

## Data Insights: Global Equity Risk Premia

Monday, February 7, 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.

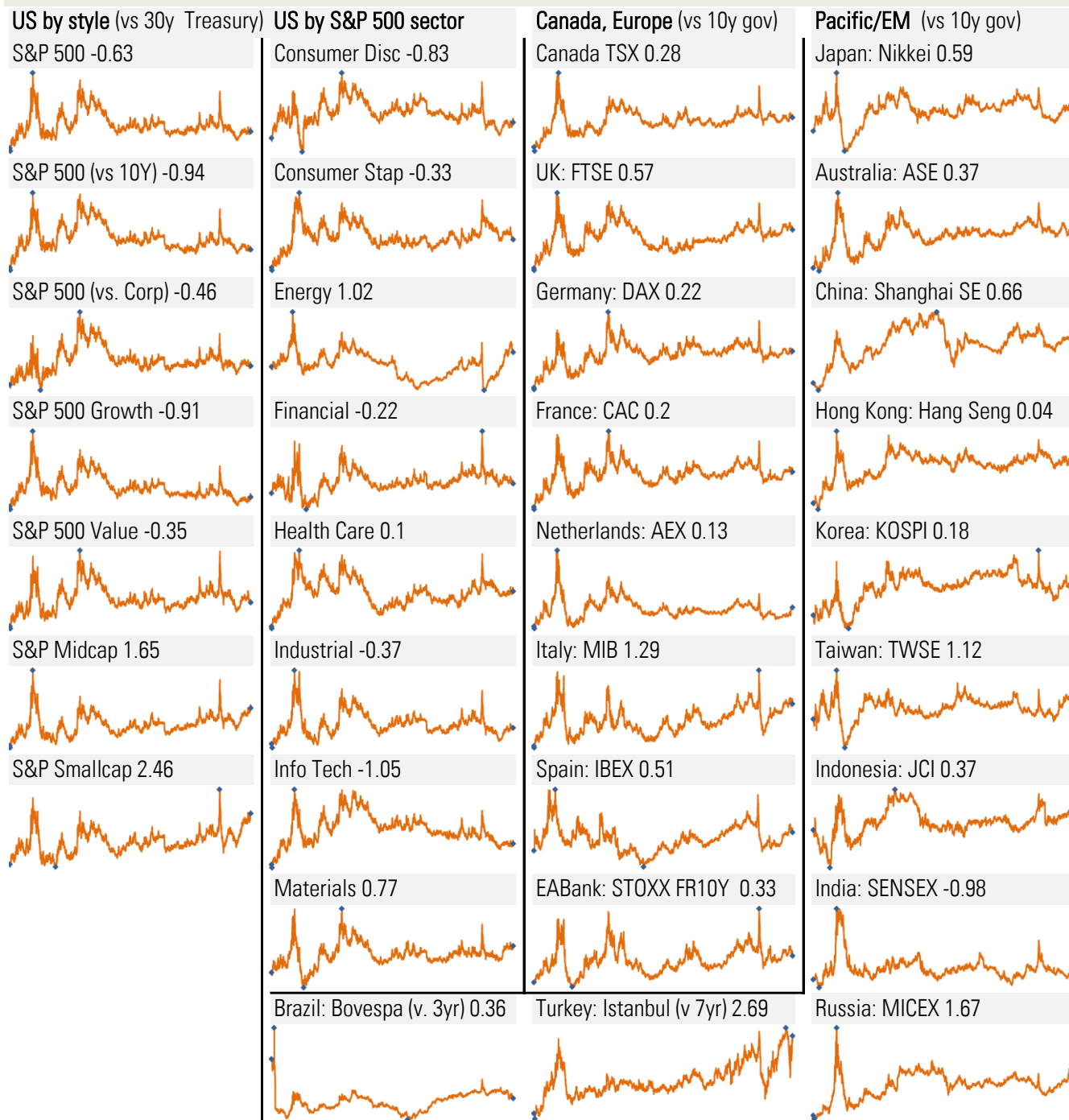
### Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

