

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.

Data Insights: Global Equity Risk Premia

Tuesday, June 20, 2023

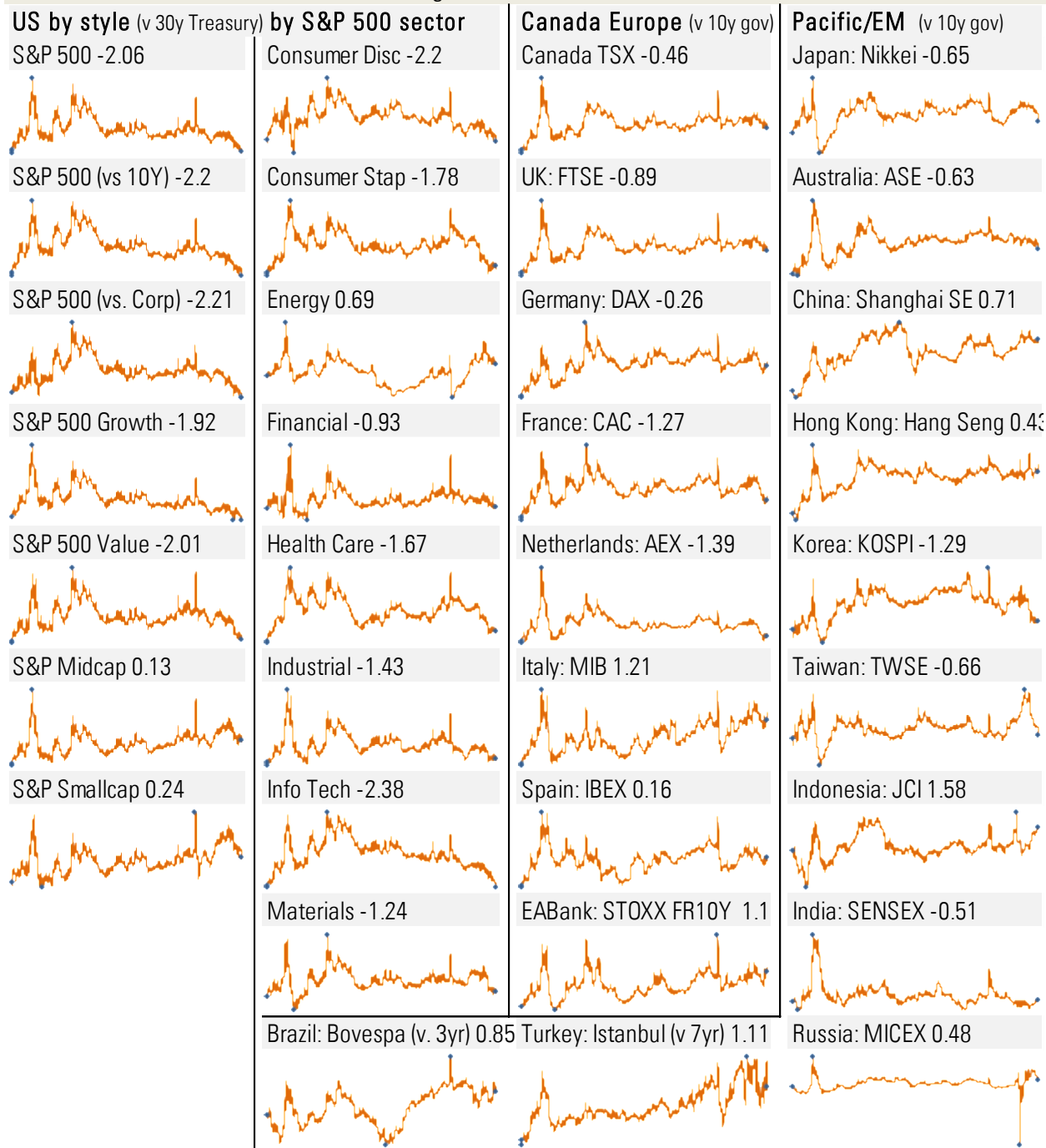
Global leader-board: by equity risk premium, value, and growth ■ Best ■ Worst

