

Data Insights: Global Equity Risk Premia

Monday, August 2, 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	+3.01	Turkey: Istanbul	5.4	Russia: MICEX	+78%	HK: Hang Seng	+49%
2	Brazil: Bovespa	+1.21	Russia: MICEX	6.6	Australia: ASE	+70%	Russia: MICEX	+48%
3	Italy: MIB	+1.13	Brazil: Bovespa	8.7	Spain: IBEX	+67%	Germany: DAX	+33%
4	UK: FTSE	+1.03	Korea: KOSPI	11.3	Taiwan: TWSA	+64%	Indonesia: JCI	+25%
5	Australia: ASE	+0.93	HK: Hang Seng	11.6	Netherlands: AEX	+60%	Netherlands: AEX	+21%
6	Indonesia: JCI	+0.83	China: Shanghai SE	11.6	Brazil: Bovespa	+59%	Australia: ASE	+17%
7	Taiwan: TWSA	+0.59	UK: FTSE	12.5	France: CAC	+55%	India: SENSEX	+16%
8	HK: Hang Seng	+0.50	Italy: MIB	12.7	UK: FTSE	+48%	US: S&P 500	+16%
9	Russia: MICEX	+0.43	Germany: DAX	14.1	Germany: DAX	+48%	China: Shanghai SE	+12%
10	Canada: TSX	+0.42	Taiwan: TWSA	14.4	Japan: Nikkei	+46%	France: CAC	+12%
11	Germany: DAX	+0.42	Spain: IBEX	14.9	Canada: TSX	+44%	Japan: Nikkei	+10%
12	China: Shanghai SE	+0.34	Indonesia: JCI	15.0	Italy: MIB	+40%	Taiwan: TWSA	+8%
13	Spain: IBEX	+0.33	Canada: TSX	15.8	US: S&P 500	+37%	Korea: KOSPI	+8%
14	Japan: Nikkei	+0.18	France: CAC	16.3	Indonesia: JCI	+35%	Canada: TSX	+3%
15	Korea: KOSPI	+0.08	Australia: ASE	16.8	Korea: KOSPI	+25%	UK: FTSE	+2%
16	France: CAC	+0.02	Netherlands: AEX	17.2	India: SENSEX	+21%	Turkey: Istanbul	+2%
17	Netherlands: AEX	-0.19	Japan: Nikkei	17.3	Turkey: Istanbul	+21%	Brazil: Bovespa	+1%
18	India: SENSEX	-0.37	US: S&P 500	21.0	China: Shanghai SE	+12%	Italy: MIB	-1%
19	US: S&P 500	-0.61	India: SENSEX	21.6	HK: Hang Seng	-20%	Spain: IBEX	-3%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+1.61	S&P 500 Value	16.6	S&P Smallcap	+81%	S&P Midcap	+29%
2	S&P Midcap	+0.96	S&P Smallcap	17.1	S&P Midcap	+57%	S&P Smallcap	+23%
3	S&P 500 Value	-0.02	S&P Midcap	17.8	S&P 500 Value	+41%	S&P 500 Growth	+19%
4	S&P 500	-0.61	S&P 500	21.0	S&P 500	+37%	S&P 500	+16%
5	S&P 500 Growth	-1.09	S&P 500 Growth	27.4	S&P 500 Growth	+32%	S&P 500 Value	+15%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Energy	+0.82	Financial	13.7	Energy	+218%	Energy	+29%
2	Financial	+0.53	Energy	14.0	Consumer Disc	+78%	Materials	+24%
3	Materials	+0.51	Materials	17.4	Industrial	+70%	Consumer Disc	+23%
4	Consumer Stap	+0.26	Health Care	17.5	Materials	+65%	Industrial	+22%
5	Health Care	-0.10	Utilities	19.4	Communications	+38%	Info Tech	+19%
6	Utilities	-0.12	Communications	20.6	Info Tech	+32%	Communications	+18%
7	Industrial	-0.61	Consumer Stap	20.8	Financial	+22%	Consumer Stap	+11%
8	Communications	-0.68	Industrial	22.3	Health Care	+14%	Financial	+9%
9	Consumer Disc	-0.90	Info Tech	26.4	Consumer Stap	+13%	Utilities	+7%
10	Info Tech	-1.01	Consumer Disc	29.0	Utilities	+3%	Health Care	+5%

