

Strategist's Handbook: Chart Updates

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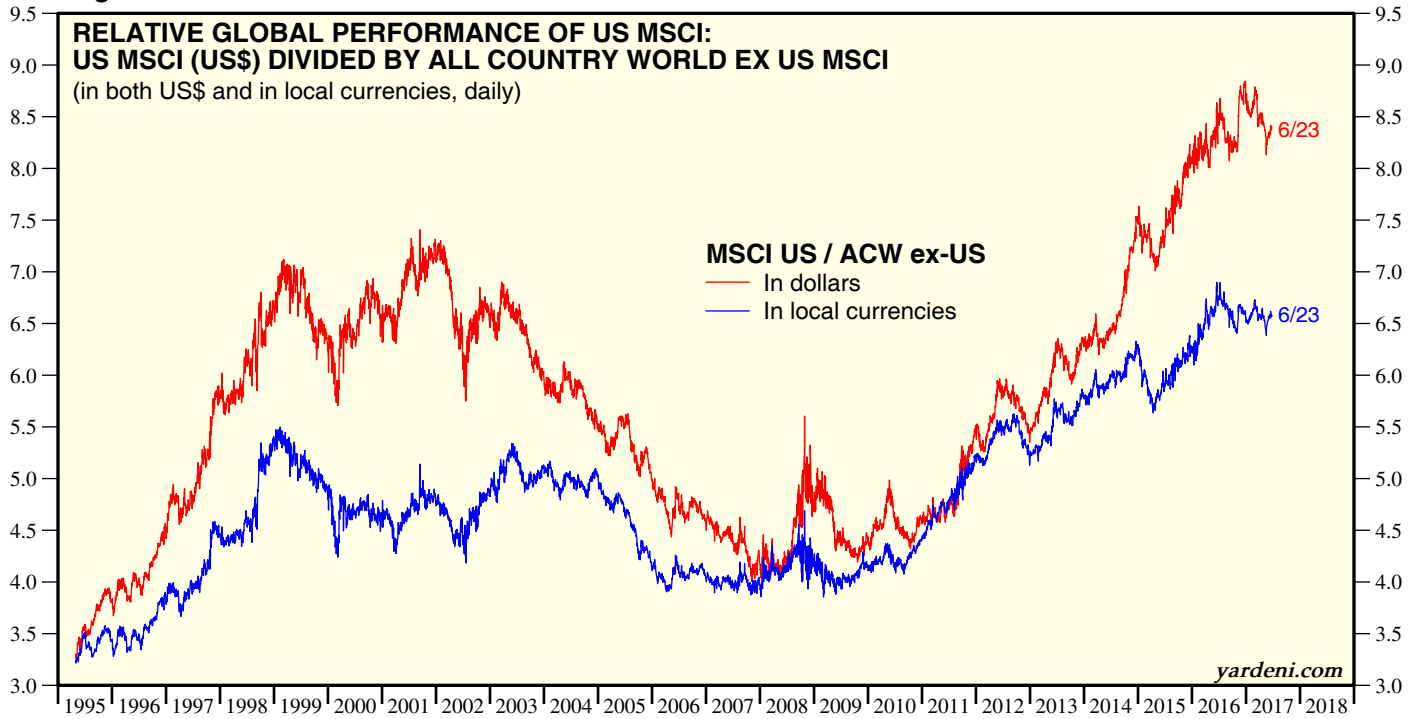
thinking outside the box

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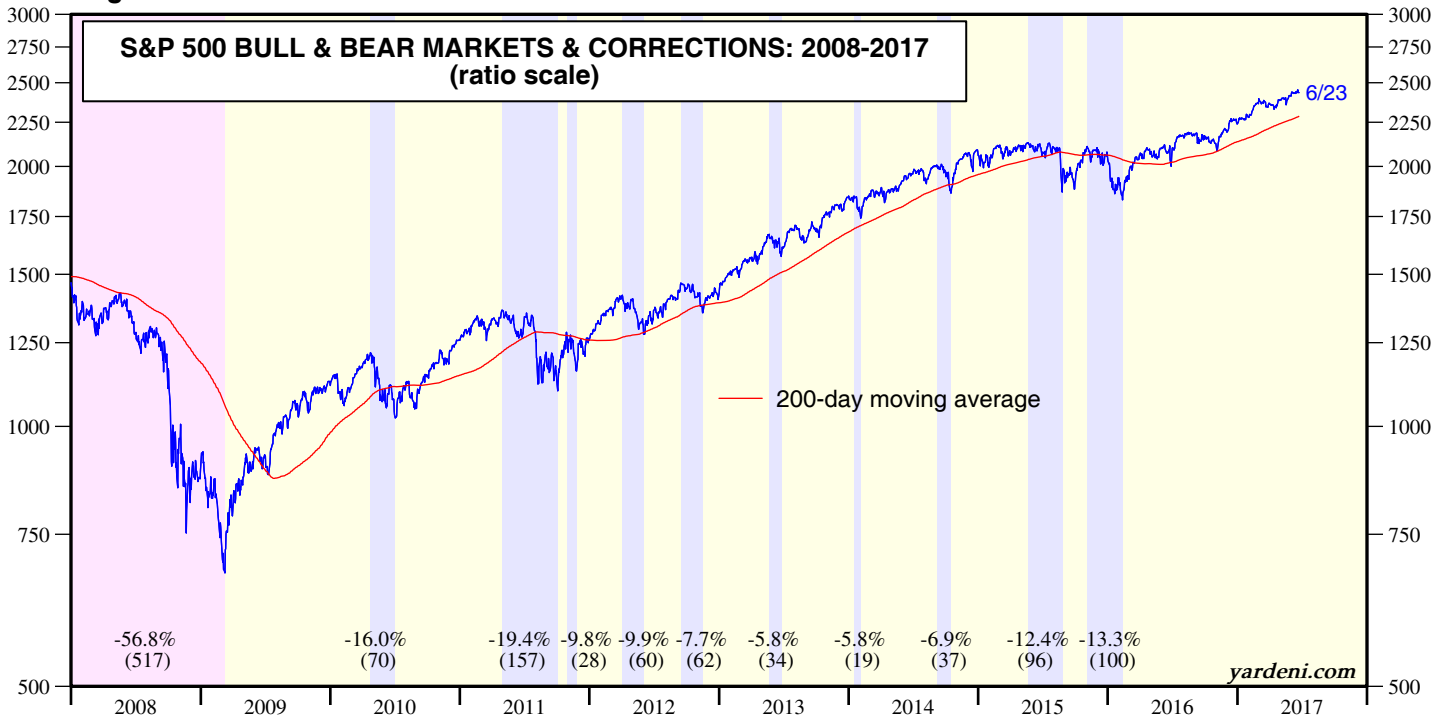
Stock Prices

Figure 1.



Source: Morgan Stanley Capital International.

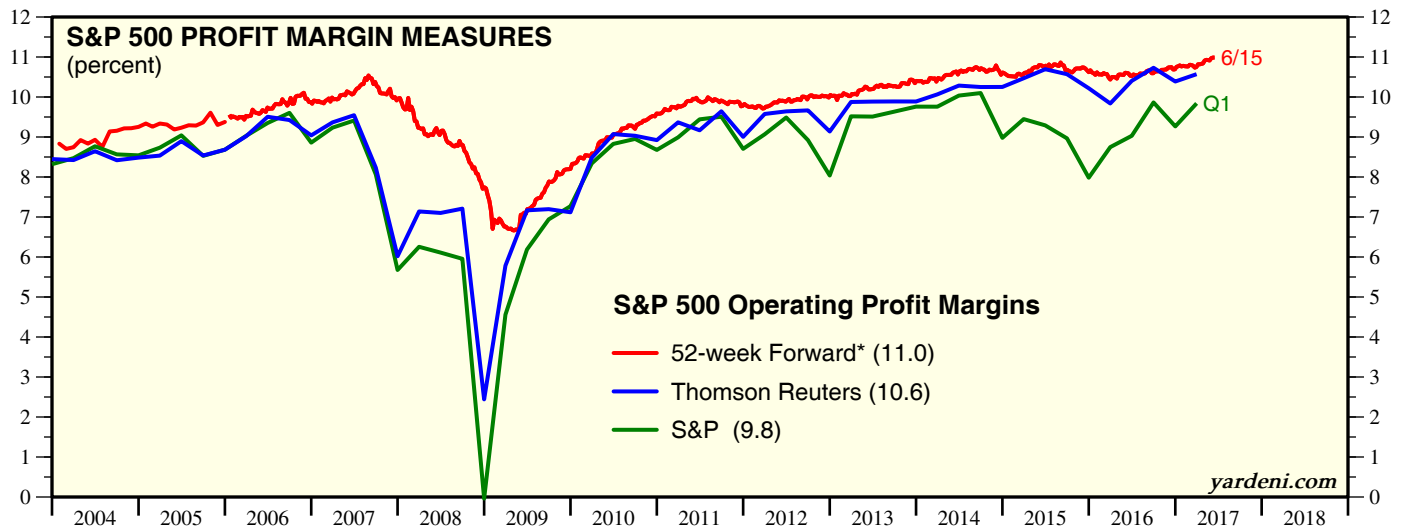
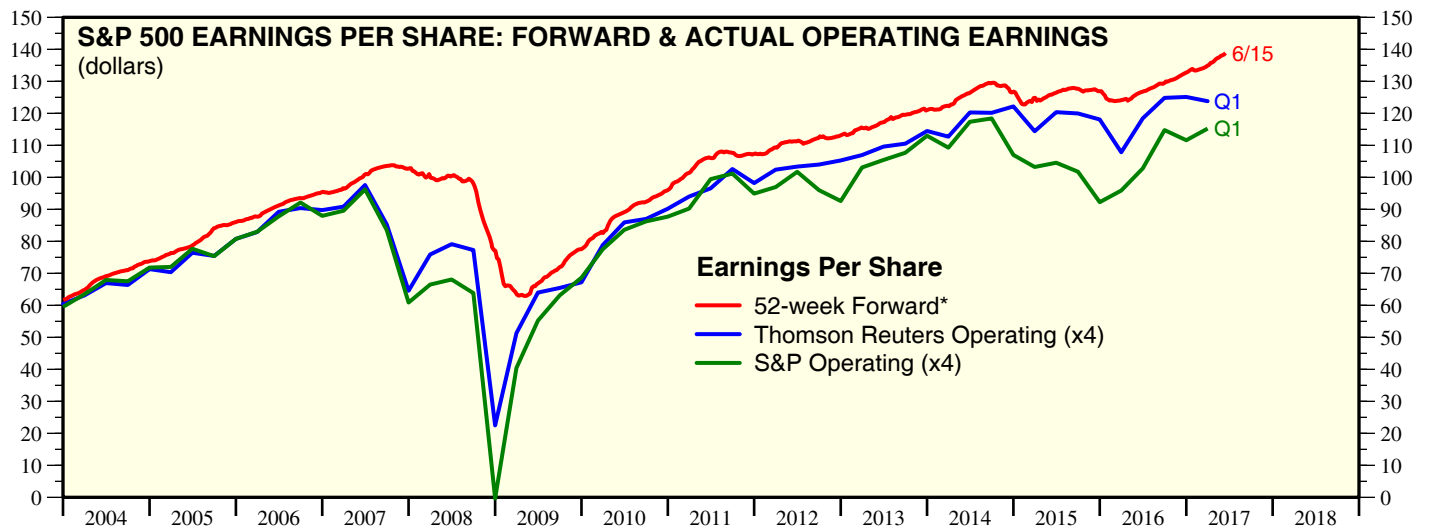
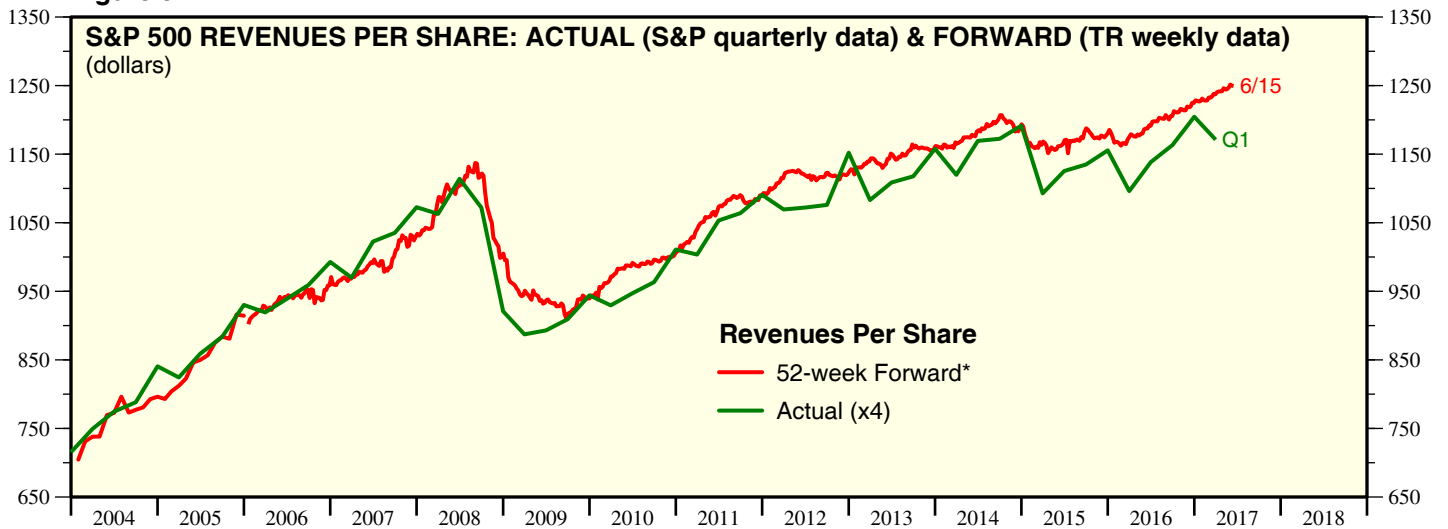
Figure 2.



