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thinking outside the box
Figure 1.

MISERY INDEX* & STOCK MARKET CYCLE
(percent)

Unemployment rate plus yearly percent change in consumer price index.

Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.


Figure 2.

MISERY INDEX COMPONENTS DURING BULL & BEAR MARKETS

CPI
(yearly percent change) (1.8)

Unemployment Rate (3.6)

Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.

Figure 3.

S&P 500 FORWARD P/E RATIO & MISERY INDEX

- Misery Index* (5.4)
- S&P 500 Forward P/E** (17.7)

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* Unemployment rate plus yearly percent change in consumer price index.
** Average monthly S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings per share.

Figure 4.

S&P 500 FORWARD P/E* PLUS MISERY INDEX**

- Average = 23.8
- Latest (22.6)

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* Average monthly S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings per share.
** Unemployment rate plus yearly percent change in consumer price index.
Note: Bear markets are declines of 20% or more (in red shades).
S&P 500 FOOTWEAR REVENUES PER SHARE
(analysts' average forecasts, ratio scale)

Consensus Forecasts
- Annual estimates
- Forward revenues*

* Time-weighted average of consensus estimates for current year and next year. Monthly through December 2005, then weekly.
Source: I/B/E/S data by Refinitiv.

S&P 500 FOOTWEAR VALUATION

Forward P/E* (28.4)

* Price divided by forward consensus expected earnings per share. Monthly through December 2005, then weekly.
Source: Thomson Reuters I/B/E/S.
Figure 7.

S&P 500 (trillion dollars)

Aggregate Market Capitalization (left scale) (25.9)
Aggregate Forward Earnings (right scale) (1.5)

Source: S&P Dow Jones Indices and I/B/E/S data by Refinitiv.

Figure 8.

S&P 500 VALUATION

Forward P/E* (17.65)
Median Forward P/E* (17.68)

Ratio of Median Forward PE to Forward PE (1.04)

* Price divided by 12-month forward consensus expected operating earnings per share.
Source: I/B/E/S data by Refinitiv.
Figure 9.

- **S&P 500 (forward P/E)**: P/E (17.7)
- **INDUSTRIALS**: (16.7)
- **CONSUMER DISCRETIONARY**: (21.5)
- **INFORMATION TECHNOLOGY**: (20.6)
- **CONSUMER STAPLES**: (19.8)
- **MATERIALS**: (17.8)
- **ENERGY**: (16.7)
- **REAL ESTATE**: (42.4)
- **FINANCIALS**: (12.8)
- **COMMUNICATION SERVICES**: (18.3)
- **HEALTH CARE**: (15.0)
- **UTILITIES**: (19.2)

Source: I/B/E/S data by Refinitiv and Standard & Poor’s.
Figure 10.

**S&P 500 CONSUMER DISCRETIONARY + CONSUMER STAPLES: MARKET CAP & EARNINGS SHARES**

(Percent)

- Capitalization Share (17.1)
- Earnings Share* (14.6)

*Using consensus 12-month forward earnings forecasts. Monthly through 2006, then weekly.

Source: I/B/E/S data by Refinitiv.

Figure 11.

**S&P 500 COMMUNICATION SERVICES + INFORMATION TECHNOLOGY: MARKET CAP & EARNINGS SHARES**

(Percent)

- Capitalization Share (33.1)
- Earnings Share* (29.5)

*Using consensus 12-month forward earnings forecasts. Monthly through 2006, then weekly.

Source: I/B/E/S data by Refinitiv.
S&P 500 MATERIALS + ENERGY + INDUSTRIALS: MARKET CAP & EARNINGS SHARES
(percent)

Capitalization Share (16.5)
Earnings Share* (17.2)

* Using consensus 12-month forward earnings forecasts. Monthly through 2006, then weekly.
Source: I/B/E/S data by Refinitiv.
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