

## Data Insights: Global Equity Risk Premia

Monday, March 7, 2022

**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.

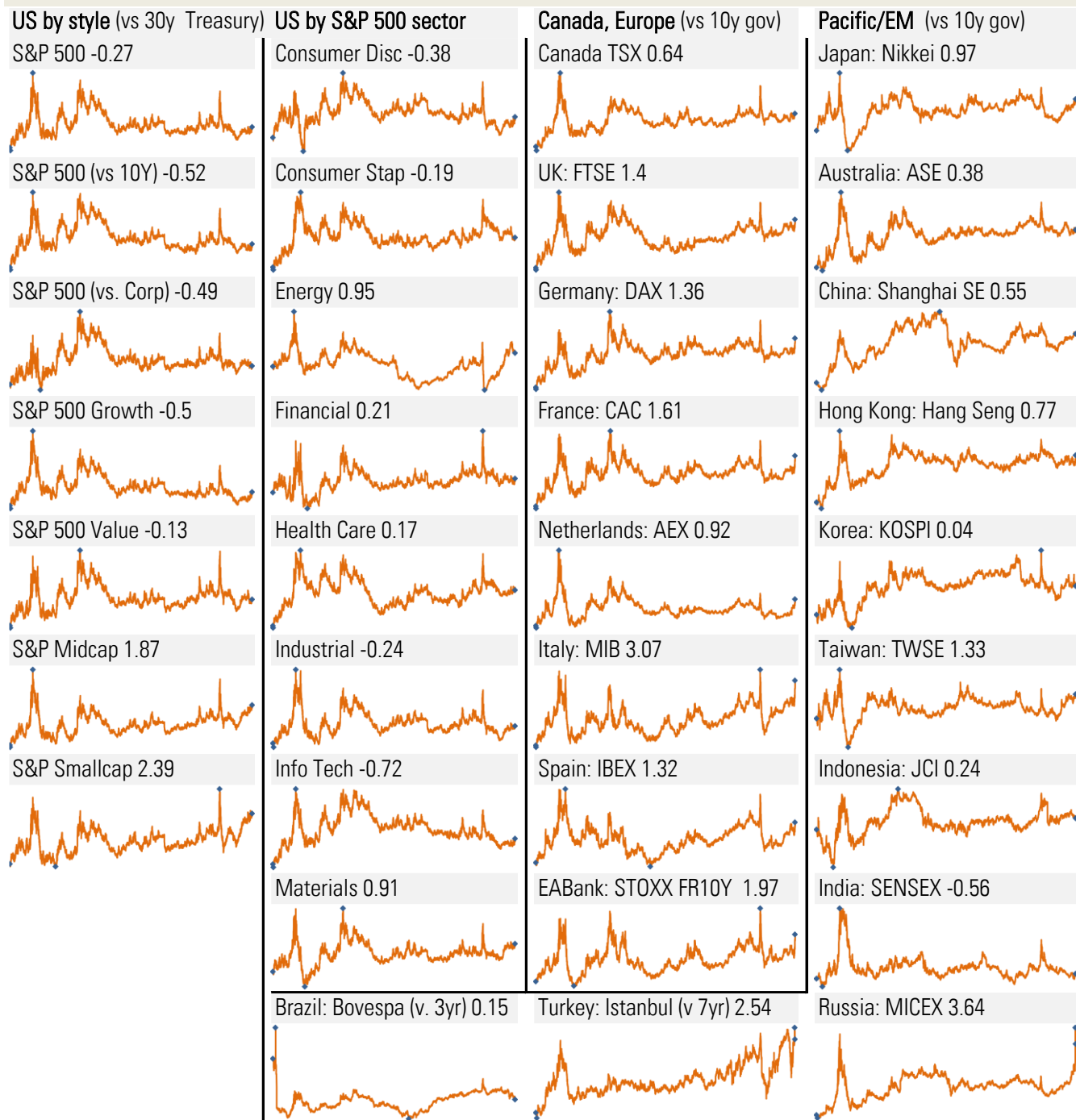
### Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

