

Data Insights: Global Equity Risk Premia

Thursday, April 15, 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.

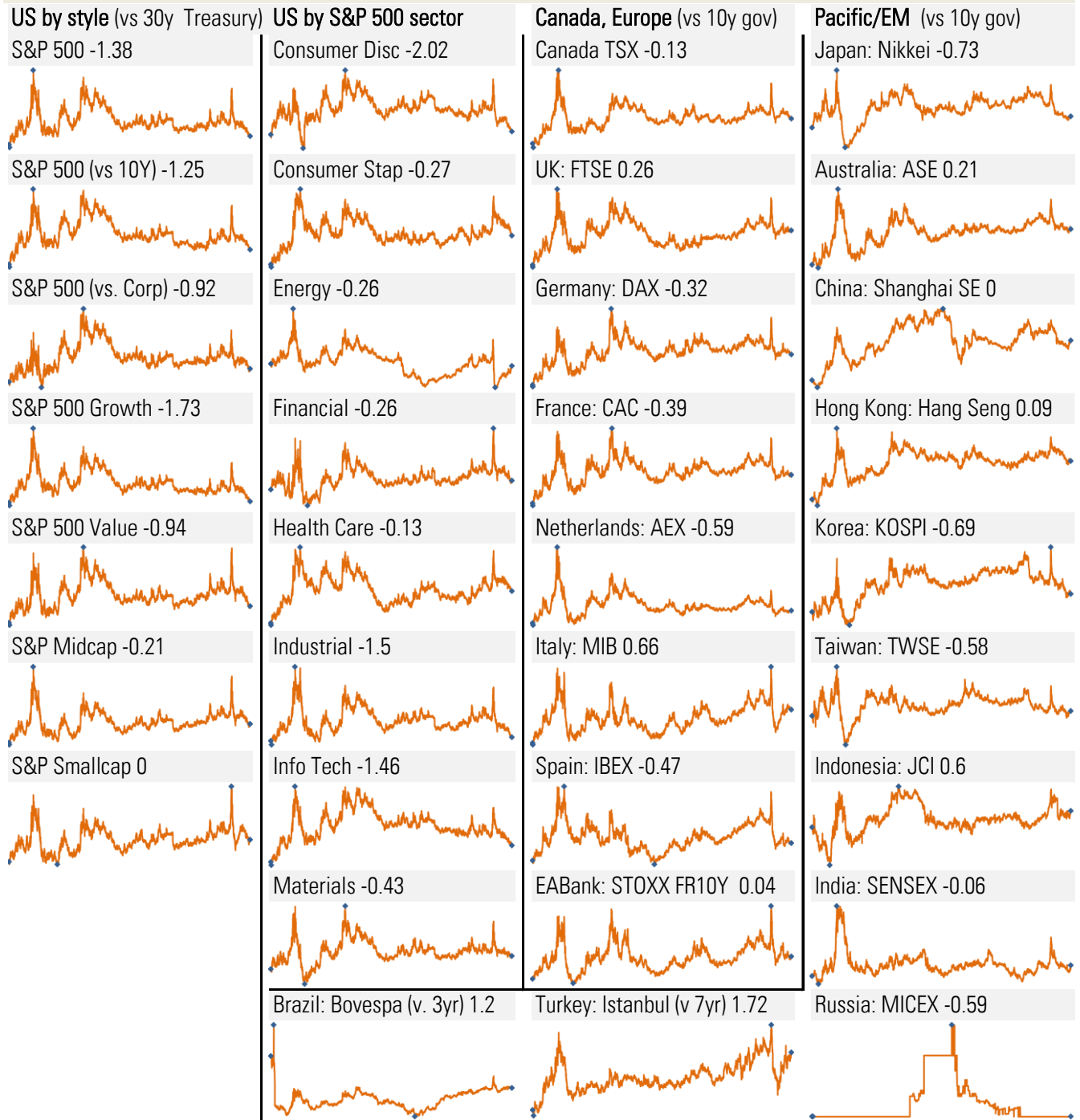
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