Note: Corrections are declines of 10% or more, while minor ones are 5%-10% (all in blue shades). Bear markets are declines of 20% or more (in red shades). Number of calendar days in parentheses.
Source: Standard & Poor's.

S&P 500 Earnings, Revenues, Margins

Figure 3.

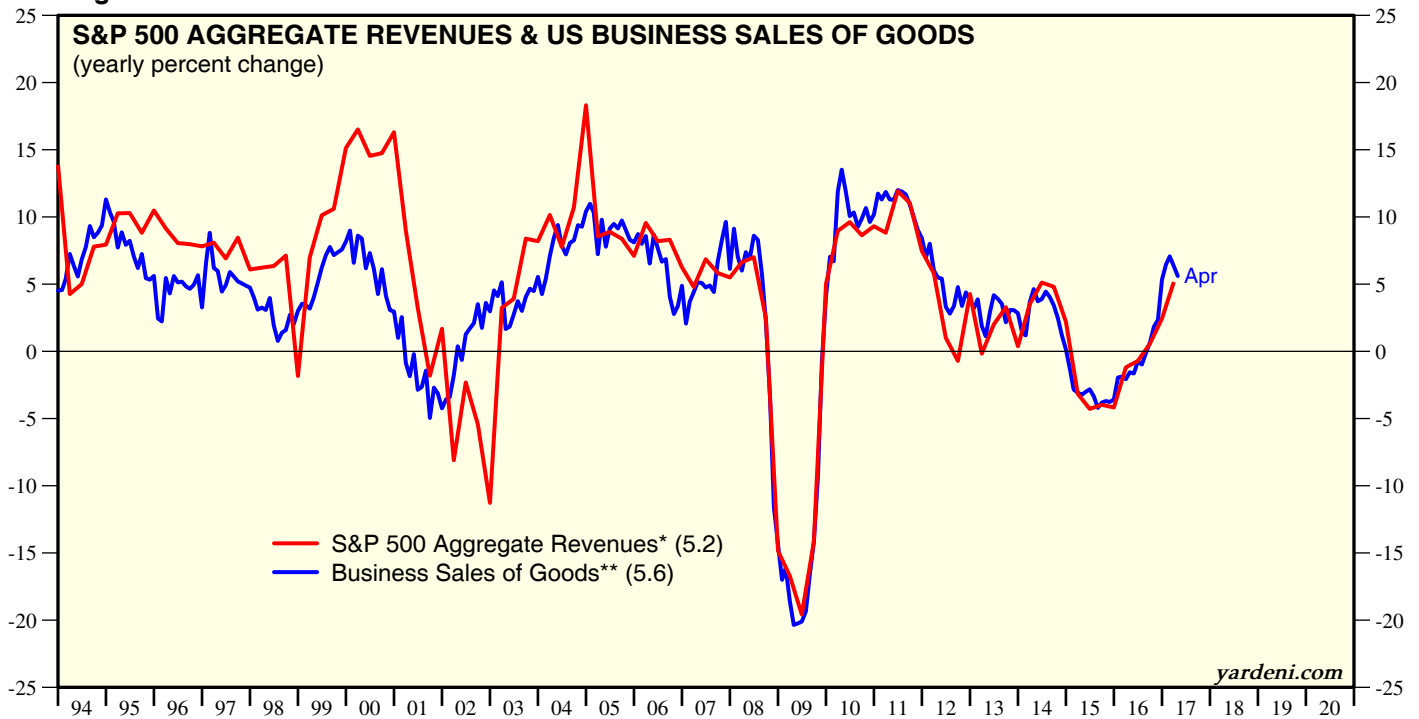


* Time-weighted average of consensus operating earnings estimates for current and next years.

Source: Standard & Poor's (for actual revenues) and Thomson Reuters I/B/E/S (for forward revenues), and Bureau of the Census.

S&P 500 Revenues & Margins

Figure 4.

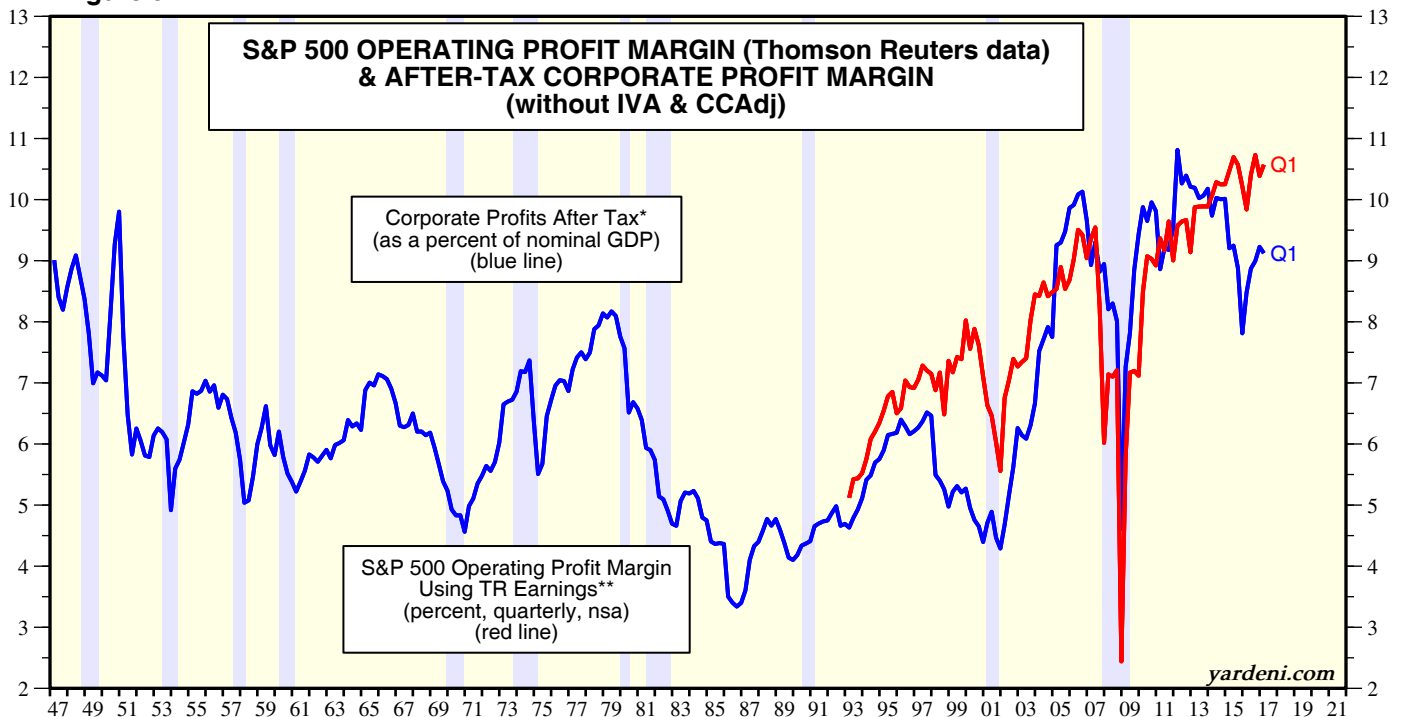


* Revenues are derived by multiplying S&P 500 revenues per share by the S&P 500 divisor for each quarter.

** Manufacturing and trade sales.

Source: Census Bureau and Standard & Poor's.

Figure 5.



* After-tax profits as reported to IRS excluding Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.