Source: Bloomberg, TrendMacro calculations

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

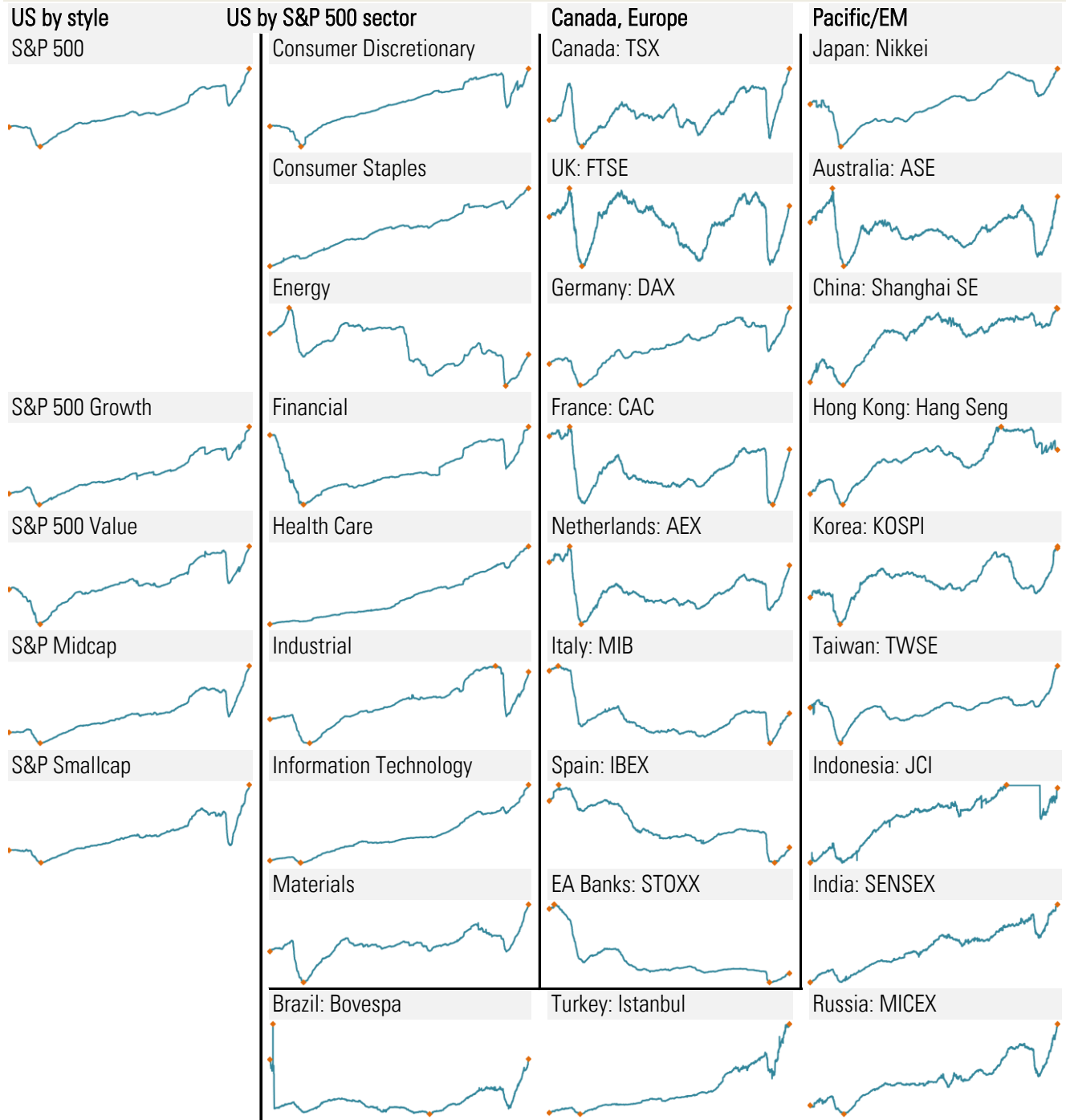
Standard deviations from mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

