

## Data Insights: Global Equity Risk Premia

Monday, September 12, 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.

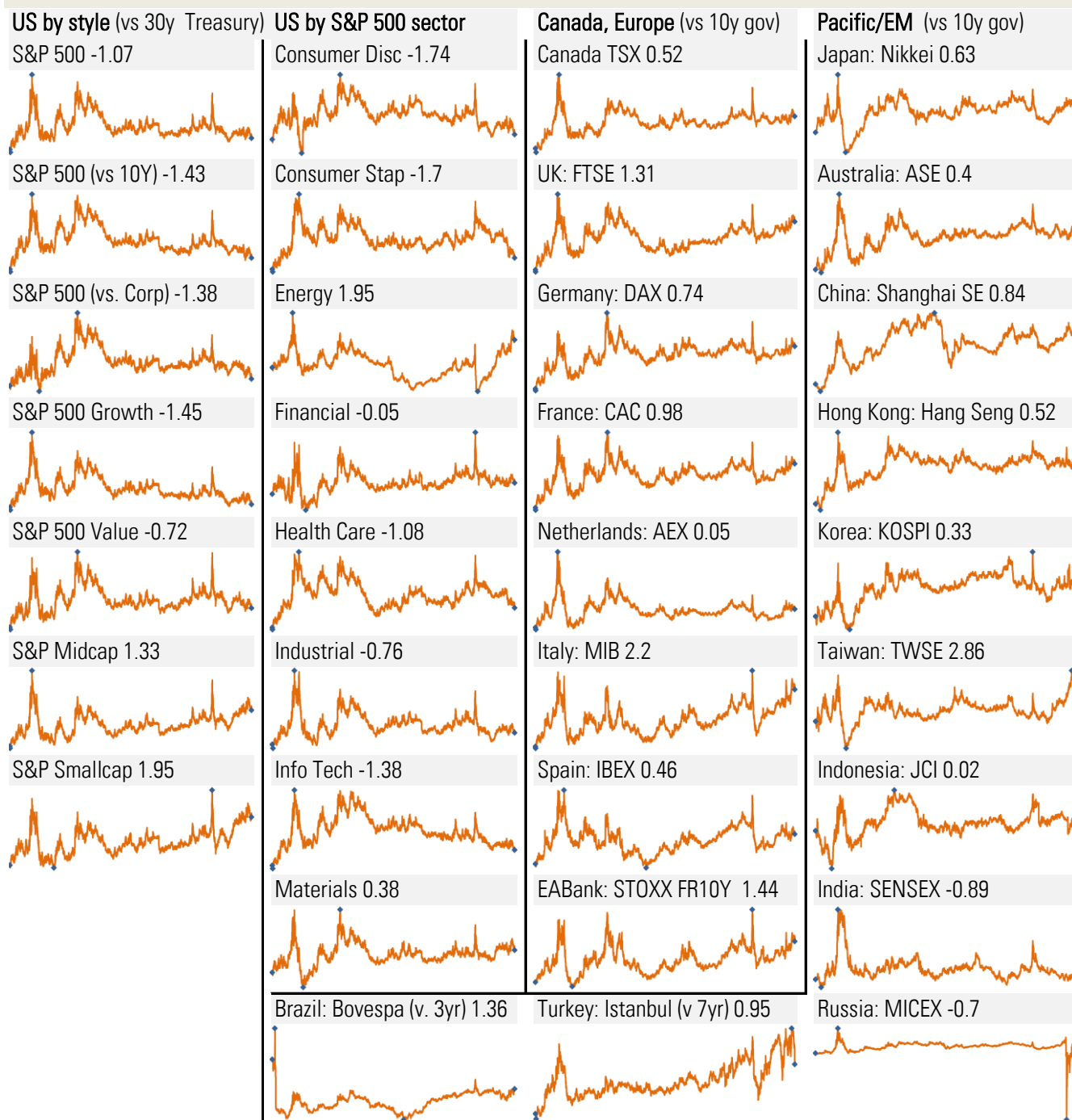
### Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

