

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

Monday, March 25, 2024

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

Rank	Equity risk premium		Forward PE ratio		Fwd earns 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	+1.63	Russia: MICEX	3.3	Turkey: Istanbul	+59%	Turkey: Istanbul	+37%
2	HK: Hang Seng	+1.52	Turkey: Istanbul	5.2	Netherlands: AEX	+27%	Netherlands: AEX	+30%
3	Brazil: Bovespa	+1.21	Brazil: Bovespa	7.9	Japan: Nikkei	+22%	Canada: TSX	+12%
4	China: Shanghai SE	+1.00	HK: Hang Seng	8.0	US: S&P 500	+11%	Japan: Nikkei	+6%
5	Indonesia: JCI	+0.92	Italy: MIB	9.3	Spain: IBEX	+11%	US: S&P 500	+5%
6	Italy: MIB	+0.68	China: Shanghai SE	10.3	Taiwan: TWSA	+10%	Russia: MICEX	+4%
7	Korea: KOSPI	-0.20	Korea: KOSPI	10.4	Russia: MICEX	+8%	Italy: MIB	+3%
8	Spain: IBEX	-0.31	Spain: IBEX	11.1	Korea: KOSPI	+8%	Australia: ASE	+2%
9	India: SENSEX	-0.86	UK: FTSE	11.5	Italy: MIB	+5%	Brazil: Bovespa	+2%
10	Taiwan: TWSA	-1.01	Germany: DAX	13.0	India: SENSEX	+3%	Indonesia: JCI	+1%
11	UK: FTSE	-1.03	Indonesia: JCI	14.0	Brazil: Bovespa	+2%	Taiwan: TWSA	-1%
12	Germany: DAX	-1.16	France: CAC	14.0	Indonesia: JCI	-1%	UK: FTSE	-1%
13	Russia: MICEX	-1.24	Canada: TSX	14.7	Australia: ASE	-2%	Spain: IBEX	-4%
14	Australia: ASE	-1.26	Netherlands: AEX	15.5	UK: FTSE	-4%	China: Shanghai SE	-5%
15	Japan: Nikkei	-1.33	Australia: ASE	16.8	Canada: TSX	-5%	HK: Hang Seng	-6%
16	Canada: TSX	-1.36	Taiwan: TWSA	17.8	France: CAC	-7%	Korea: KOSPI	-8%
17	Netherlands: AEX	-1.55	India: SENSEX	20.5	China: Shanghai SE	-8%	France: CAC	-9%
18	France: CAC	-1.70	Japan: Nikkei	21.0	Germany: DAX	-12%	India: SENSEX	-14%
19	US: S&P 500	-2.67	US: S&P 500	21.2	HK: Hang Seng	-13%	Germany: DAX	-17%
	US, by style		US, by style		US, by style		US, by style	
1	S&P Smallcap	-0.39	S&P Smallcap	15.0	S&P 500 Growth	+24%	S&P 500 Growth	+12%
2	S&P Midcap	-1.12	S&P Midcap	16.3	S&P 500	+11%	S&P Midcap	+8%
3	S&P 500 Value	-2.02	S&P 500 Value	16.5	S&P 500 Value	+2%	S&P 500	+5%
4	S&P 500	-2.67	S&P 500	21.2	S&P Smallcap	+1%	S&P 500 Value	+3%
5	S&P 500 Growth	-2.97	S&P 500 Growth	27.5	S&P Midcap	+1%	S&P Smallcap	+2%
	US, by sector		US, by sector		US, by sector		US, by sector	
1	Energy	-0.05	Energy	12.4	Info Tech	+26%	Health Care	+13%
2	Utilities	-1.25	Utilities	15.6	Communications	+16%	Communications	+11%
3	Financial	-2.22	Financial	15.9	Consumer Disc	+15%	Info Tech	+11%
4	Consumer Stap	-2.22	Health Care	18.9	Industrial	+12%	Industrial	+7%
5	Industrial	-2.23	Communications	19.1	Financial	+10%	Financial	+5%
6	Health Care	-2.32	Consumer Stap	20.1	Utilities	+7%	Consumer Stap	+4%
7	Consumer Disc	-2.32	Industrial	21.5	Health Care	+6%	Consumer Disc	+2%
8	Communications	-2.35	Materials	21.5	Consumer Stap	+5%	Materials	-4%
9	Materials	-2.39	Consumer Disc	24.5	Materials	-6%	Energy	-5%
10	Info Tech	-2.45	Info Tech	28.9	Energy	-16%	Utilities	-6%