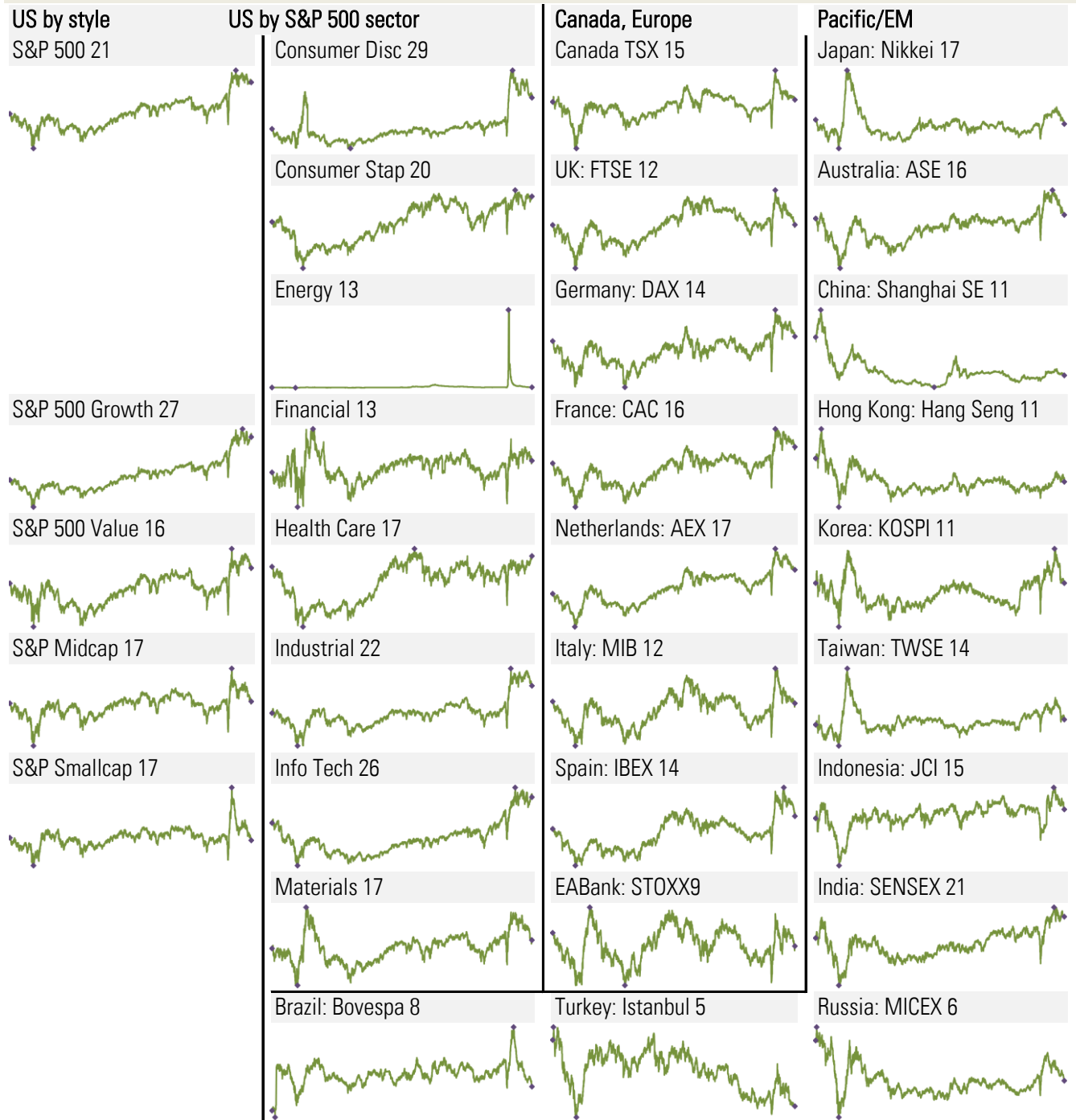
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

