

S&P 500 Equity Risk Premium

Yardeni Research, Inc.

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Dr. Edward Yardeni

516-972-7683
eyardeni@yardeni.com

Joe Abbott

732-497-5306
jabbott@yardeni.com

Please visit our sites at
www.yardeni.com
blog.yardeni.com



thinking outside the box

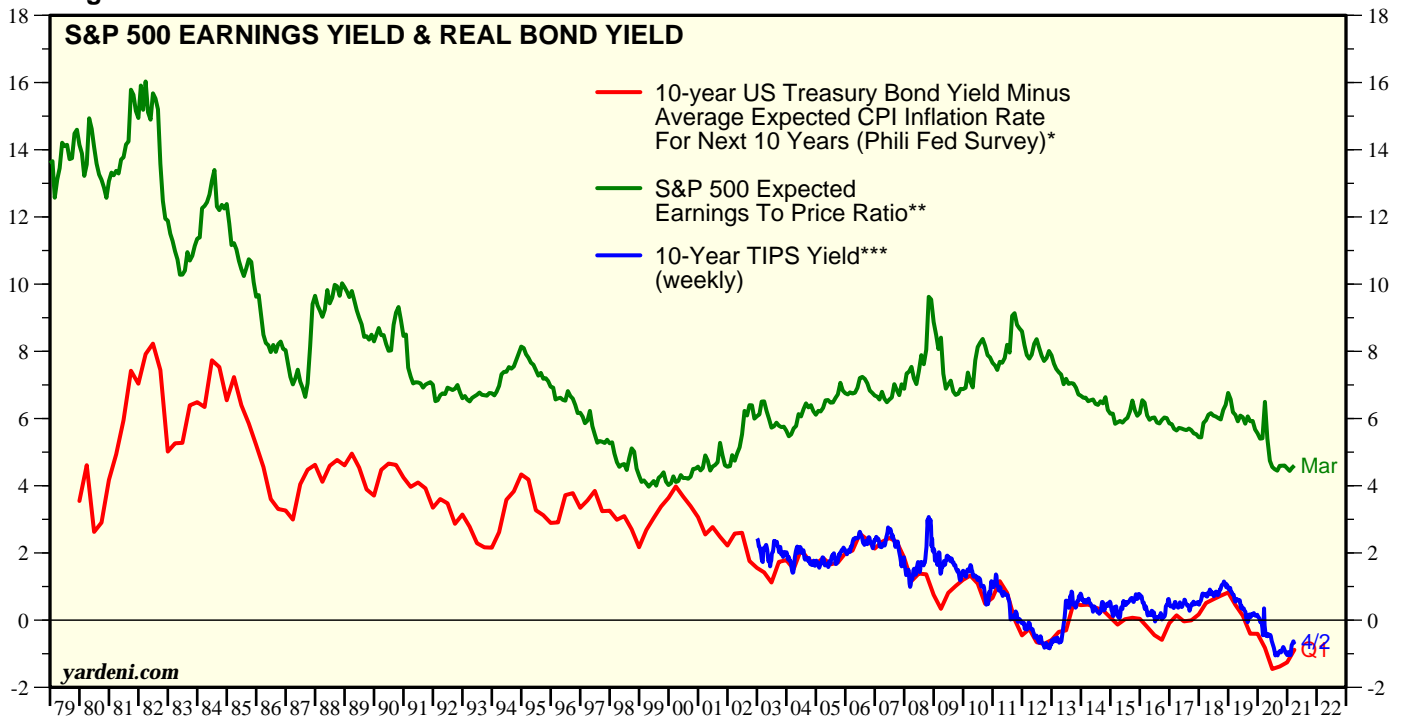
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Figure 1.