| Rank | Equity risk premium<br>By SD from 2007-> mean |       | Forward PE ratio   |      | Fwd earnings upgrade rate<br>Trailing 90 days, AR |       | Fwd sales upgrade rate<br>Trailing 90 days, AR |       |
|------|---|-------|--------------------|------|---|-------|--|-------|
|      | By country                                    |       | By country         |      | By country  |       | By country                                     |       |
| 1    | Russia: MICEX                                 | +3.64 | Russia: MICEX      | 3.5  | Turkey: Istanbul                                  | +240% | China: Shanghai SE                             | +549% |
| 2    | Italy: MIB                                    | +3.07 | Turkey: Istanbul   | 4.6  | Netherlands: AEX                                  | +114% | Netherlands: AEX                               | +206% |
| 3    | Turkey: Istanbul                              | +2.54 | Brazil: Bovespa    | 8.1  | Russia: MICEX                                     | +76%  | Turkey: Istanbul                               | +158% |
| 4    | France: CAC                                   | +1.61 | Italy: MIB         | 8.6  | Italy: MIB  | +48%  | Russia: MICEX                                  | +65%  |
| 5    | UK: FTSE                                      | +1.40 | HK: Hang Seng      | 10.0 | France: CAC                                       | +47%  | HK: Hang Seng                                  | +48%  |
| 6    | Germany: DAX                                  | +1.36 | Korea: KOSPI       | 10.6 | Canada:TSX  | +33%  | France: CAC                                    | +40%  |
| 7    | Taiwan:TWSA                                   | +1.33 | UK: FTSE           | 10.9 | Australia: ASE                                    | +30%  | Canada:TSX                                     | +33%  |
| 8    | Spain: IBEX                                   | +1.33 | China: Shanghai SE | 11.0 | UK: FTSE  | +30%  | Italy: MIB                                     | +20%  |
| 9    | Japan: Nikkei                                 | +0.98 | Spain: IBEX        | 11.3 | Japan: Nikkei                                     | +20%  | UK: FTSE                                       | +18%  |
| 10   | Netherlands: AEX                              | +0.92 | Germany: DAX       | 11.4 | US: S&P 500                                       | +17%  | Spain: IBEX                                    | +17%  |
| 11   | HK: Hang Seng                                 | +0.77 | France: CAC        | 11.7 | Taiwan:TWSA                                       | +16%  | India: SENSEX                                  | +15%  |
| 12   | Canada:TSX                                    | +0.65 | Netherlands: AEX   | 12.6 | Indonesia:JCI                                     | +15%  | Taiwan:TWSA                                    | +15%  |
| 13   | China: Shanghai SE                            | +0.55 | Taiwan:TWSA        | 13.1 | Germany: DAX                                      | +15%  | US: S&P 500                                    | +14%  |
| 14   | Australia: ASE                                | +0.39 | Canada:TSX         | 14.2 | India: SENSEX                                     | +13%  | Japan: Nikkei                                  | +13%  |
| 15   | Indonesia:JCI                                 | +0.25 | Japan: Nikkei      | 14.5 | Spain: IBEX                                       | +12%  | Indonesia:JCI                                  | +12%  |
| 16   | Brazil: Bovespa                               | +0.15 | Indonesia:JCI      | 15.9 | Brazil: Bovespa                                   | +10%  | Australia: ASE                                 | +9%   |
| 17   | Korea: KOSPI                                  | +0.04 | Australia: ASE     | 16.2 | China: Shanghai SE                                | +8%   | Germany: DAX                                   | +6%   |
| 18   | US: S&P 500                                   | -0.28 | US: S&P 500        | 18.8 | HK: Hang Seng                                     | -3%   | Brazil: Bovespa                                | -2%   |
| 19   | India: SENSEX                                 | -0.56 | India: SENSEX      | 20.0 | Korea: KOSPI                                      | -20%  | Korea: KOSPI                                   | -6%   |
|      | US, by style                                  |       | US, by style       |      | US, by style                                      |       | US, by style                                   |       |
| 1    | S&P Smallcap                                  | +2.39 | S&P Smallcap       | 14.2 | S&P 500 Growth                                    | +43%  | S&P Midcap                                     | +29%  |
| 2    | S&P Midcap                                    | +1.88 | S&P Midcap         | 14.6 | S&P Midcap  | +39%  | S&P Smallcap                                   | +16%  |
| 3    | S&P 500 Value                                 | -0.13 | S&P 500 Value      | 16.2 | S&P 500   | +17%  | S&P 500  | +14%  |
| 4    | S&P 500                                       | -0.28 | S&P 500            | 18.8 | S&P Smallcap                                      | +10%  | S&P 500 Growth                                 | +7%   |
| 5    | S&P 500 Growth                                | -0.50 | S&P 500 Growth     | 22.6 | S&P 500 Value                                     | -6%   | S&P 500 Value                                  | +3%   |
|      | US, by sector                                 |       | US, by sector      |      | US, by sector                                     |       | US, by sector                                  |       |
| 1    | Energy  | +0.95 | Energy             | 12.8 | Energy  | +84%  | Energy   | +48%  |
| 2    | Materials                                     | +0.91 | Financial          | 13.9 | Info Tech   | +26%  | Info Tech                                      | +18%  |
| 3    | Financial                                     | +0.22 | Materials          | 15.3 | Consumer Disc                                     | +22%  | Materials                                      | +18%  |
| 4    | Health Care                                   | +0.18 | Health Care        | 15.9 | Health Care                                       | +22%  | Industrial                                     | +17%  |
| 5    | Communications                                | +0.03 | Communications     | 16.8 | Industrial  | +14%  | Consumer Stap                                  | +15%  |
| 6    | Consumer Stap                                 | -0.19 | Industrial         | 19.4 | Materials   | +11%  | Consumer Disc                                  | +11%  |
| 7    | Industrial                                    | -0.25 | Utilities          | 20.3 | Consumer Stap                                     | +9%   | Health Care                                    | +11%  |
| 8    | Consumer Disc                                 | -0.39 | Consumer Stap      | 21.2 | Utilities   | +4%   | Financial                                      | +8%   |
| 9    | Utilities                                     | -0.67 | Info Tech          | 23.0 | Communications                                    | +1%   | Communications                                 | +7%   |
| 10   | Info Tech                                     | -0.73 | Consumer Disc      | 24.1 | Financial   | -2%   | Utilities                                      | +5%   |

