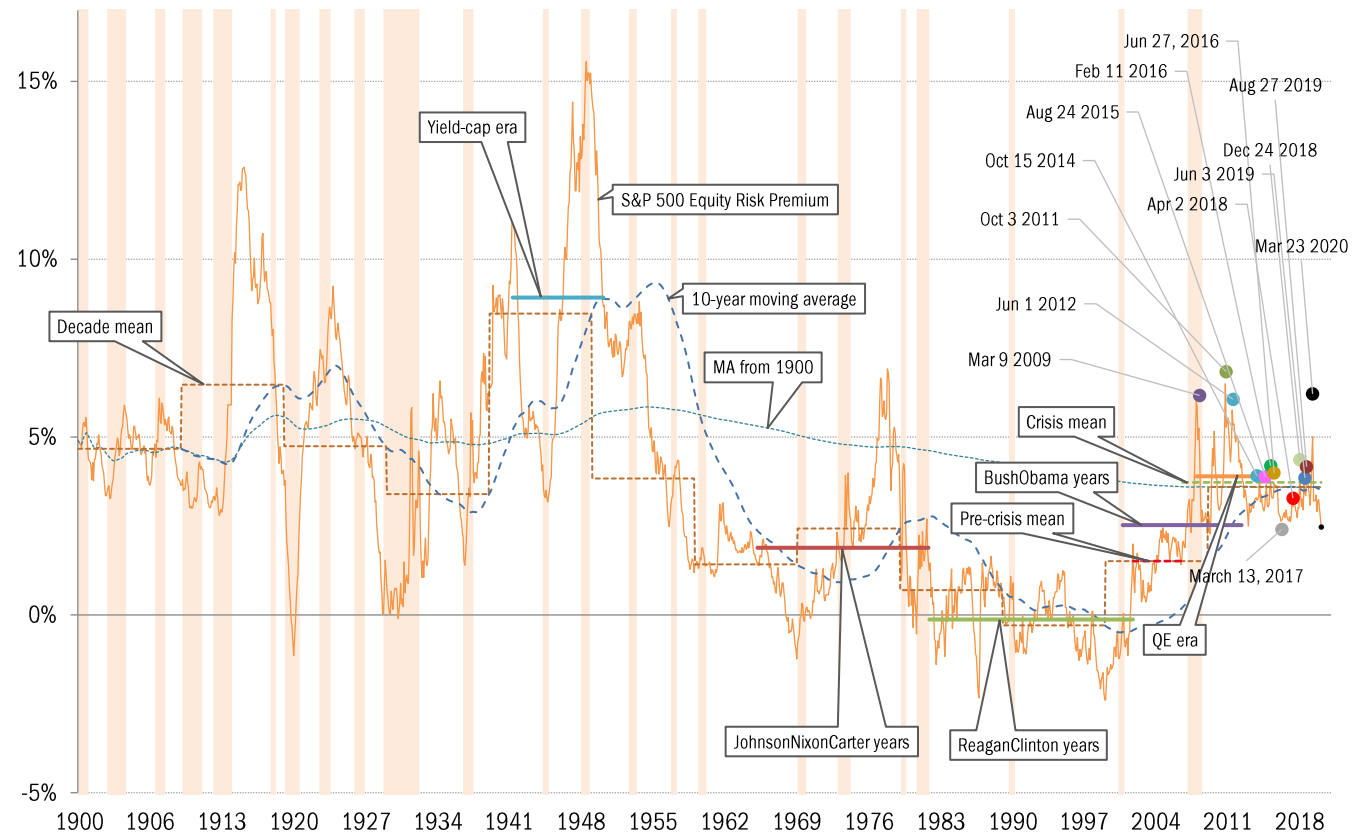
Daily S&P 500 equity risk premium in the era of crises