Rank	Equity risk premium By SD from 2007-> mean		Forward PE ratio		Fwd earns upgrade rate Trailing 90 days, AR		Fwd sales upgrade rate Trailing 90 days, AR	
	By country		By country		By country		By country	
1	Indonesia:JCI	+1.58	Russia: MICEX	2.7	Turkey: Istanbul	+76%	India: SENSEX	+16%
2	Italy: MIB	+1.22	Turkey: Istanbul	5.2	Netherlands: AEX	+48%	Germany: DAX	+15%
3	Turkey: Istanbul	+1.11	Brazil: Bovespa	8.0	Germany: DAX	+46%	Turkey: Istanbul	+15%
4	Brazil: Bovespa	+0.85	Italy: MIB	8.4	Spain: IBEX	+37%	Russia: MICEX	+14%
5	China: Shanghai SE	+0.72	HK: Hang Seng	9.6	Korea: KOSPI	+36%	Netherlands: AEX	+14%
6	Russia: MICEX	+0.49	Spain: IBEX	10.1	Italy: MIB	+18%	Spain: IBEX	+10%
7	HK: Hang Seng	+0.44	UK: FTSE	10.6	India: SENSEX	+16%	Brazil: Bovespa	+10%
8	Spain: IBEX	+0.16	China: Shanghai SE	10.6	US: S&P 500	+8%	Italy: MIB	+6%
9	Germany: DAX	-0.27	Germany: DAX	11.1	Japan: Nikkei	+4%	US: S&P 500	+5%
10	Canada:TSX	-0.47	Korea: KOSPI	12.5	France: CAC	+4%	Japan: Nikkei	+5%
11	India: SENSEX	-0.52	France: CAC	12.6	Indonesia:JCI	-0%	Korea: KOSPI	+5%
12	Australia: ASE	-0.63	Canada:TSX	13.1	China: Shanghai SE	-3%	Australia: ASE	+3%
13	Japan: Nikkei	-0.65	Indonesia:JCI	13.3	Brazil: Bovespa	-3%	France: CAC	+1%
14	Taiwan:TWSA	-0.66	Netherlands: AEX	14.3	Russia: MICEX	-9%	China: Shanghai SE	-4%
15	UK: FTSE	-0.90	Australia: ASE	14.7	Canada:TSX	-9%	HK: Hang Seng	-11%
16	France: CAC	-1.28	Taiwan:TWSA	16.8	UK: FTSE	-9%	Taiwan:TWSA	-13%
17	Korea: KOSPI	-1.29	Japan: Nikkei	19.0	HK: Hang Seng	-9%	Indonesia:JCI	-17%
18	Netherlands: AEX	-1.39	India: SENSEX	19.1	Australia: ASE	-13%	UK: FTSE	-18%
19	US: S&P 500	-2.06	US: S&P 500	19.3	Taiwan:TWSA	-14%	Canada:TSX	-21%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	+0.25	S&P Midcap	14.5	S&P 500 Value	+9%	S&P Midcap	+13%
2	S&P Midcap	+0.13	S&P Smallcap	14.7	S&P 500	+8%	S&P 500 Growth	+6%
3	S&P 500 Growth	-1.92	S&P 500 Value	17.2	S&P 500 Growth	+7%	S&P 500	+5%
4	S&P 500 Value	-2.02	S&P 500	19.3	S&P Midcap	+5%	S&P 500 Value	+5%
5	S&P 500	-2.06	S&P 500 Growth	21.7	S&P Smallcap	-13%	S&P Smallcap	+1%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Energy	+0.69	Energy	10.8	Communications	+25%	Consumer Stap	+22%
2	Financial	-0.93	Financial	13.3	Info Tech	+15%	Info Tech	+17%
3	Materials	-1.24	Communications	16.9	Industrial	+10%	Utilities	+16%
4	Utilities	-1.36	Utilities	17.0	Consumer Disc	+10%	Health Care	+13%
5	Industrial	-1.43	Health Care	17.2	Utilities	+10%	Communications	+2%
6	Communications	-1.52	Materials	17.5	Consumer Stap	+7%	Materials	-0%
7	Health Care	-1.68	Industrial	18.9	Health Care	+4%	Consumer Disc	-8%
8	Consumer Stap	-1.79	Consumer Stap	19.9	Materials	+1%	Industrial	-9%
9	Consumer Disc	-2.20	Consumer Disc	25.0	Financial	-28%	Energy	-10%
10	Info Tech	-2.39	Info Tech	27.9	Energy	-32%	Financial	-47%

