

# Stock Market Briefing: Valuation Models

Yardeni Research, Inc.

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*thinking outside the box*

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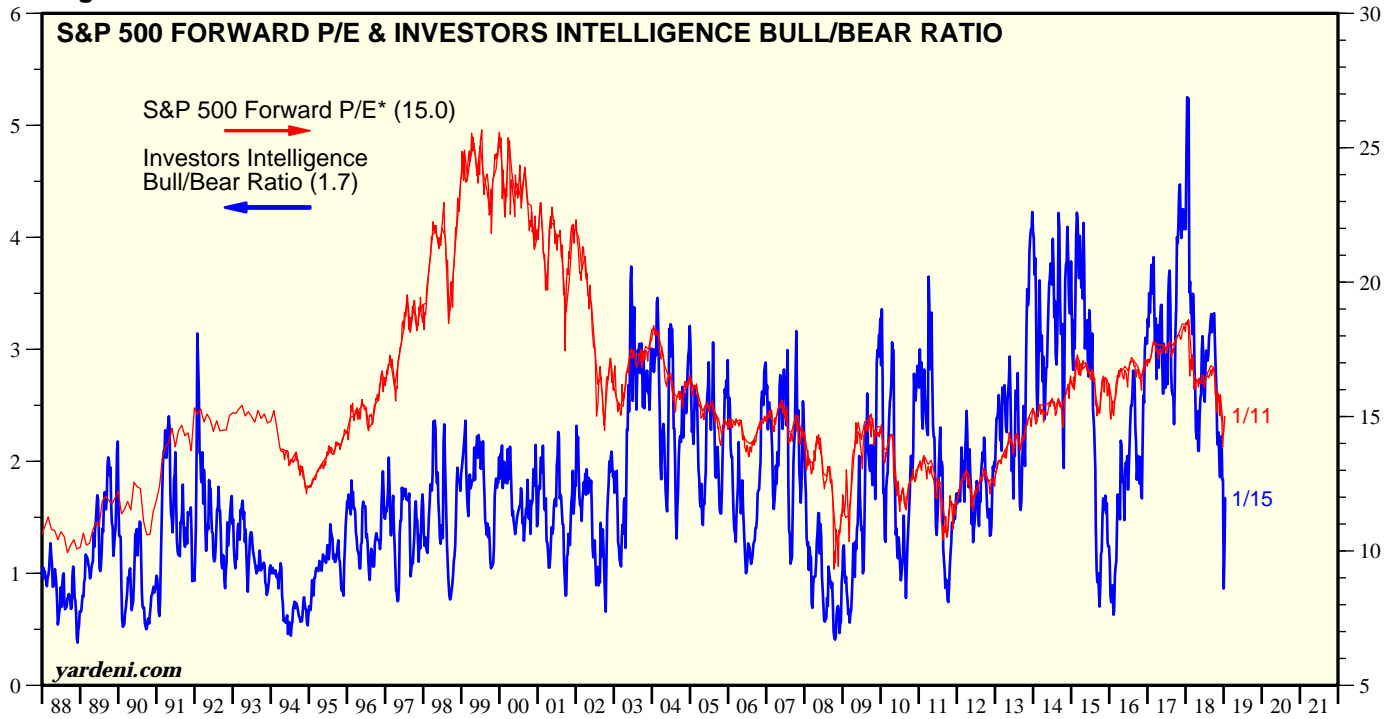
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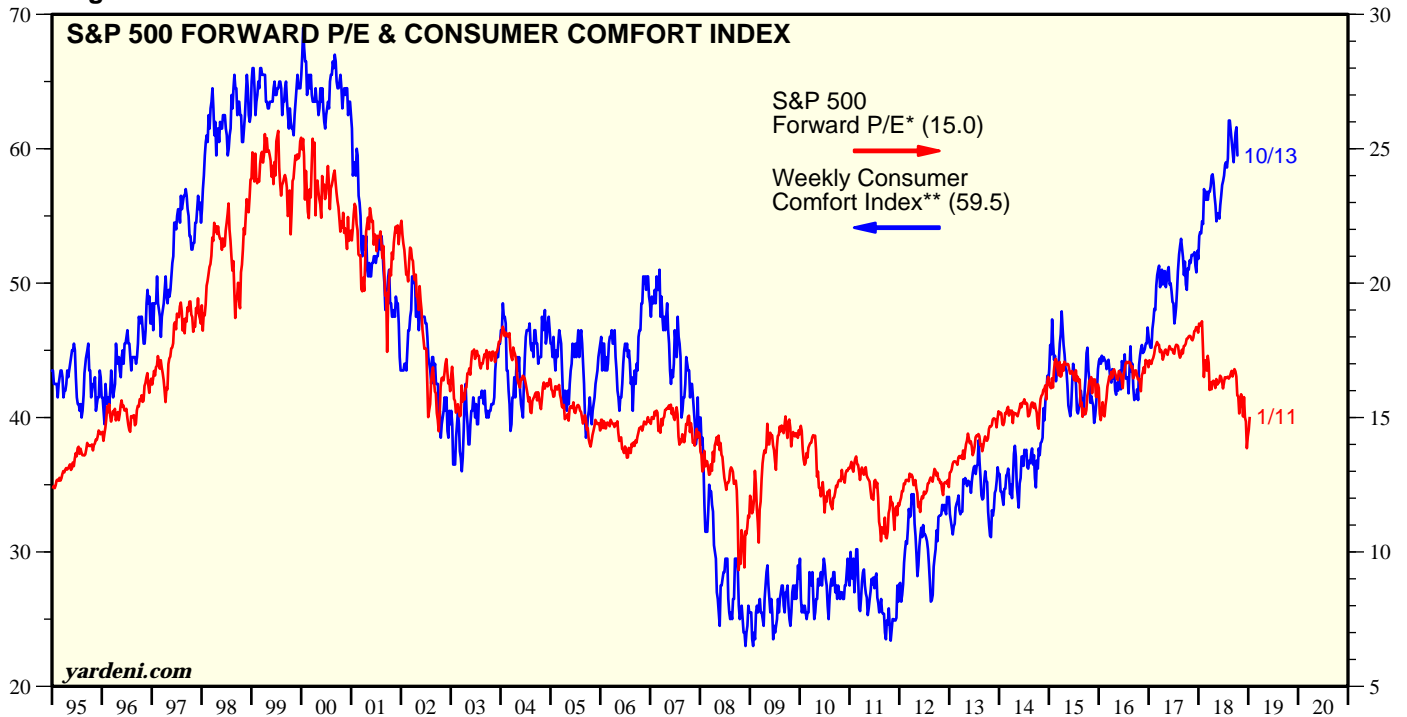
# Bulls & Bears

