

Stock Market Briefing: Valuation Models

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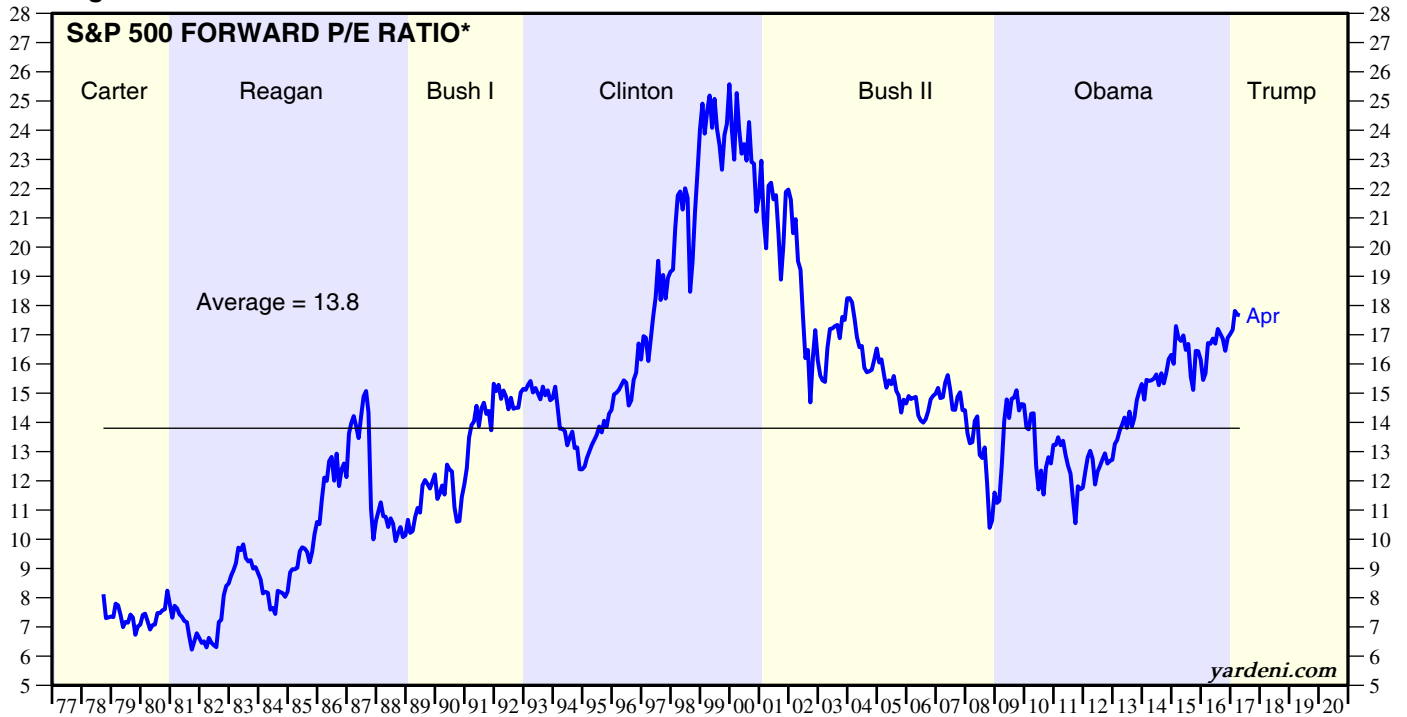
thinking outside the box

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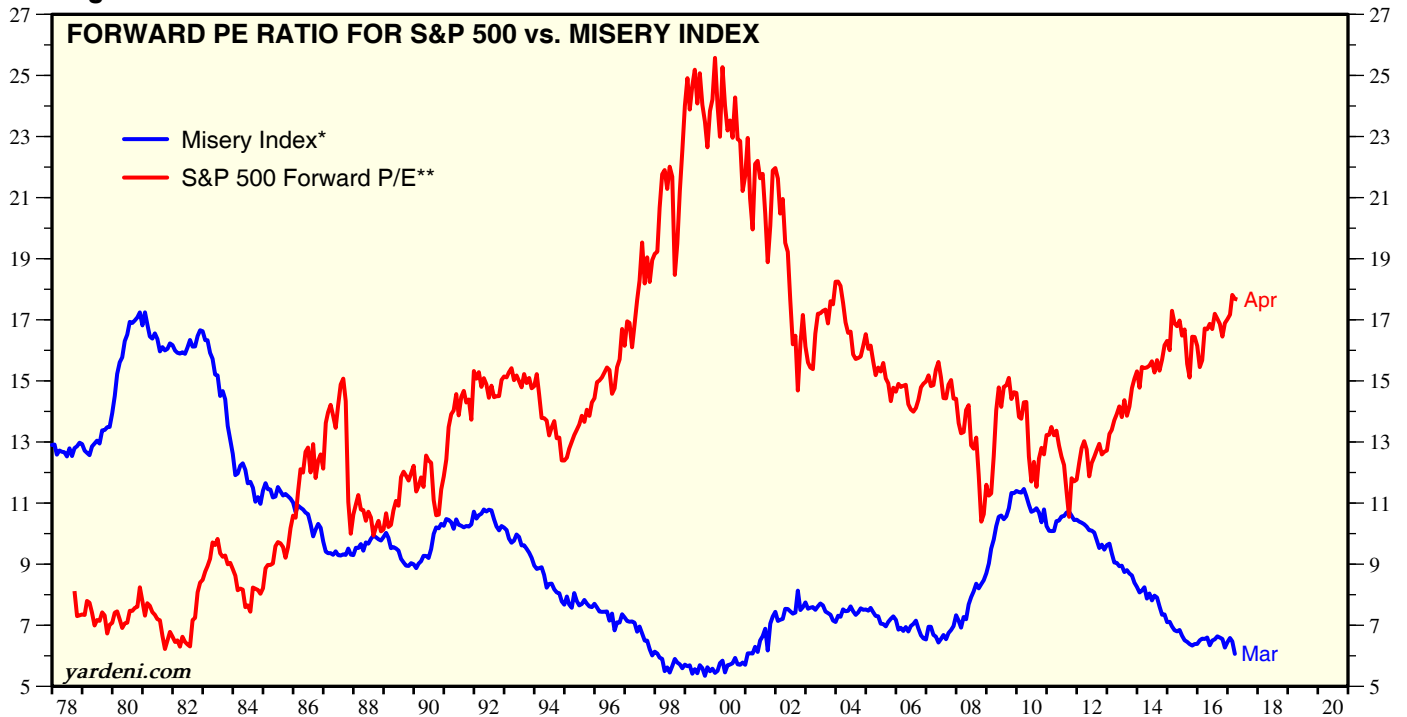
Forward P/E Ratios

Figure 1.