Source: Bloomberg, TrendMacro calculations

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

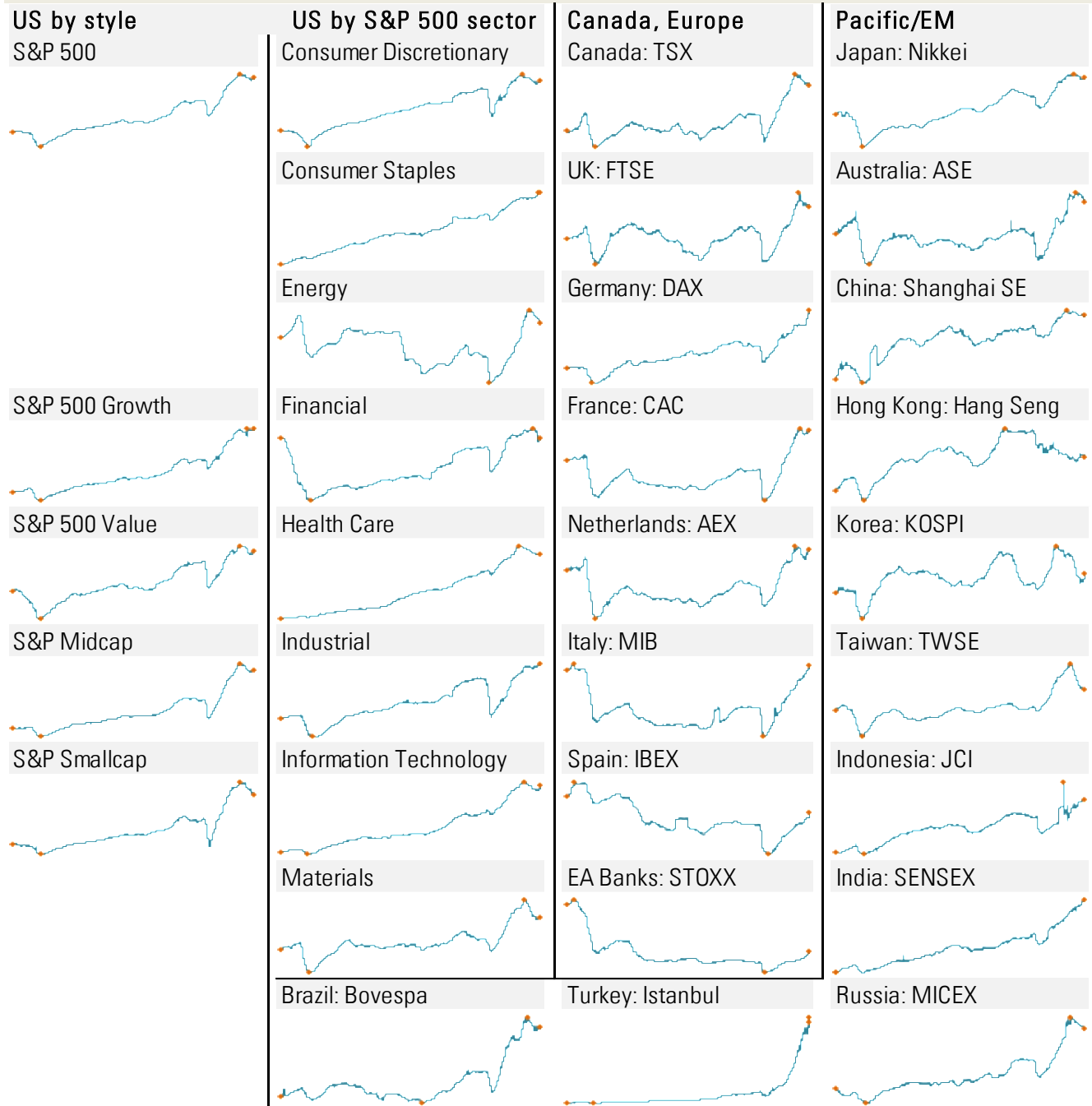
Standard deviations from mean • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