Rank	Equity risk premium 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	Taiwan: TWSA	+2.87	Russia: MICEX	3.1	Turkey: Istanbul	+108%	Turkey: Istanbul	+164%
2	Italy: MIB	+2.20	Turkey: Istanbul	5.3	UK: FTSE	+55%	India: SENSEX	+80%
3	Brazil: Bovespa	+1.36	Brazil: Bovespa	6.3	Brazil: Bovespa	+52%	UK: FTSE	+44%
4	UK: FTSE	+1.31	Italy: MIB	7.6	Italy: MIB	+32%	Spain: IBEX	+28%
5	France: CAC	+0.99	UK: FTSE	9.1	Indonesia: JCI	+30%	Brazil: Bovespa	+18%
6	Turkey: Istanbul	+0.96	HK: Hang Seng	9.5	France: CAC	+22%	Japan: Nikkei	+15%
7	China: Shanghai SE	+0.84	Korea: KOSPI	9.6	Russia: MICEX	+15%	Canada: TSX	+13%
8	Germany: DAX	+0.75	Germany: DAX	10.3	Japan: Nikkei	+12%	Russia: MICEX	+11%
9	Japan: Nikkei	+0.64	France: CAC	10.3	Spain: IBEX	+10%	HK: Hang Seng	+10%
10	HK: Hang Seng	+0.53	China: Shanghai SE	10.4	Germany: DAX	+9%	France: CAC	+10%
11	Canada: TSX	+0.53	Spain: IBEX	10.5	Australia: ASE	+8%	Korea: KOSPI	+8%
12	Spain: IBEX	+0.46	Taiwan: TWSA	10.7	China: Shanghai SE	+7%	Germany: DAX	+7%
13	Australia: ASE	+0.40	Netherlands: AEX	11.8	India: SENSEX	+7%	Netherlands: AEX	+4%
14	Korea: KOSPI	+0.33	Canada: TSX	11.9	Netherlands: AEX	+4%	US: S&P 500	+1%
15	Netherlands: AEX	+0.05	Australia: ASE	13.1	Canada: TSX	+2%	China: Shanghai SE	-0%
16	Indonesia: JCI	+0.02	Japan: Nikkei	15.1	US: S&P 500	-2%	Italy: MIB	-1%
17	Russia: MICEX	-0.70	Indonesia: JCI	15.5	HK: Hang Seng	-6%	Taiwan: TWSA	-2%
18	India: SENSEX	-0.89	US: S&P 500	17.1	Korea: KOSPI	-23%	Indonesia: JCI	-9%
19	US: S&P 500	-1.07	India: SENSEX	20.4	Taiwan: TWSA	-25%	Australia: ASE	-100%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+1.95	S&P Smallcap	12.3	S&P 500 Value	+1%	S&P Smallcap	+1%
2	S&P Midcap	+1.34	S&P Midcap	12.9	S&P Midcap	-2%	S&P 500	+1%
3	S&P 500 Value	-0.73	S&P 500 Value	14.6	S&P 500	-2%	S&P 500 Value	+0%
4	S&P 500	-1.07	S&P 500	17.1	S&P 500 Growth	-7%	S&P 500 Growth	+0%
5	S&P 500 Growth	-1.46	S&P 500 Growth	20.9	S&P Smallcap	-8%	S&P Midcap	-3%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Energy	+1.95	Energy	8.5	Energy	+53%	Energy	+28%
2	Materials	+0.39	Financial	12.3	Utilities	+13%	Utilities	+12%
3	Financial	-0.05	Materials	13.8	Industrial	+4%	Industrial	+6%
4	Communications	-0.33	Communications	14.7	Financial	+3%	Consumer Stap	+6%
5	Industrial	-0.76	Health Care	16.2	Consumer Stap	-1%	Health Care	+6%
6	Health Care	-1.08	Industrial	17.1	Consumer Disc	-3%	Consumer Disc	+5%
7	Info Tech	-1.39	Consumer Stap	20.7	Health Care	-6%	Financial	+0%
8	Consumer Stap	-1.71	Utilities	21.0	Info Tech	-13%	Materials	-2%
9	Consumer Disc	-1.75	Info Tech	21.2	Communications	-20%	Info Tech	-4%
10	Utilities	-2.24	Consumer Disc	24.1	Materials	-21%	Communications	-43%