Rank	Equity risk premium By SD from 2007-> mean		Forward PE ratio		Fwd earnings upgrade rate Trailing 90 days, AR		Fwd sales upgrade rate Trailing 90 days, AR	
	By country		By country		By country		By country	
1	Turkey: Istanbul	+2.69	Turkey: Istanbul	4.7	Turkey: Istanbul	+257%	China: Shanghai SE	+559%
2	Russia: MICEX	+1.67	Russia: MICEX	4.9	Netherlands: AEX	+115%	Netherlands: AEX	+230%
3	Italy: MIB	+1.30	Brazil: Bovespa	8.4	Russia: MICEX	+47%	Turkey: Istanbul	+196%
4	Taiwan: TWSA	+1.13	Korea: KOSPI	10.5	Australia: ASE	+32%	HK: Hang Seng	+36%
5	China: Shanghai SE	+0.66	Italy: MIB	10.7	Canada: TSX	+31%	Russia: MICEX	+35%
6	Japan: Nikkei	+0.59	China: Shanghai SE	10.8	Italy: MIB	+30%	UK: FTSE	+26%
7	UK: FTSE	+0.58	HK: Hang Seng	11.4	UK: FTSE	+26%	France: CAC	+26%
8	Spain: IBEX	+0.52	UK: FTSE	12.1	France: CAC	+25%	India: SENSEX	+20%
9	Indonesia: JCI	+0.38	Spain: IBEX	12.8	Taiwan: TWSA	+24%	Australia: ASE	+17%
10	Australia: ASE	+0.37	Germany: DAX	13.3	Germany: DAX	+19%	Italy: MIB	+15%
11	Brazil: Bovespa	+0.37	Taiwan: TWSA	13.5	US: S&P 500	+17%	Indonesia: JCI	+13%
12	Canada: TSX	+0.28	France: CAC	14.1	India: SENSEX	+15%	US: S&P 500	+12%
13	Germany: DAX	+0.23	Netherlands: AEX	14.4	Japan: Nikkei	+12%	Spain: IBEX	+12%
14	France: CAC	+0.20	Canada: TSX	14.6	Spain: IBEX	+11%	Japan: Nikkei	+12%
15	Korea: KOSPI	+0.19	Japan: Nikkei	15.5	Indonesia: JCI	+5%	Brazil: Bovespa	+9%
16	Netherlands: AEX	+0.13	Indonesia: JCI	16.1	China: Shanghai SE	+2%	Taiwan: TWSA	+7%
17	HK: Hang Seng	+0.04	Australia: ASE	16.7	Brazil: Bovespa	+2%	Germany: DAX	+6%
18	US: S&P 500	-0.63	US: S&P 500	19.9	HK: Hang Seng	-6%	Canada: TSX	+2%
19	India: SENSEX	-0.98	India: SENSEX	21.9	Korea: KOSPI	-15%	Korea: KOSPI	-6%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+2.46	S&P Smallcap	14.0	S&P 500 Growth	+39%	S&P Midcap	+22%
2	S&P Midcap	+1.66	S&P Midcap	15.0	S&P Midcap	+28%	S&P 500	+12%
3	S&P 500 Value	-0.36	S&P 500 Value	16.6	S&P Smallcap	+18%	S&P 500 Growth	+4%
4	S&P 500	-0.63	S&P 500	19.9	S&P 500	+17%	S&P 500 Value	+2%
5	S&P 500 Growth	-0.91	S&P 500 Growth	24.5	S&P 500 Value	-6%	S&P Smallcap	-1%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Energy	+1.02	Energy	12.4	Energy	+75%	Energy	+43%
2	Materials	+0.78	Financial	15.0	Consumer Disc	+32%	Info Tech	+15%
3	Health Care	+0.10	Materials	15.6	Info Tech	+28%	Industrial	+14%
4	Financial	-0.22	Health Care	16.0	Health Care	+25%	Materials	+13%
5	Consumer Stap	-0.34	Communications	18.1	Industrial	+16%	Consumer Disc	+13%
6	Industrial	-0.37	Utilities	19.7	Consumer Stap	+8%	Health Care	+11%
7	Communications	-0.38	Industrial	19.7	Materials	+7%	Consumer Stap	+10%
8	Utilities	-0.55	Consumer Stap	21.4	Utilities	+6%	Financial	+8%
9	Consumer Disc	-0.84	Info Tech	25.1	Financial	-1%	Communications	+7%
10	Info Tech	-1.06	Consumer Disc	26.4	Communications	-4%	Utilities	-2%