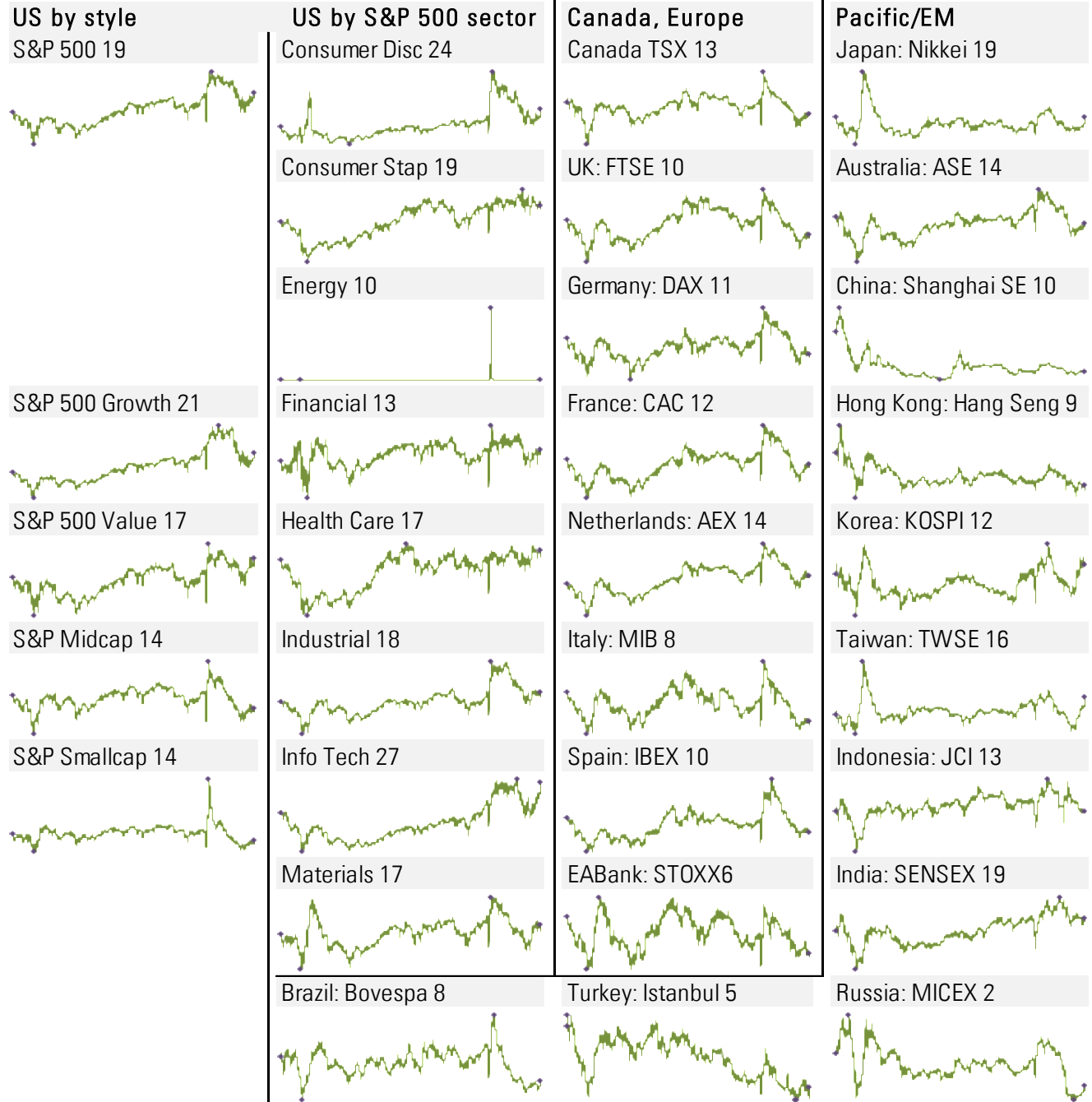
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

• First, High, Low, Last



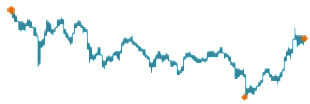
Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

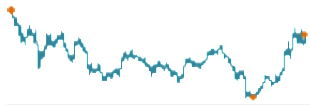
10-year government, unless indicated • First, High, Low, Last