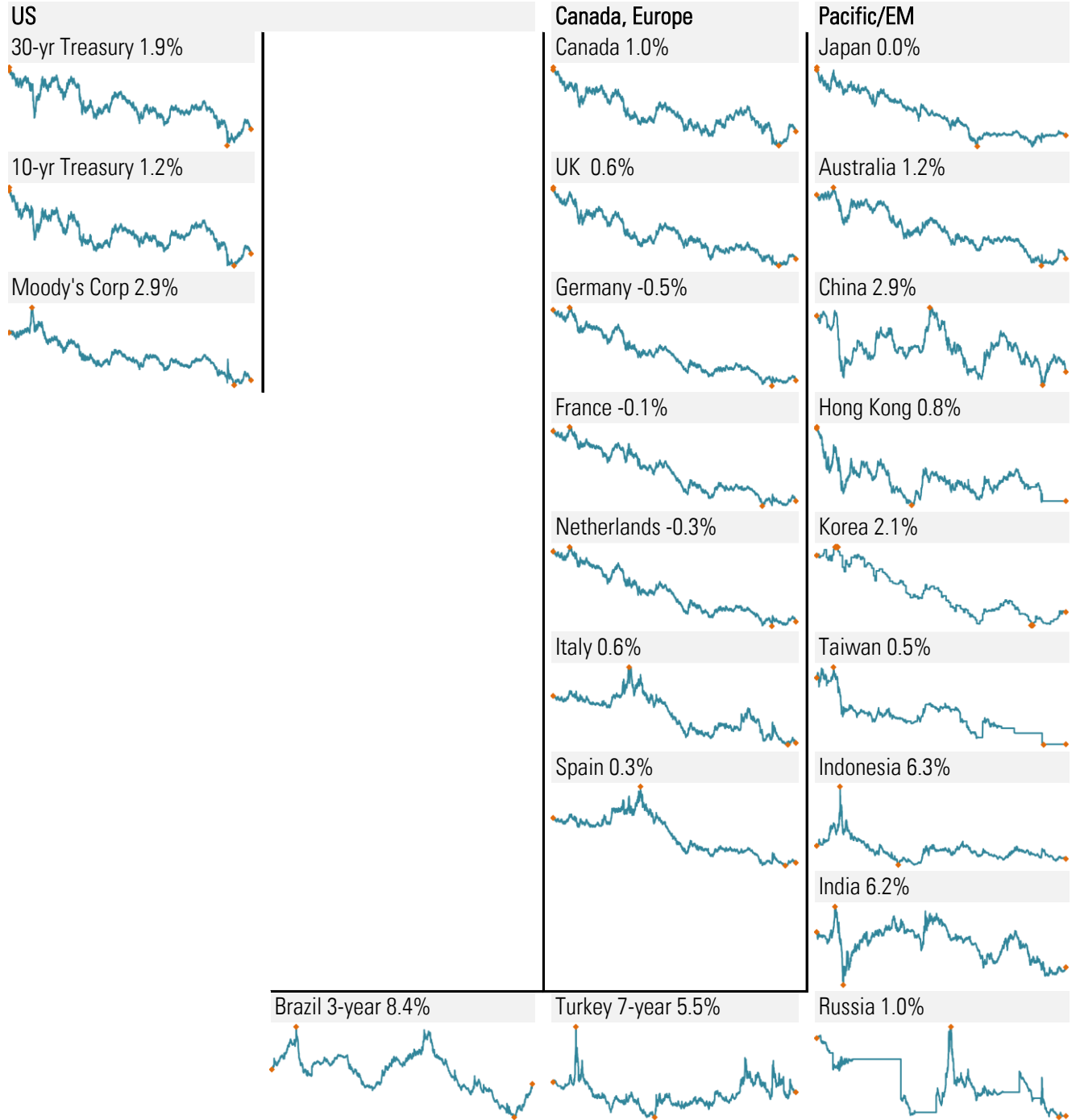
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