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	Turkey: Istanbul	+1.72	Turkey: Istanbul	6.1	Brazil: Bovespa	+147%	Italy: MIB	+140%
2	Brazil: Bovespa	+1.20	Russia: MICEX	7.3	Netherlands: AEX	+113%	France: CAC	+92%
3	Italy: MIB	+0.66	Brazil: Bovespa	10.4	Russia: MICEX	+113%	Turkey: Istanbul	+61%
4	Indonesia:JCI	+0.61	China: Shanghai SE	12.3	Australia: ASE	+88%	Brazil: Bovespa	+46%
5	UK: FTSE	+0.26	HK: Hang Seng	12.7	Taiwan:TWSA	+85%	Russia: MICEX	+45%
6	Australia: ASE	+0.22	Italy: MIB	13.5	Italy: MIB	+71%	Indonesia:JCI	+31%
7	HK: Hang Seng	+0.09	Korea: KOSPI	13.7	Turkey: Istanbul	+67%	Netherlands: AEX	+30%
8	China: Shanghai SE	+0.01	UK: FTSE	13.9	France: CAC	+66%	Taiwan:TWSA	+29%
9	India: SENSEX	-0.06	Indonesia:JCI	15.0	UK: FTSE	+55%	China: Shanghai SE	+22%
10	Canada:TSX	-0.13	Germany: DAX	15.9	Canada:TSX	+50%	Korea: KOSPI	+17%
11	Germany: DAX	-0.33	Canada:TSX	16.5	Indonesia:JCI	+50%	US: S&P 500	+16%
12	France: CAC	-0.40	Taiwan:TWSA	17.0	Japan: Nikkei	+48%	India: SENSEX	+14%
13	Spain: IBEX	-0.48	France: CAC	17.5	India: SENSEX	+43%	Japan: Nikkei	+13%
14	Taiwan:TWSA	-0.58	Spain: IBEX	17.5	Germany: DAX	+43%	UK: FTSE	+11%
15	Netherlands: AEX	-0.59	Australia: ASE	18.1	US: S&P 500	+42%	Germany: DAX	+11%
16	Russia: MICEX	-0.60	Netherlands: AEX	18.3	Korea: KOSPI	+40%	HK: Hang Seng	+9%
17	Korea: KOSPI	-0.70	India: SENSEX	20.8	China: Shanghai SE	+34%	Canada:TSX	+8%
18	Japan: Nikkei	-0.73	Japan: Nikkei	21.1	Spain: IBEX	+31%	Australia: ASE	+7%
19	US: S&P 500	-1.38	US: S&P 500	22.4	HK: Hang Seng	+6%	Spain: IBEX	-4%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	-0.00	S&P 500 Value	18.2	S&P Smallcap	+81%	S&P Midcap	+32%
2	S&P Midcap	-0.22	S&P Midcap	20.6	S&P Midcap	+69%	S&P 500 Growth	+24%
3	S&P 500 Value	-0.94	S&P Smallcap	21.1	S&P 500 Value	+43%	S&P Smallcap	+17%
4	S&P 500	-1.38	S&P 500	22.4	S&P 500	+42%	S&P 500	+16%
5	S&P 500 Growth	-1.73	S&P 500 Growth	28.6	S&P 500 Growth	+39%	S&P 500 Value	+13%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Health Care	-0.13	Financial	14.9	Energy	+1025%	Energy	+65%
2	Financial	-0.26	Health Care	16.4	Materials	+81%	Materials	+35%
3	Energy	-0.27	Utilities	18.6	Financial	+70%	Consumer Disc	+20%
4	Consumer Stap	-0.28	Energy	19.7	Communications	+45%	Info Tech	+16%
5	Utilities	-0.36	Materials	19.8	Info Tech	+43%	Industrial	+15%
6	Materials	-0.44	Consumer Stap	20.8	Consumer Disc	+25%	Communications	+14%
7	Communications	-1.39	Communications	22.7	Industrial	+23%	Health Care	+11%
8	Info Tech	-1.46	Industrial	25.8	Health Care	+15%	Financial	+9%
9	Industrial	-1.50	Info Tech	27.2	Consumer Stap	+9%	Consumer Stap	+6%
10	Consumer Disc	-2.02	Consumer Disc	34.8	Utilities	+1%	Utilities	-1%