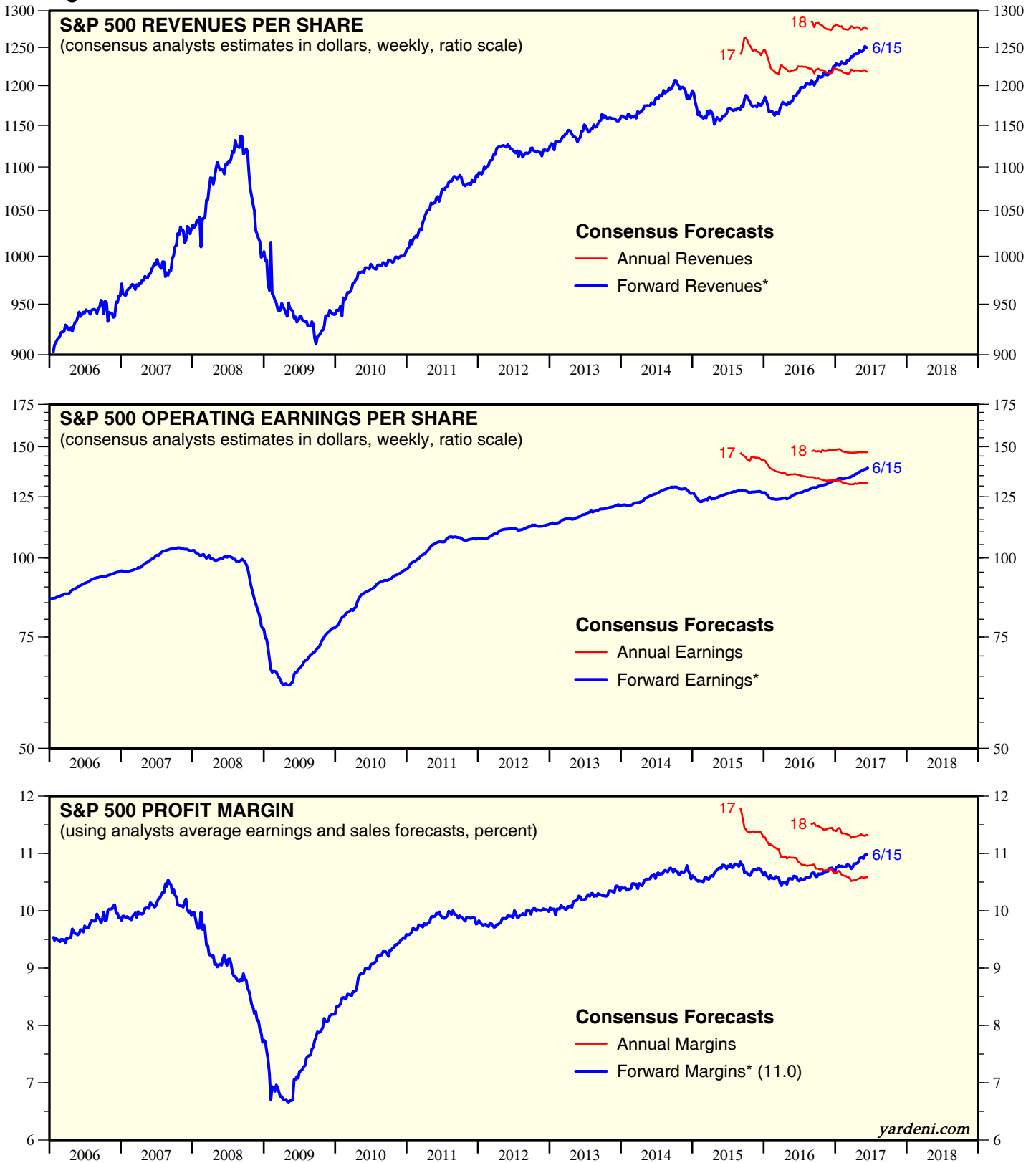
** Operating Profit Margin derived using revenues from S&P and earnings from Thomson Reuters I/B/E/S.

Note: Shaded areas denote recessions according to the National Bureau of Economic Research.

Source: Standard & Poor's, Thomson Reuters I/B/E/S and Bureau of Economic Analysis.

Forward Revenues, Earnings, & Margins

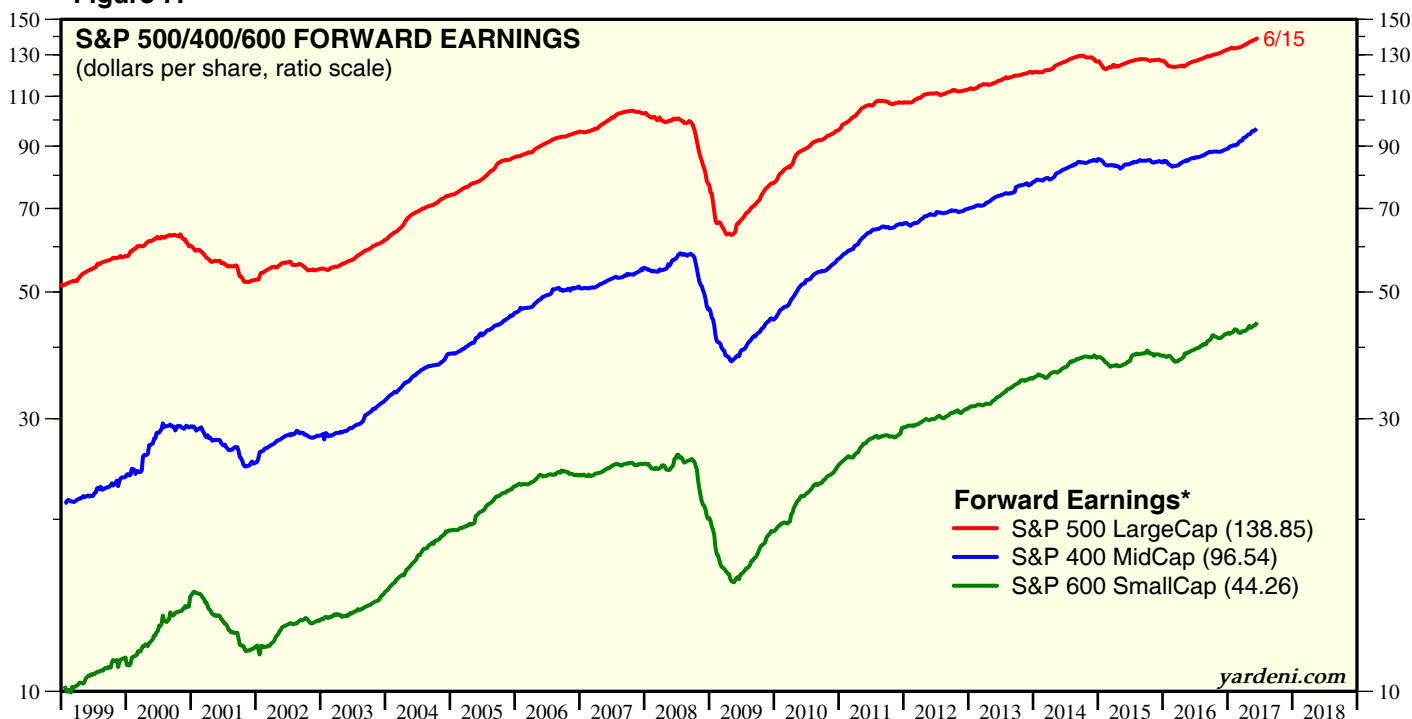
Figure 6.



* Time-weighted average of the consensus estimates for current and next year.
Source: Thomson Reuters I/B/E/S and Standard & Poor's.

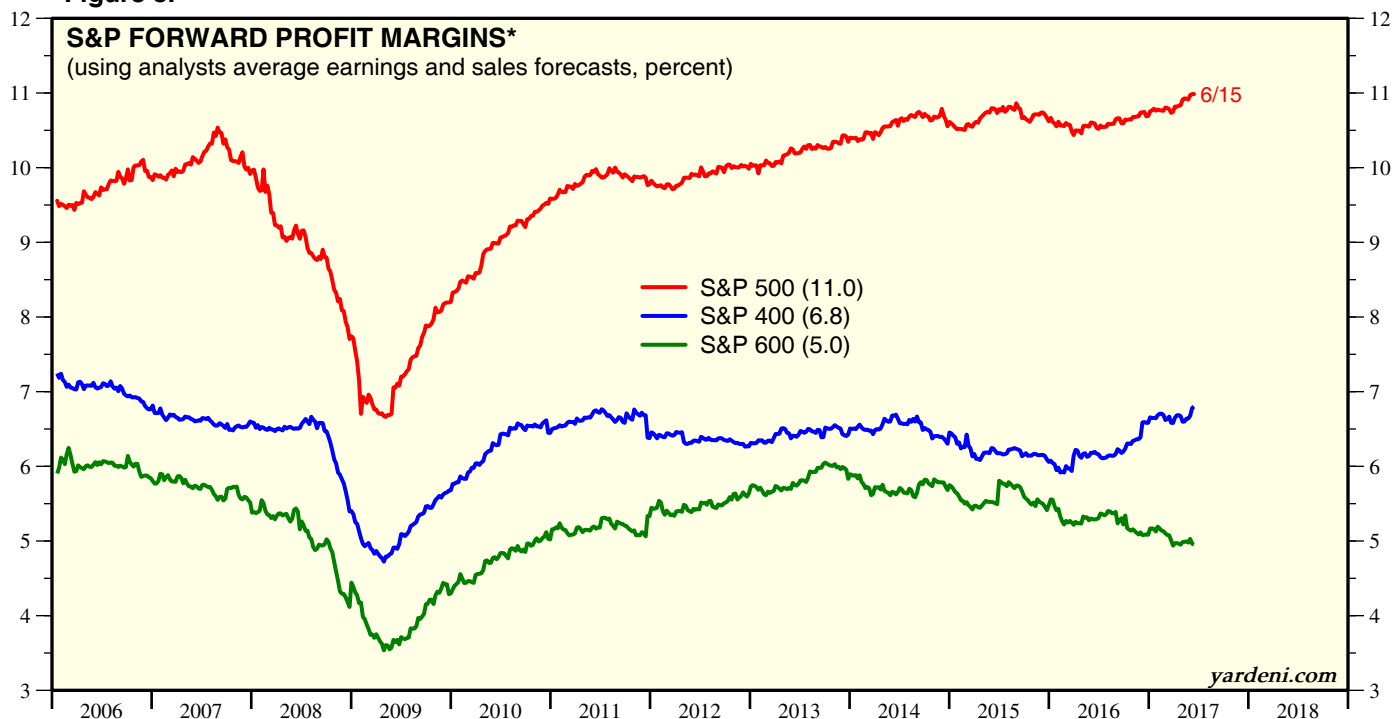
S&P 500/400/600 Forward Earnings & Margins

Figure 7.



* Time-weighted average of consensus estimates for current year and next year.
Source: Thomson Reuters I/B/E/S.