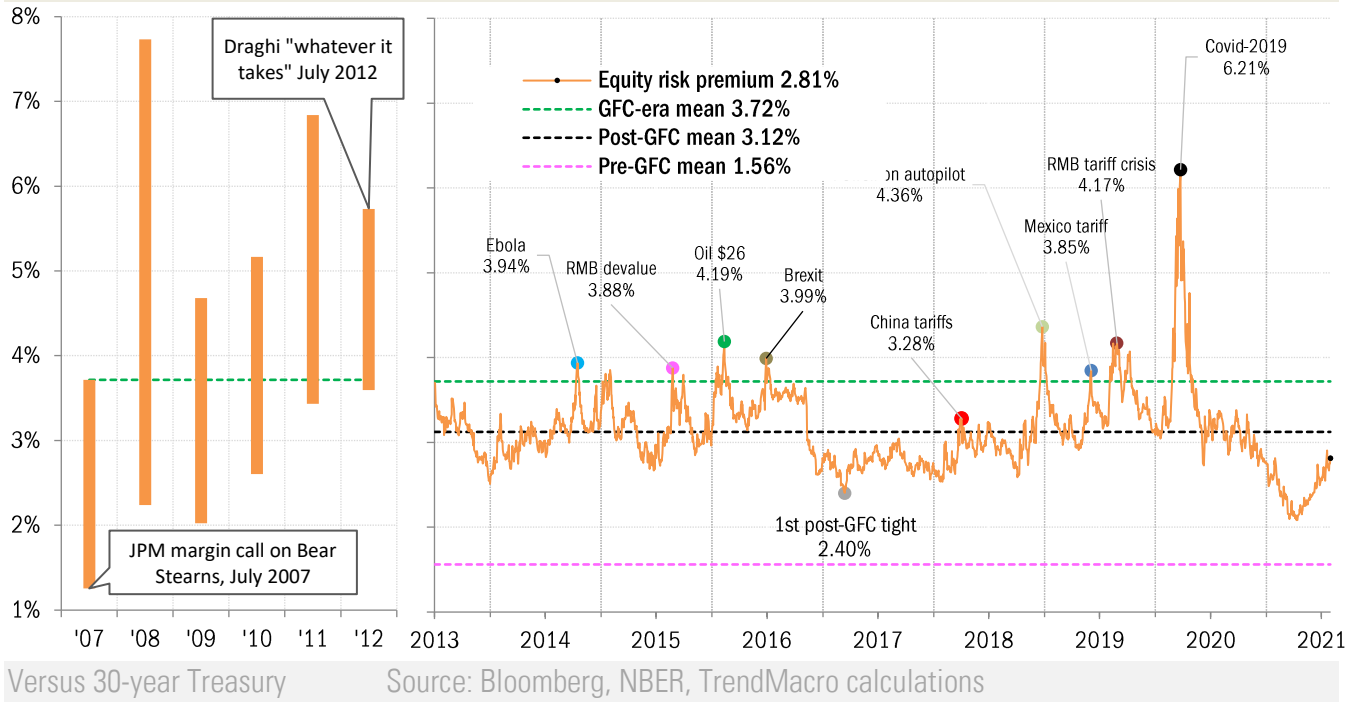
Benchmark bond yields, July 2007 to current