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

US by style (v 30y Treasury) by S&P 500 sector

S&P 500 -2.66



S&P 500 (vs 10Y) -2.55



S&P 500 (vs. Corp) -2.57



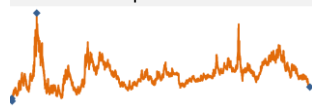
S&P 500 Growth -2.96



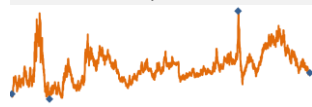
S&P 500 Value -2.02



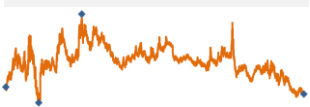
S&P Midcap -1.12



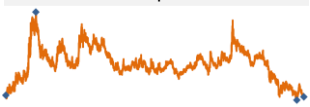
S&P Smallcap -0.39



Consumer Disc -2.31



Consumer Stap -2.22



Energy -0.04



Financial -2.21



Health Care -2.31



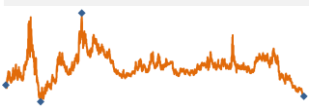
Industrial -2.23



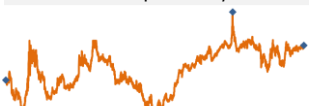
Info Tech -2.44



Materials -2.39



Brazil: Bovespa (v. 3yr) 1.21



Canada Europe (v 10y gov)

Canada TSX -1.35



UK: FTSE -1.03



Germany: DAX -1.16



France: CAC -1.7



Netherlands: AEX -1.54



Italy: MIB 0.68



Spain: IBEX -0.3



EABank: STOXX FR10Y 0.49



Turkey: Istanbul (v 7yr) 1.62

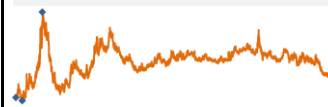


Pacific/EM (v 10y gov)