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

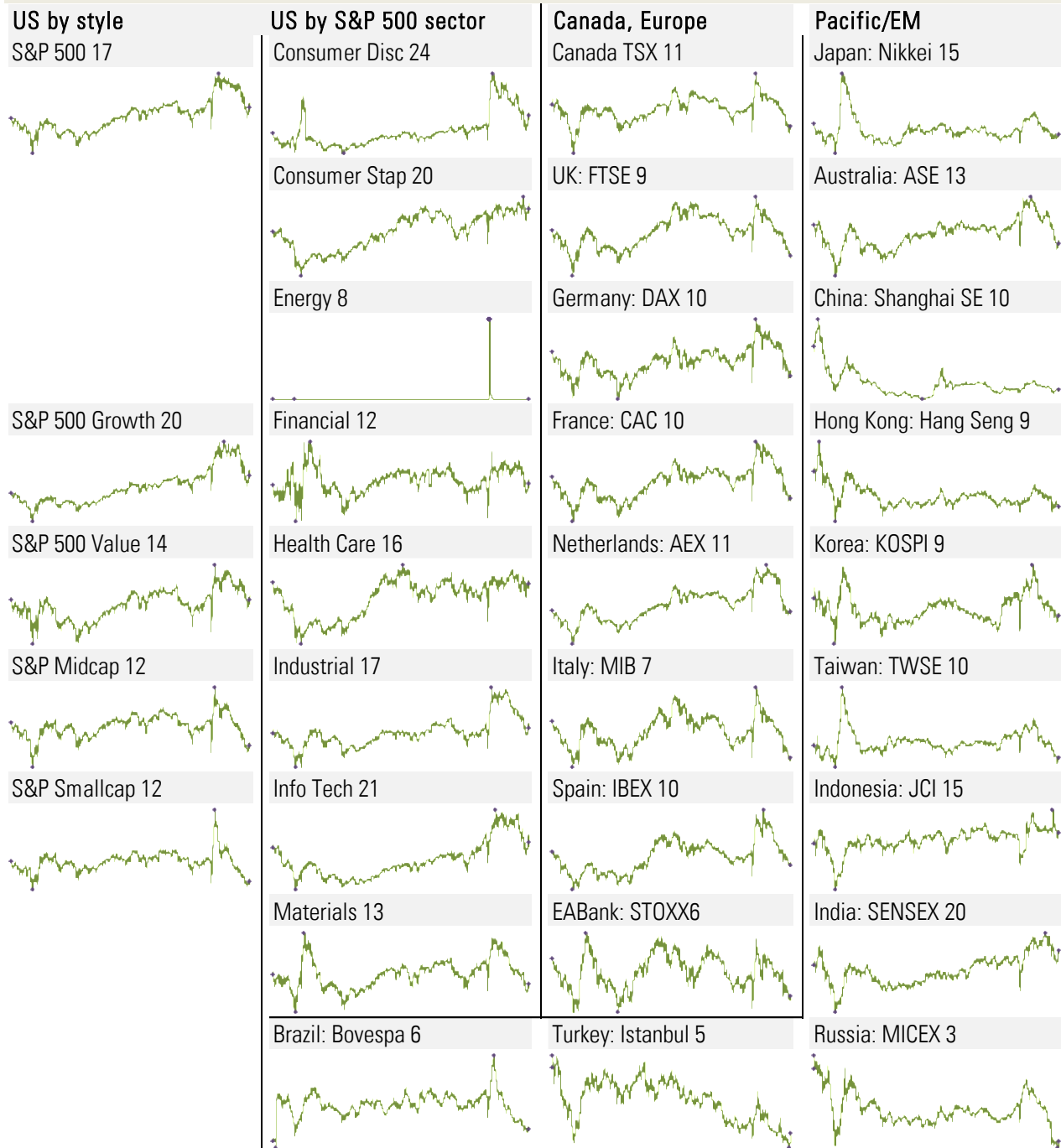
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