* Average monthly S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings per share.
Source: Thomson Reuters I/B/E/S.

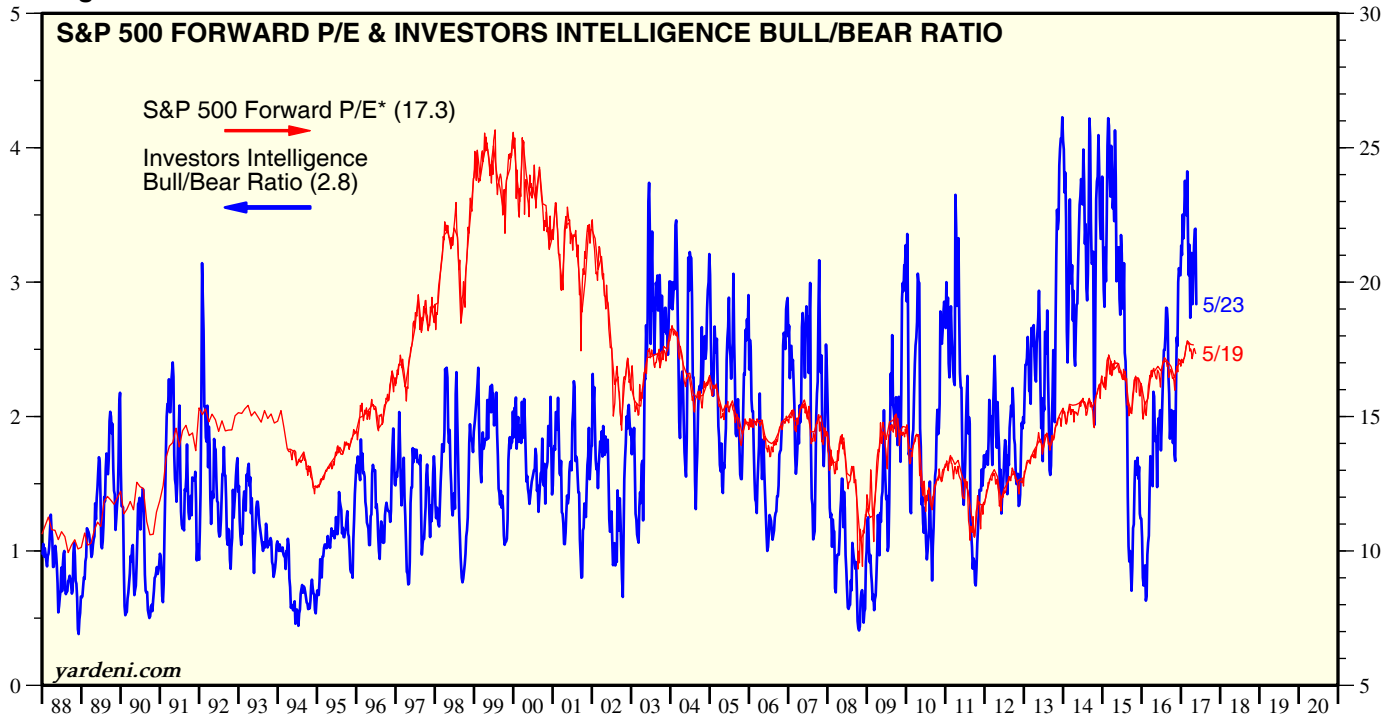
Figure 2.



* Yearly percent change in core personal consumption expenditures deflator plus unemployment rate.
** Price divided by 12-month forward consensus expected operating earnings per share.
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and Thomson Reuters I/B/E/S.