Source: Bloomberg, TrendMacro calculations

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

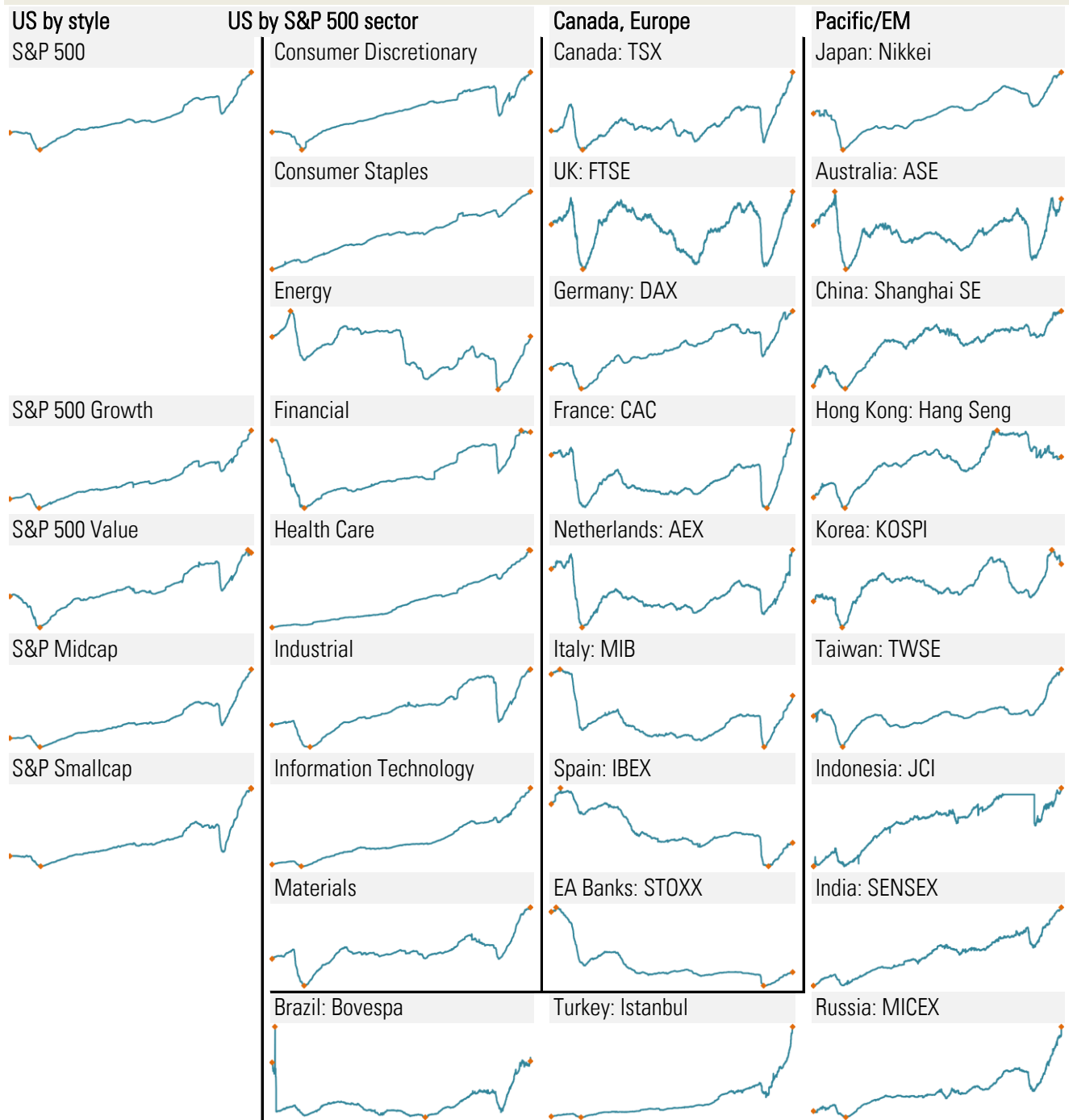
Standard deviations from mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