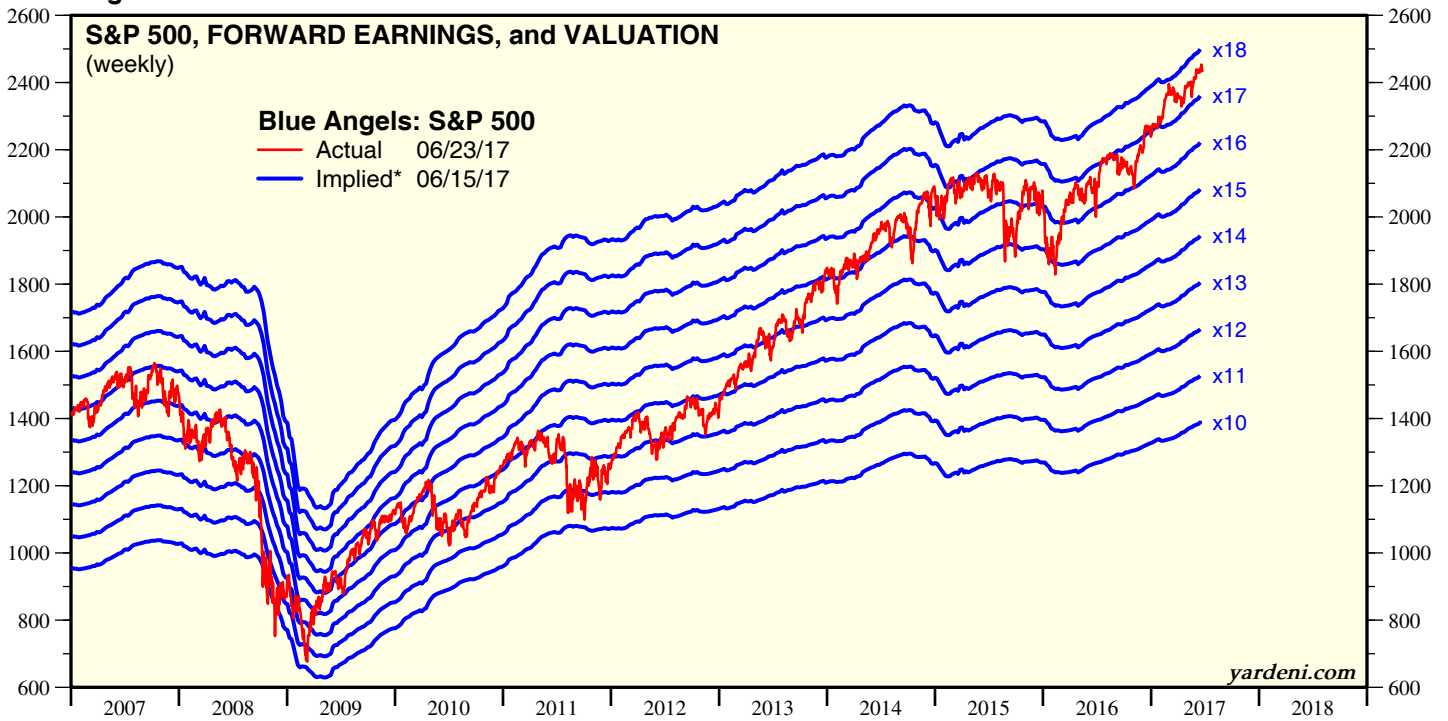
Figure 8.



* Time-weighted average of the consensus estimates for current and next year.
Source: Thomson Reuters I/B/E/S and Standard & Poor's.

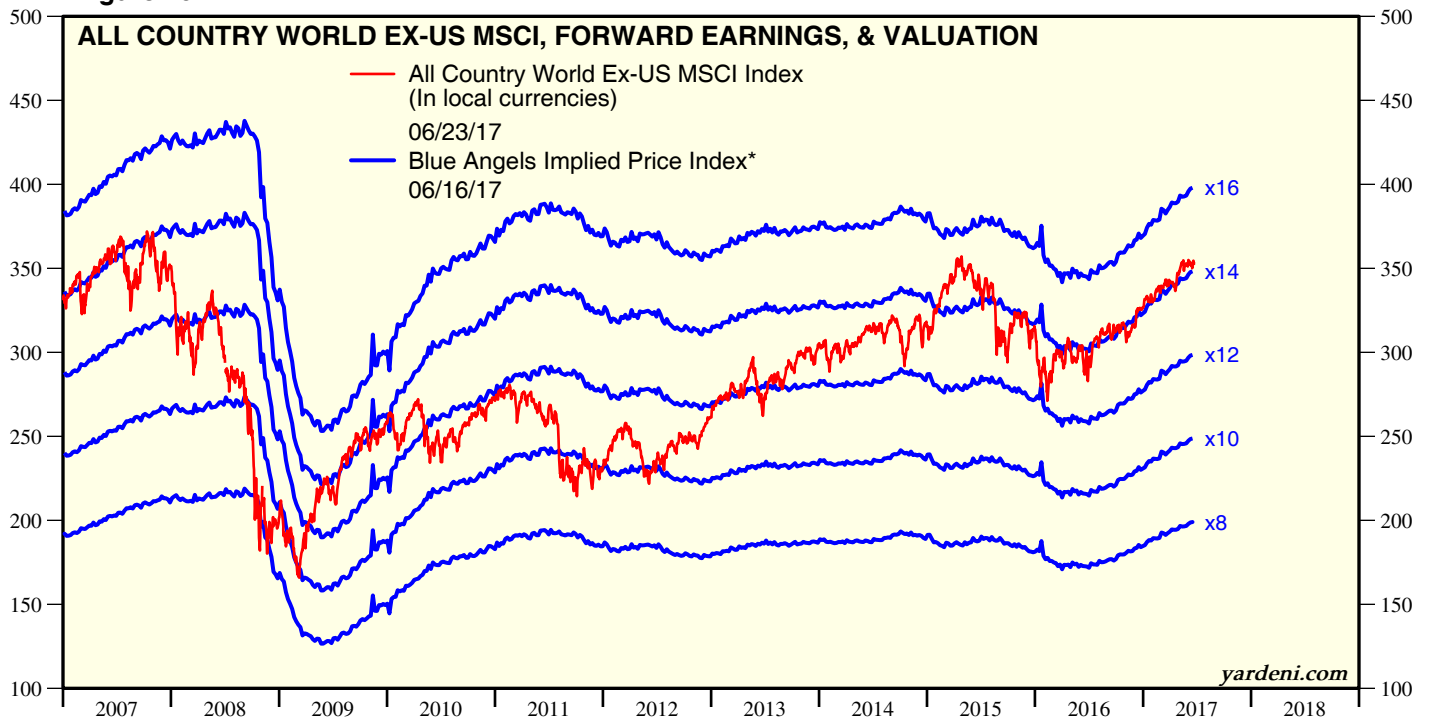
Blue Angels

Figure 9.



* Implied price index calculated using forward earnings times forward P/Es. Weekly data start January 2007.
 Source: Standard & Poor's and Thomson Reuters I/B/E/S.

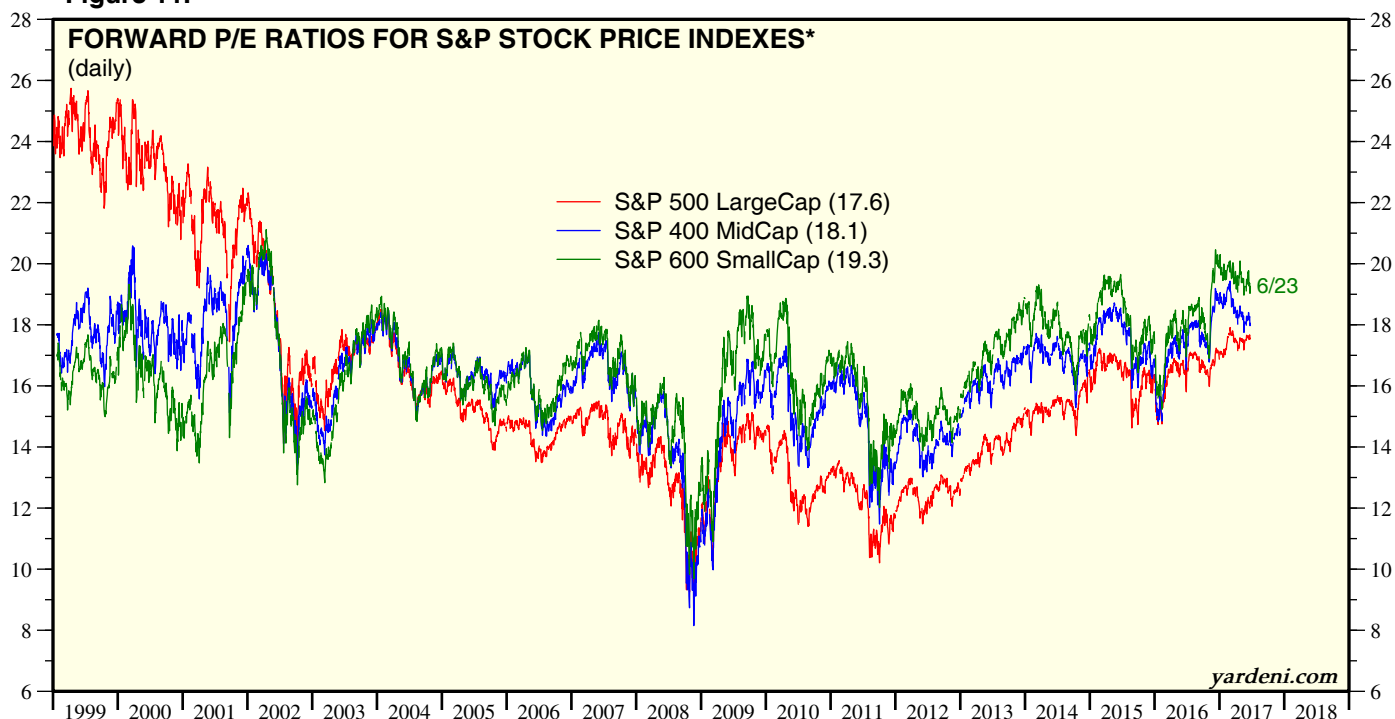
Figure 10.



* Implied price index calculated using forward earnings times forward P/Es. Monthly through December 2005, weekly thereafter.
 Source: Morgan Stanley Capital International and Thomson Reuters I/B/E/S.