Source: Bloomberg, TrendMacro calculations

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

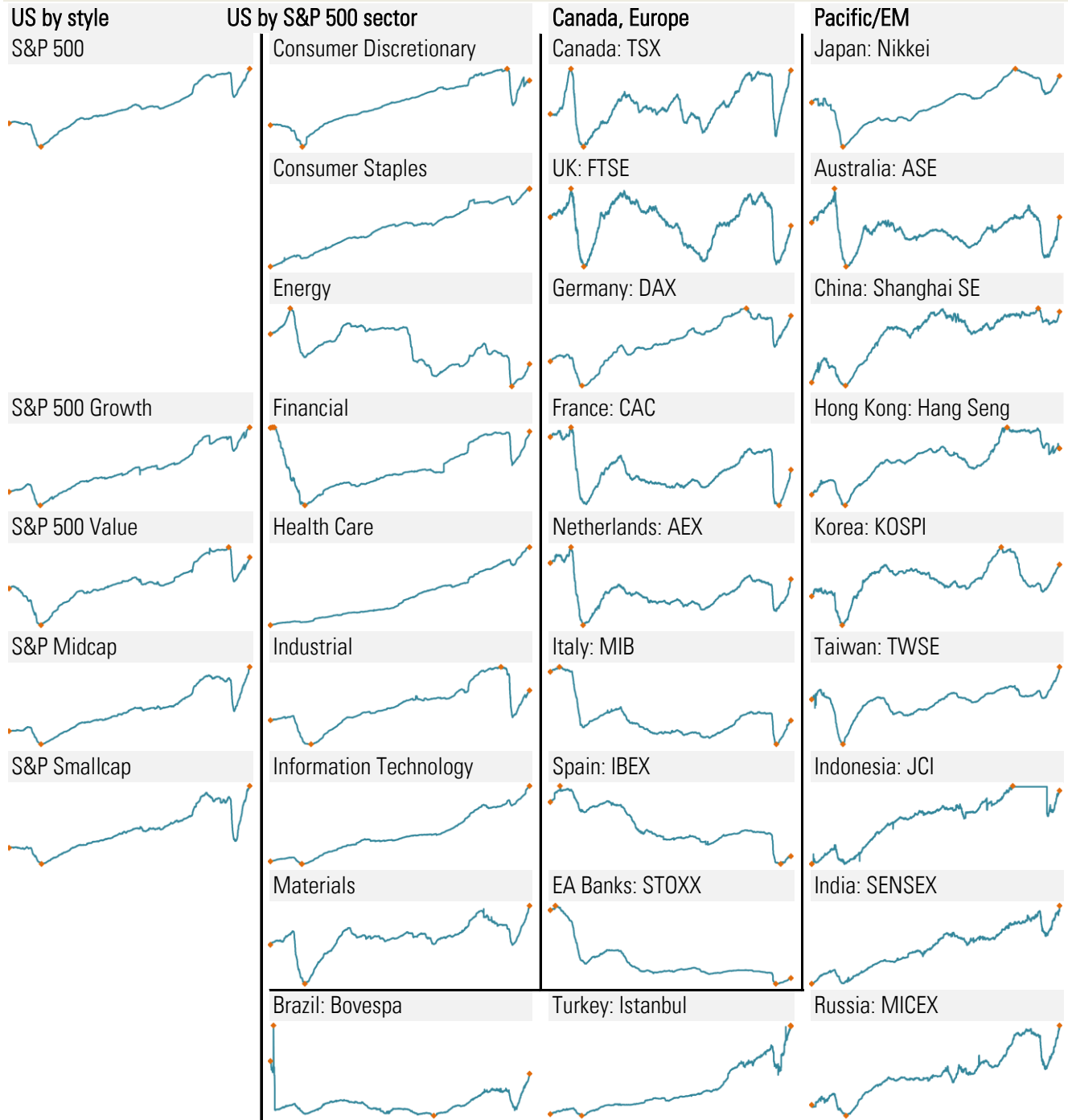
Standard deviations from mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