Japan: Nikkei -1.32



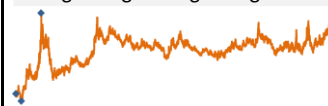
Australia: ASE -1.25



China: Shanghai SE 0.99



Hong Kong: Hang Seng 1.51



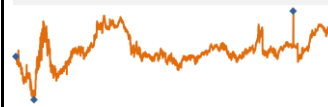
Korea: KOSPI -0.2



Taiwan: TWSE -1



Indonesia: JCI 0.92



India: SENSEX -0.86



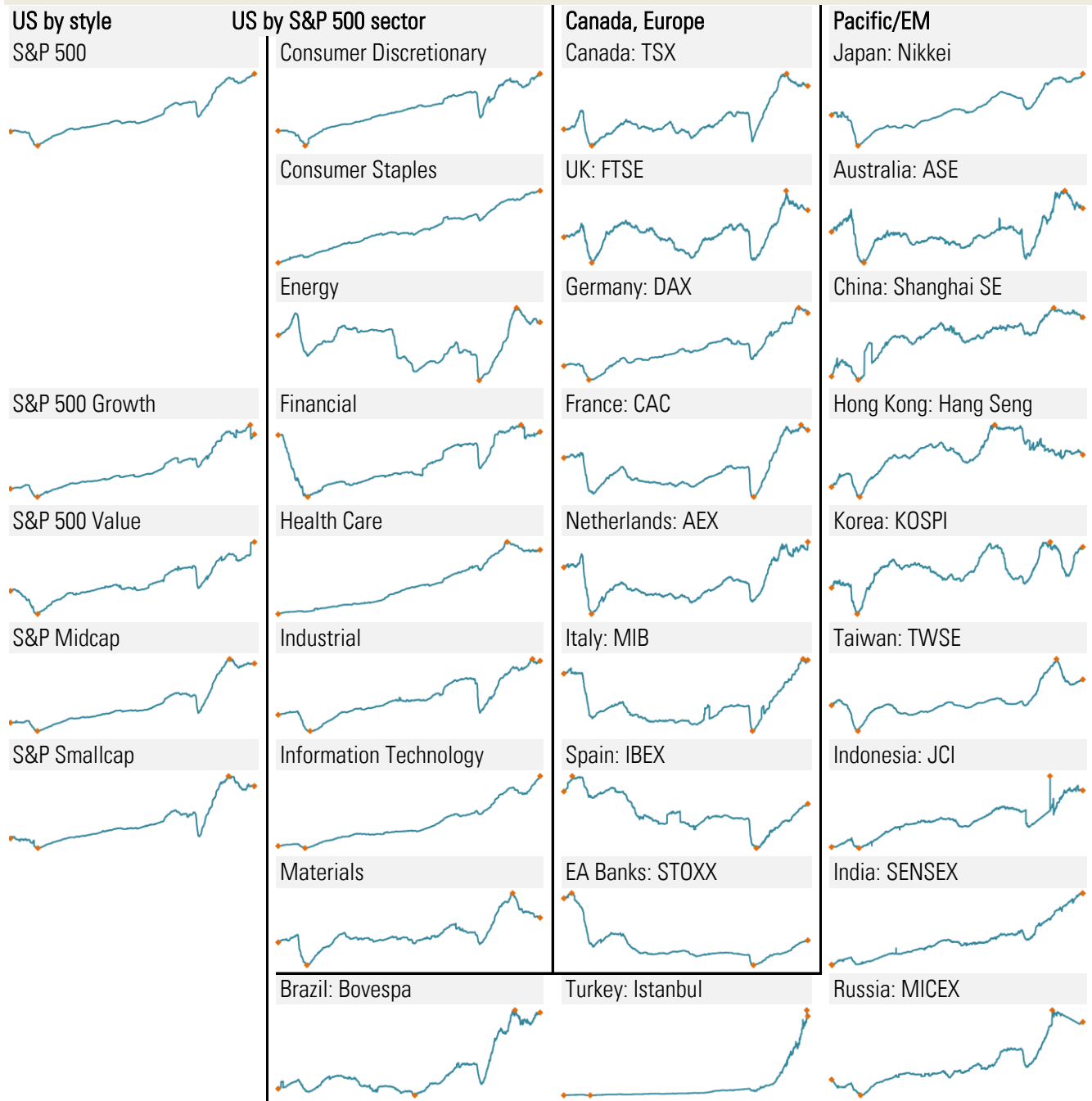
Russia: MICEX -1.23



Source: Bloomberg, TrendMacro calculations

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

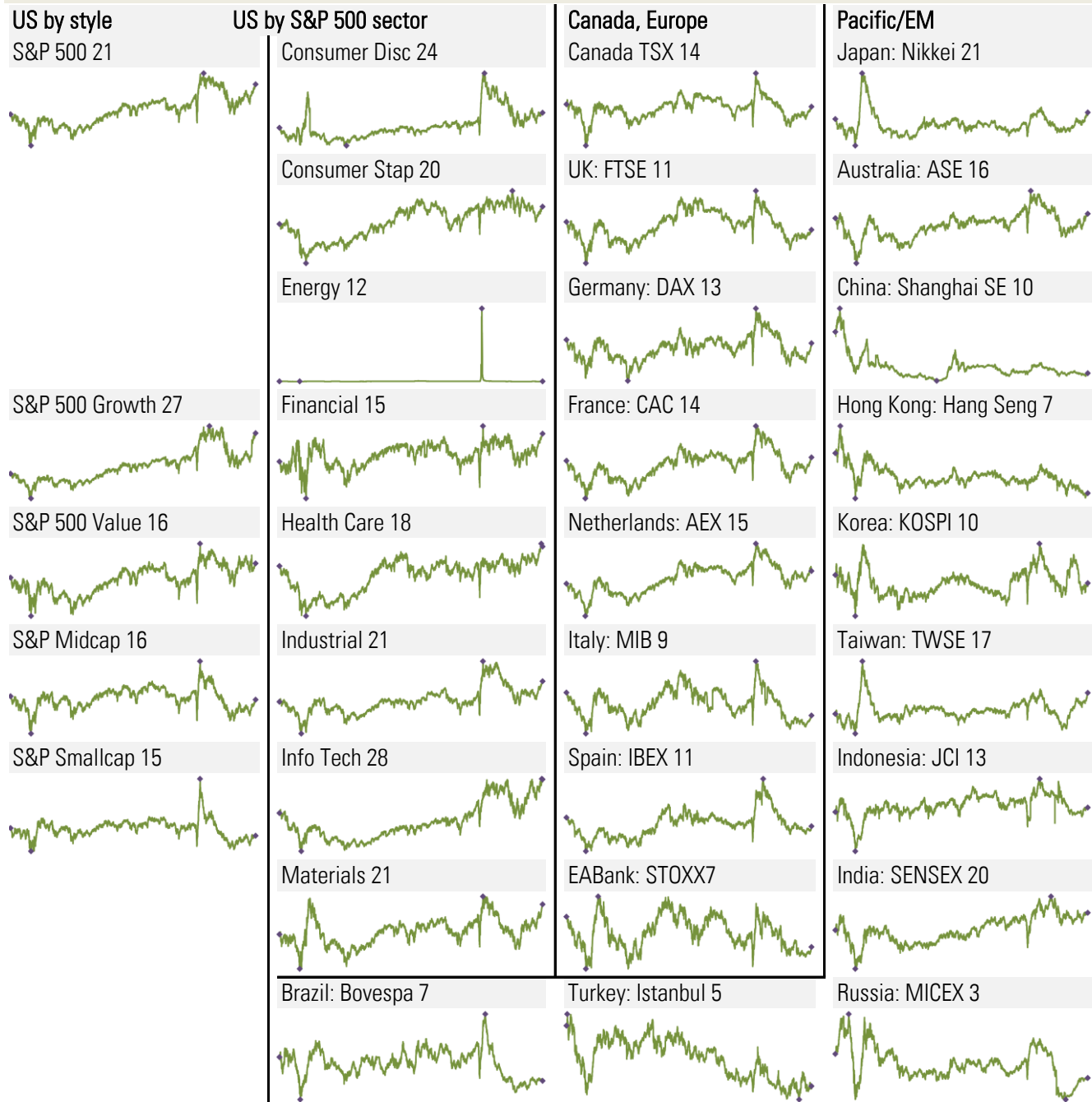
● First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