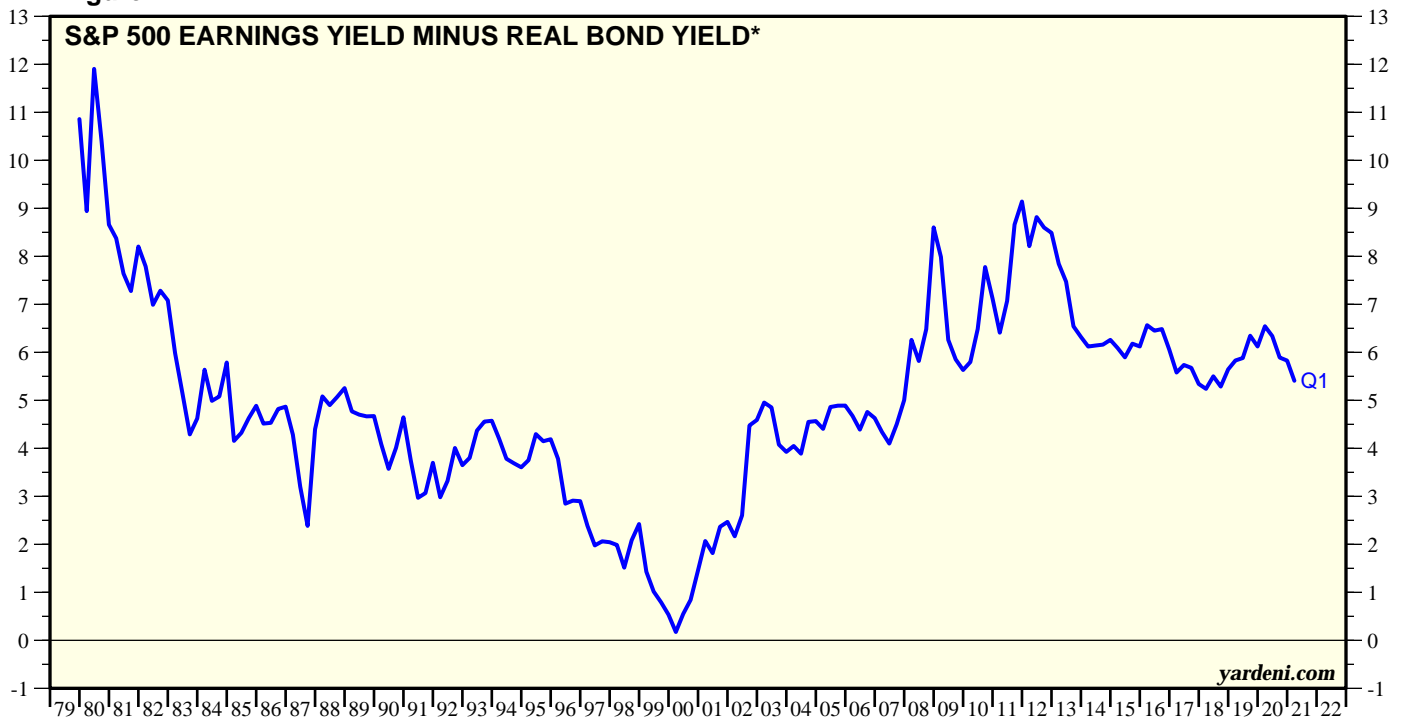
* Data from 1979 to 1991 quarterly, monthly thereafter.

** Earnings-price ratio is based on the Thomson Reuters I/B/E/S consensus estimates of earnings over the coming 12 months.

*** Yields on Treasury inflation protected securities (TIPS) adjusted to constant maturities.

Source: Board of Governors of the Federal Reserve System, US Treasury, I/B/E/S data by Refinitiv, and Federal Reserve Bank of Philadelphia.

Figure 2.



* S&P 500 forward expected earnings to price ratio minus 10-year Treasury bond yield minus average expected Median CPI inflation rate for next 10 years (Phili Fed Survey).

Source: Board of Governors of the Federal Reserve System, US Treasury, I/B/E/S data by Refinitiv, and Federal Reserve Bank of Philadelphia.

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