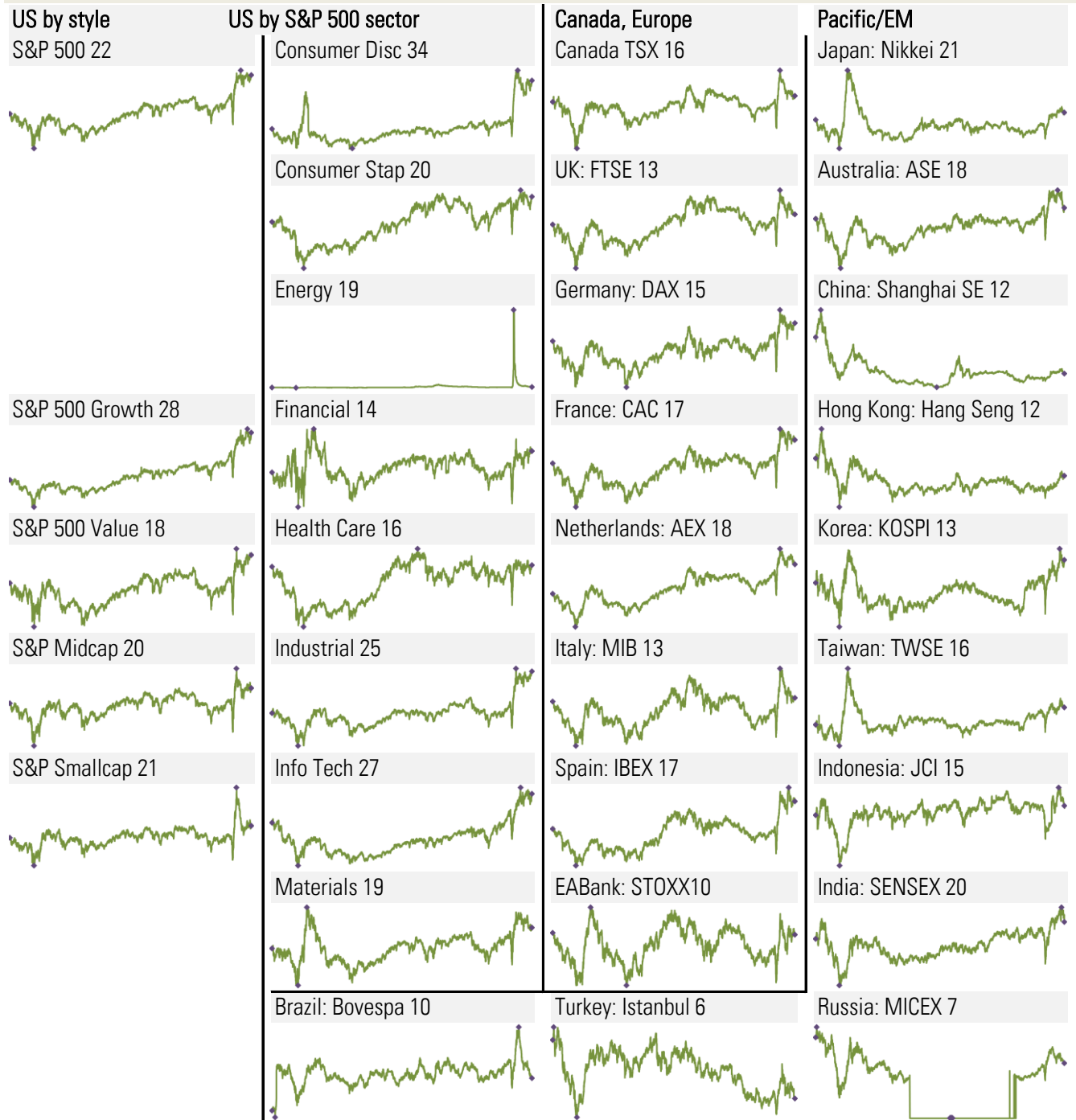
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