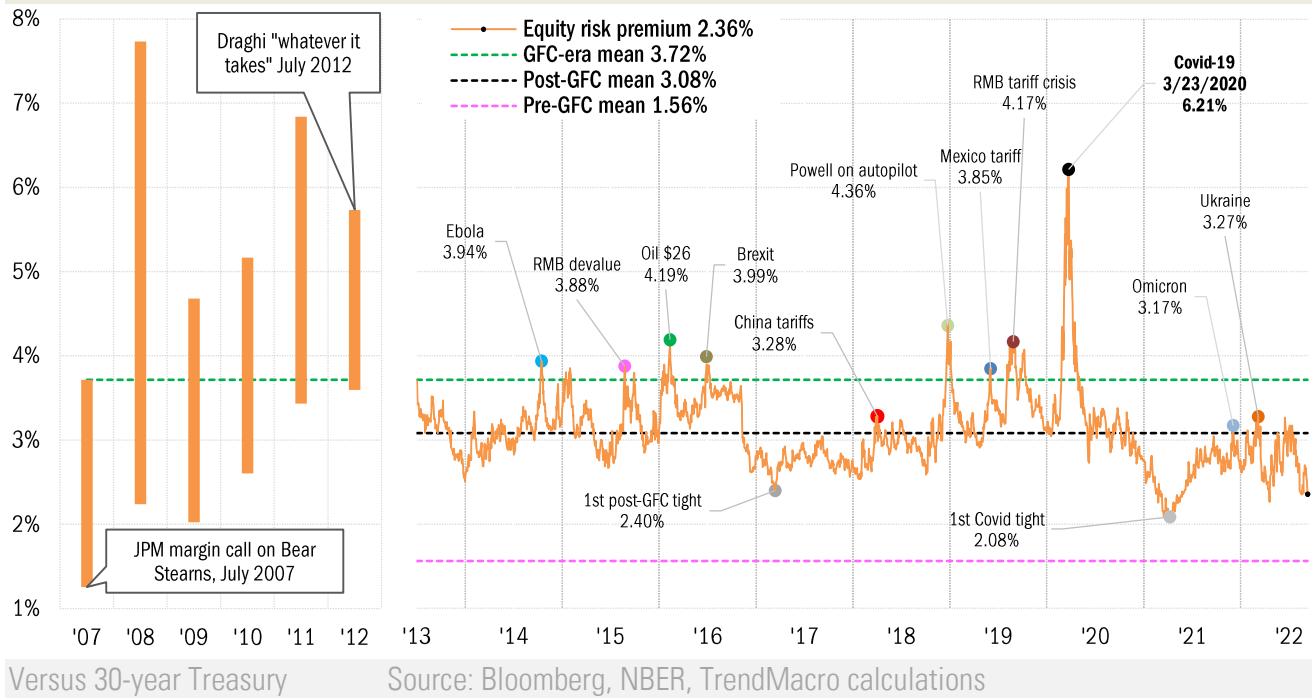
## Benchmark bond yields, July 2007 to current