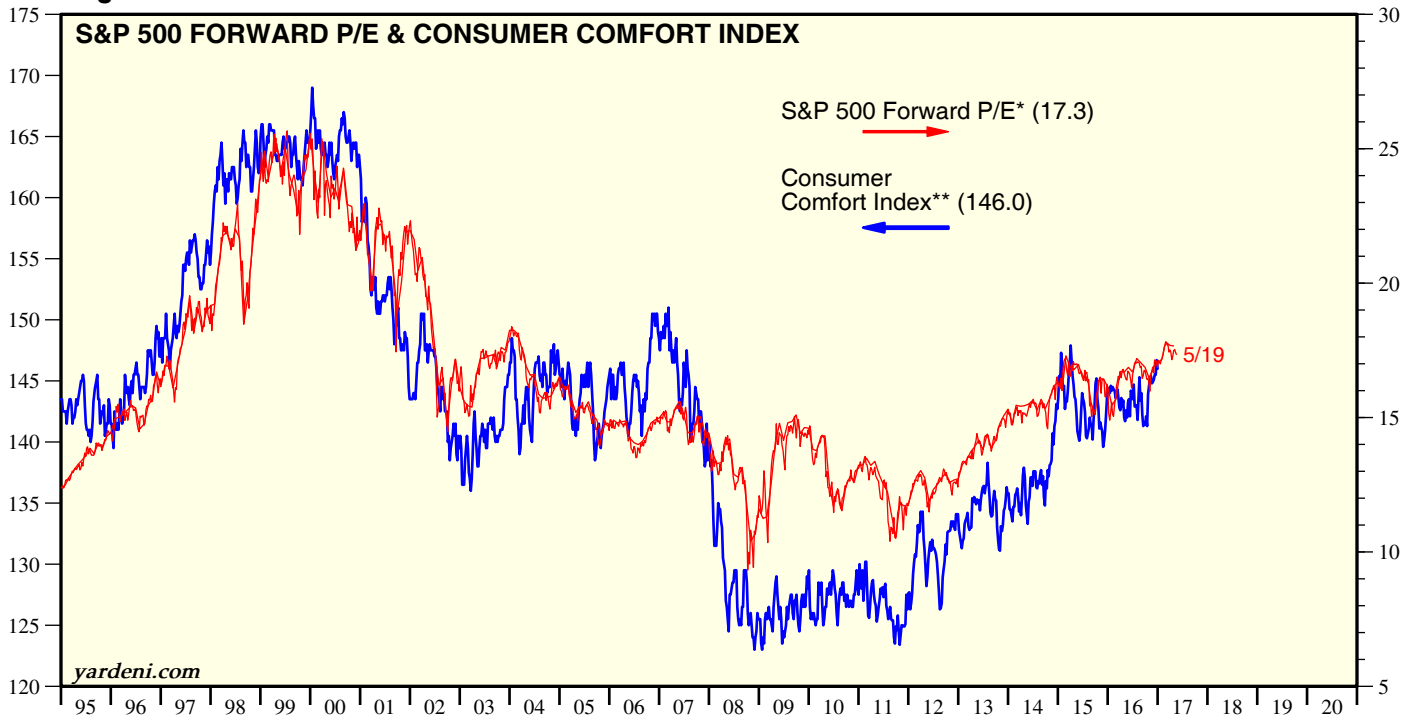
Bulls & Bears

Figure 3.



* Average weekly price divided by 52-week forward consensus expected operating earnings per share. Monthly through April 1994, then weekly.
Source: Standard & Poor's Corporation, Thomson Reuters I/B/E/S, and Investors Intelligence.

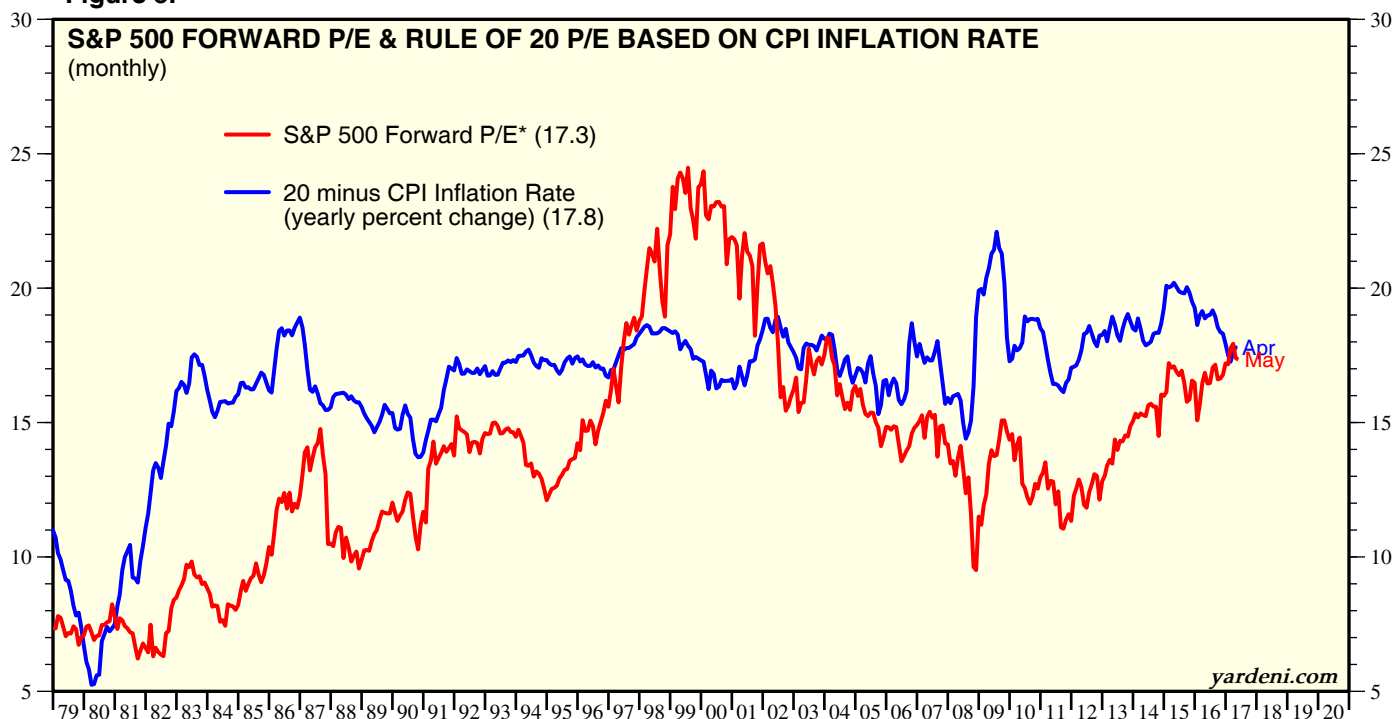
Figure 4.



* Average weekly price divided by 52-week forward consensus expected operating earnings per share.
** Index plus 100
Source: Standard & Poor's Corporation, Thomson Reuters I/B/E/S, and BloombergBusiness.