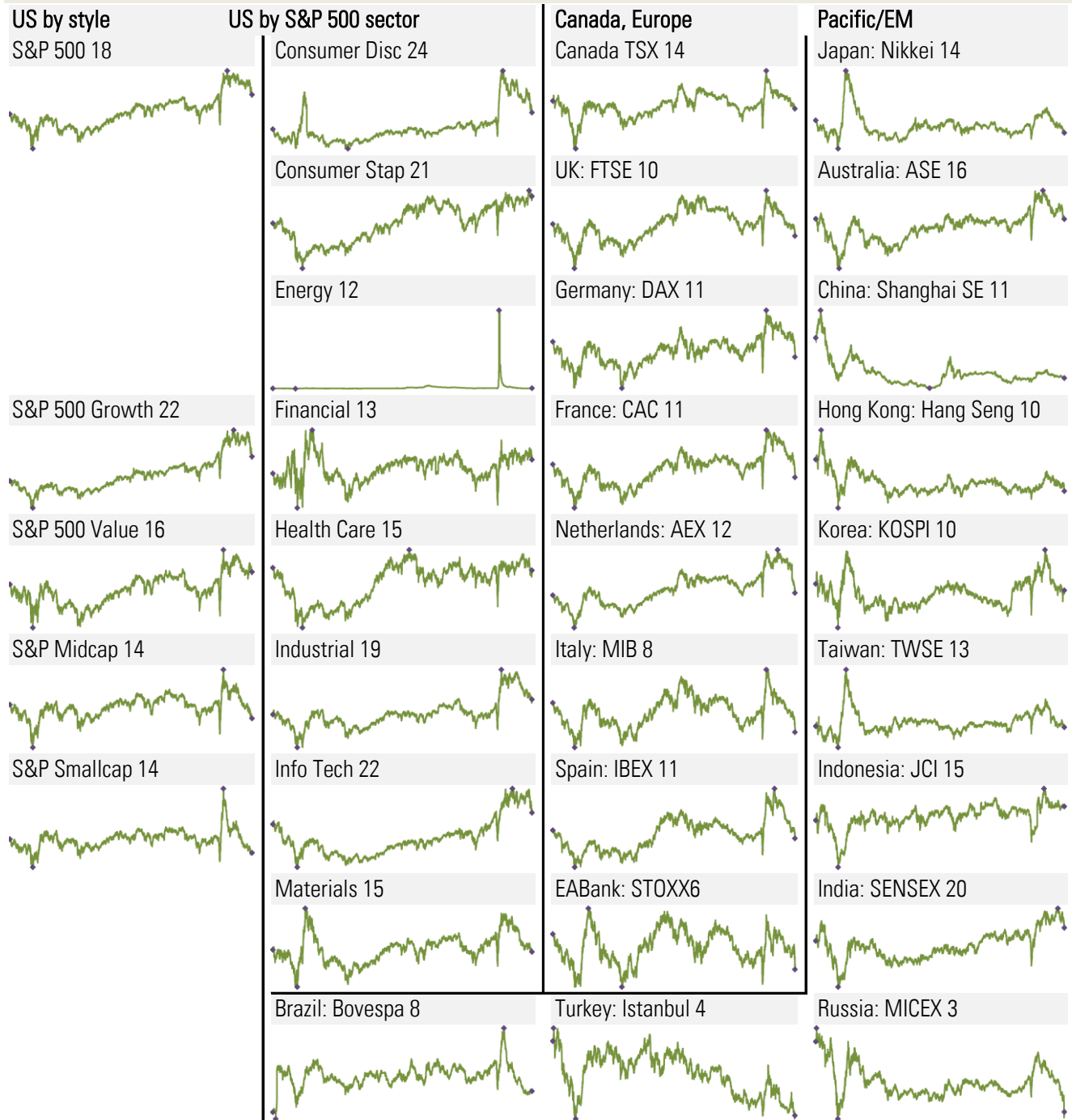
## EPS: forward consensus, bottom-up, July 2007 to current