Figure 1.



\* 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.

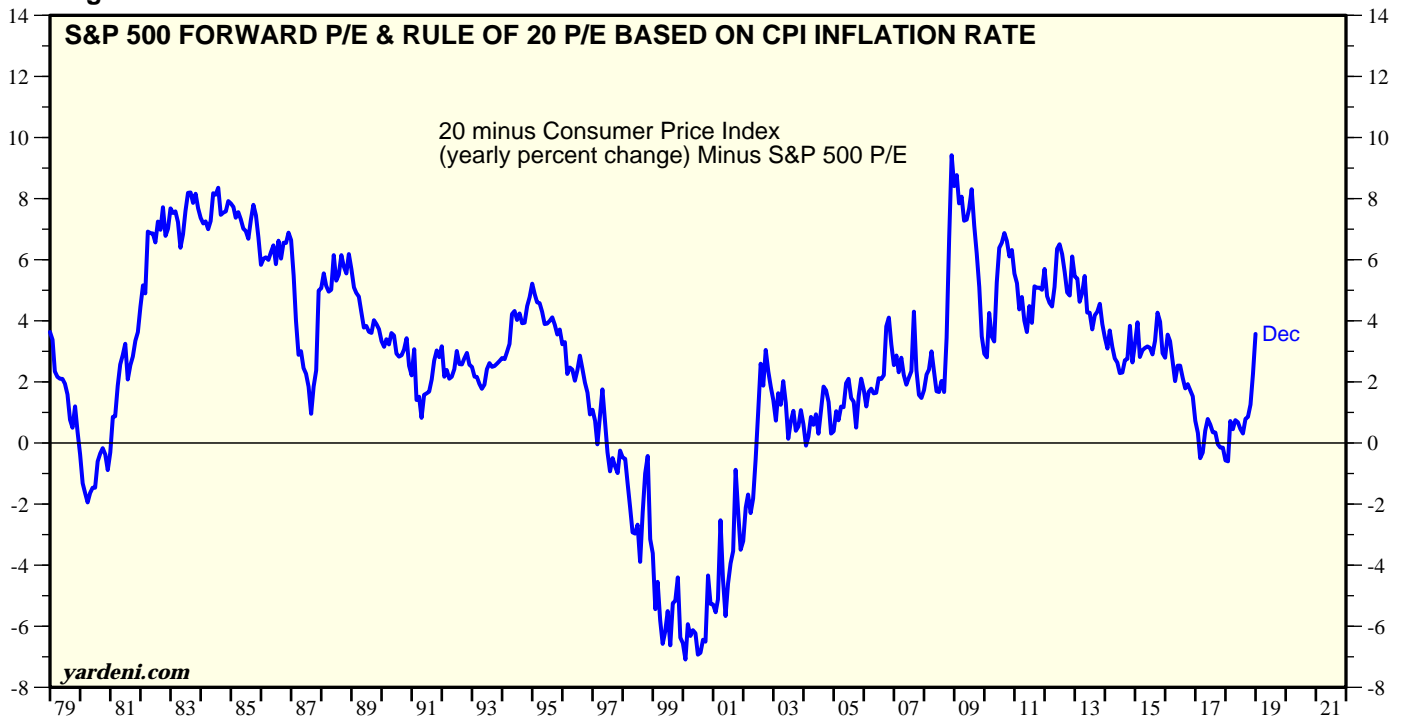
Figure 2.