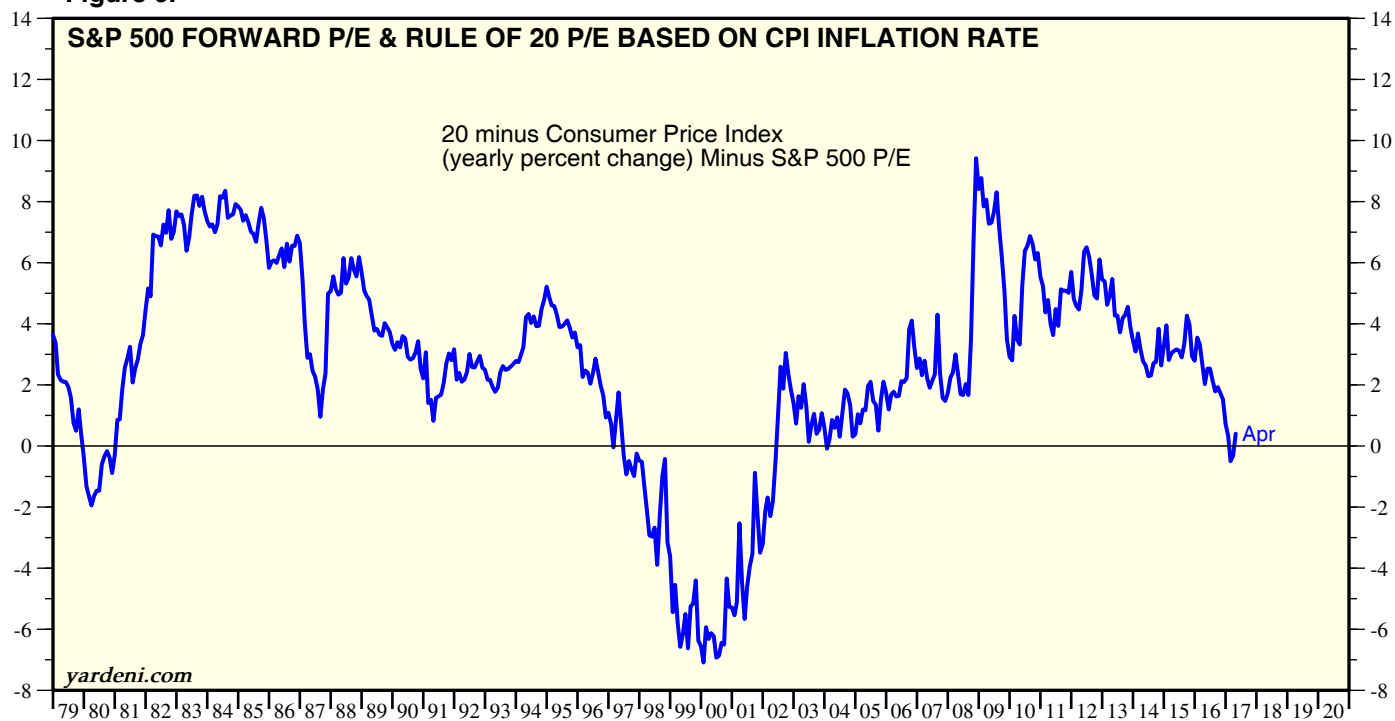
Rules of 20

Figure 5.



* P/E = price-to-earnings ratio using mid-month price and 12-month forward consensus earnings expectations.
Source: Thomson Reuters I/B/E/S and Bureau of Labor Statistics.

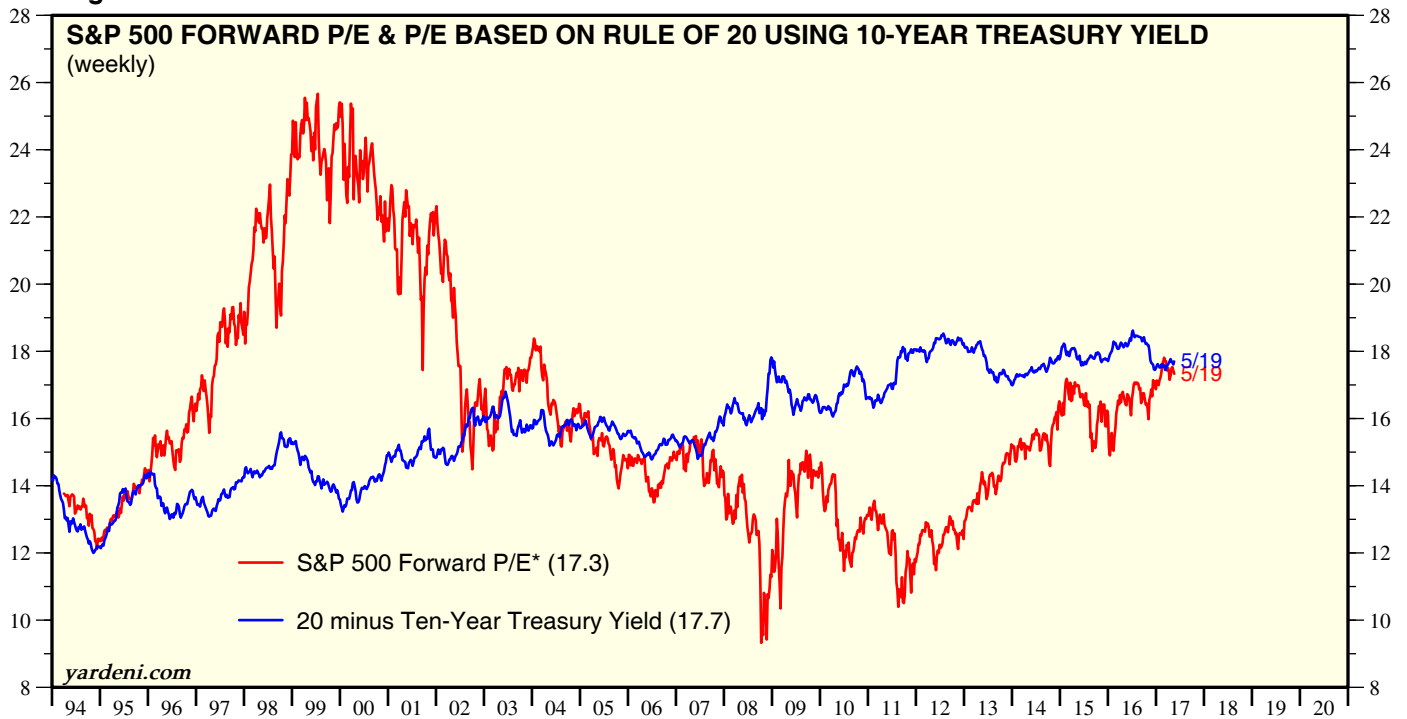
Figure 6.



* P/E = price-to-earnings ratio using mid-month price and 12-month forward consensus earnings expectations.
Source: Thomson Reuters I/B/E/S and Bureau of Labor Statistics.