Source: Bloomberg, TrendMacro calculations

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

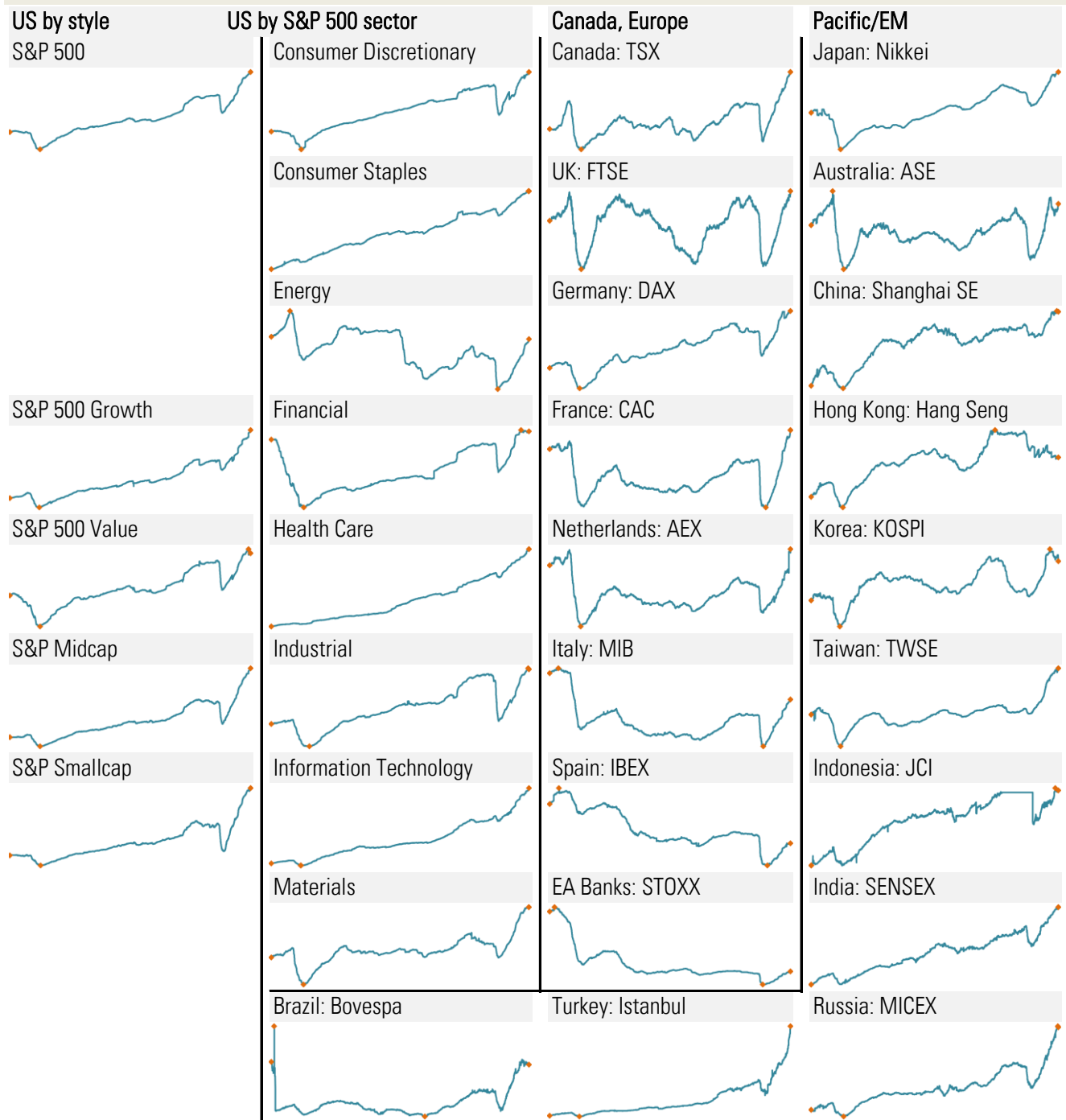
Standard deviations from mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