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

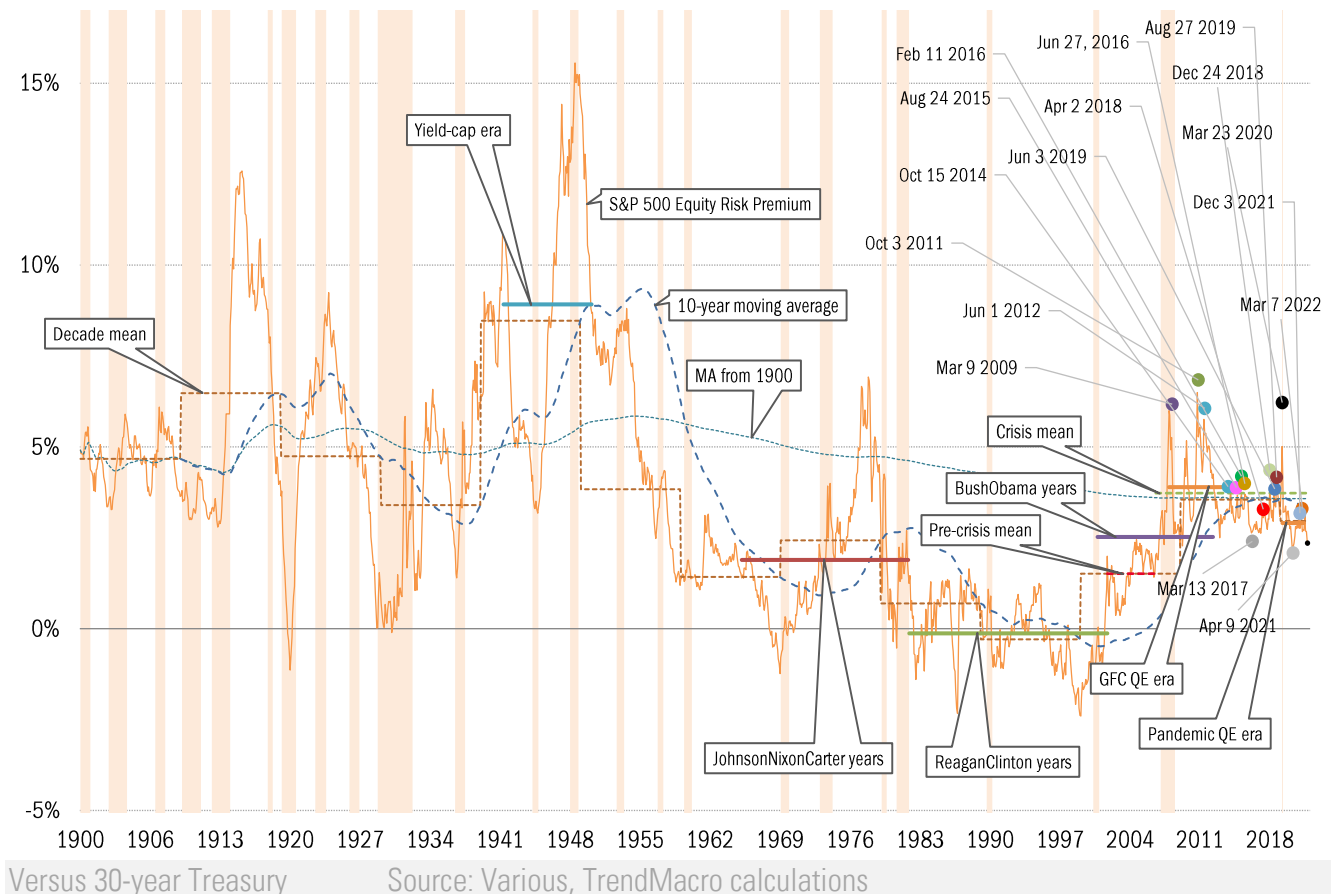


Source: Bloomberg, TrendMacro calculations

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