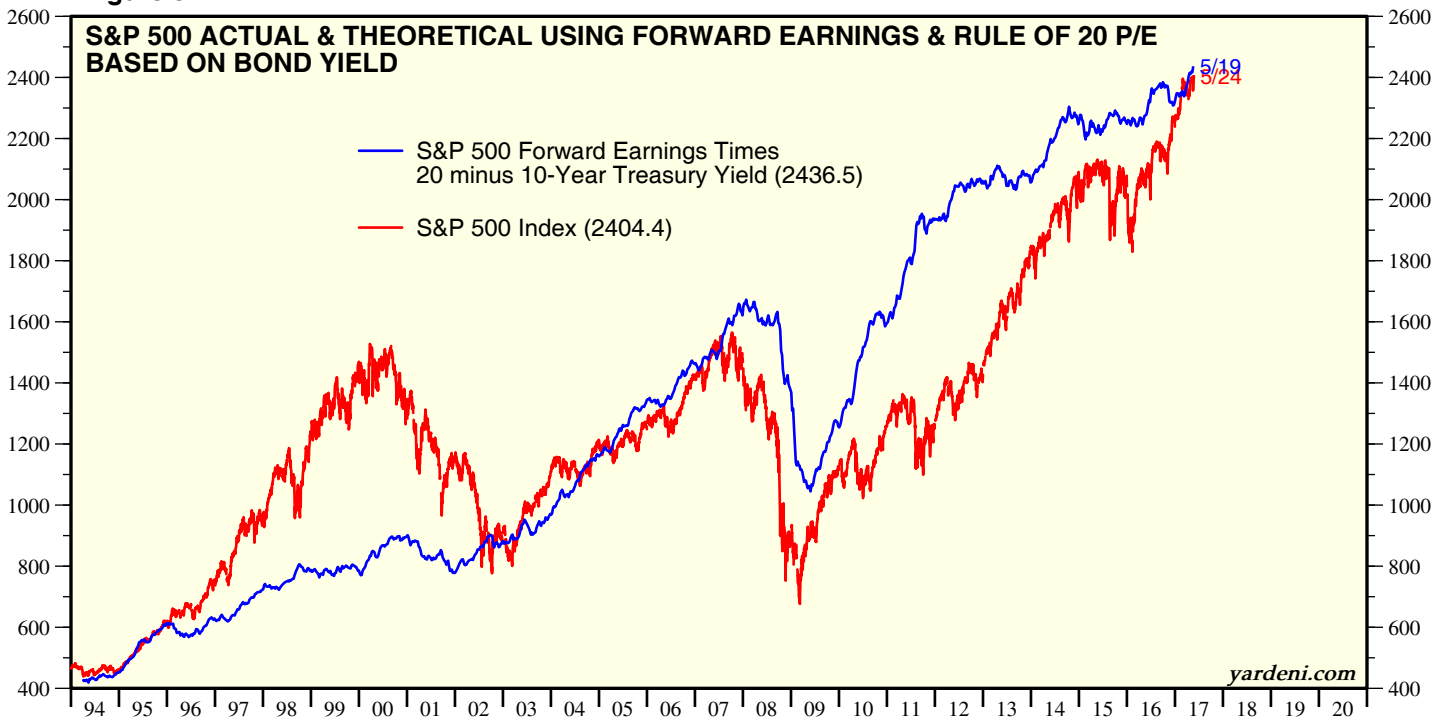
Rules of 20

Figure 7.



* Price divided by 52-week forward consensus expected operating earnings per share.
Source: Thomson Reuters I/B/E/S and Federal Reserve Board.

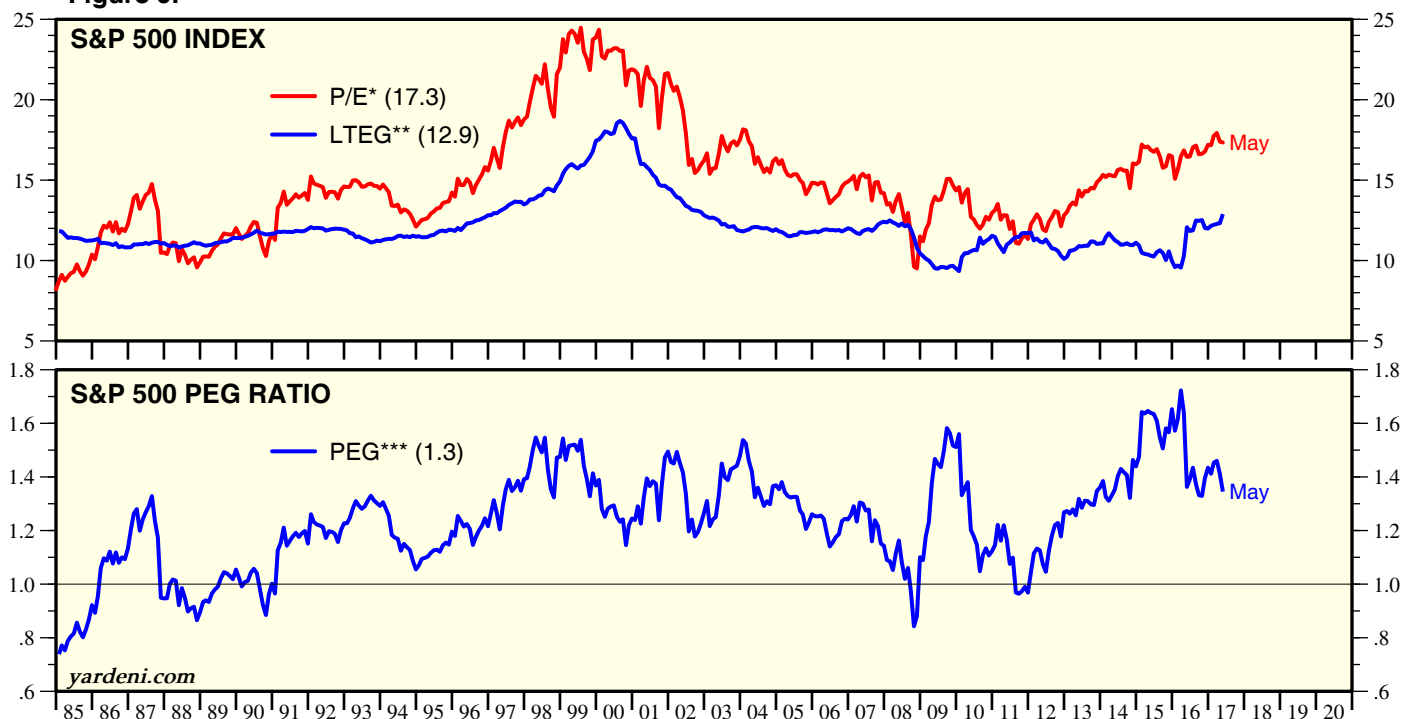
Figure 8.