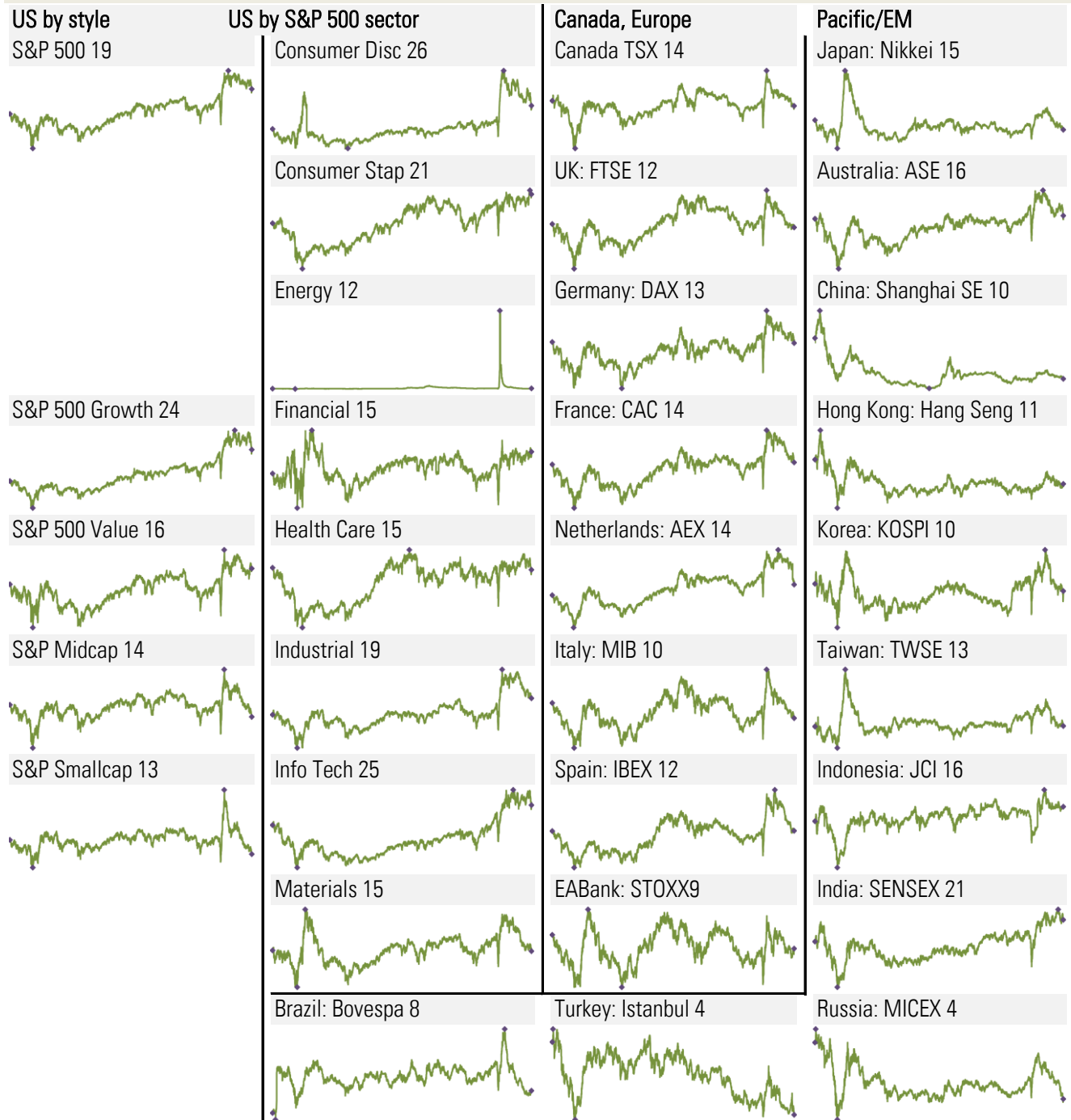
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