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

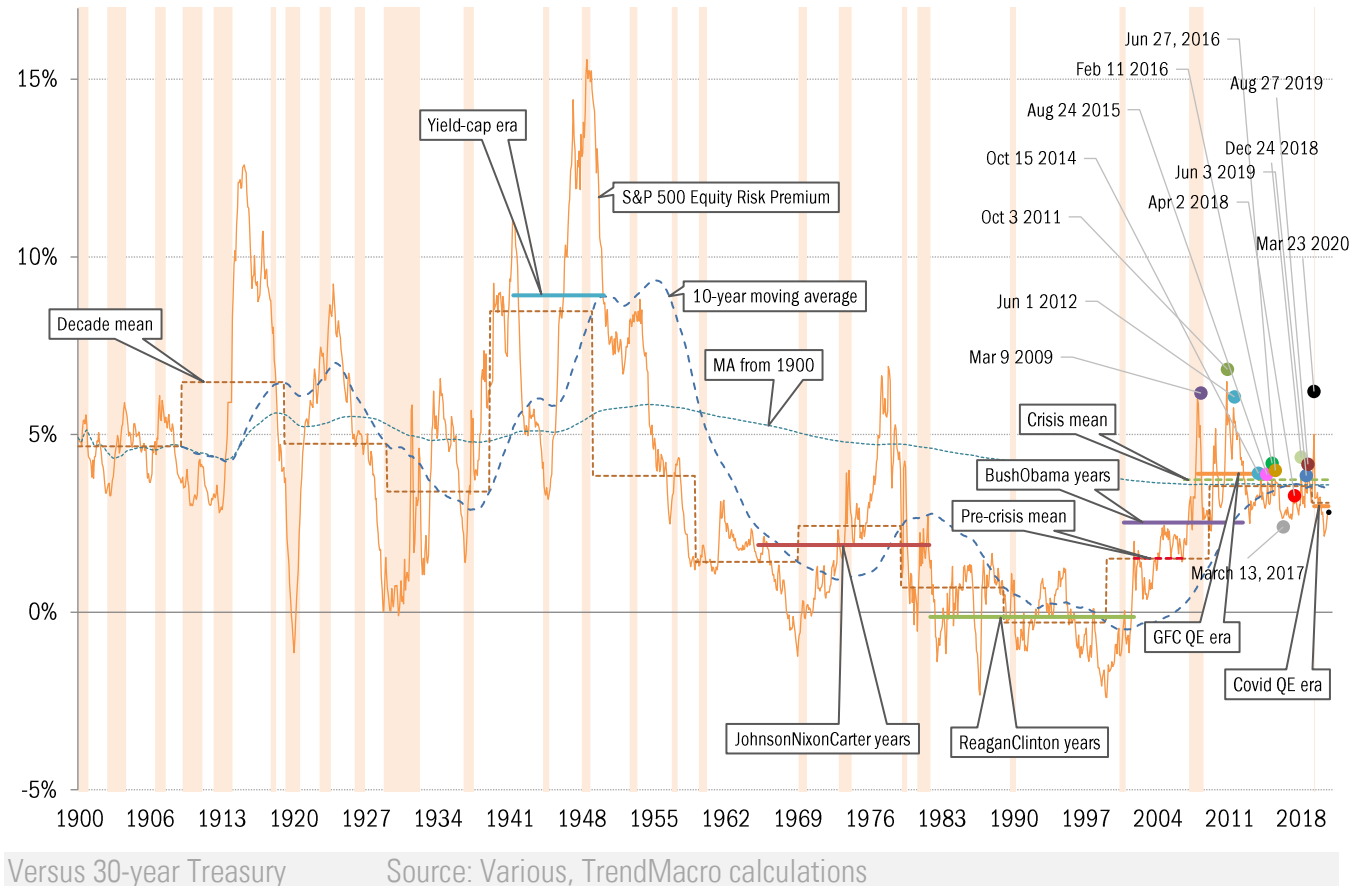


Source: Bloomberg, TrendMacro calculations

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