• First, High, Low, Last



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

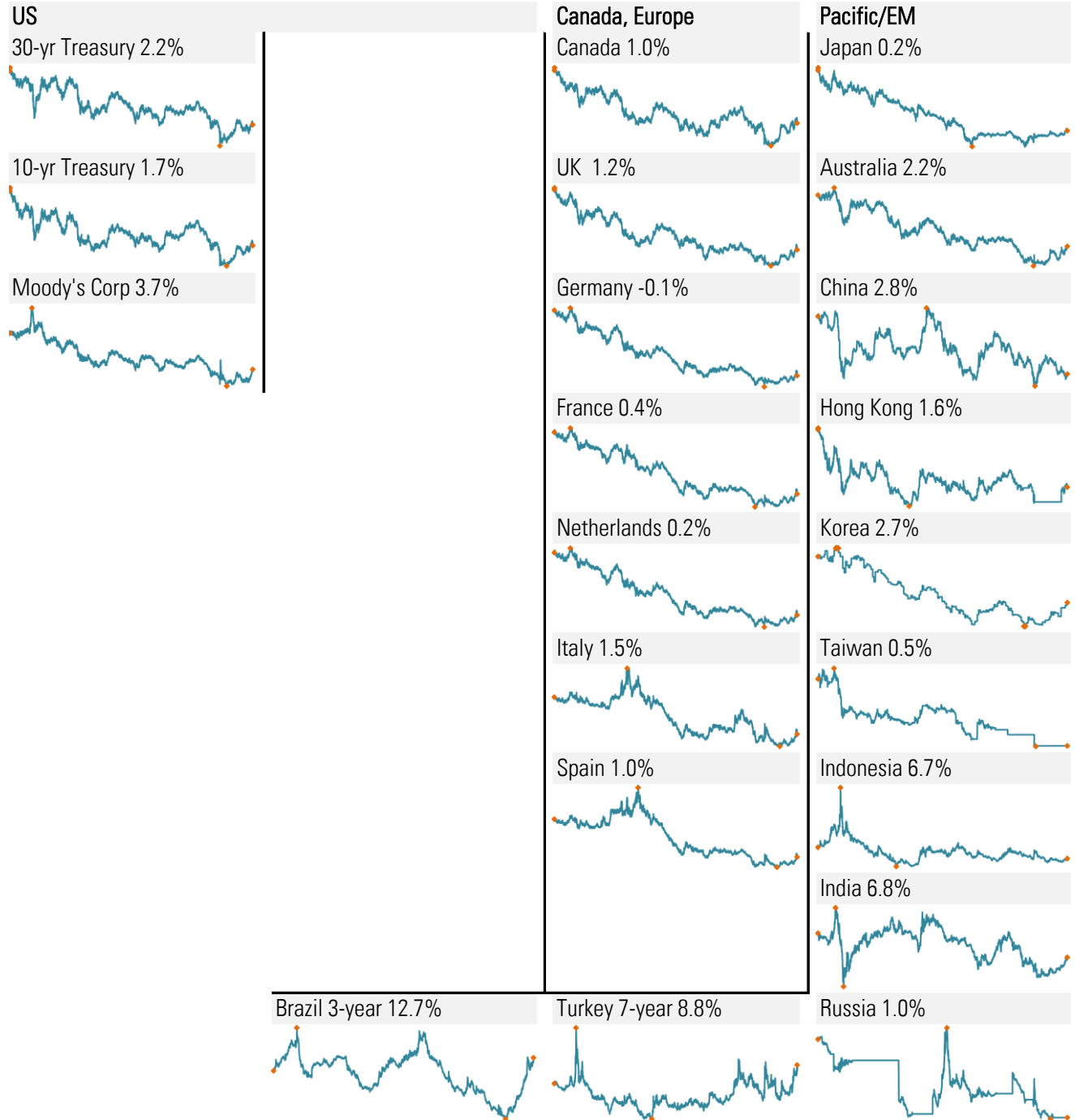
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