\* 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.

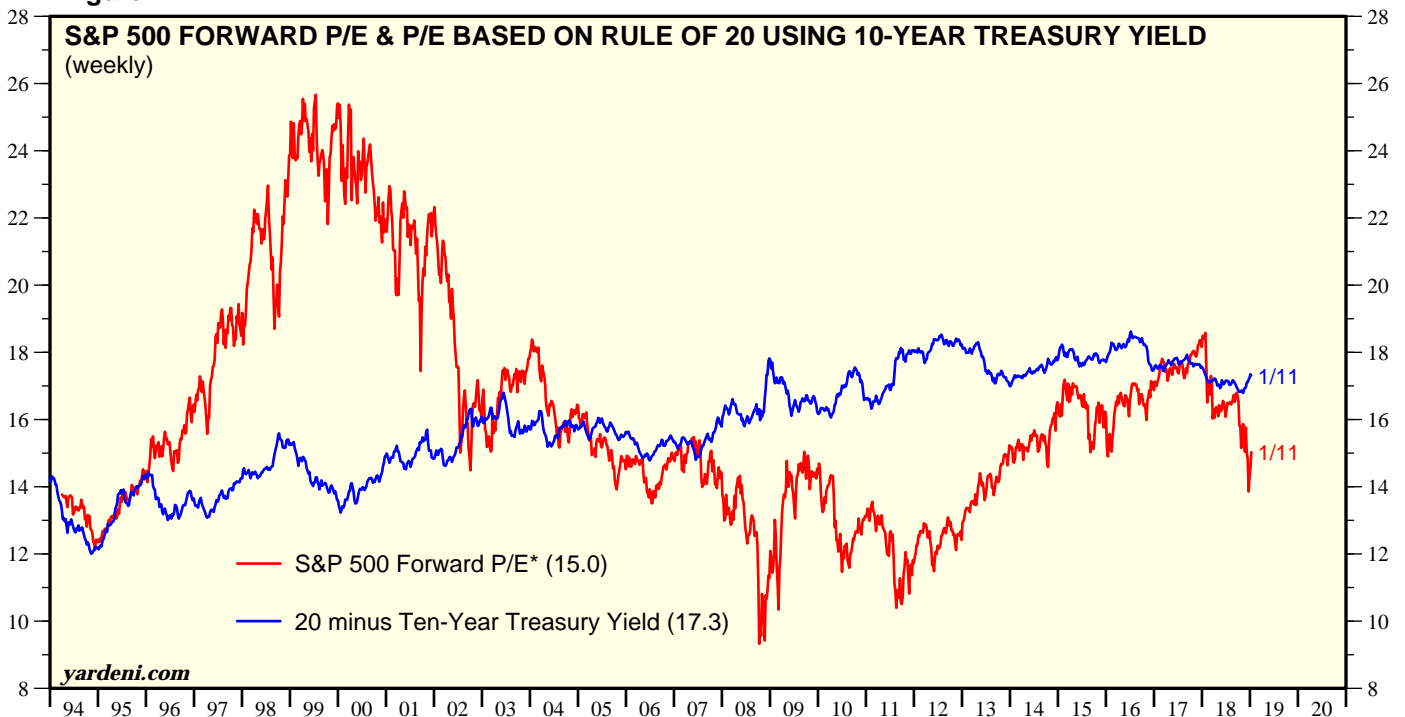
# Rules of 20

Figure 3.