Source: Thomson Reuters I/B/E/S and Federal Reserve Board.

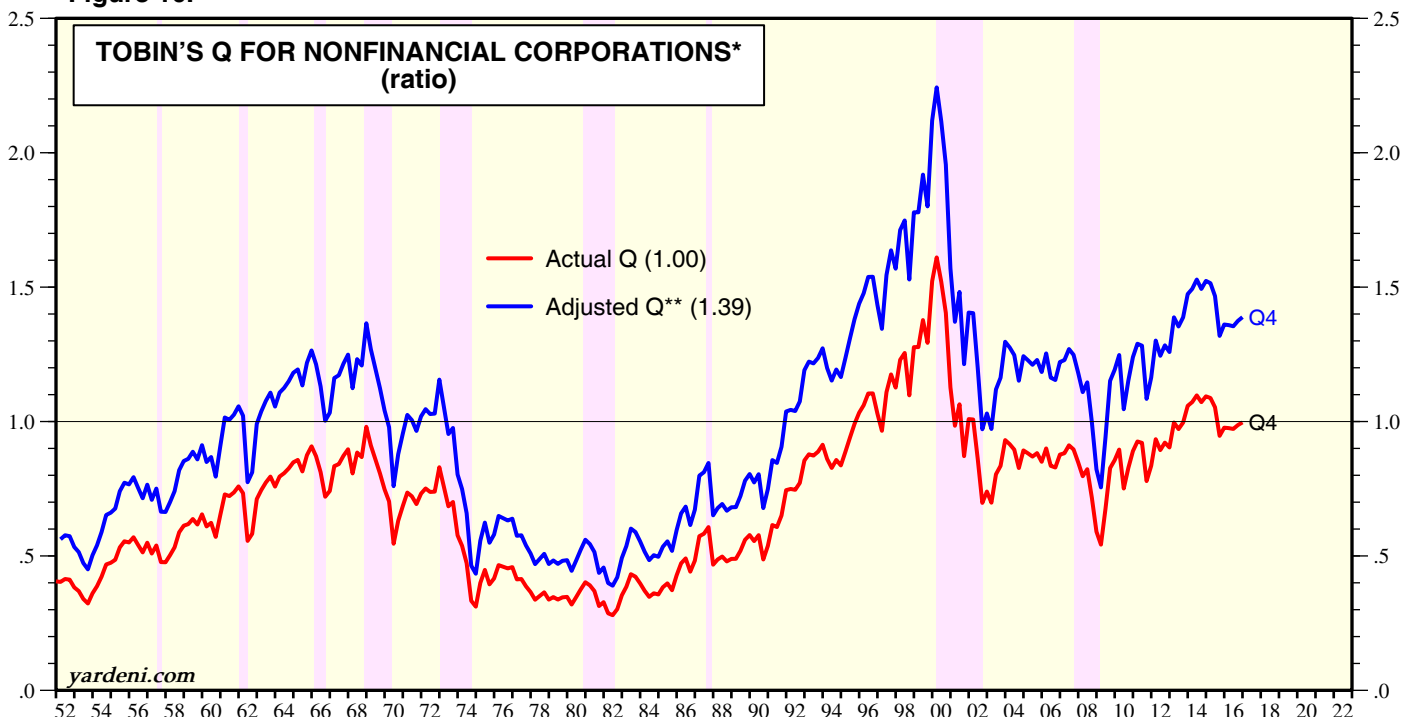
Valuation Models

Figure 9.



* P/E = price-to-earnings ratio using mid-month price and 12-month forward consensus earnings expectations.
 ** LTEG = consensus median 5-year expected earnings growth.
 *** PEG = P/E divided by LTEG.
 Source: Thomson Reuters I/B/E/S.

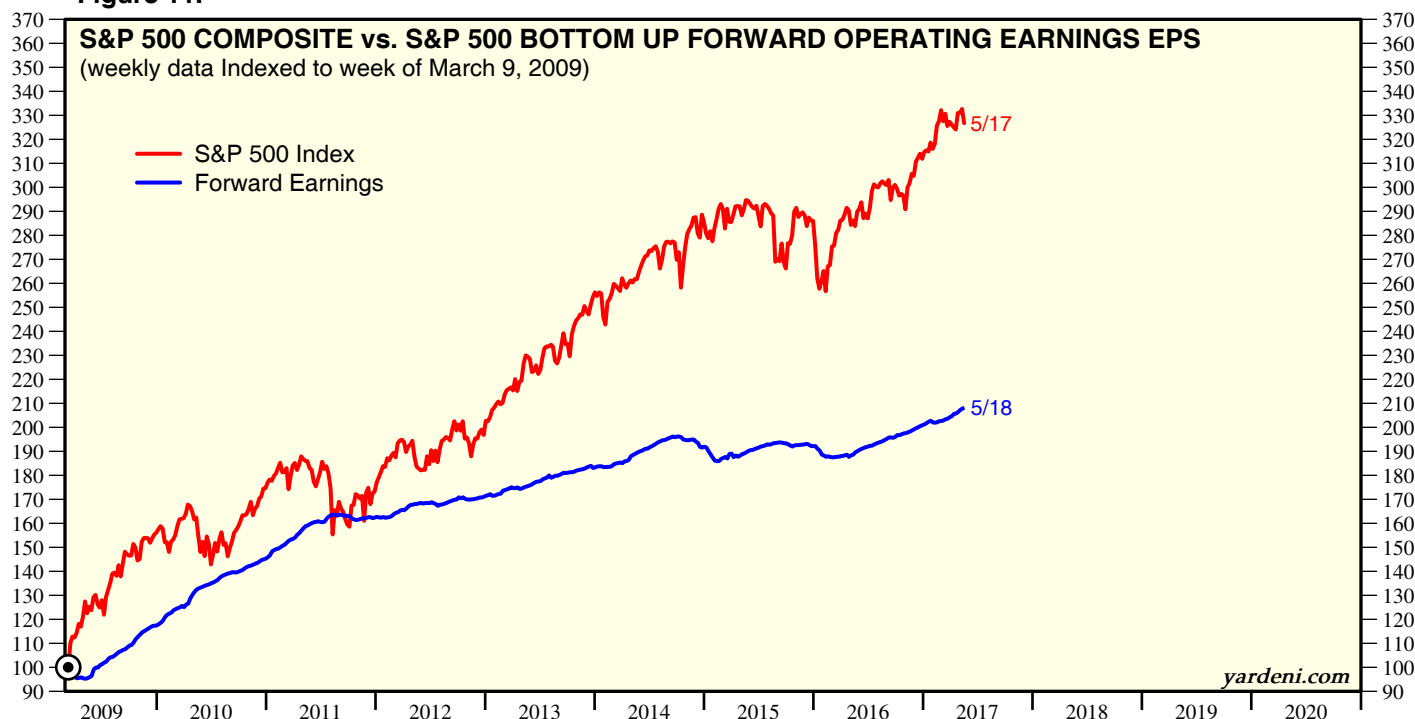
Figure 10.