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

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

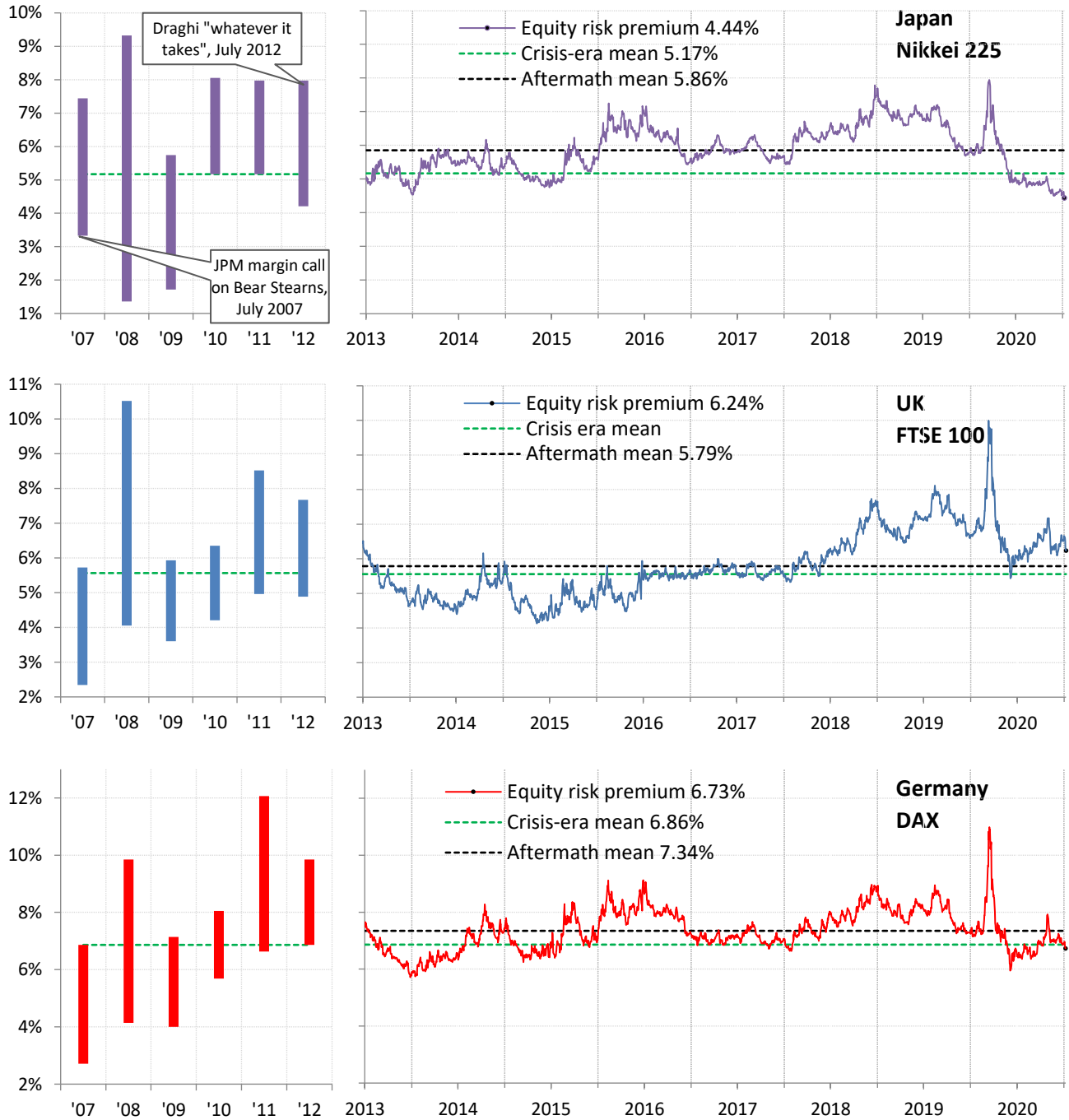


Versus 30-year Treasury

Source: Various, TrendMacro calculations