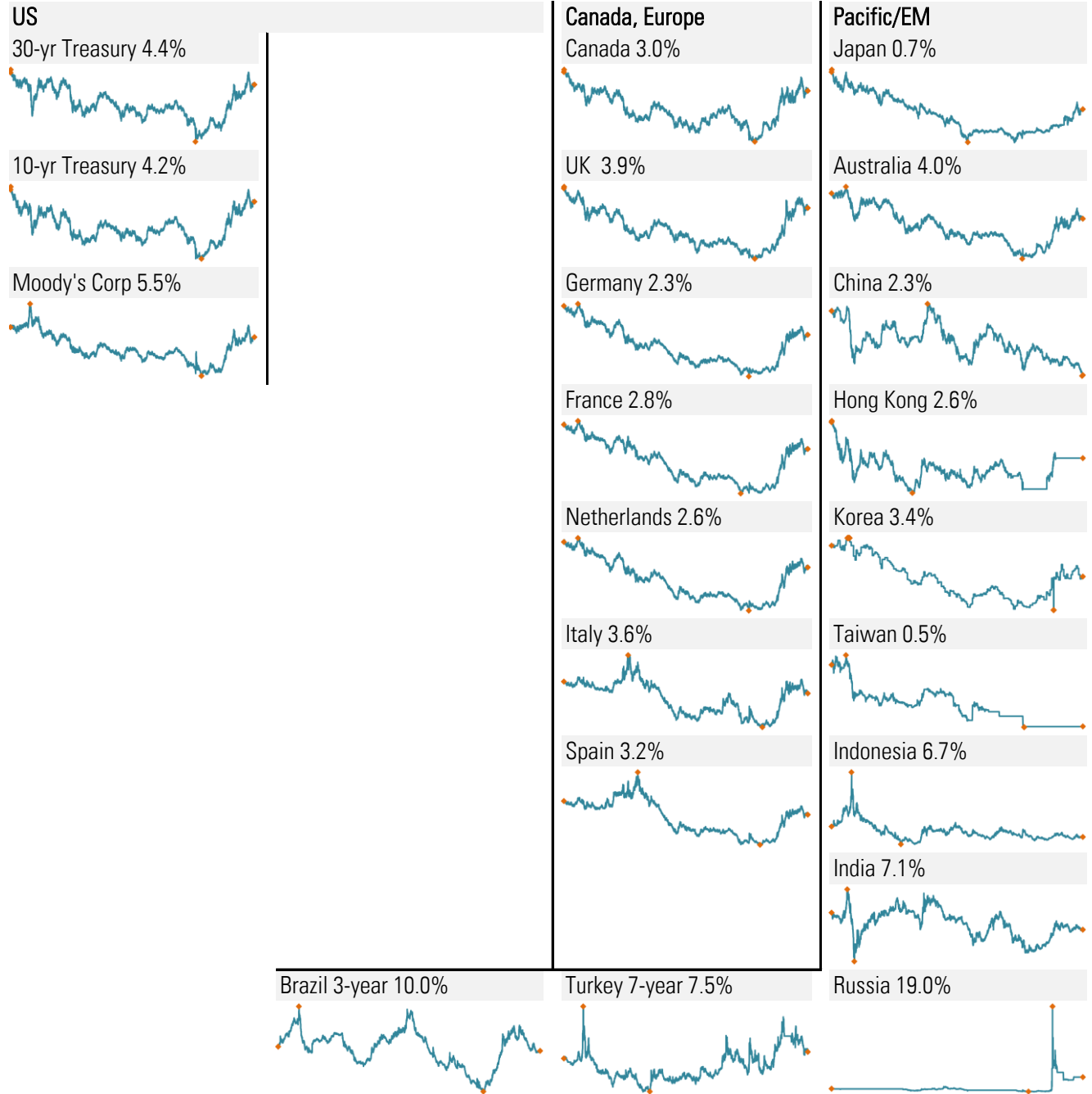
• First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