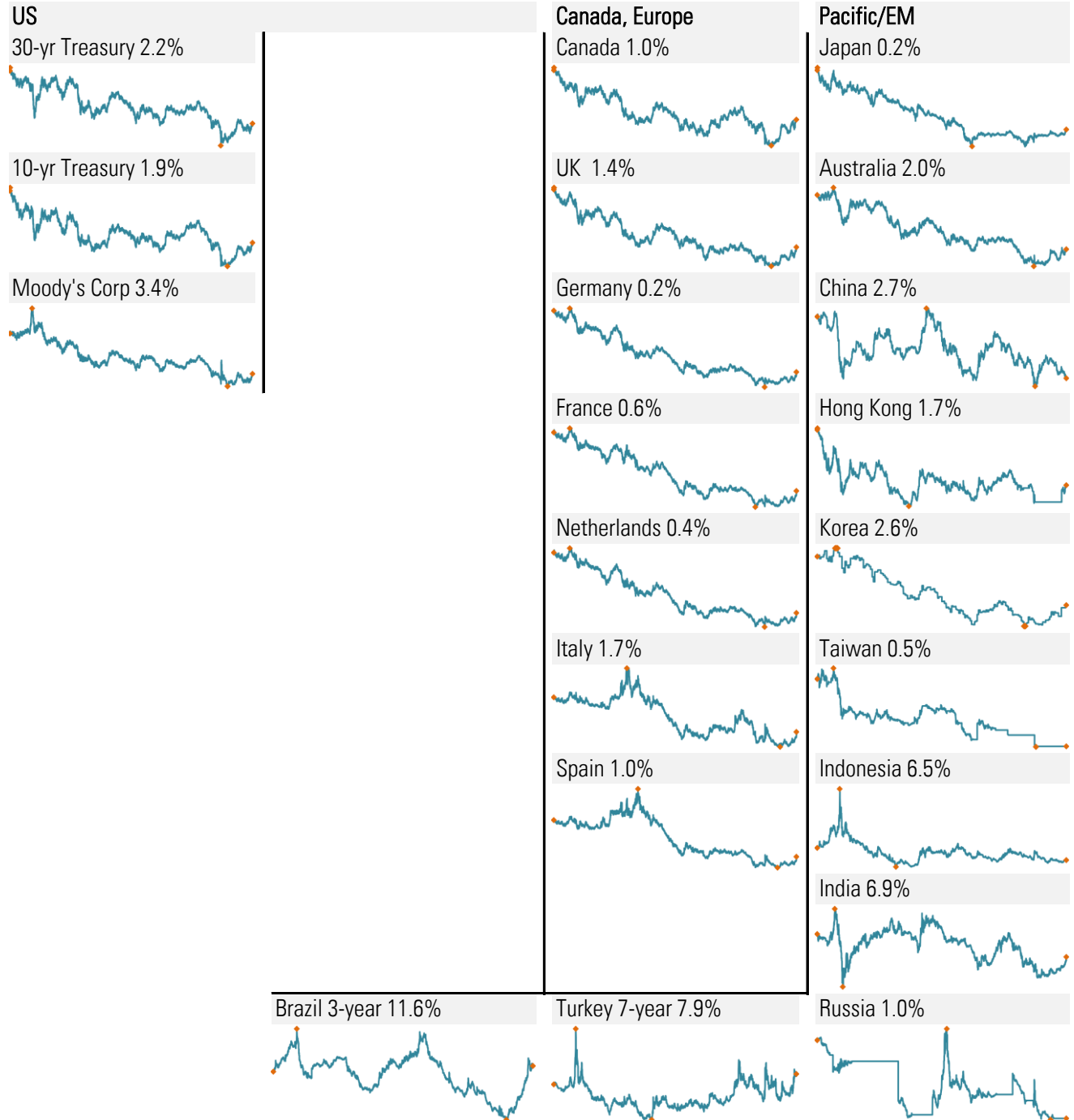
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

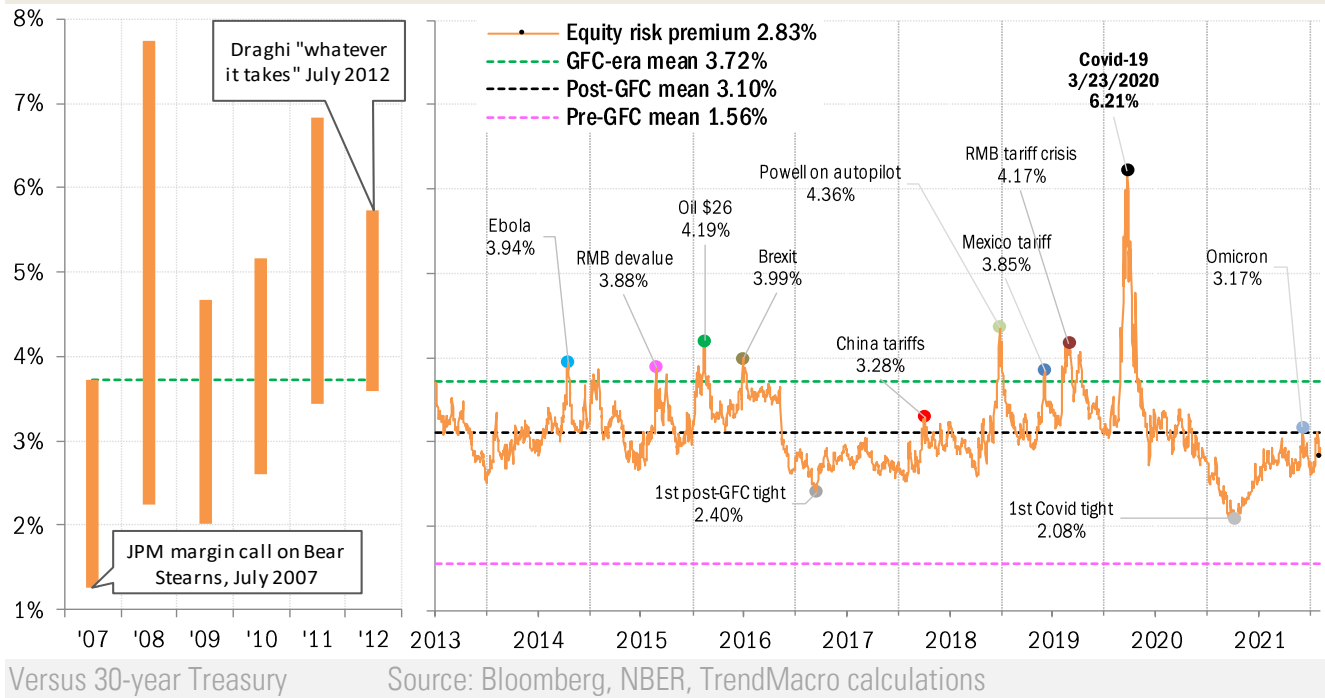
## Benchmark bond yields, July 2007 to current