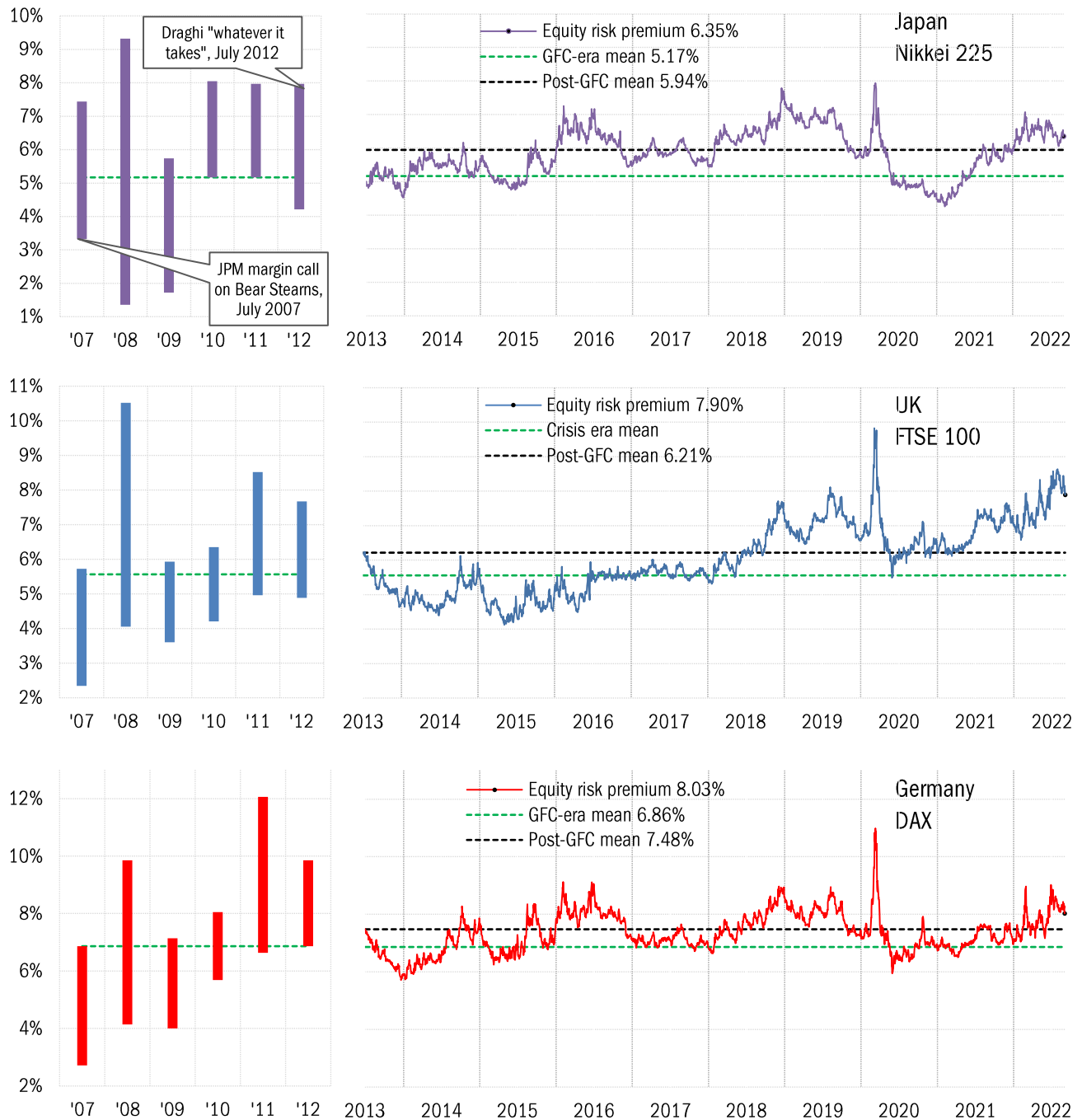


## A century-plus of the monthly S&P 500 equity risk premium



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