US

30-yr Treasury 3.9%



10-yr Treasury 3.8%

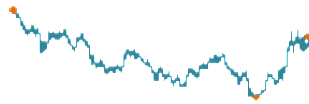


Moody's Corp 5.3%

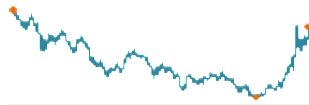


Canada, Europe

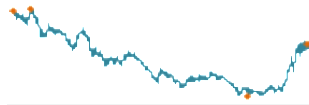
Canada 3.0%



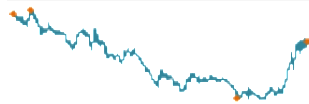
UK 4.4%



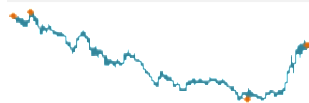
Germany 2.5%



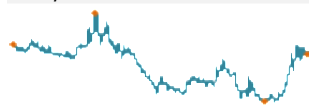
France 3.0%



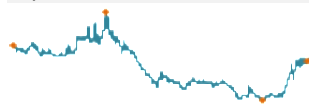
Netherlands 2.8%



Italy 4.0%



Spain 3.4%

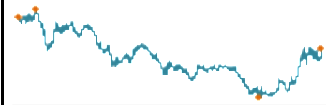


Pacific/EM

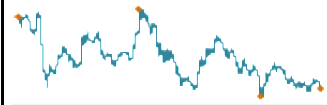
Japan 0.4%