Benchmark bond yields, July 2007 to current

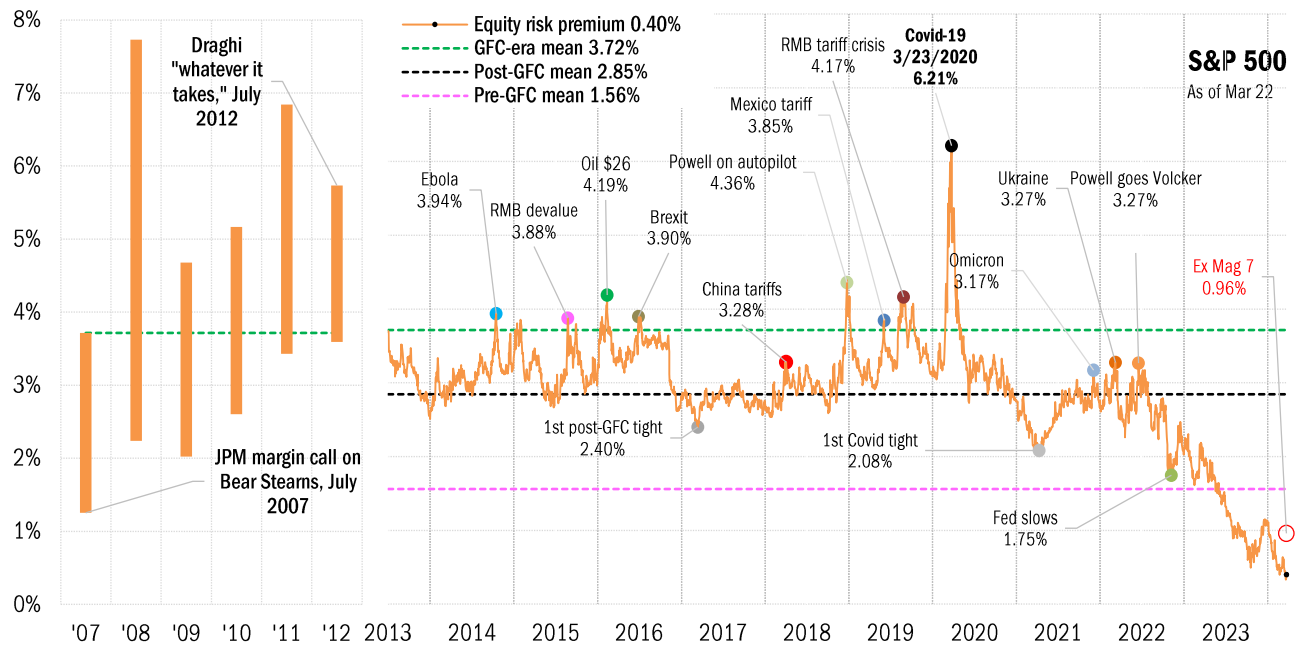
10-year government, unless indicated • First, High, Low, Last



Source: Bloomberg, TrendMacro calculations

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

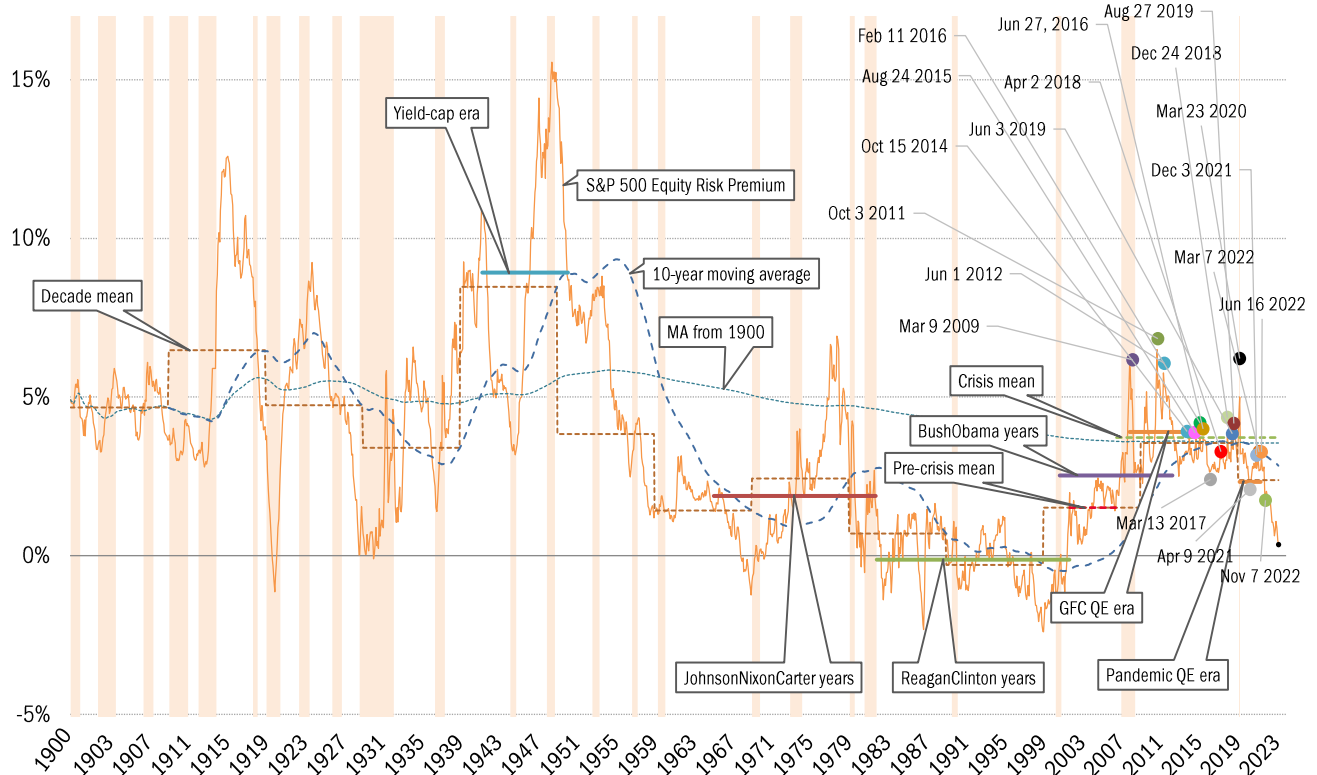
July-to-June 12-mo range (left panel), daily from July 2013 (right panel)