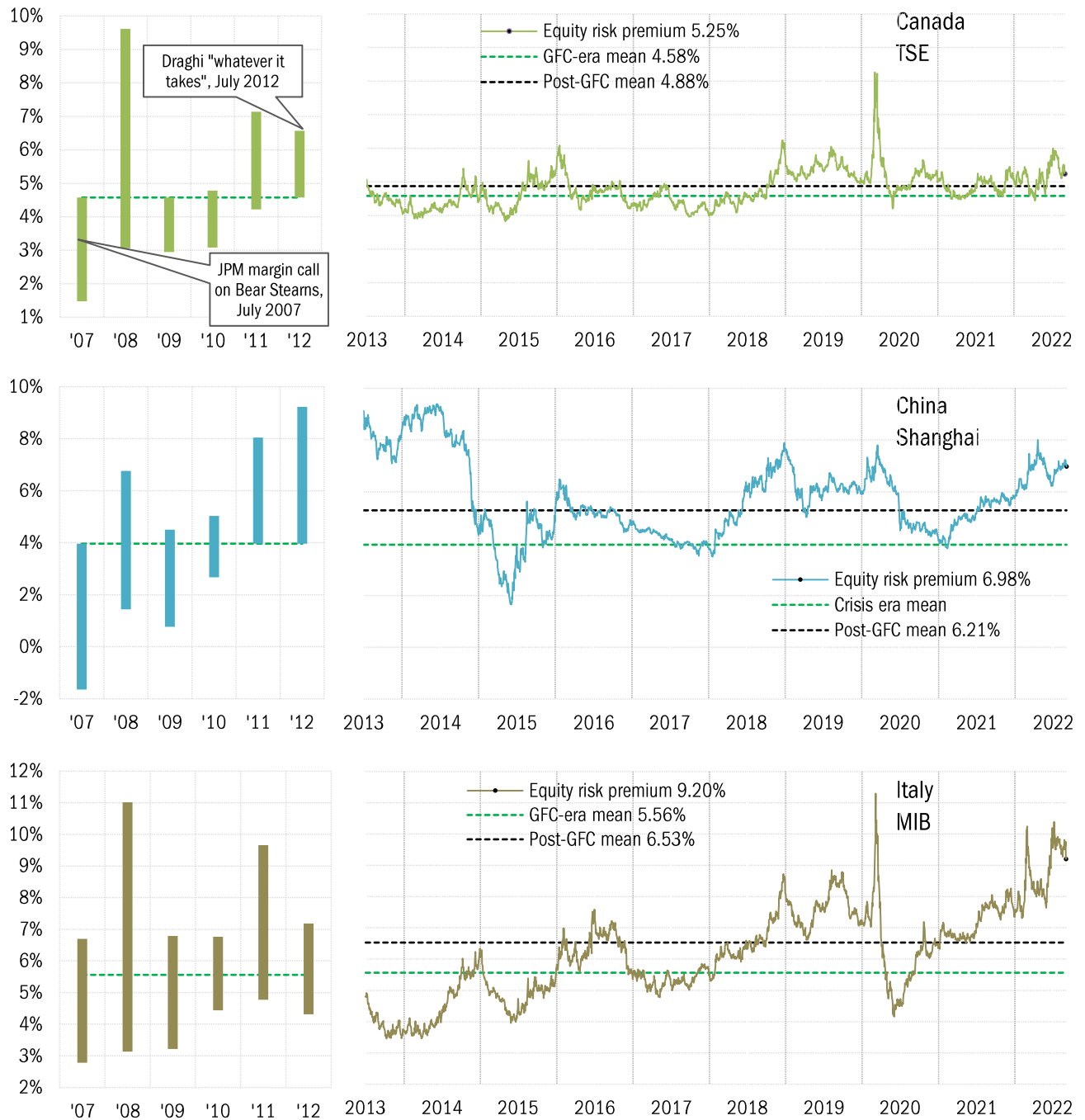
July-to-July range (left panel), daily from July 2013 (right panel)



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