Australia 4.0%



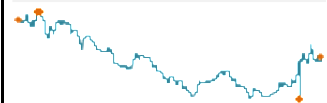
China 2.7%



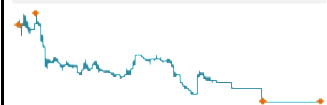
Hong Kong 2.6%



Korea 3.6%



Taiwan 0.5%



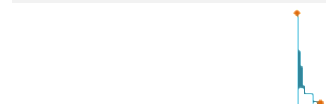
Indonesia 6.3%



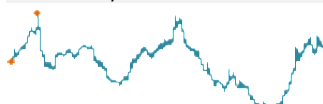
India 7.0%



Russia 16.0%



Brazil 3-year 11.0%



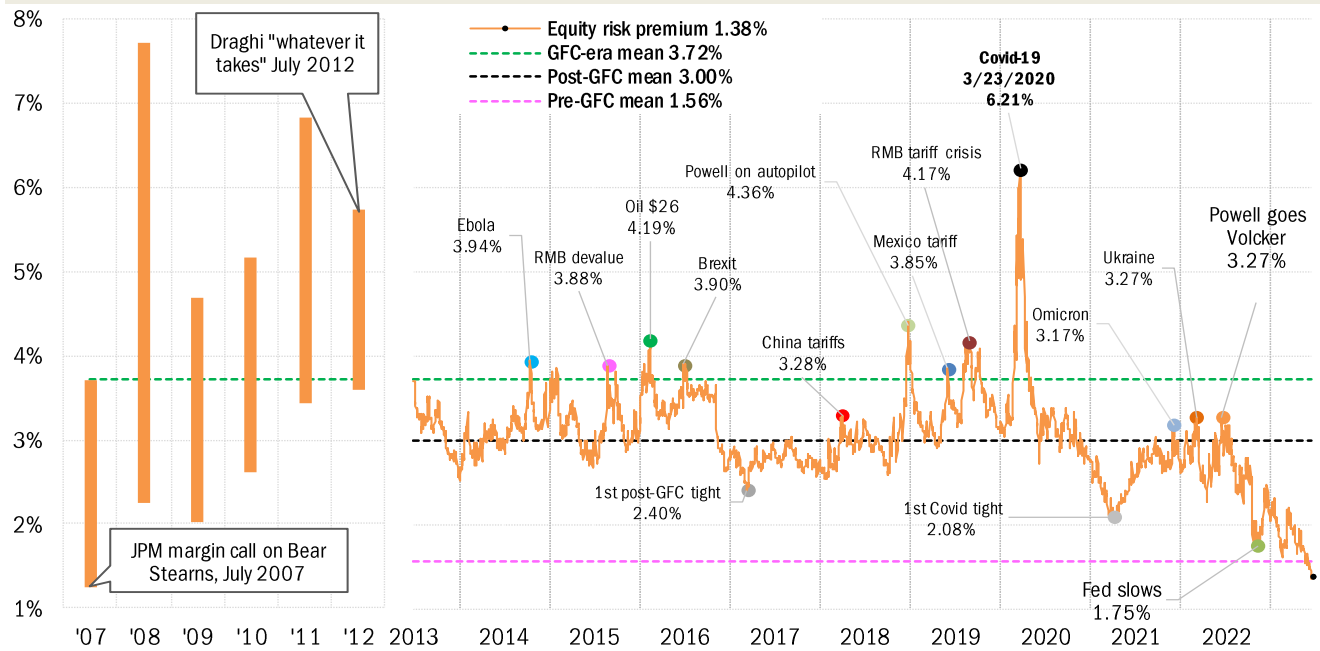
Turkey 7-year 9.1%



Source: Bloomberg, TrendMacro calculations

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

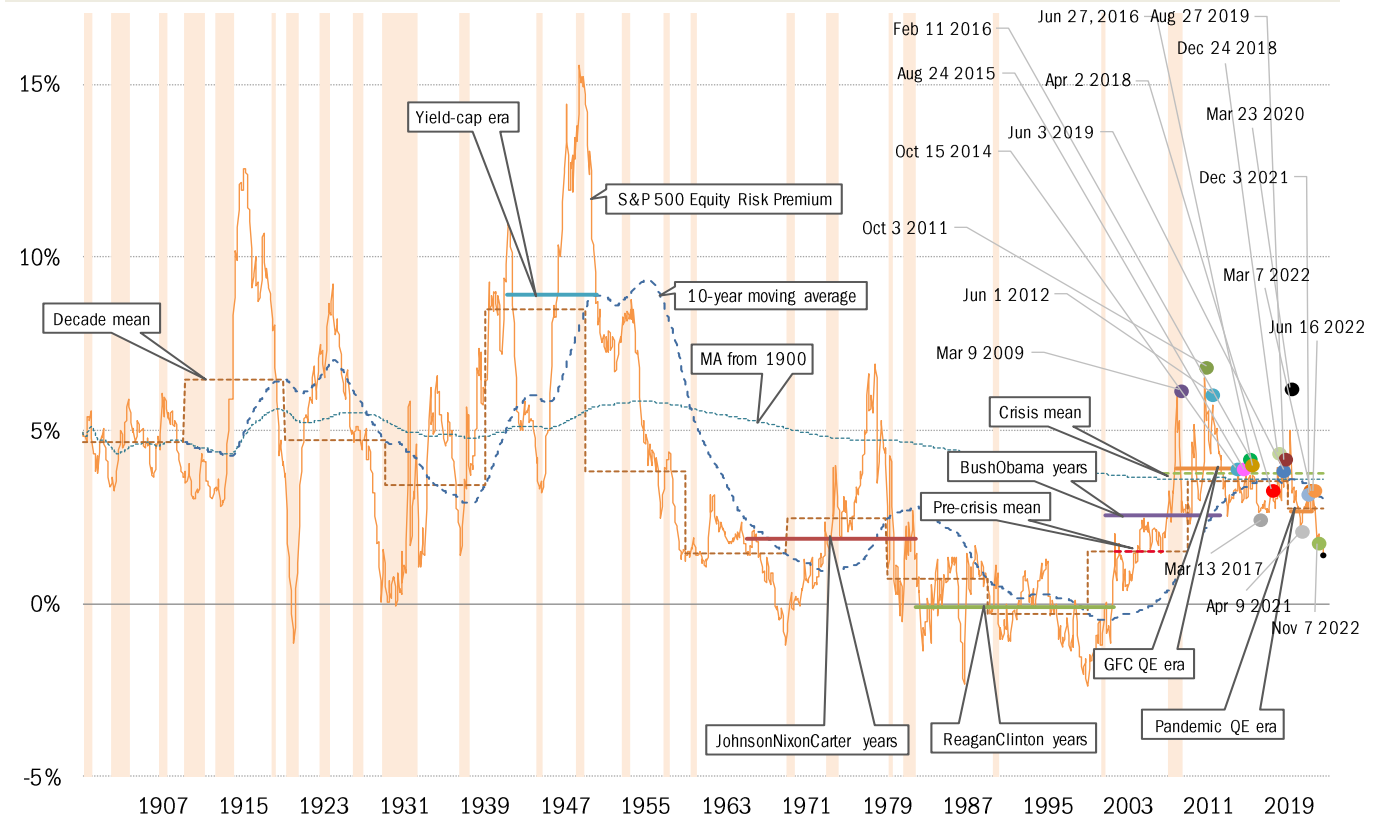
July-to-June 12-mo range (left panel), daily from July 2013 (right panel)