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

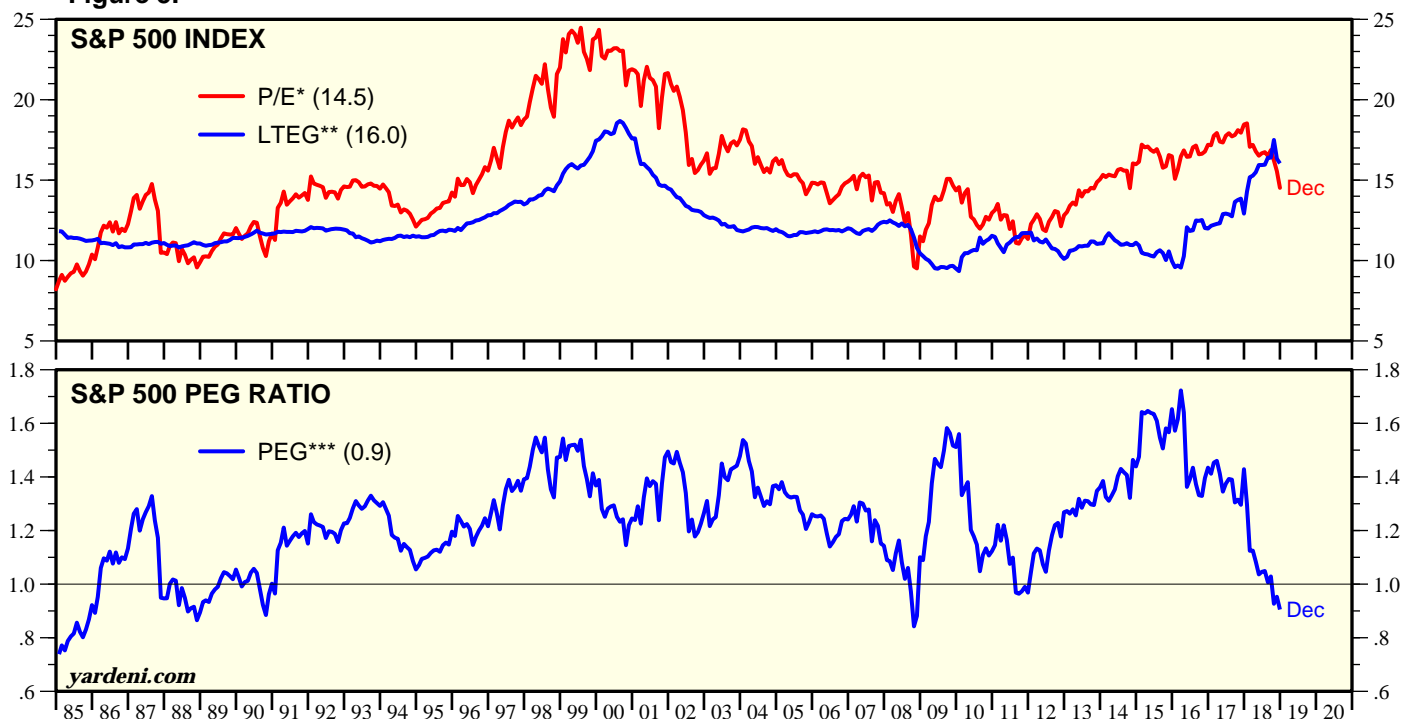
Figure 4.