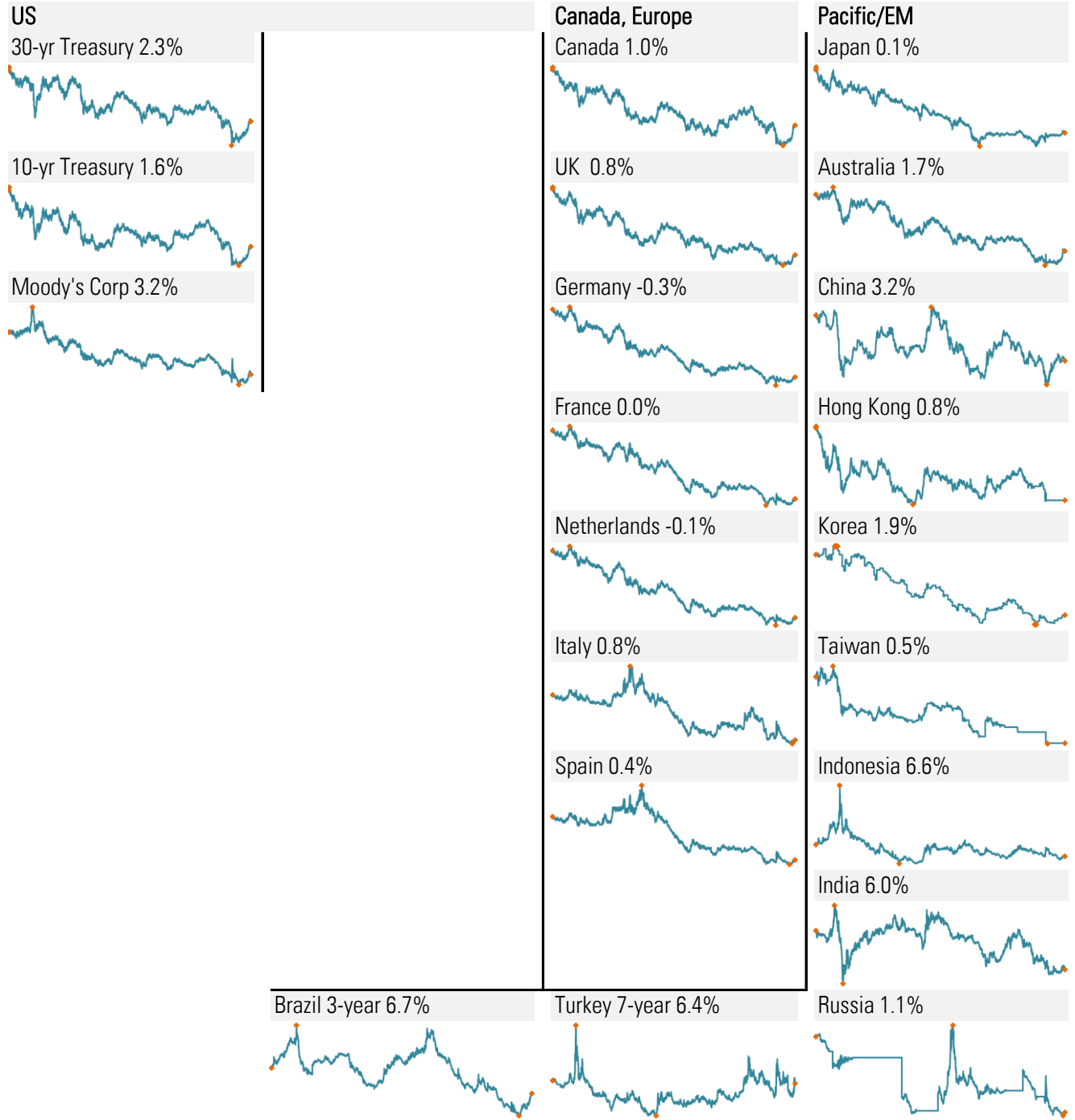
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

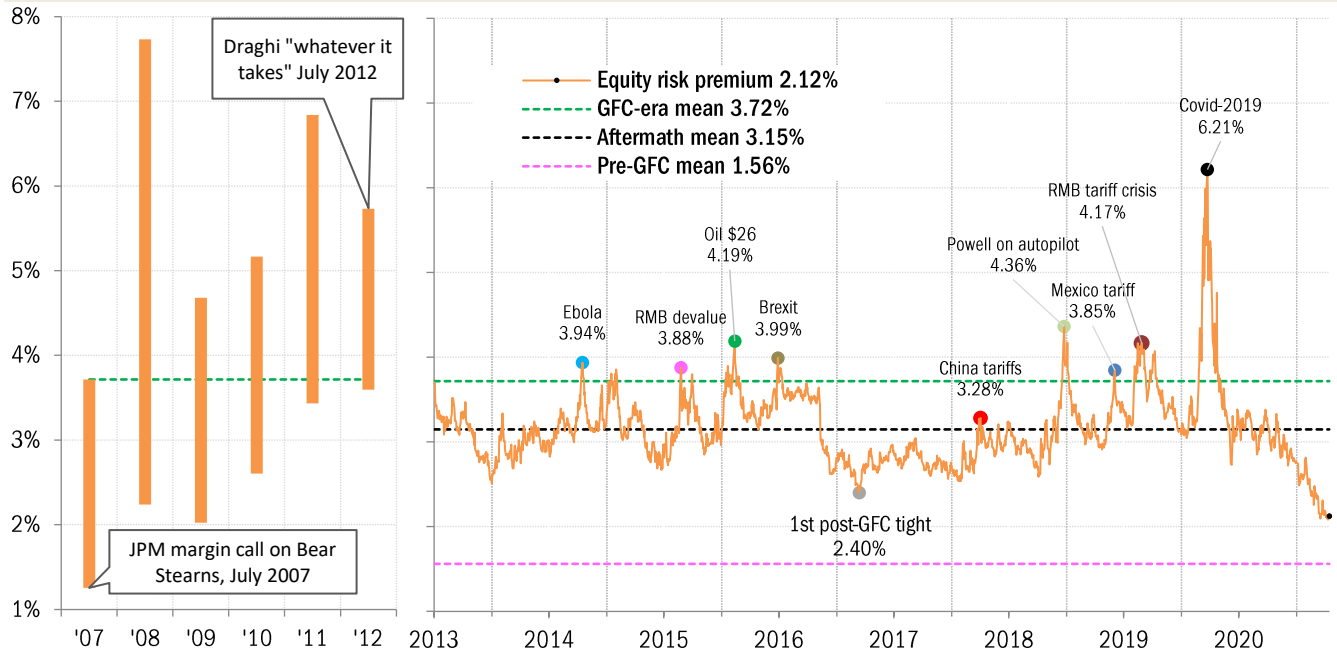
Benchmark bond yields, July 2007 to current