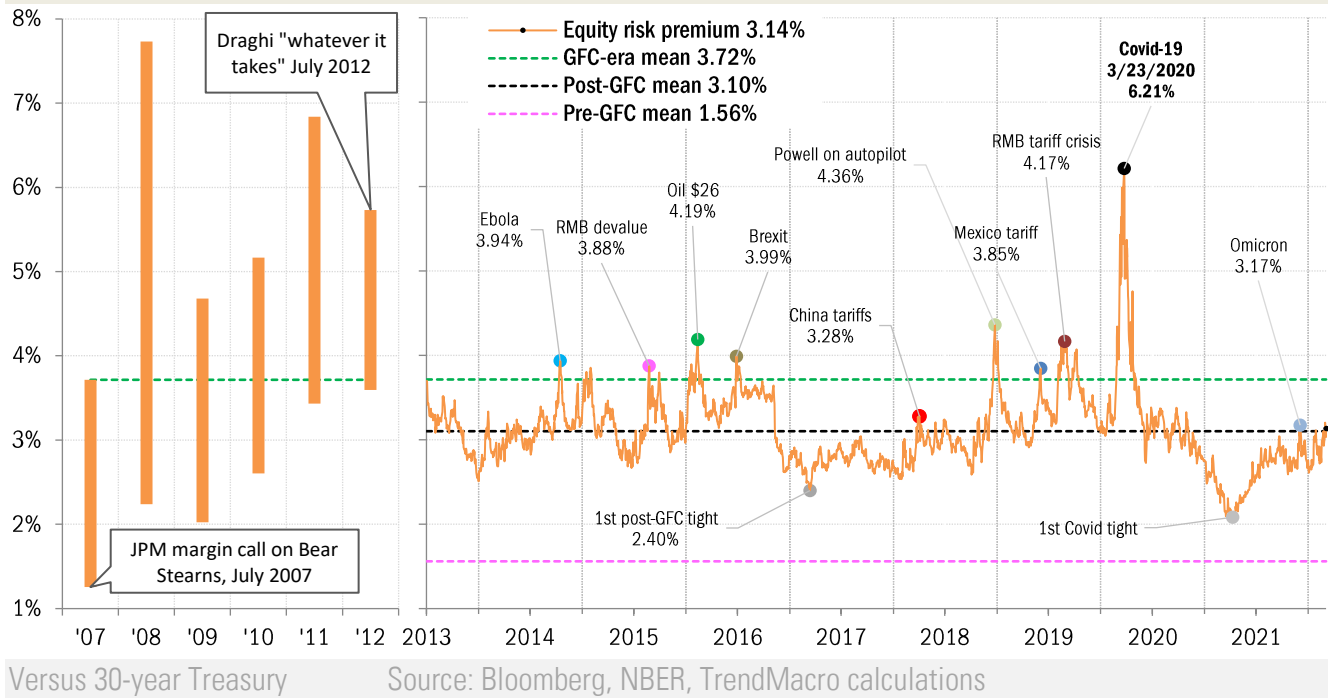
## Benchmark bond yields, July 2007 to current