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

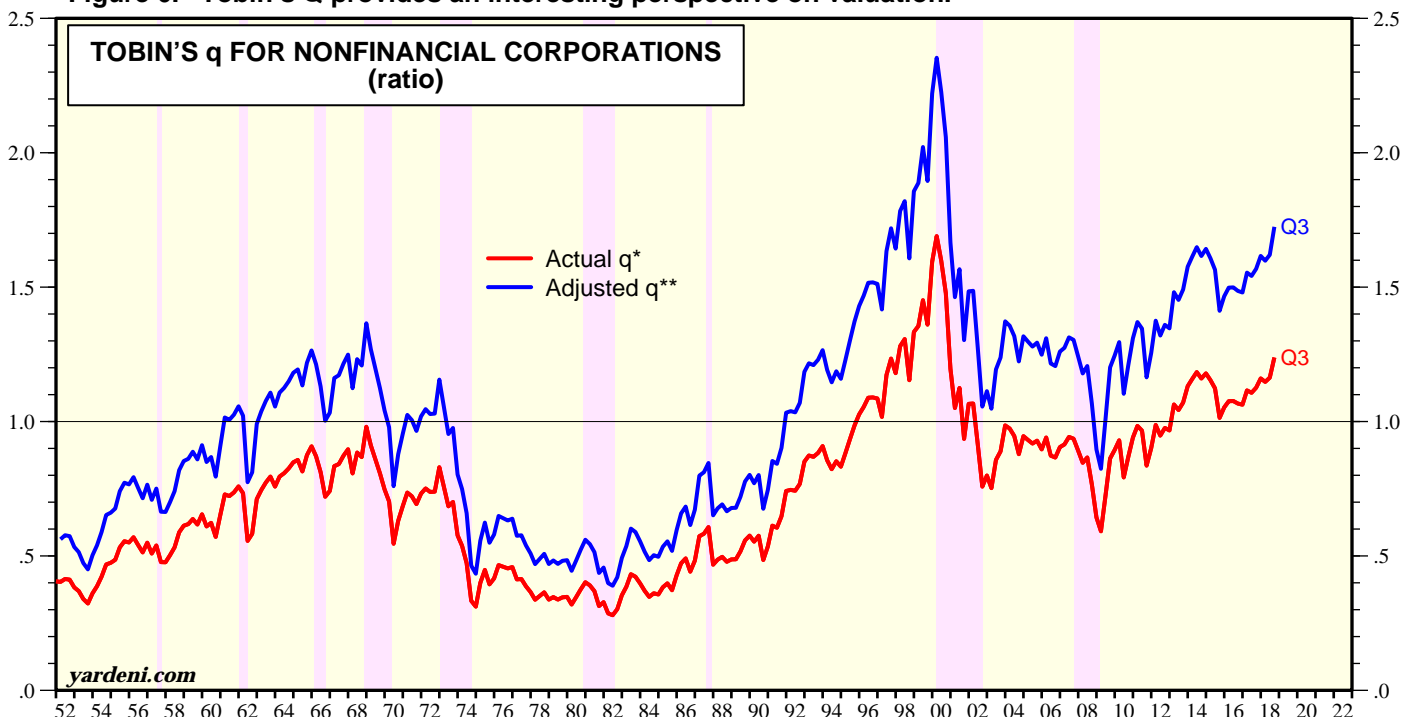
# Valuation Models

Figure 5.



\* 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.