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



Source: Bloomberg, TrendMacro calculations

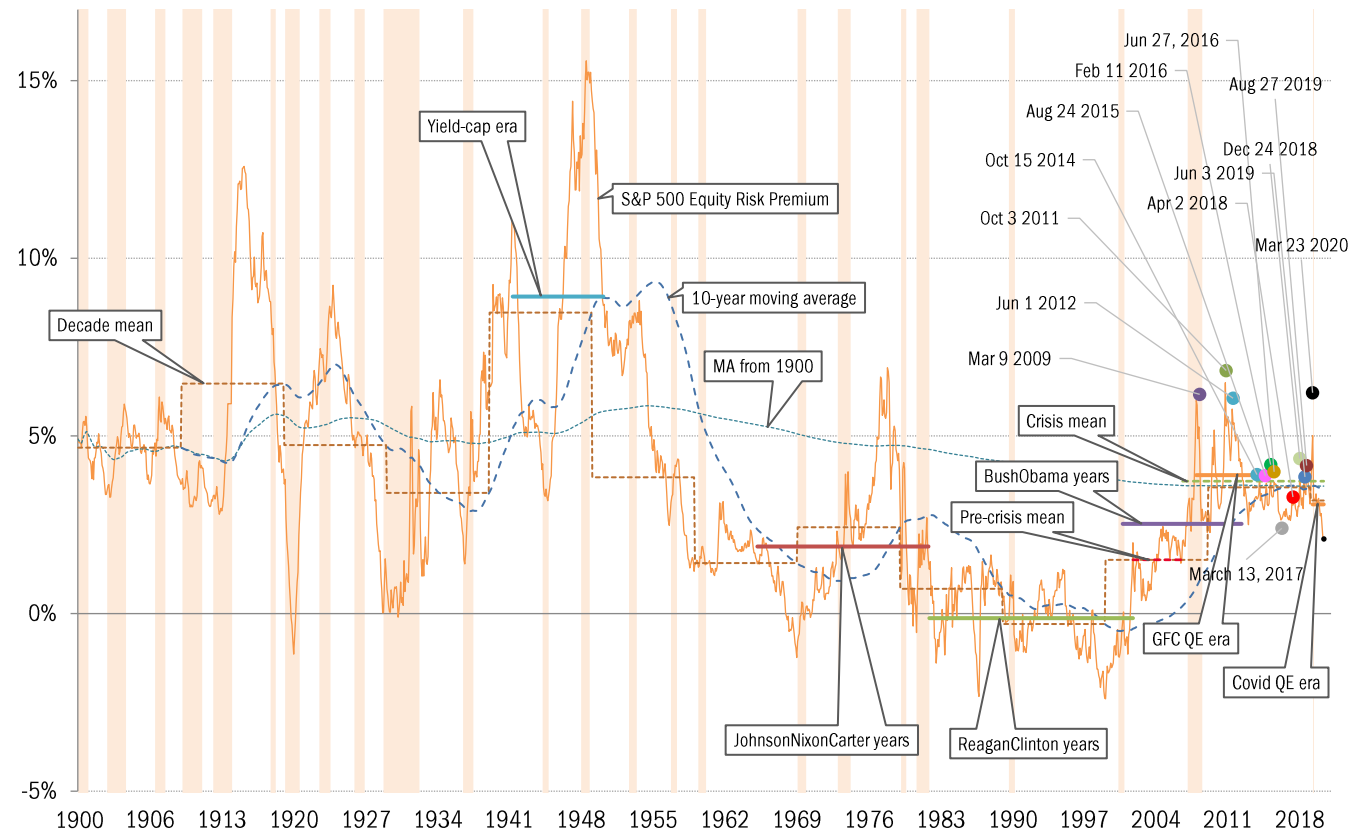
Daily S&P 500 equity risk premium in the era of crises