Versus 30-year Treasury

Source: Bloomberg, NBER, TrendMacro calculations

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

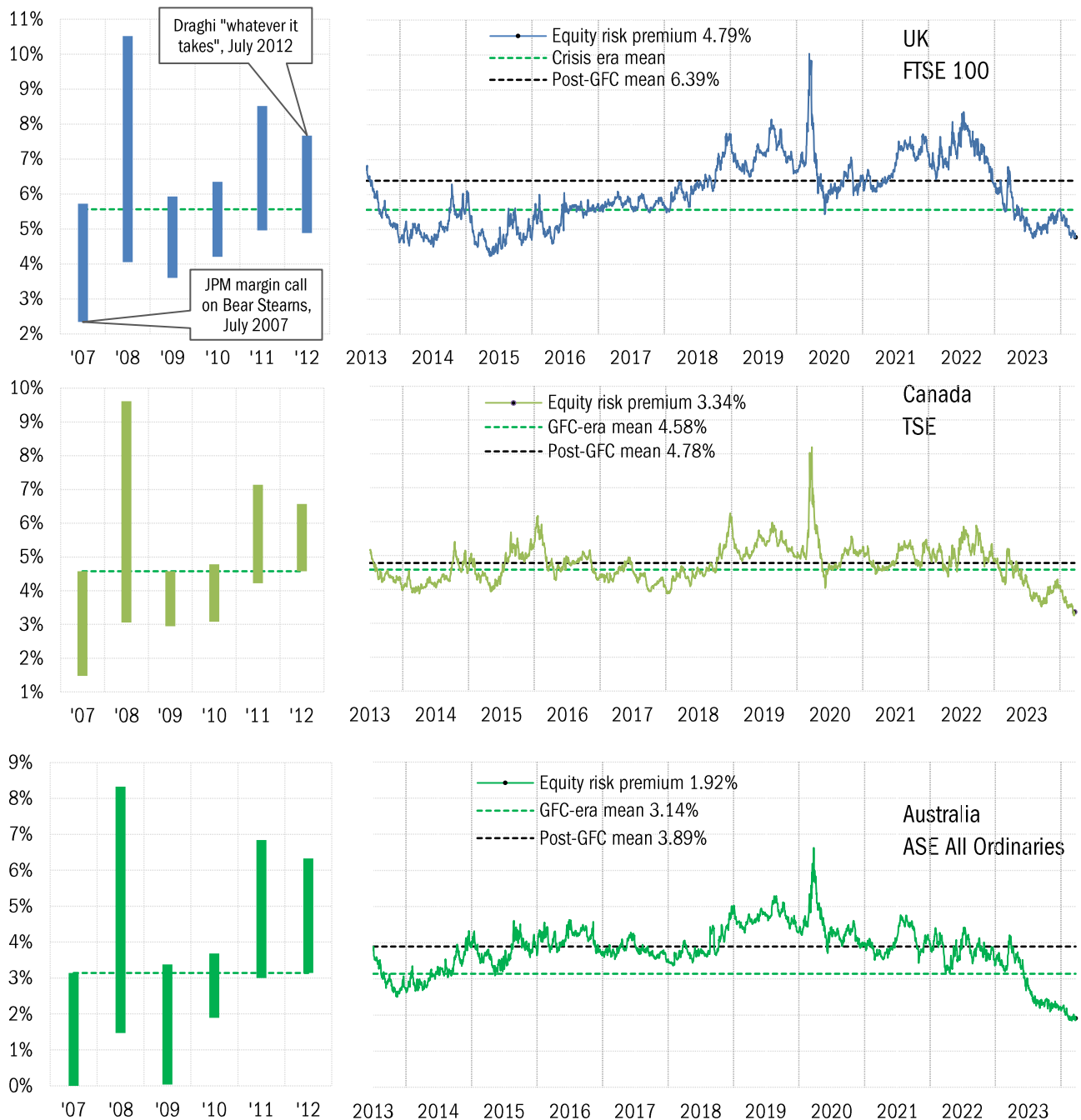


Versus 30-year Treasury

Source: Various, TrendMacro calculations

Global equity risk premia in the GFC, and its aftermath: the Anglosphere

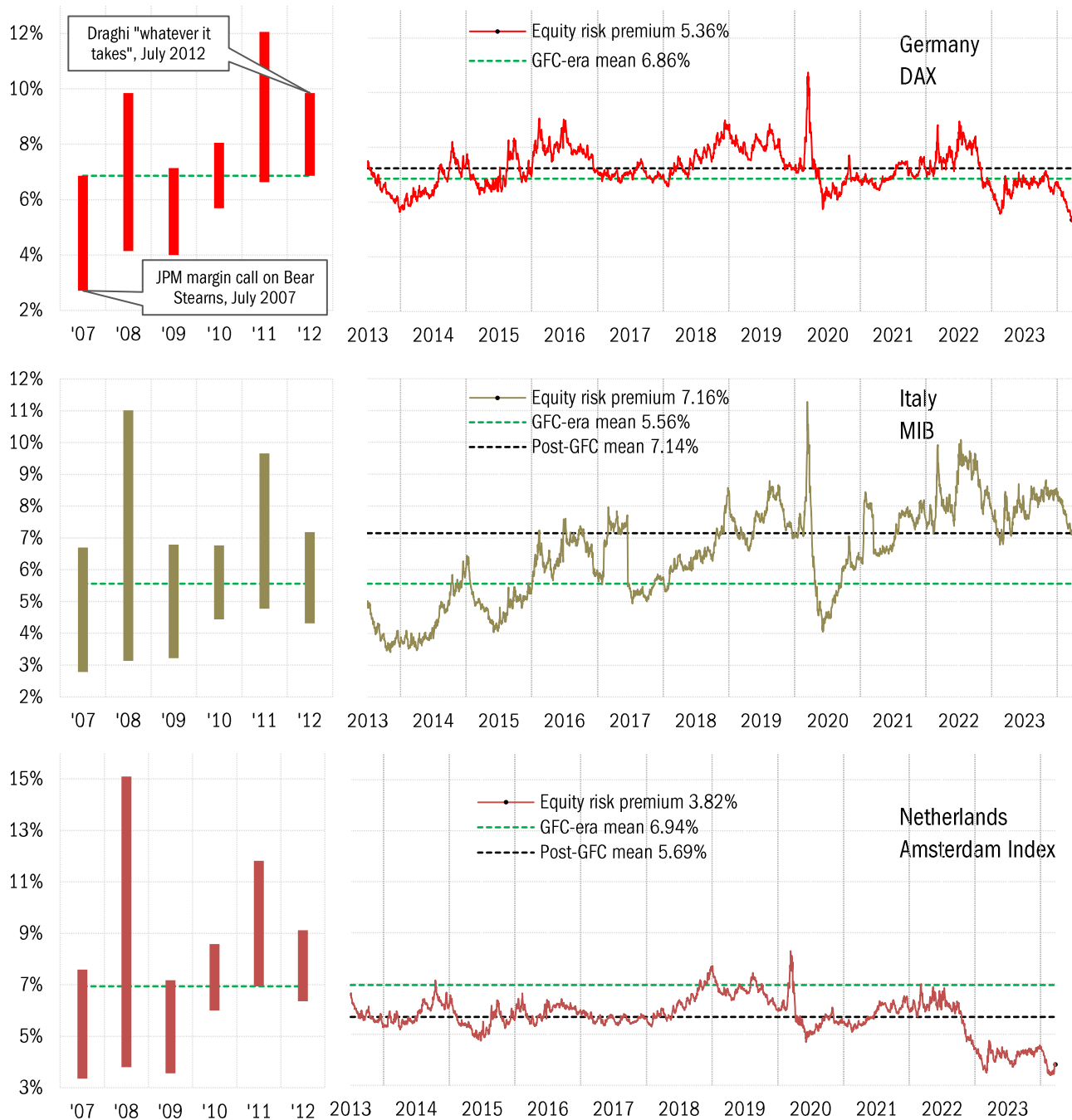
July-to-June 12-mo range (left panel), daily from July 2013 (right panel)