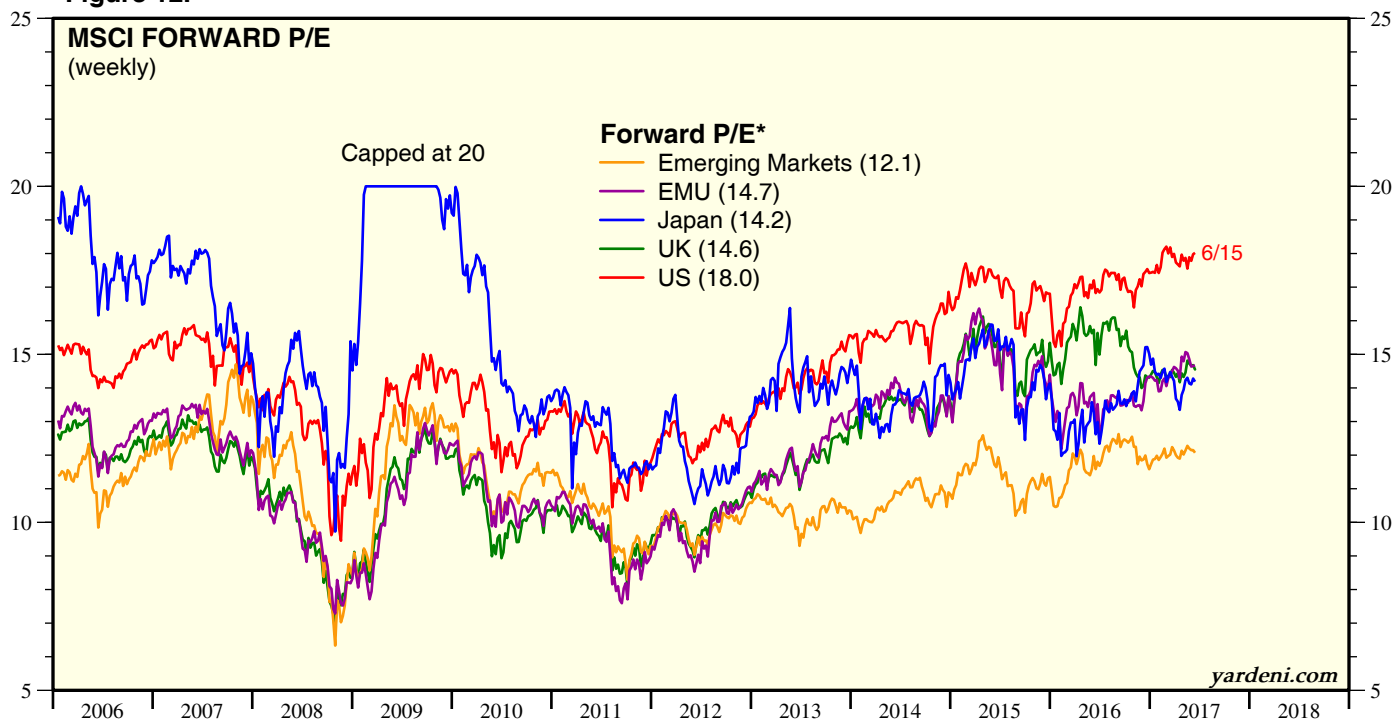
Valuation

Figure 11.



* Daily stock price index divided by 52-week forward consensus expected operating earnings per share.
Source: Thomson Reuters I/B/E/S and Standard & Poor's.

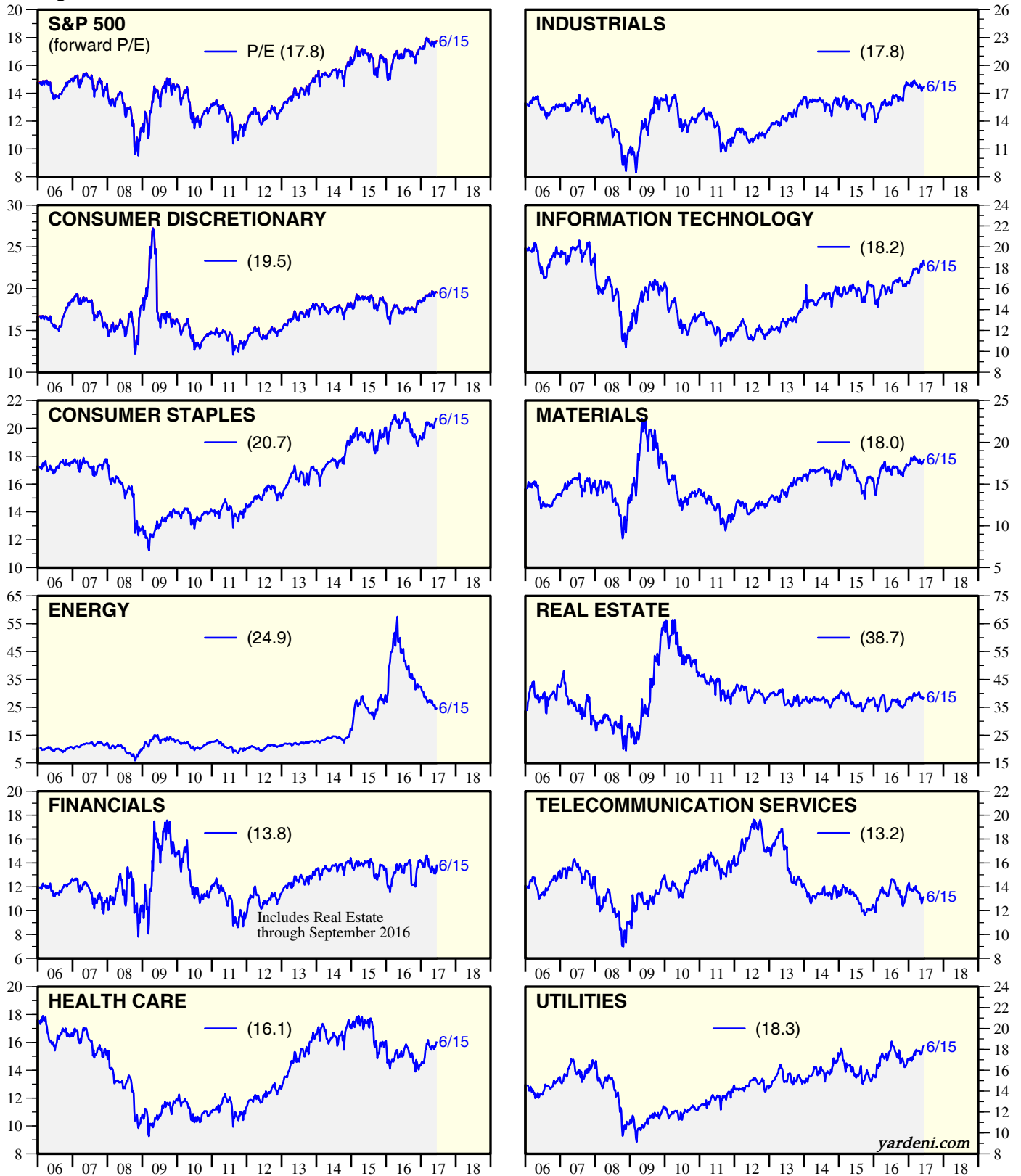
Figure 12.



* Price divided by 12-month forward consensus expected operating earnings per share.
Source: Thomson Reuters I/B/E/S.

S&P 500 Sectors Forward P/E's

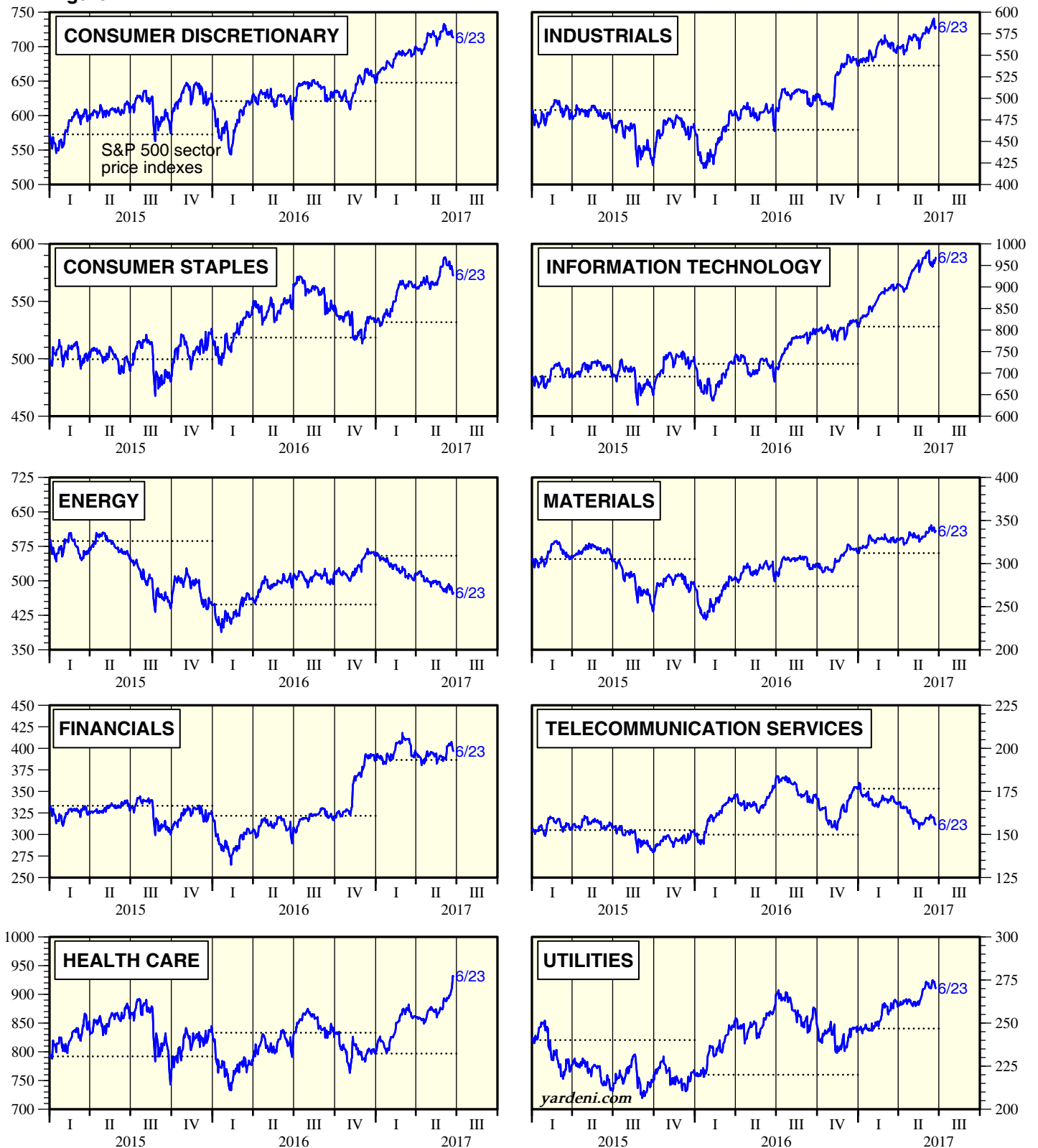
Figure 13.