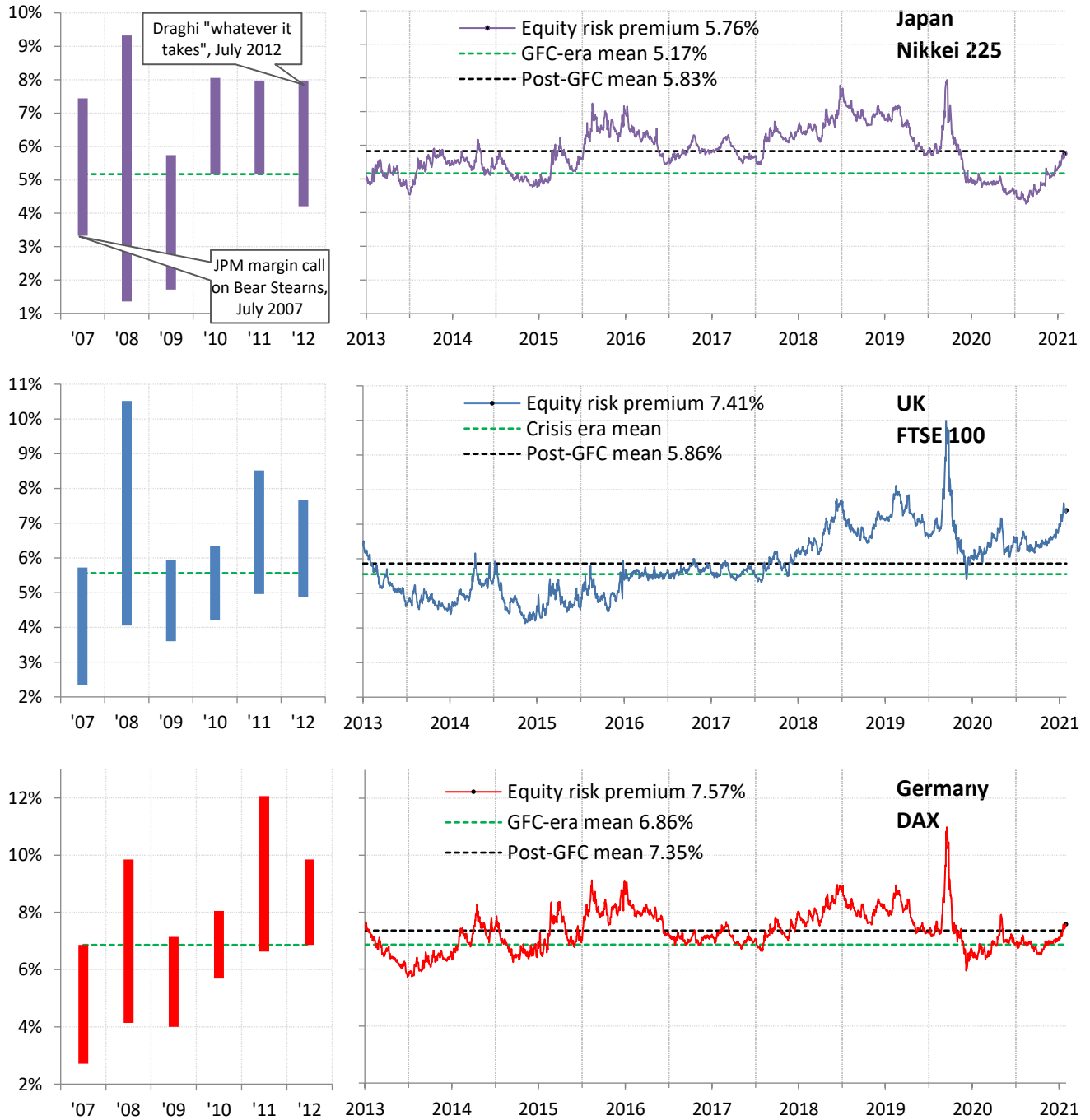


A century-plus of the monthly S&P 500 equity risk premium



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