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

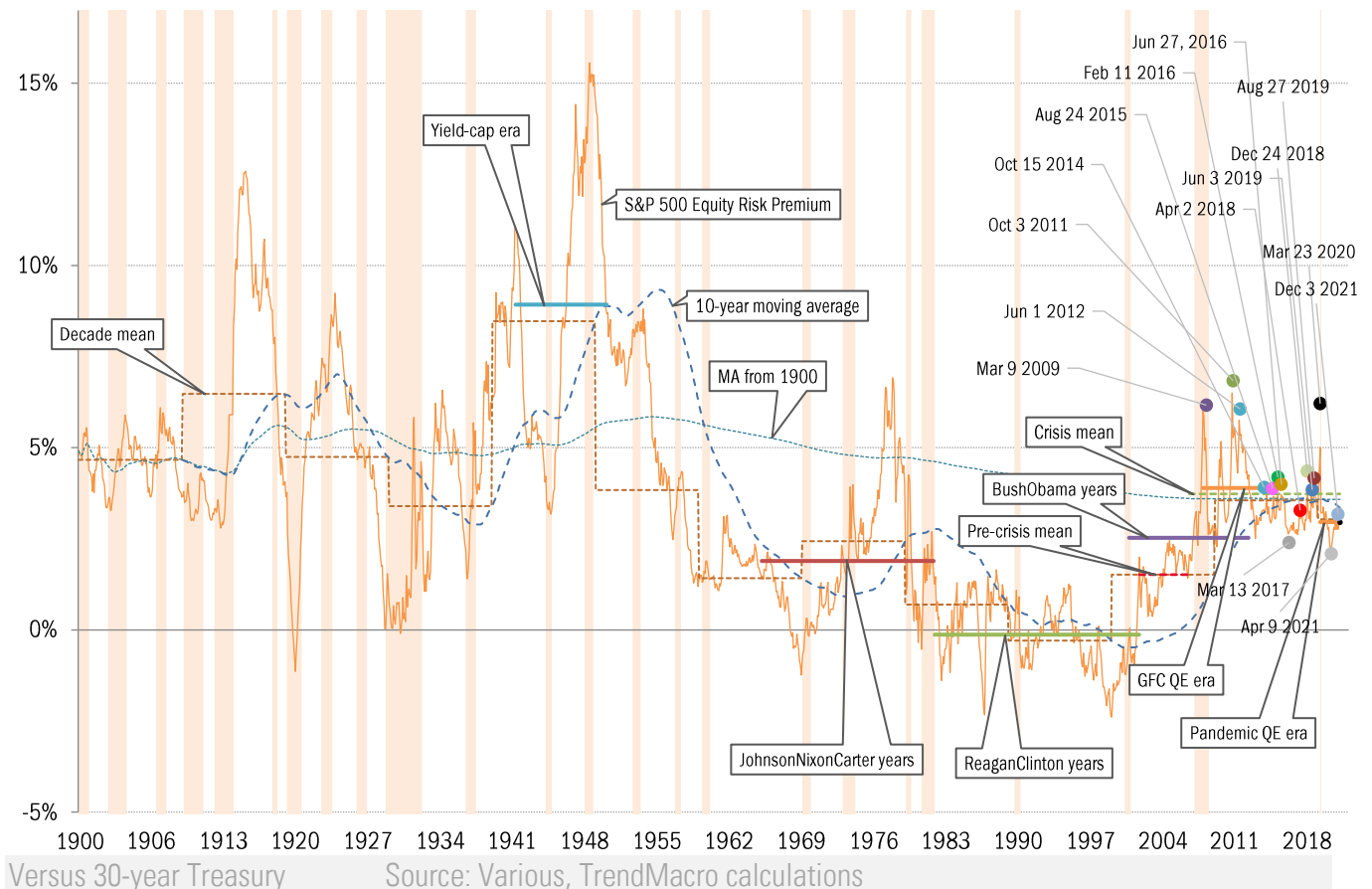


Source: Bloomberg, TrendMacro calculations

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