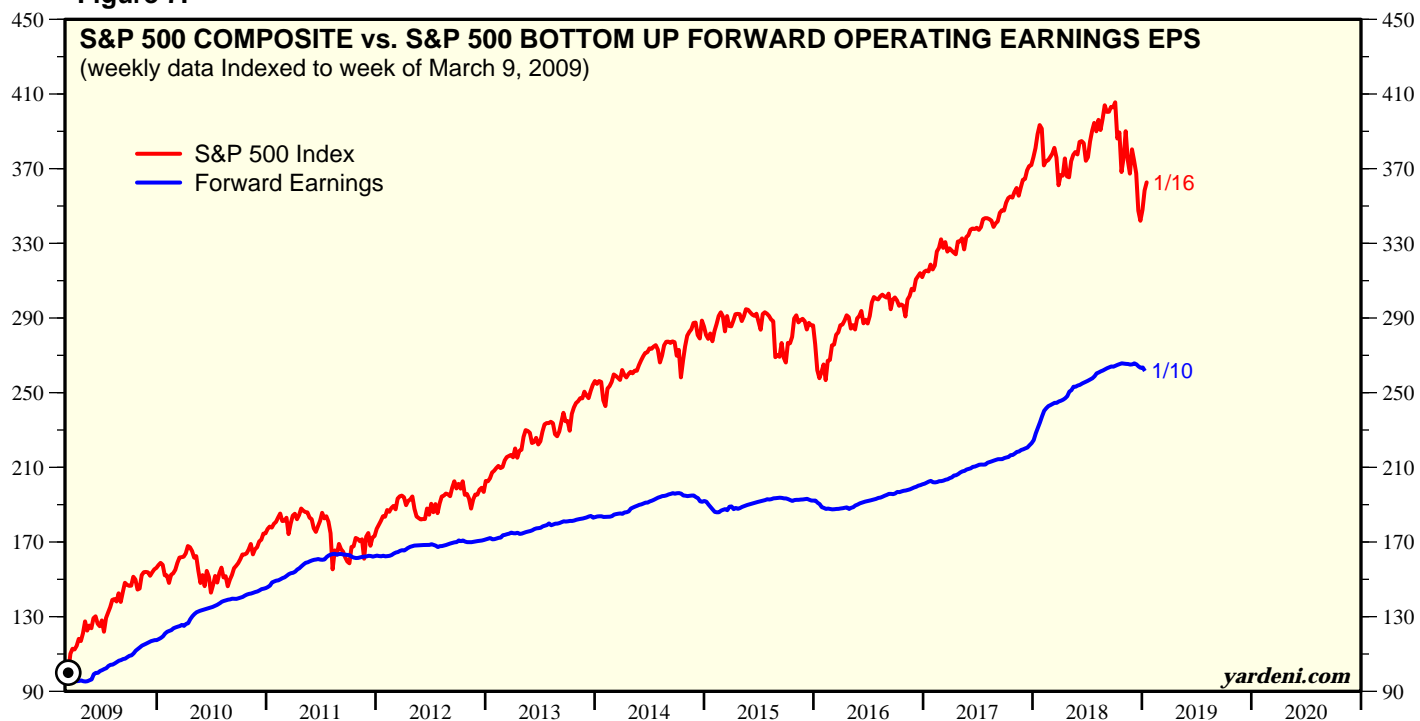
Figure 6. Tobin's Q provides an interesting perspective on valuation.



\* 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.