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

S&P 500 Sectors Price Indexes

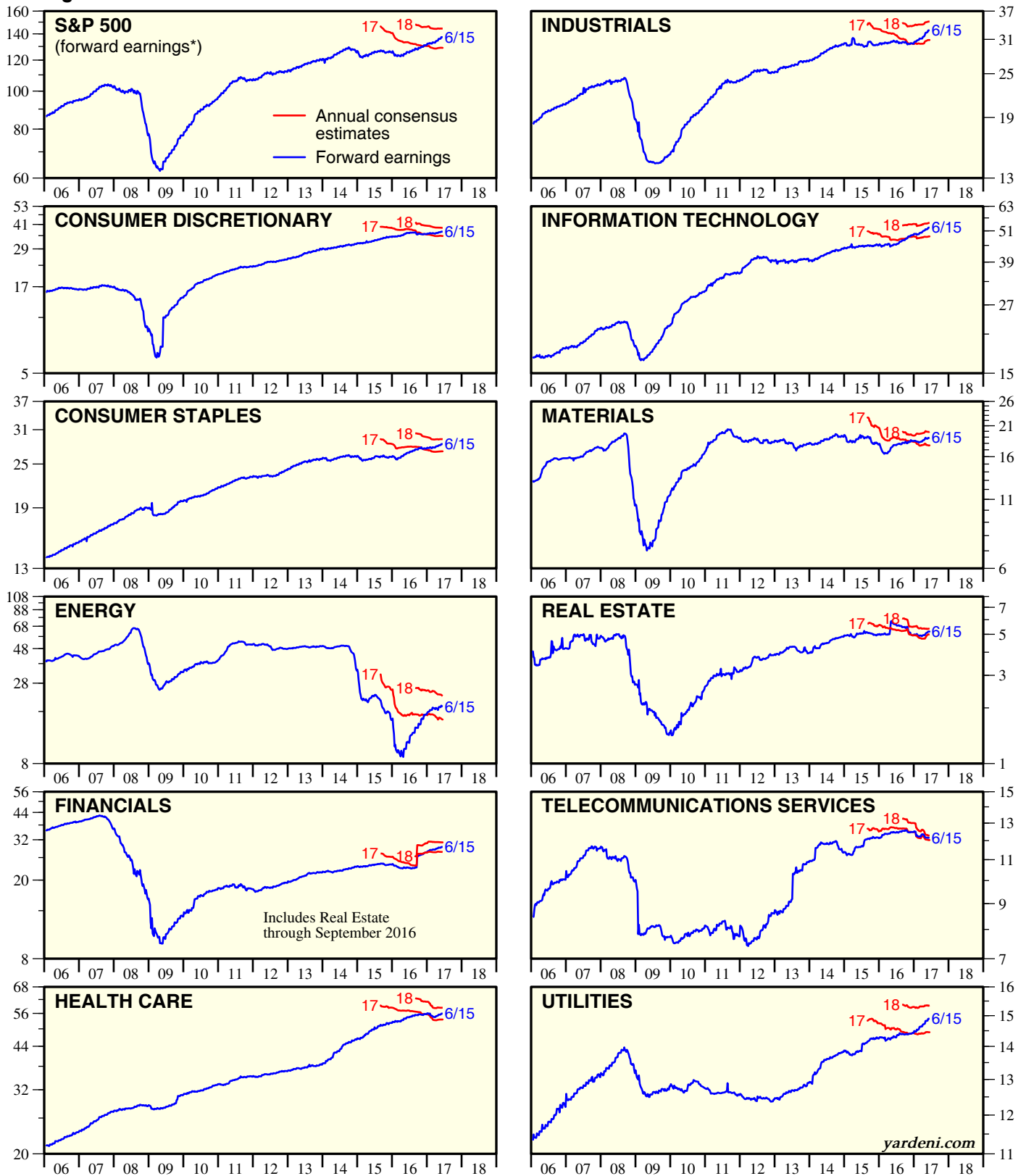
Figure 14.



Source: Standard & Poor's and Haver Analytics.

S&P 500 Sectors Forward Earnings

Figure 15.

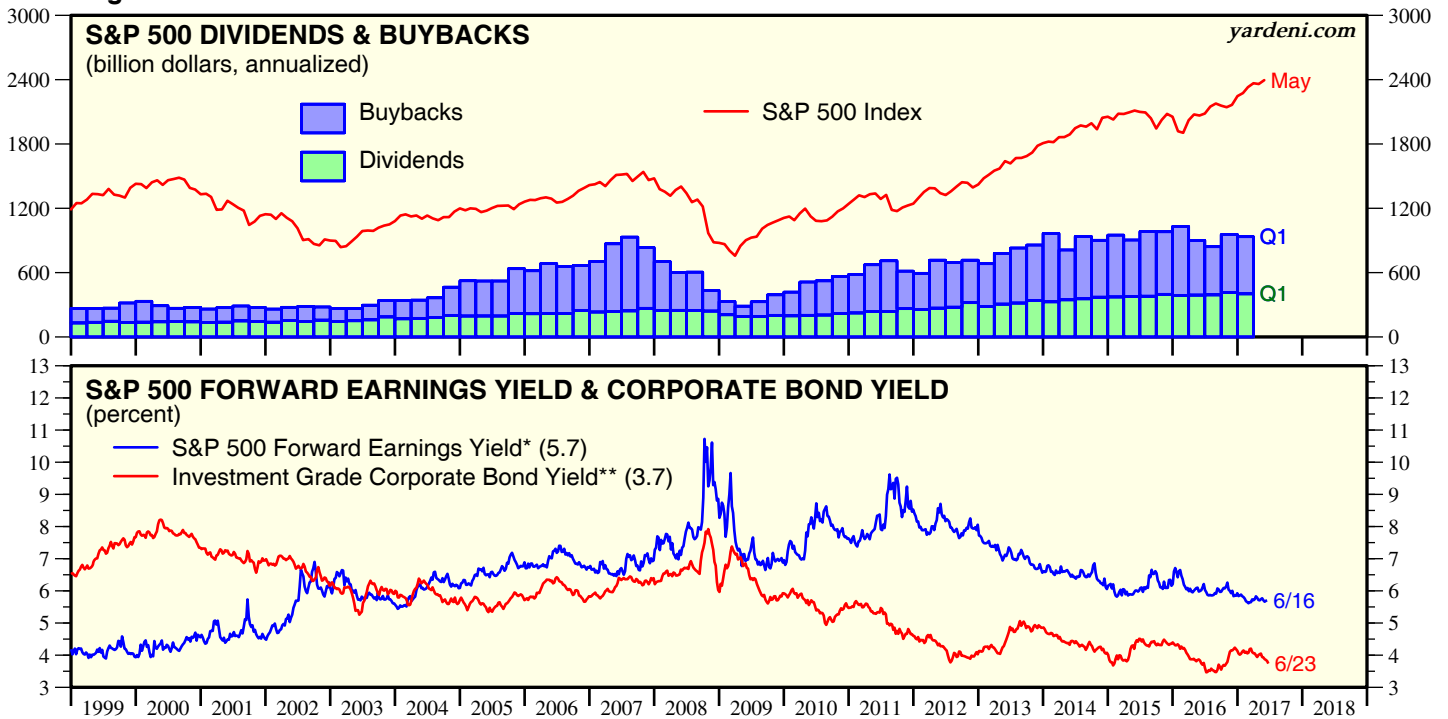


* Time-weighted average (in blue) of consensus operating earnings estimates for current and next year (in red).

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

Corporate Finance

Figure 16.

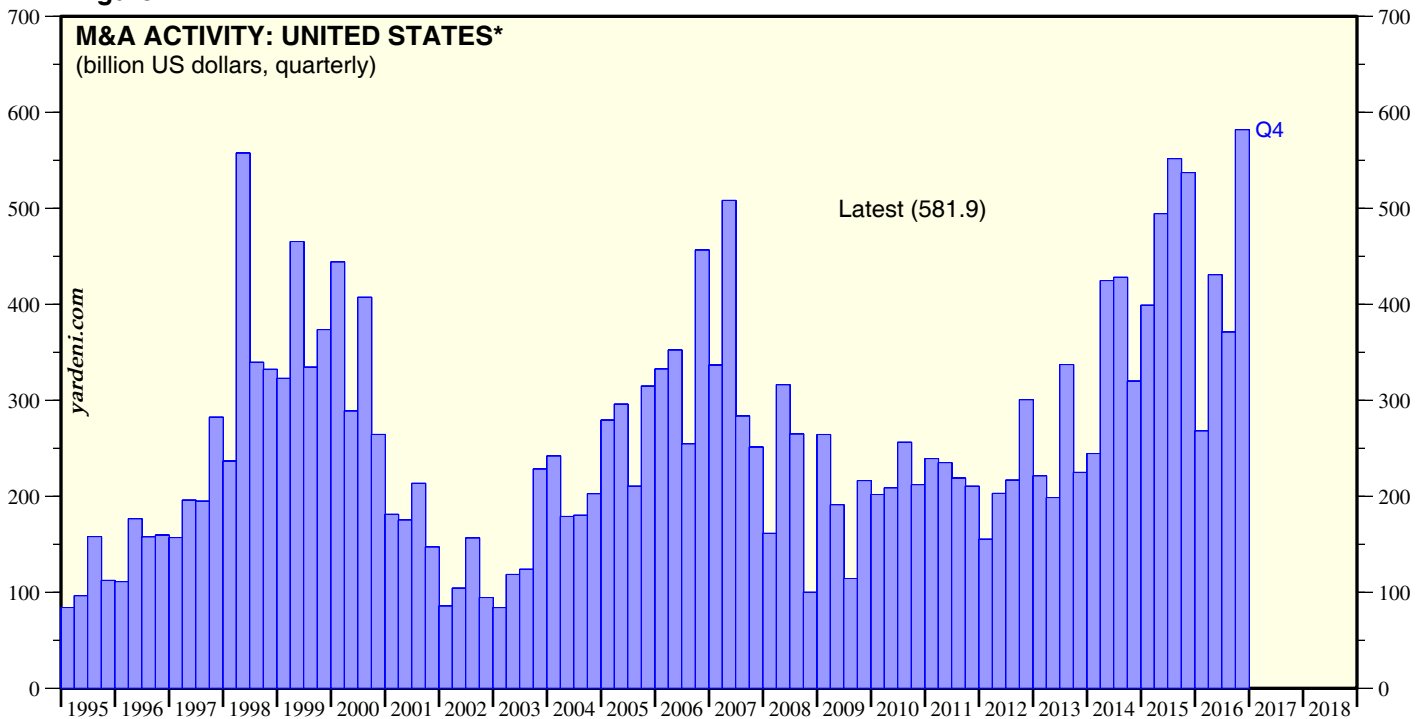


* Forward earnings (time-weighted average of consensus operating earnings estimates for current and next year) divided by S&P 500 index.

** BoA Merrill Lynch data for AA-AAA yields.

Source: Thomson Reuters I/B/E/S, Federal Reserve Board, and Standard & Poor's.

Figure 17.