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

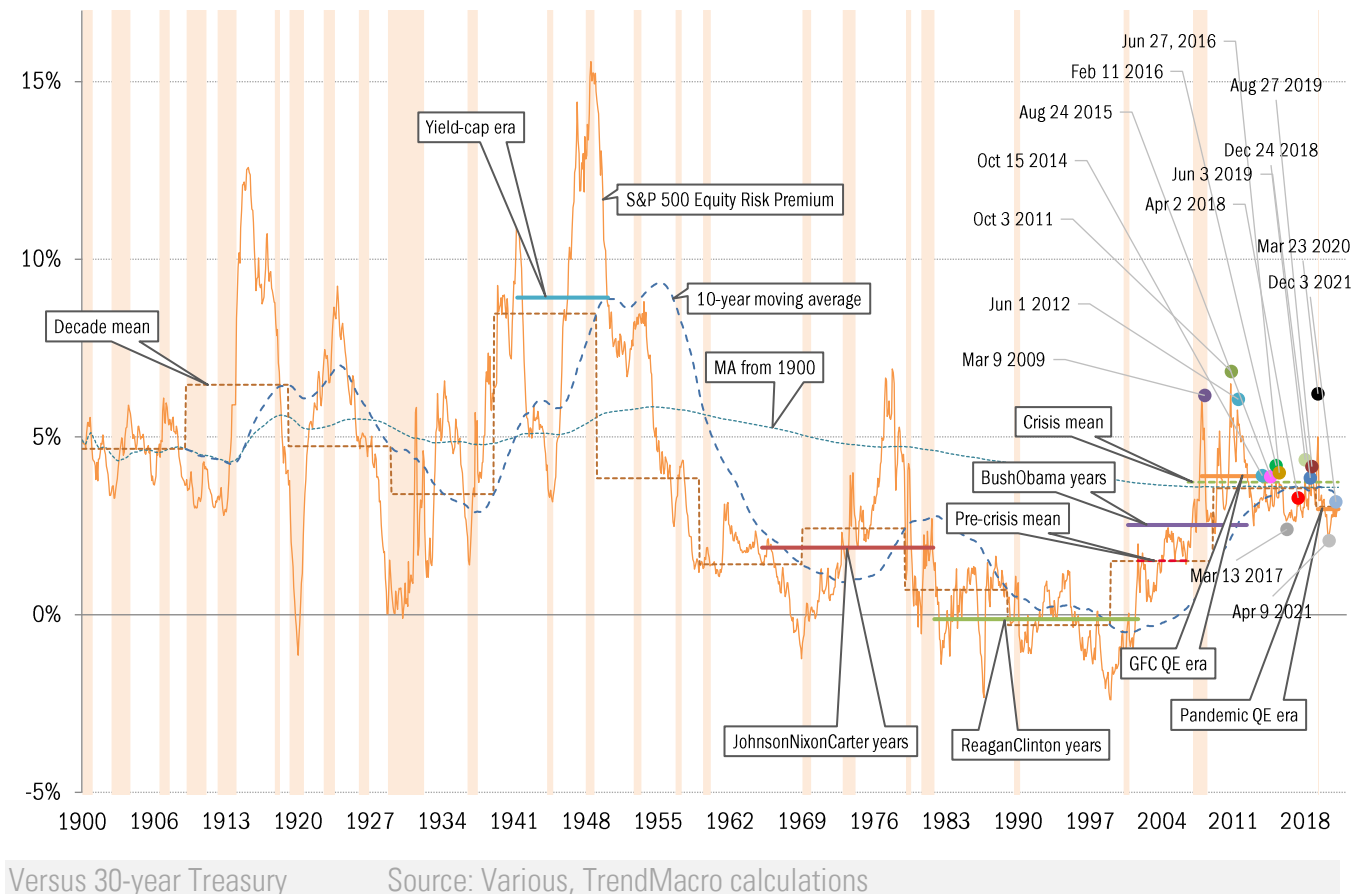


Source: Bloomberg, TrendMacro calculations

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

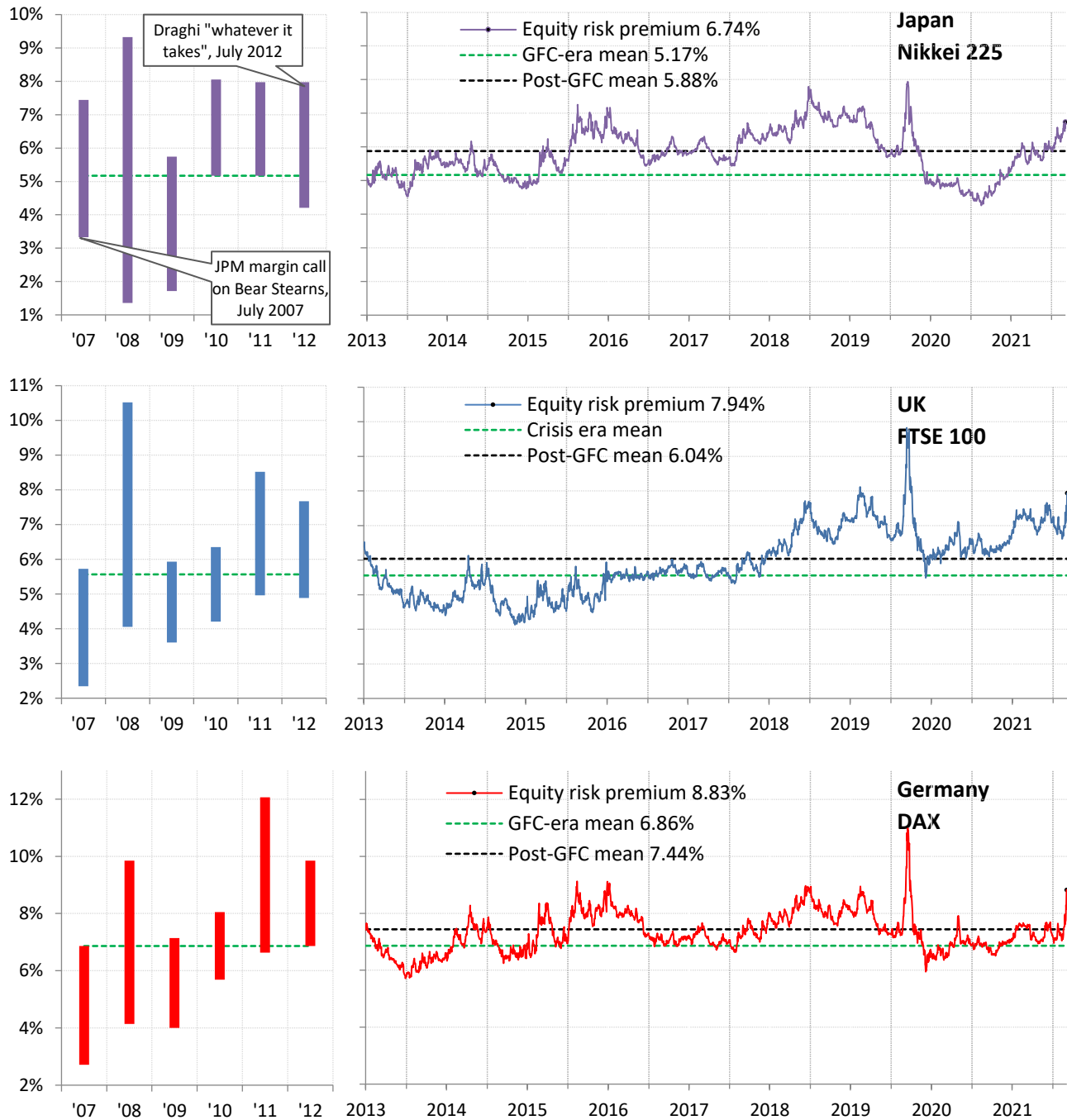


## A century-plus of the monthly S&P 500 equity risk premium