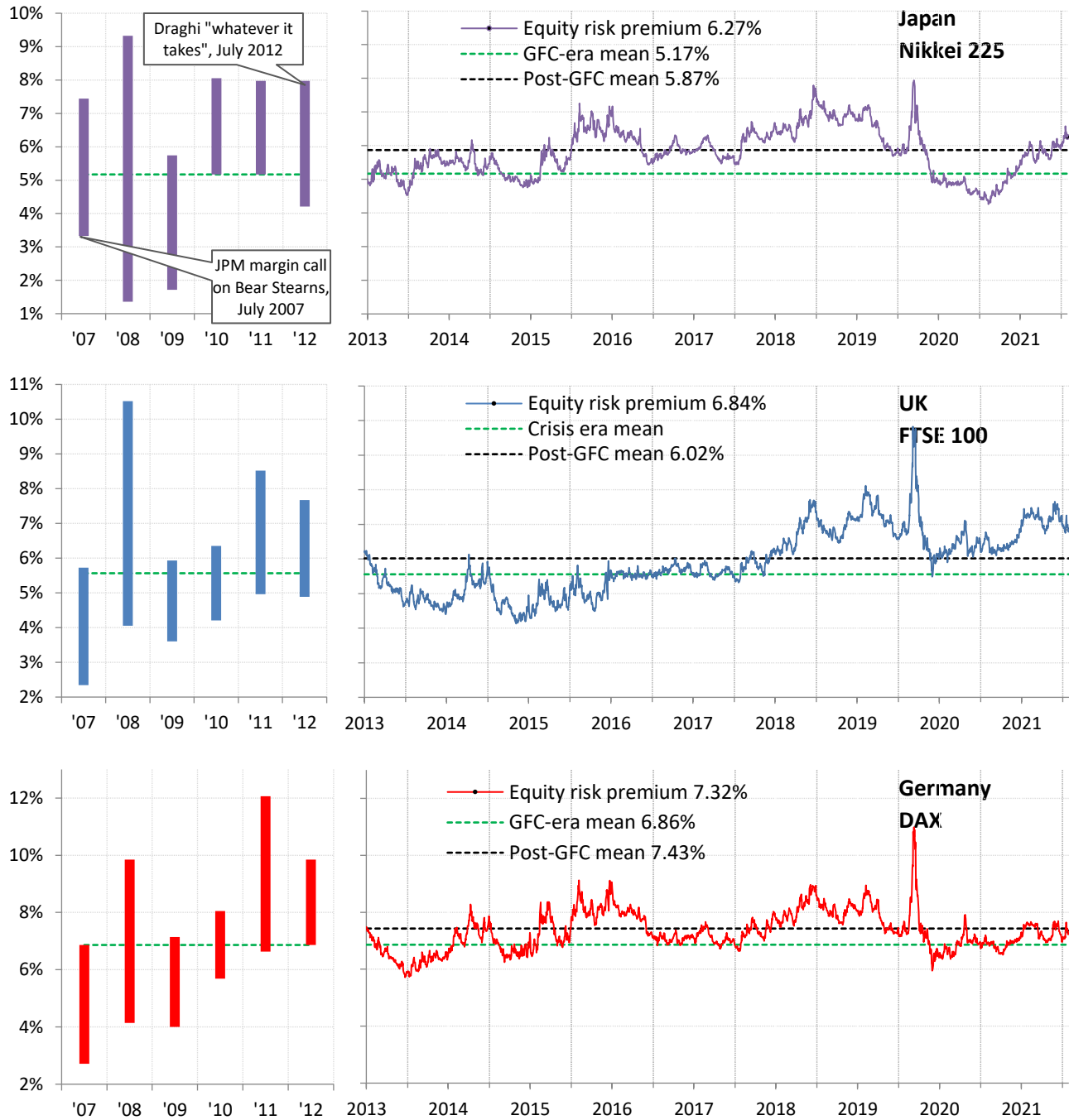


## A century-plus of the monthly S&P 500 equity risk premium



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