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

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

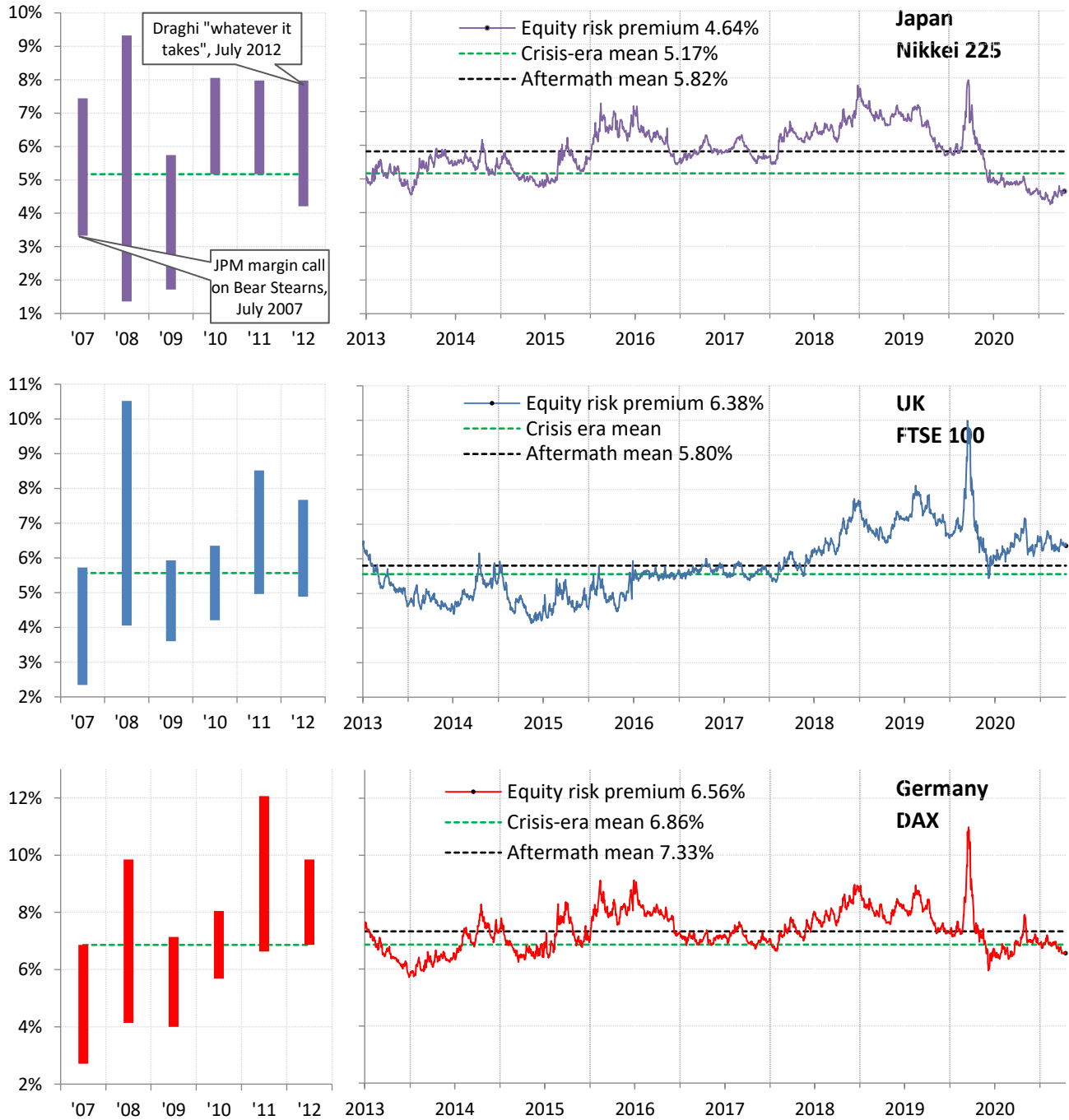


Versus 30-year Treasury

Source: Various, TrendMacro calculations