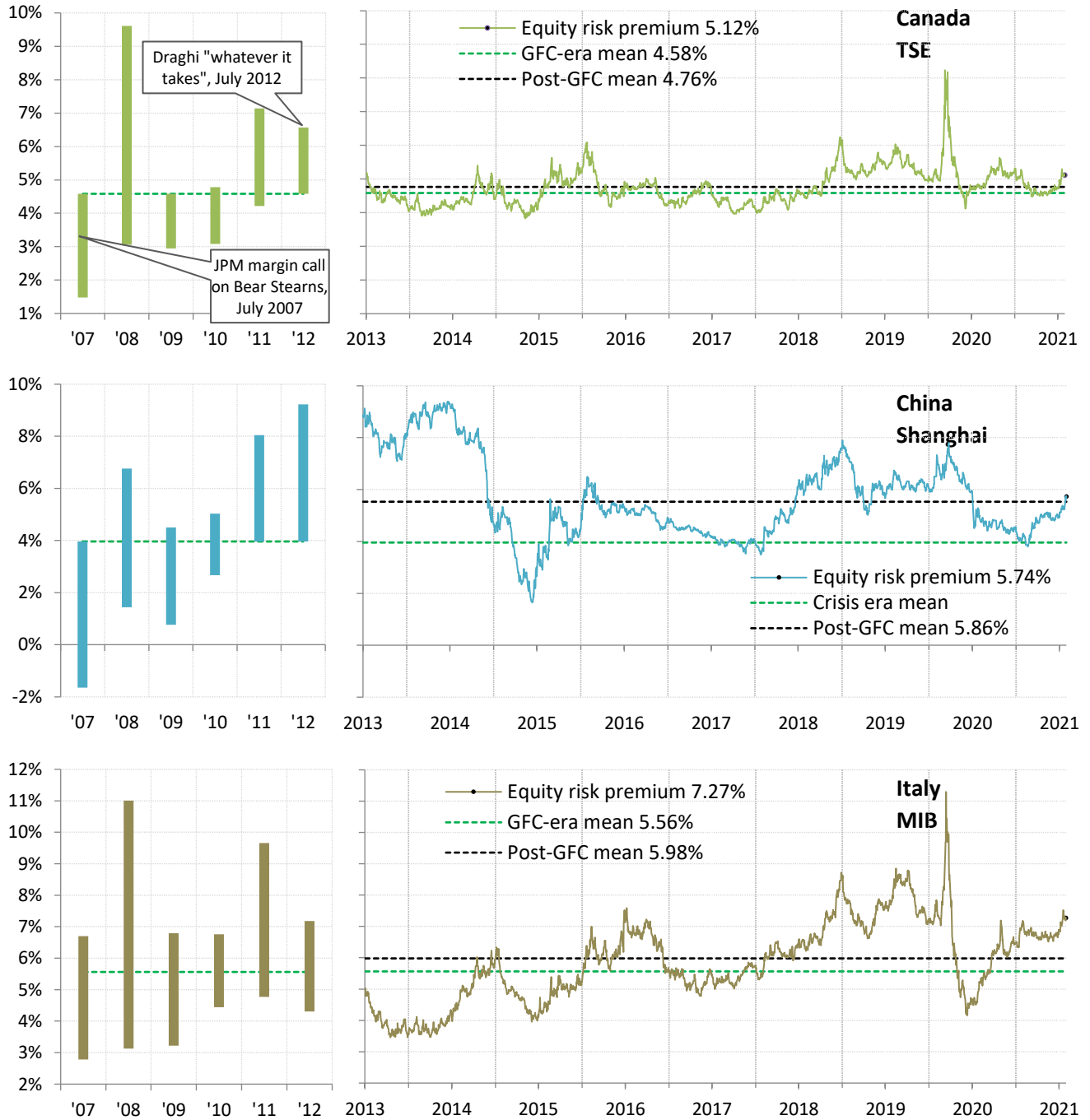
July-to-July range (left panel), daily from July 2013 (right panel)



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