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

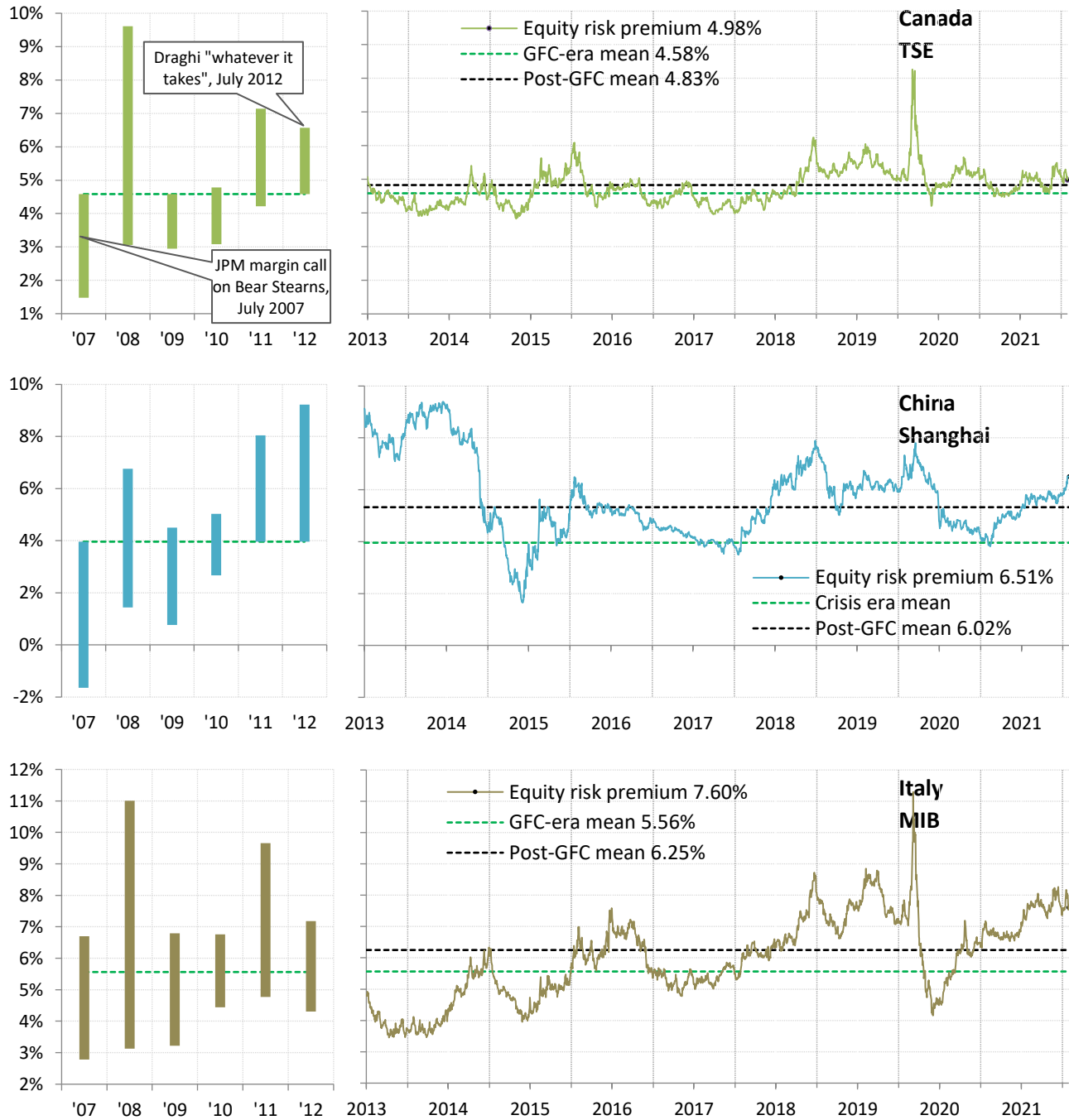


Source: Bloomberg, TrendMacro calculations



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