# Table Of Contents

Bulls & Bears 1
Rules of 20 2
Valuation Models 3
S&P 500 Index & Forward Earnings 4-5
Figure 1.

S&P 500 FORWARD P/E & INVESTORS INTELLIGENCE BULL/BEAR RATIO

S&P 500 Forward P/E\(^*\) (15.9)
Investors Intelligence Bull/Bear Ratio (2.3)

* 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, I/B/E/S data by Refinitiv, and Investors Intelligence.

Figure 2.

S&P 500 FORWARD P/E & CONSUMER COMFORT INDEX

S&P 500 Forward P/E\(^*\) (15.9)
Weekly Consumer Comfort Index\(^**\) (62.1)

* Average weekly price divided by 52-week forward consensus expected operating earnings per share.
** Index plus 100.
Source: Standard & Poor’s, I/B/E/S data by Refinitiv, and Bloomberg.
**Rules of 20**

Figure 3.

**S&P 500 FORWARD P/E & RULE OF 20 P/E BASED ON CPI INFLATION RATE**

20 minus Consumer Price Index (yearly percent change) Minus S&P 500 P/E

* P/E = price-to-earnings ratio using mid-month price and 12-month forward consensus earnings expectations.


Figure 4.

**S&P 500 FORWARD P/E & P/E BASED ON RULE OF 20 USING 10-YEAR TREASURY YIELD**

Price divided by 52-week forward consensus expected operating earnings per share.

Source: I/B/E/S data by Refinitiv and Federal Reserve Board.
Figure 5. S&P 500 INDEX

\[ P/E^* (16.2) \quad \text{LTEG}^{**} (17.5) \]

Figure 6. Tobin’s Q provides an interesting perspective on valuation.

**Tobin’s Q** for nonfinancial corporations (ratio)

\[ \text{Actual } q^* \quad \text{Adjusted } q^{**} \]

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

* Ratio of the market value of equities to the net worth of 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: Flow of Funds.
Figure 7.
S&P 500 COMPOSITE vs. S&P 500 BOTTOM UP FORWARD OPERATING EARNINGS EPS
(weekly data Indexed to week of March 9, 2009)

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

Figure 8.
S&P 500 COMPOSITE vs. S&P 500 BOTTOM UP FORWARD OPERATING EARNINGS EPS
(indexed to Sept 1978)

Source: Standard & Poor’s Corporation and I/B/E/S data by Refinitiv.
Figure 9.

S&P 500 COMPOSITE vs. S&P 500 BOTTOM UP FORWARD OPERATING EARNINGS EPS
(weekly data Indexed to month end March 1994)

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