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

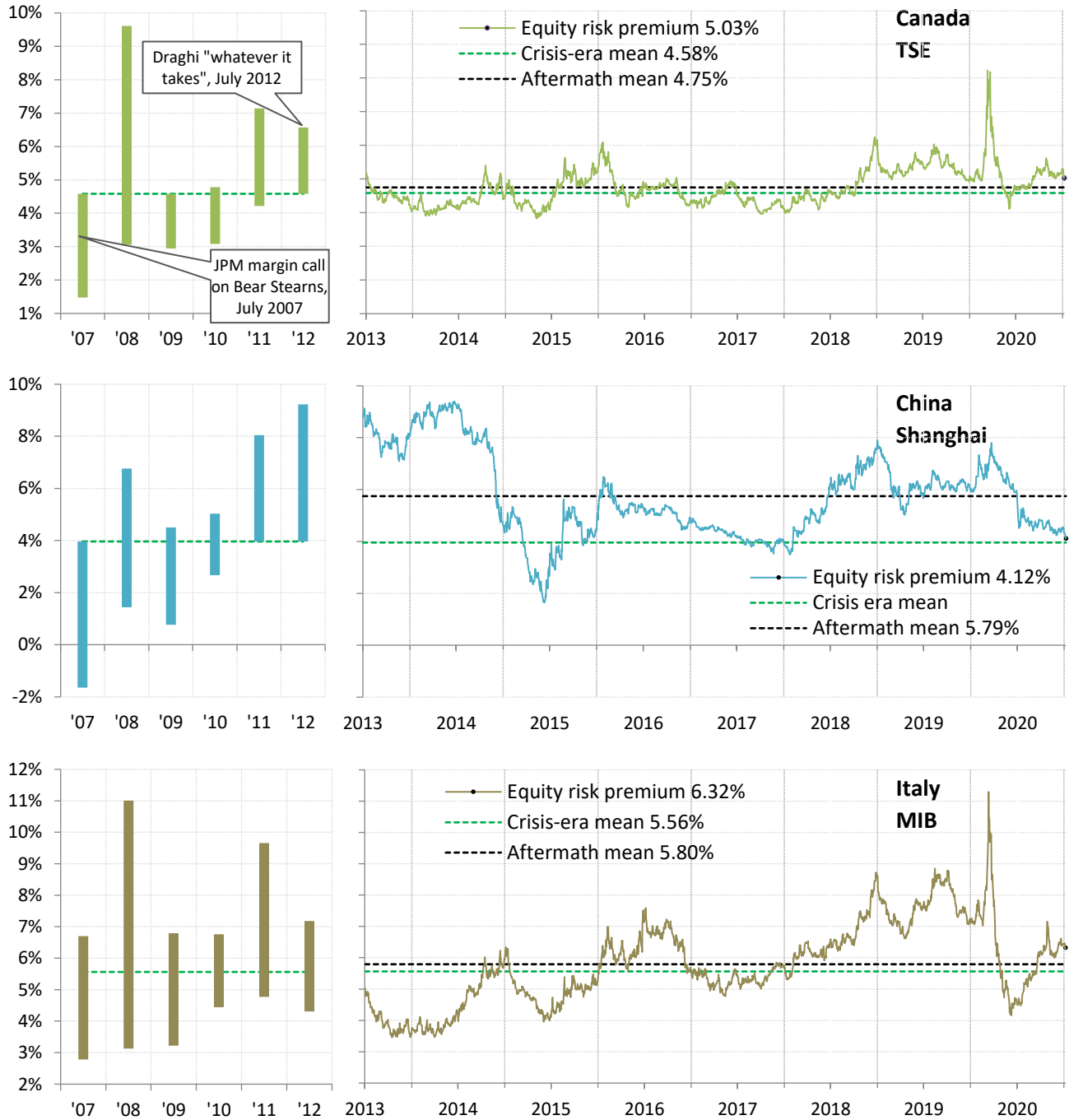
July-to-July range (left panel), daily from July 2013 (right panel)



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