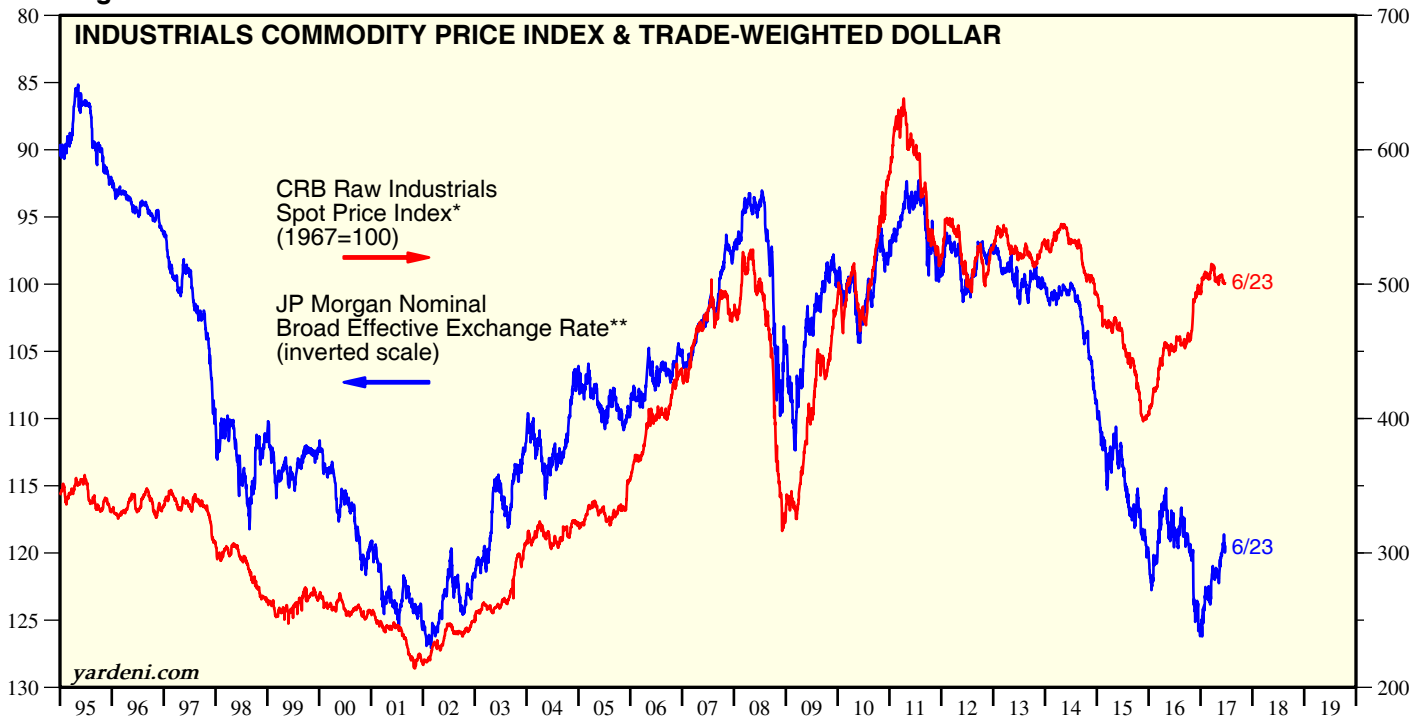


* Excludes spinoffs.

Source: Dealogic.

Dollar & Commodities

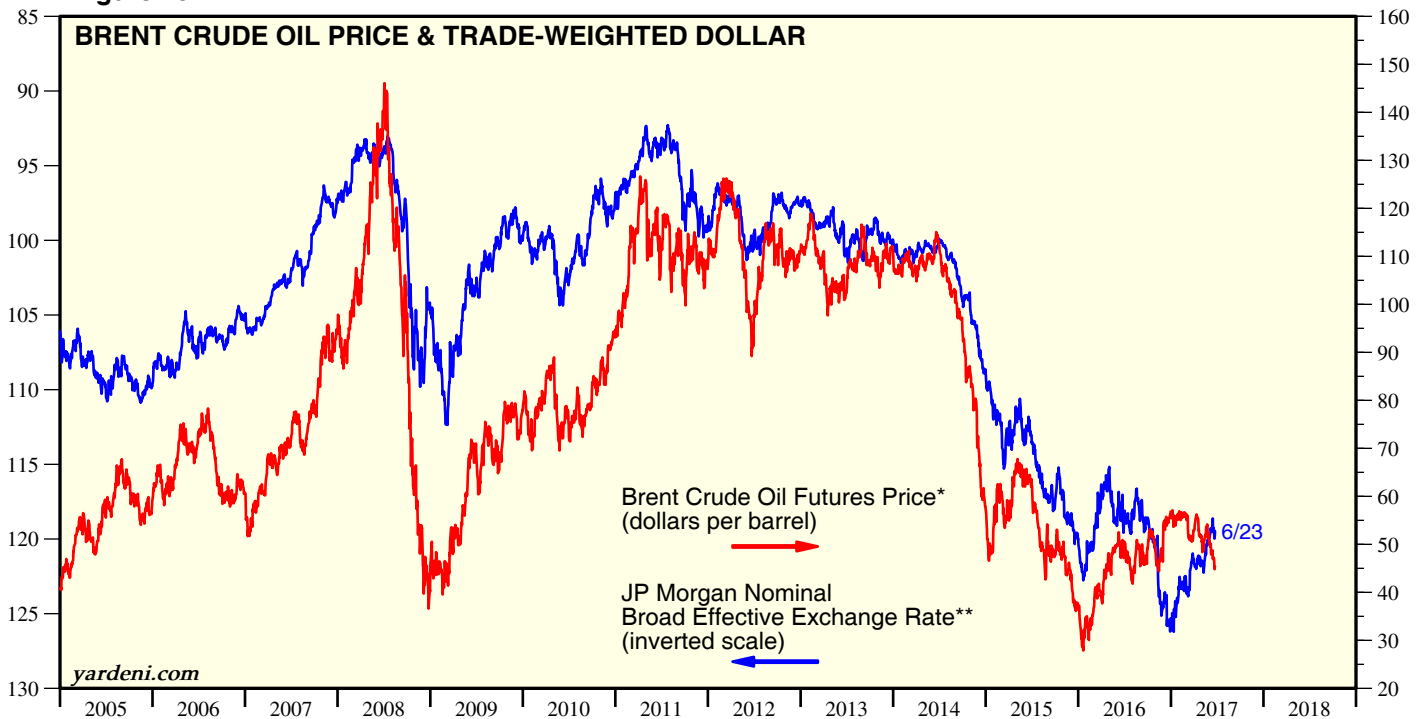
Figure 18.



* Includes copper scrap, lead scrap, steel scrap, tin, zinc, burlap, cotton, print cloth, wool tops, hides, rosin, rubber, and tallow.

** Argentina, Australia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Czech Republic, Denmark, Ecuador, Egypt, France, Germany, Hong Kong, Hungary, Japan, India, Indonesia, Israel, Italy, Korea, Kuwait, Malaysia, Mexico, Morocco, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Romania, Russia Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, Ukraine, Uruguay, Venezuela, Vietnam, and United States. Source: Commodity Research Bureau and JP Morgan.

Figure 19.

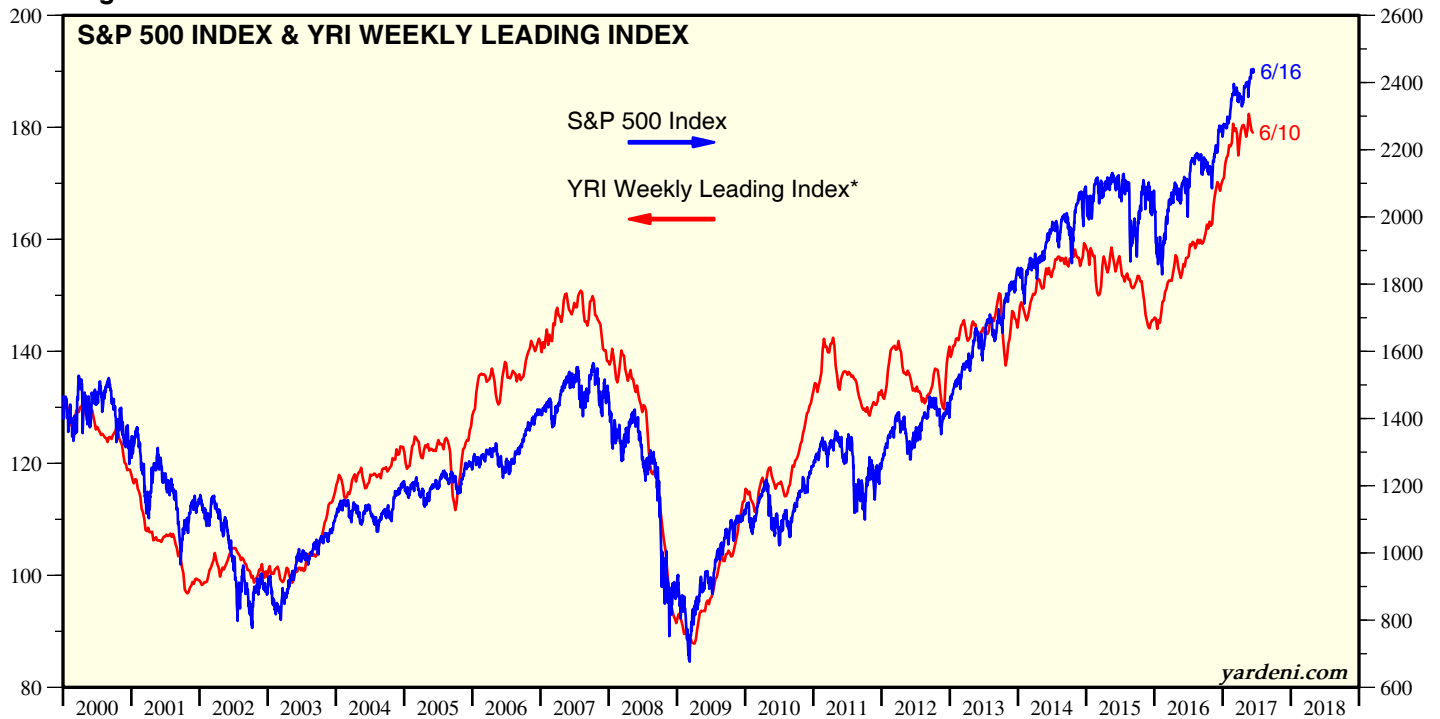


* Nearby futures price.

** Argentina, Australia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Czech Republic, Denmark, Ecuador, Egypt, France, Germany, Hong Kong, Hungary, Japan, India, Indonesia, Israel, Italy, Korea, Kuwait, Malaysia, Mexico, Morocco, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Romania, Russia Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, Ukraine, Uruguay, Venezuela, Vietnam, and United States. Source: JP Morgan and Haver Analytics.