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

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

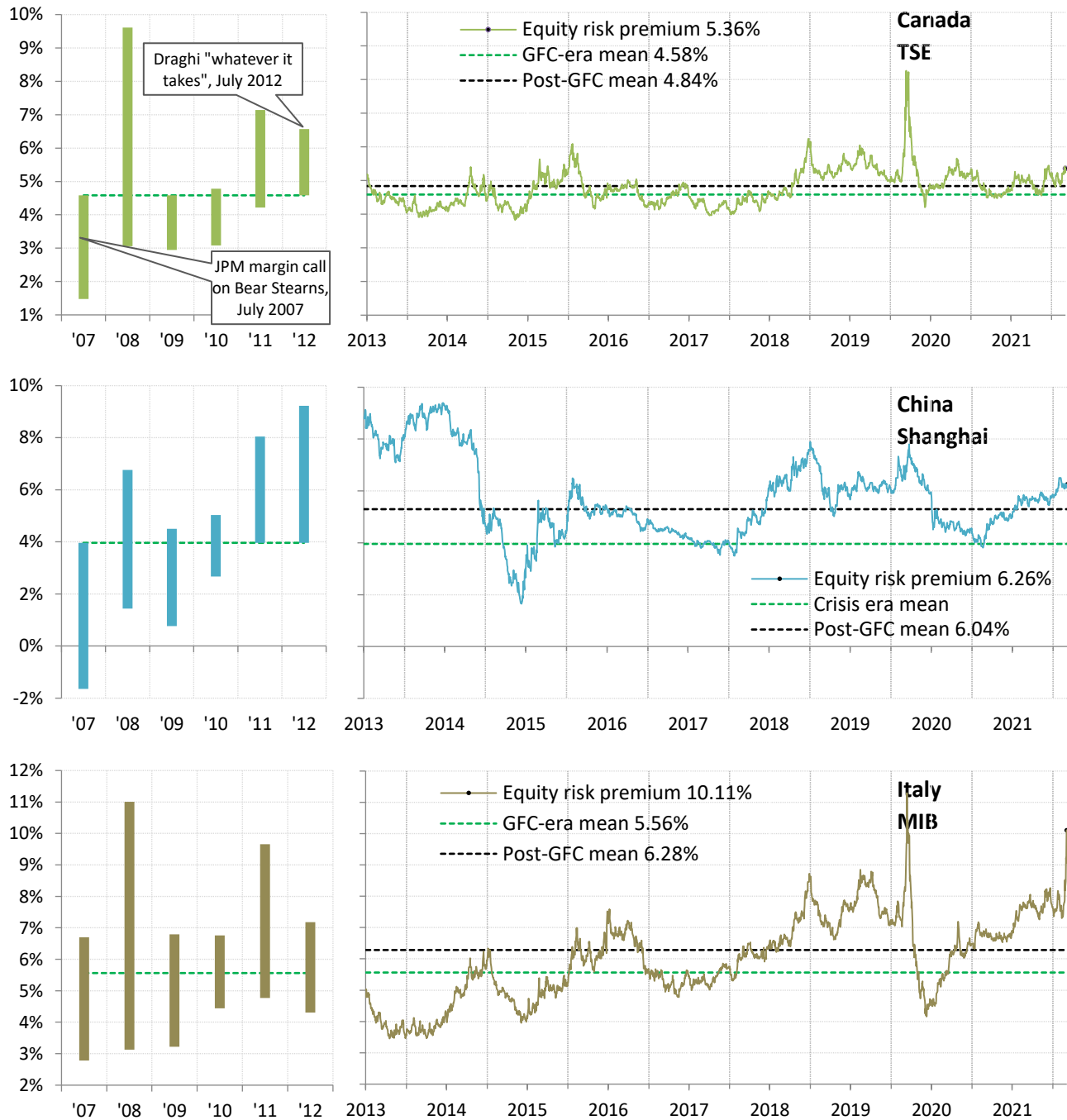


Source: Bloomberg, TrendMacro calculations



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



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