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

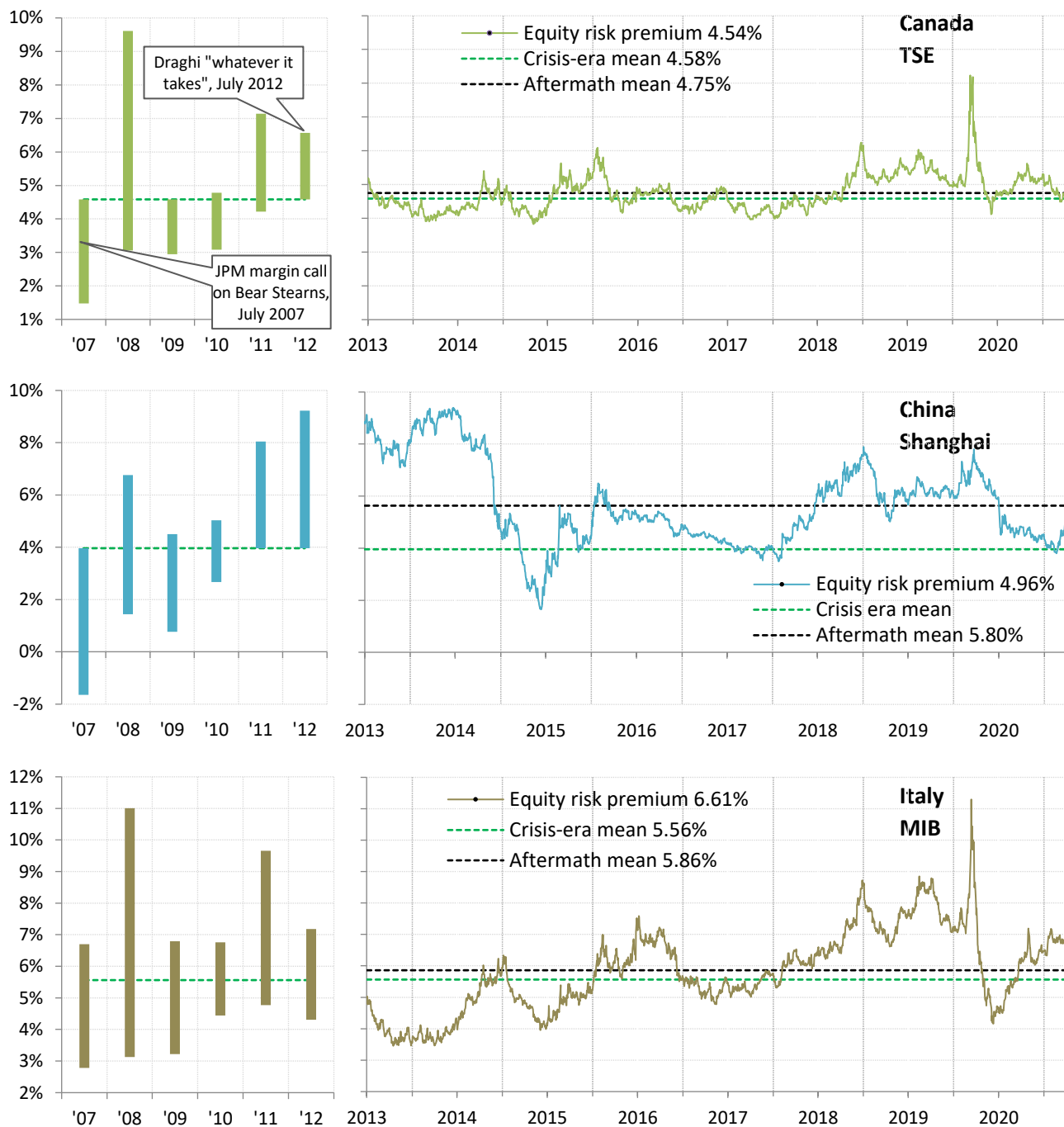
July-to-July range (left panel), daily from July 2013 (right panel)



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