* Ratio of the market value of equities to the net worth of the corporations including real estate and structures at market value and equipment, intellectual property products, and inventories at replacement cost.
 ** Actual divided by average since 1952.
 Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
 Source: Federal Reserve Board Financial Accounts of the United States.

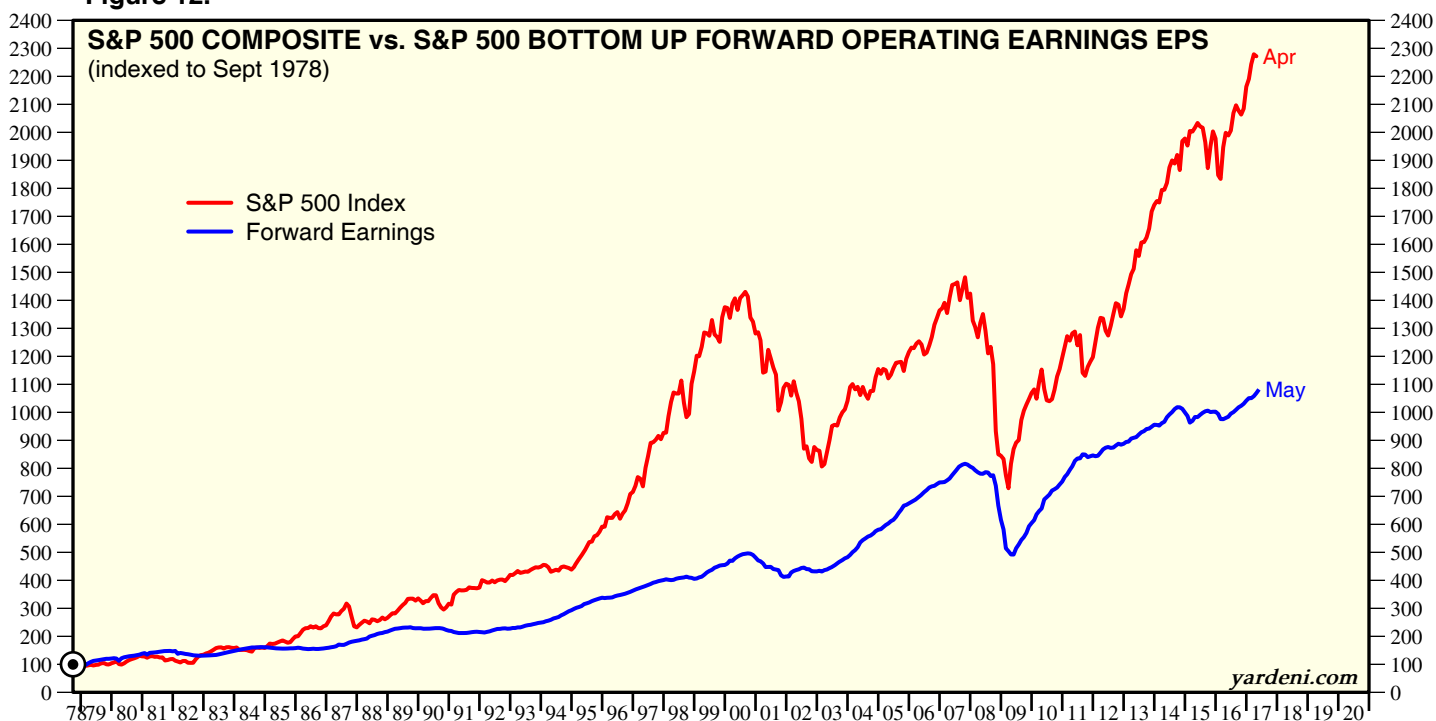
S&P 500 Index & Forward Earnings

Figure 11.



Source: Standard & Poor's Corporation and Thomson Reuters I/B/E/S.