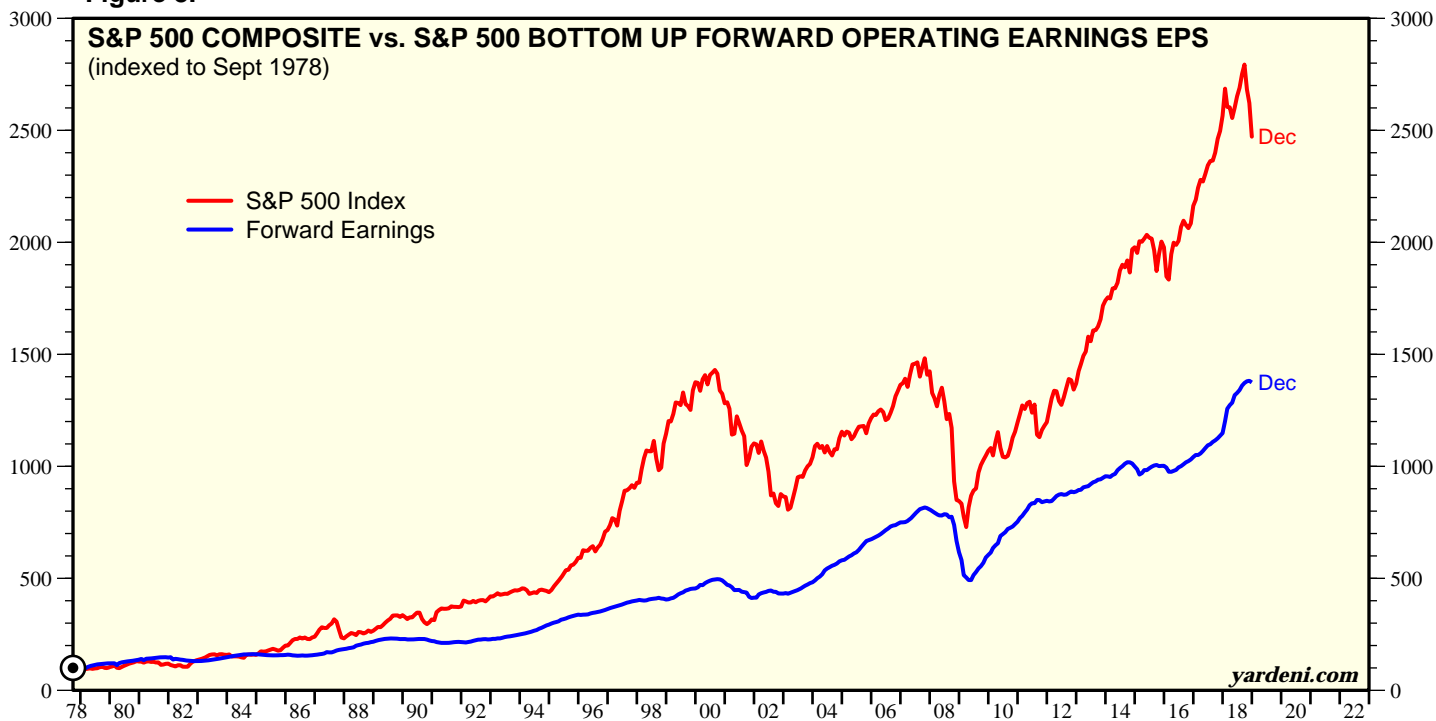
# S&P 500 Index & Forward Earnings

Figure 7.



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

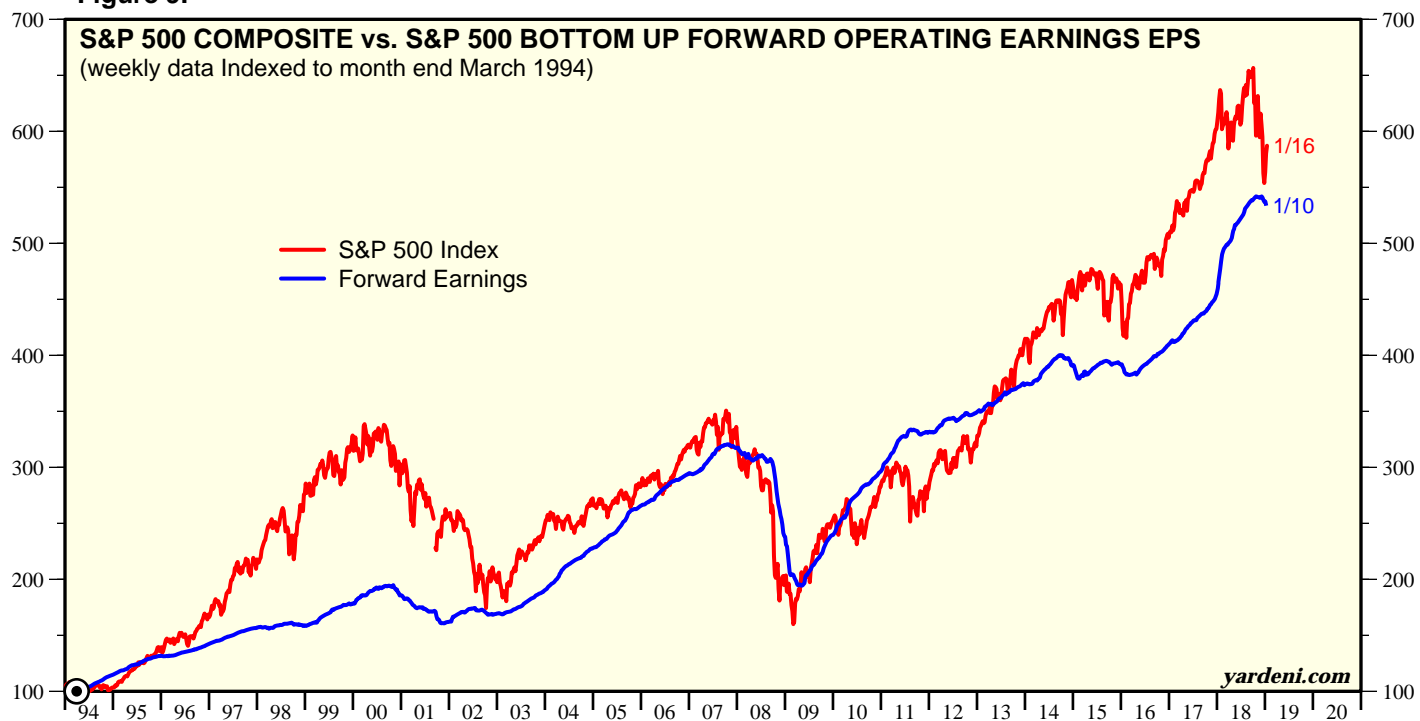
Figure 8.



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

# S&P 500 Index & Forward Earnings

Figure 9.



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

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