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

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

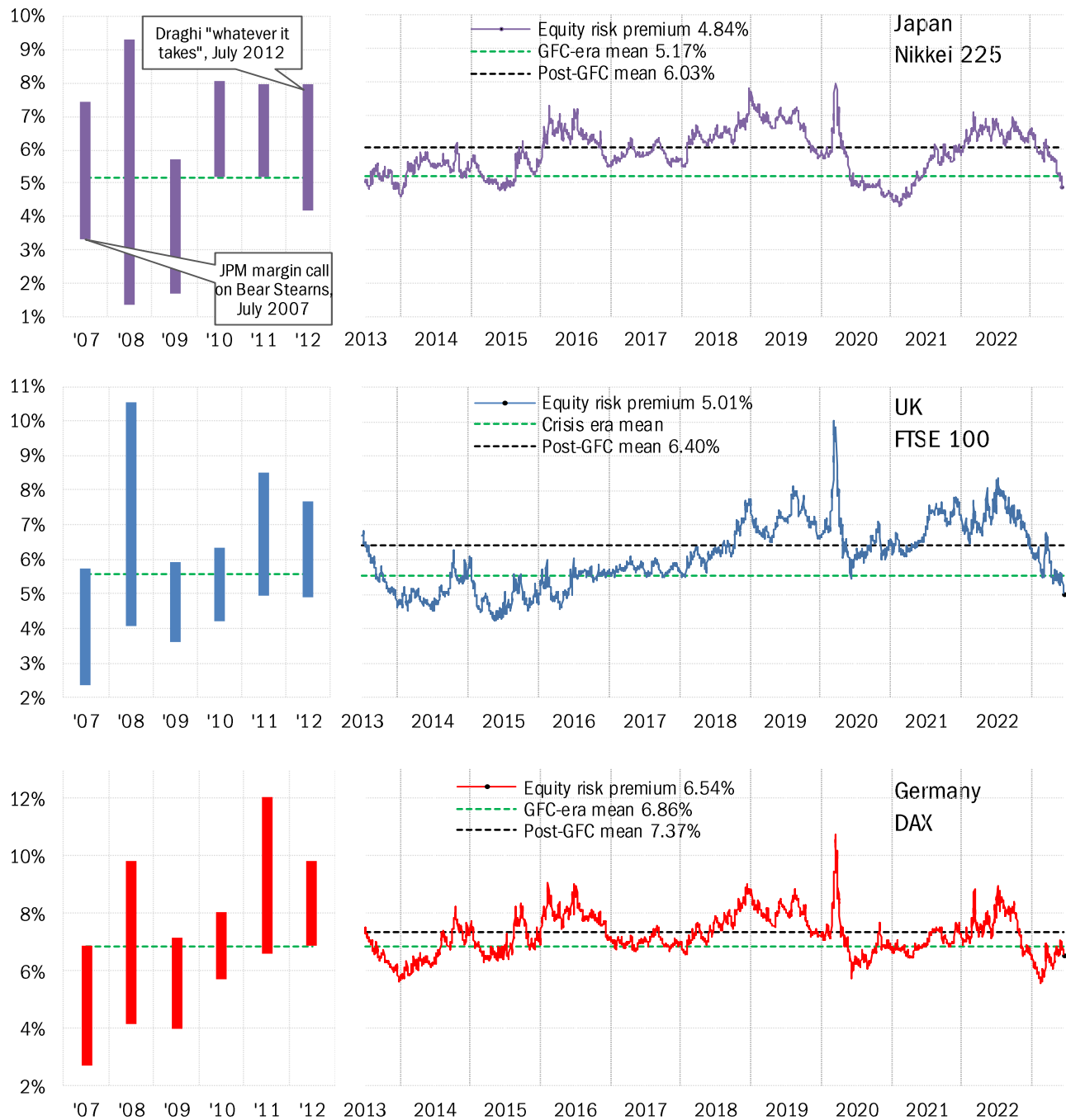


Versus 30-year Treasury

Source: Various, TrendMacro calculations

Global equity risk premia in the GFC, and its aftermath

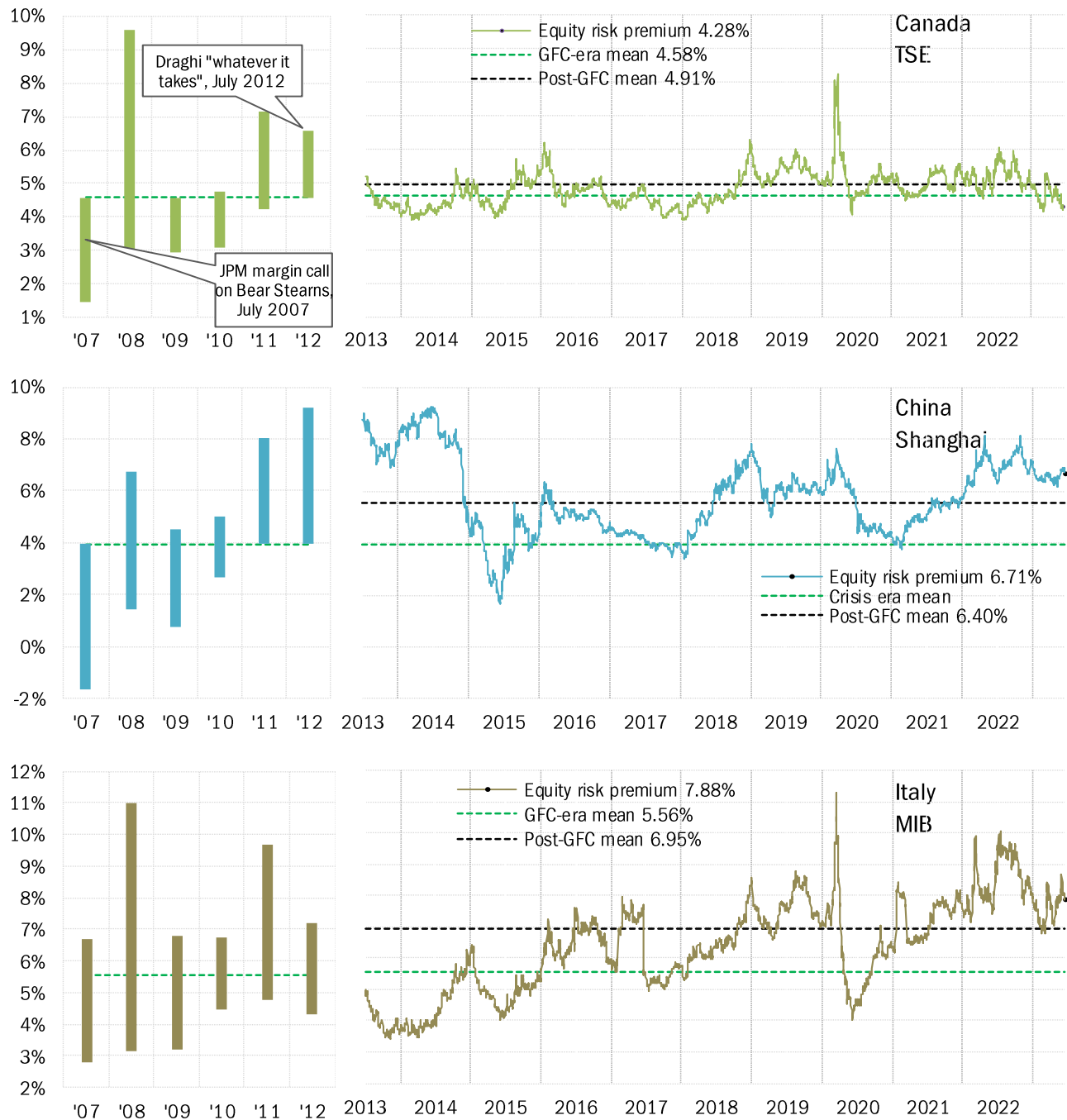
July-to-June 12-mo range (left panel), daily from July 2013 (right panel)



Source: Bloomberg, TrendMacro calculations

Global equity risk premia in the GFC, and its aftermath

July-to-June 12-mo range (left panel), daily from July 2013 (right panel)



Source: Bloomberg, TrendMacro calculations