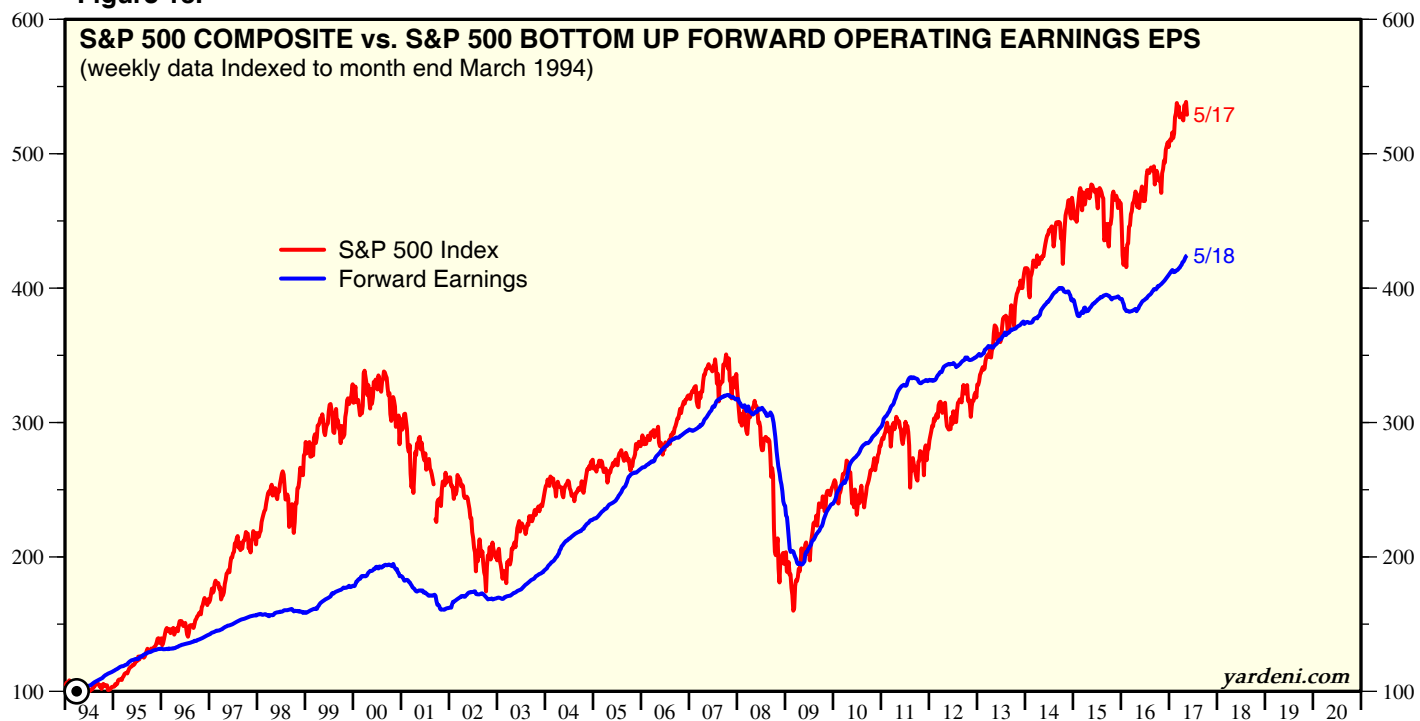
Figure 12.



Source: Standard & Poor's Corporation and Thomson Reuters I/B/E/S.

S&P 500 Index & Forward Earnings

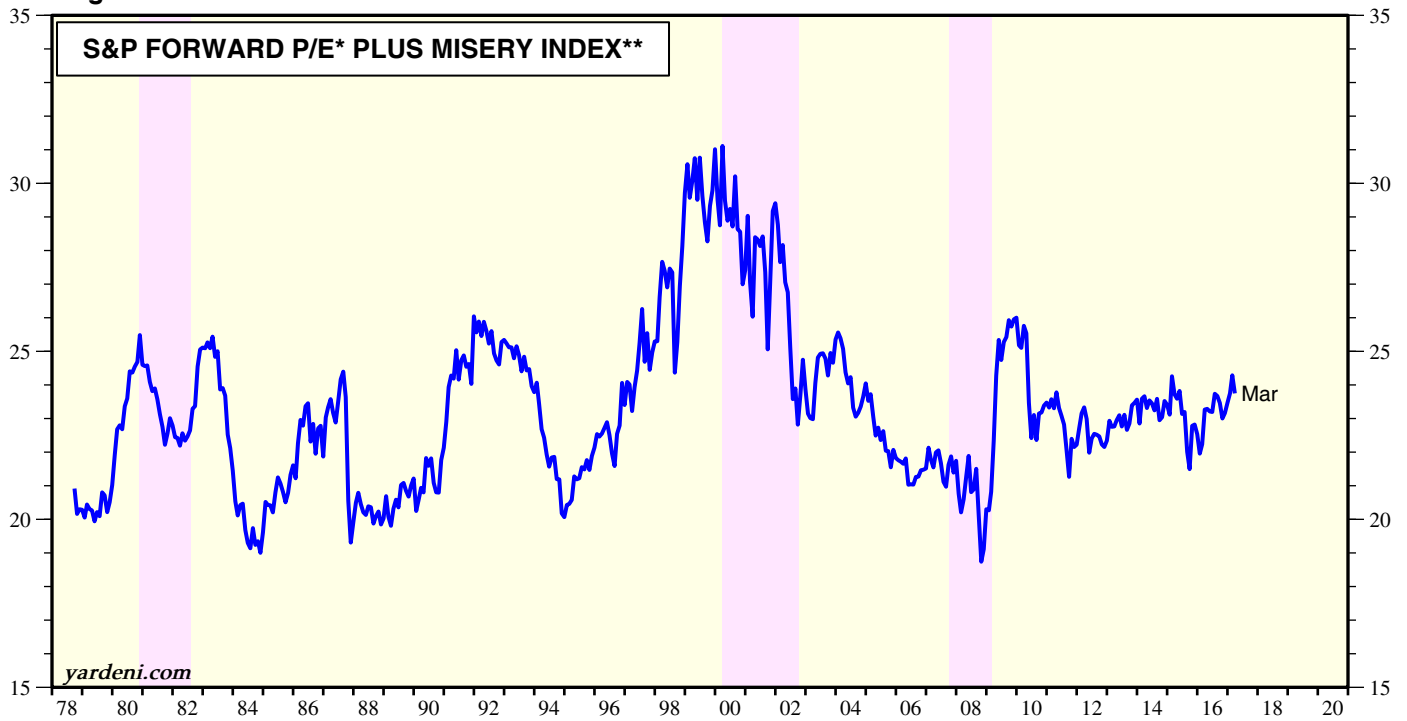
Figure 13.



Source: Thomson Reuters I/B/E/S.

S&P 500 P/E & Misery Index

Figure 14.



Note: Bear markets are declines of 20% or more (in red shades)

* Price divided by 12-month forward consensus expected operating earnings per share.

** Yearly percent change in core personal consumption expenditures deflator plus unemployment rate.

Source: US Department of Commerce, Bureau of Economic Analysis and US Department of Labor, Bureau of Labor Statistics, and Thomson Reuters I/B/E/S.

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