Source: Bloomberg, TrendMacro calculations

Global equity risk premia in the GFC, and its aftermath: Europe

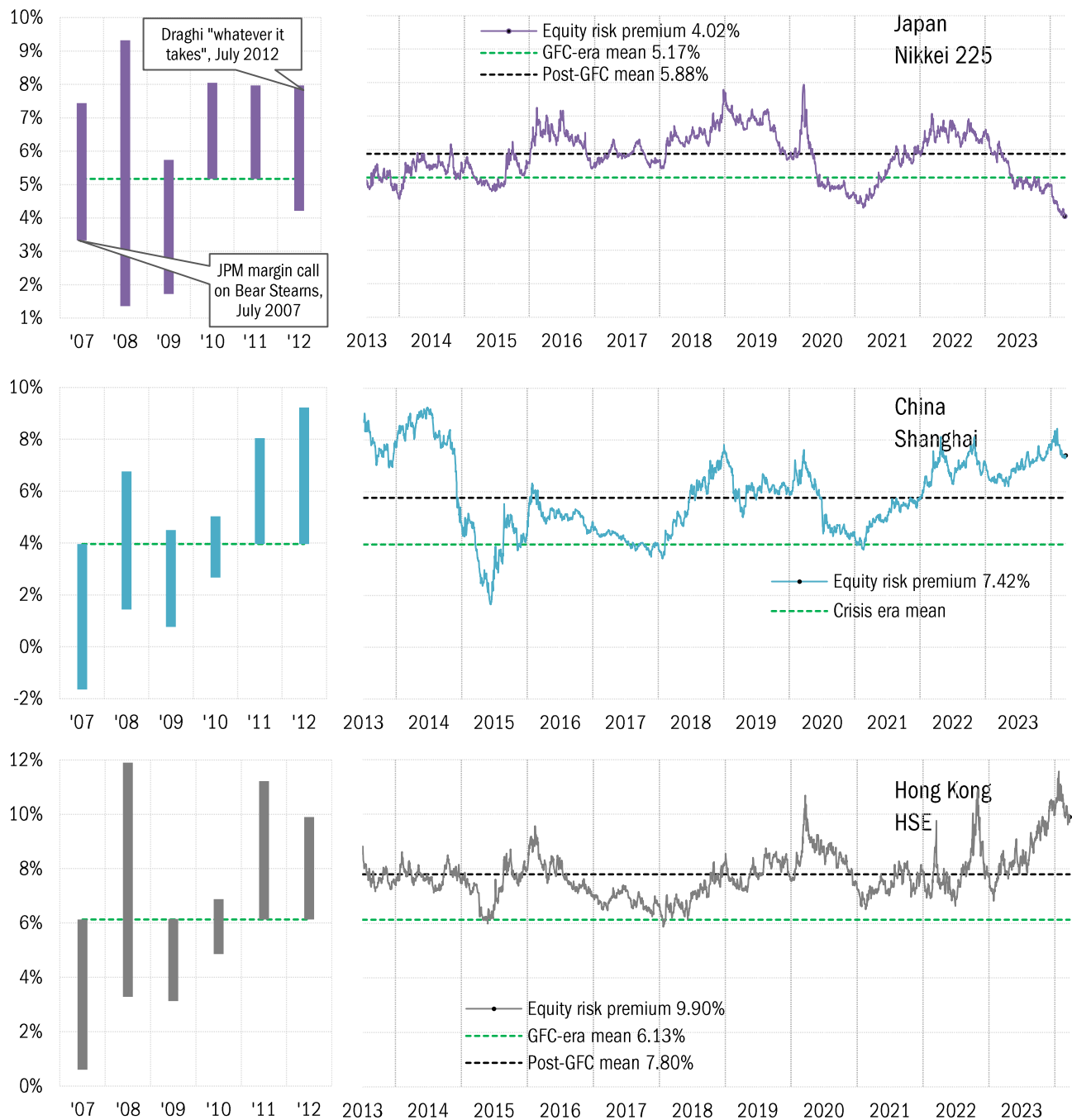
July-to-June 12-mo range (left panel), daily from July 2013 (right panel)



Source: Bloomberg, TrendMacro calculations

Global equity risk premia in the GFC, and its aftermath: Asia

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



Source: Bloomberg, TrendMacro calculations