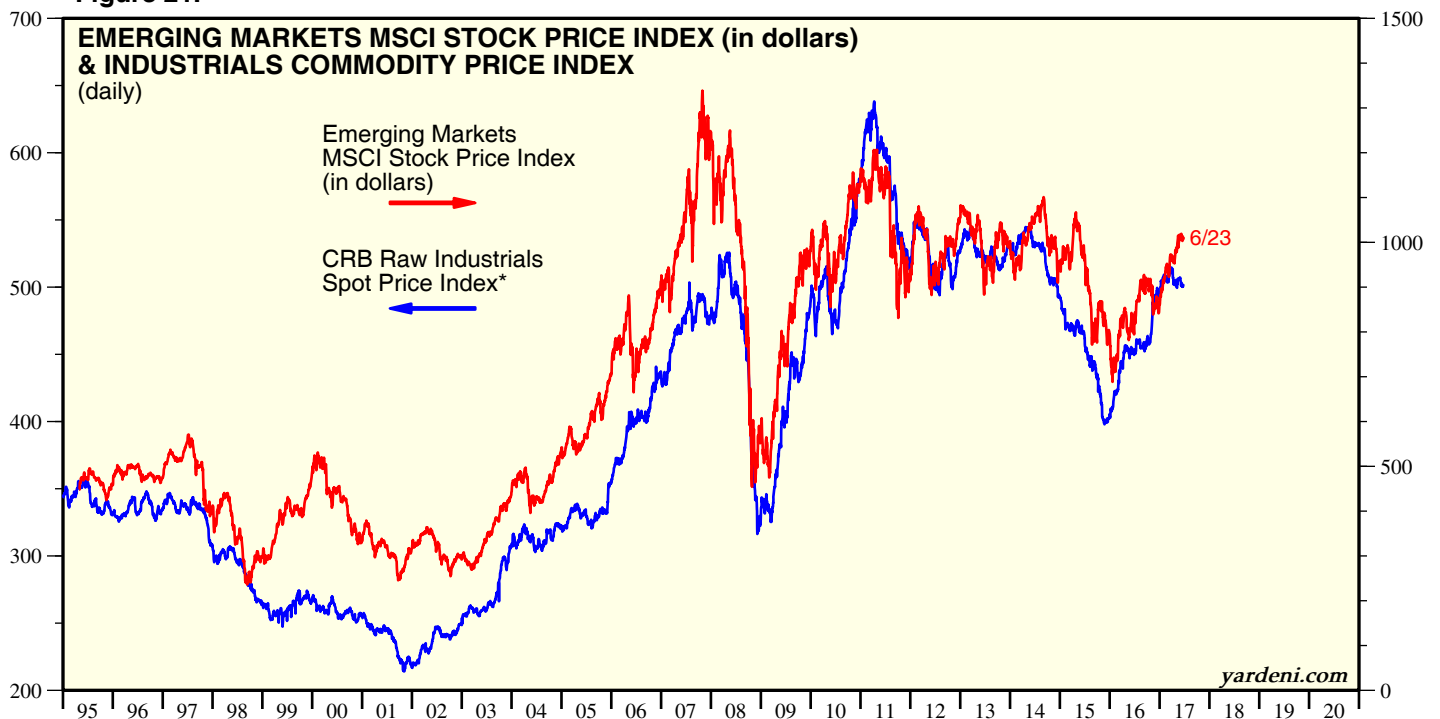
Stocks & Commodities

Figure 20.



* Average of Consumer Comfort Index (which is a four-week average) and the four-week average of Boom-Bust Barometer, which is CRB raw industrials spot price index (weekly average) divided by weekly initial unemployment claims.
Source: Bloomberg, Commodity Research Bureau, Bureau of Labor Statistics, and Standard & Poor's.

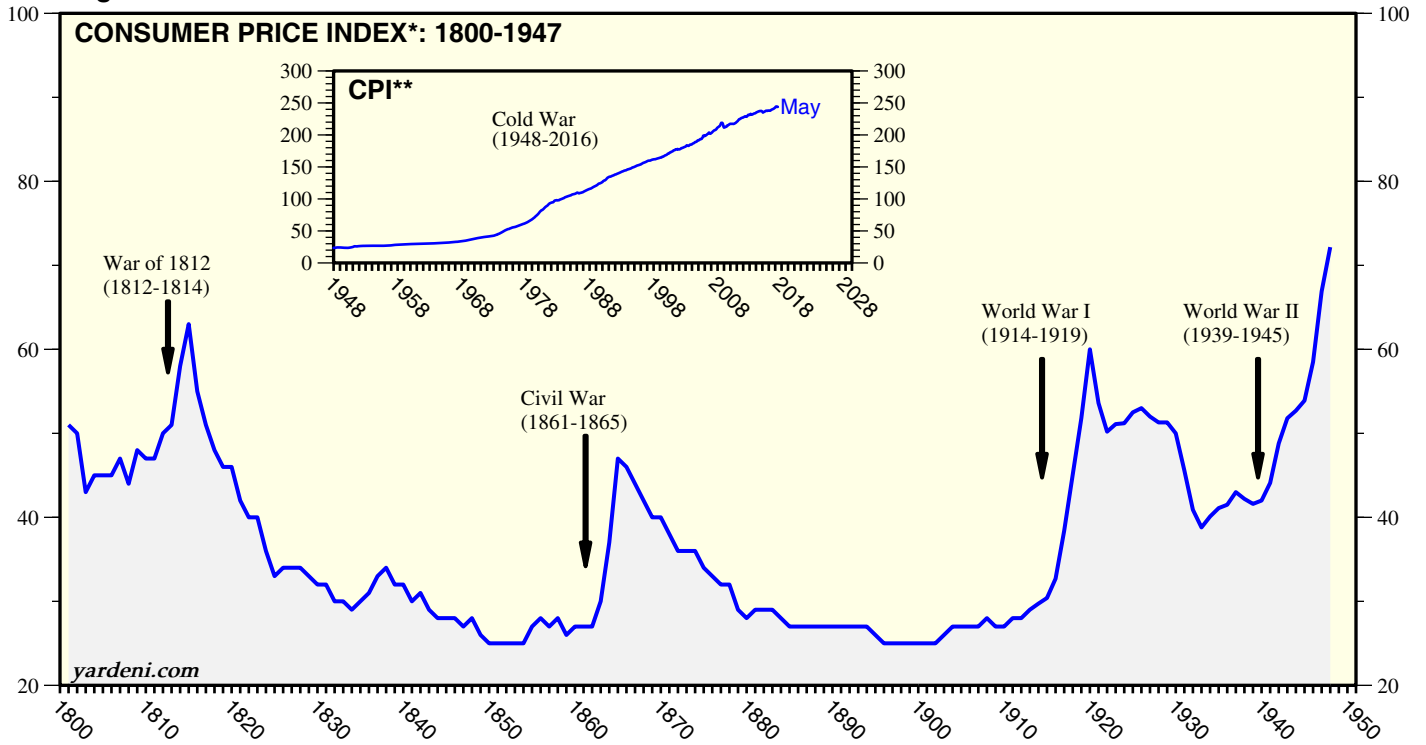
Figure 21.



* Includes copper scrap, lead scrap, steel scrap, tin, zinc, burlap, cotton, print cloth, wool tops, hides, rosin, rubber, and tallow.
Source: Morgan Stanley Capital International and Commodity Research Bureau.

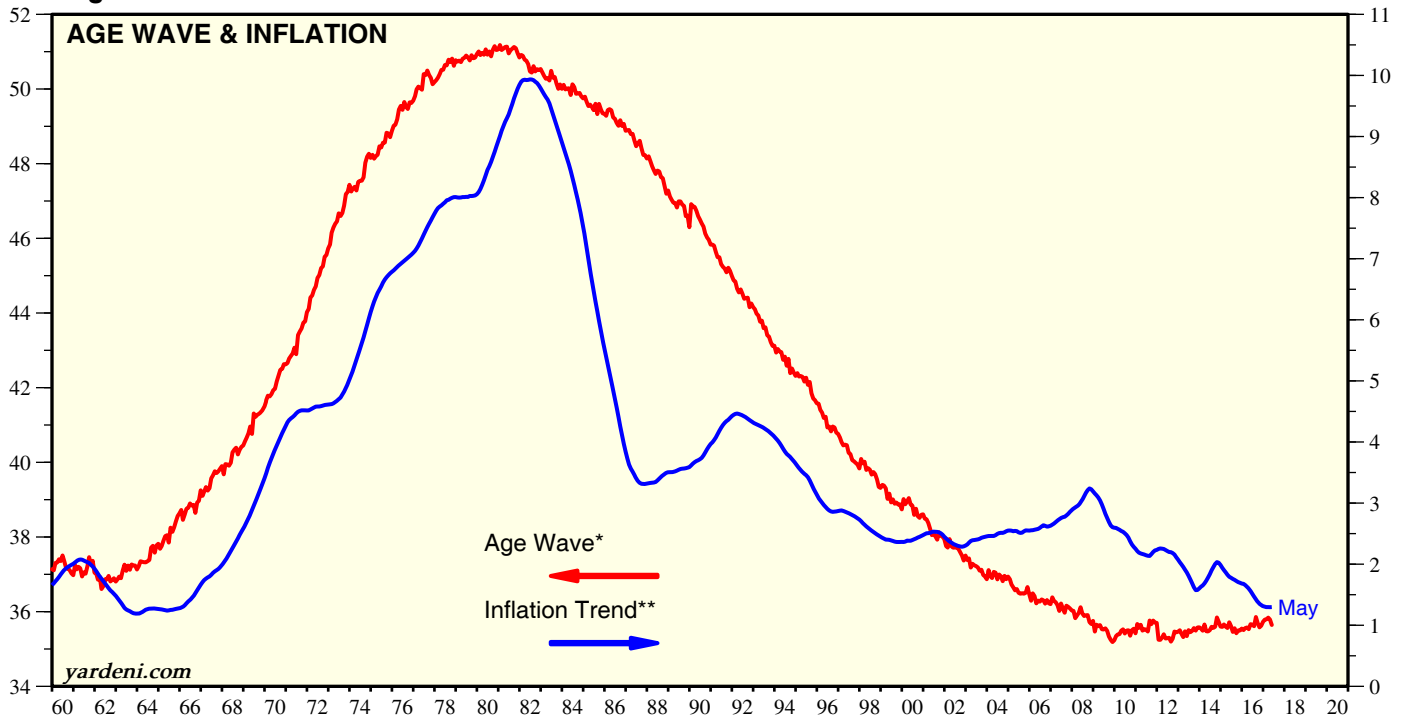
Big Picture

Figure 22.



* Base index from 1800 to 1947 is 1967 = 100.
** 1982-84=100.
Source: Census Bureau, Historical Statistics of the United States

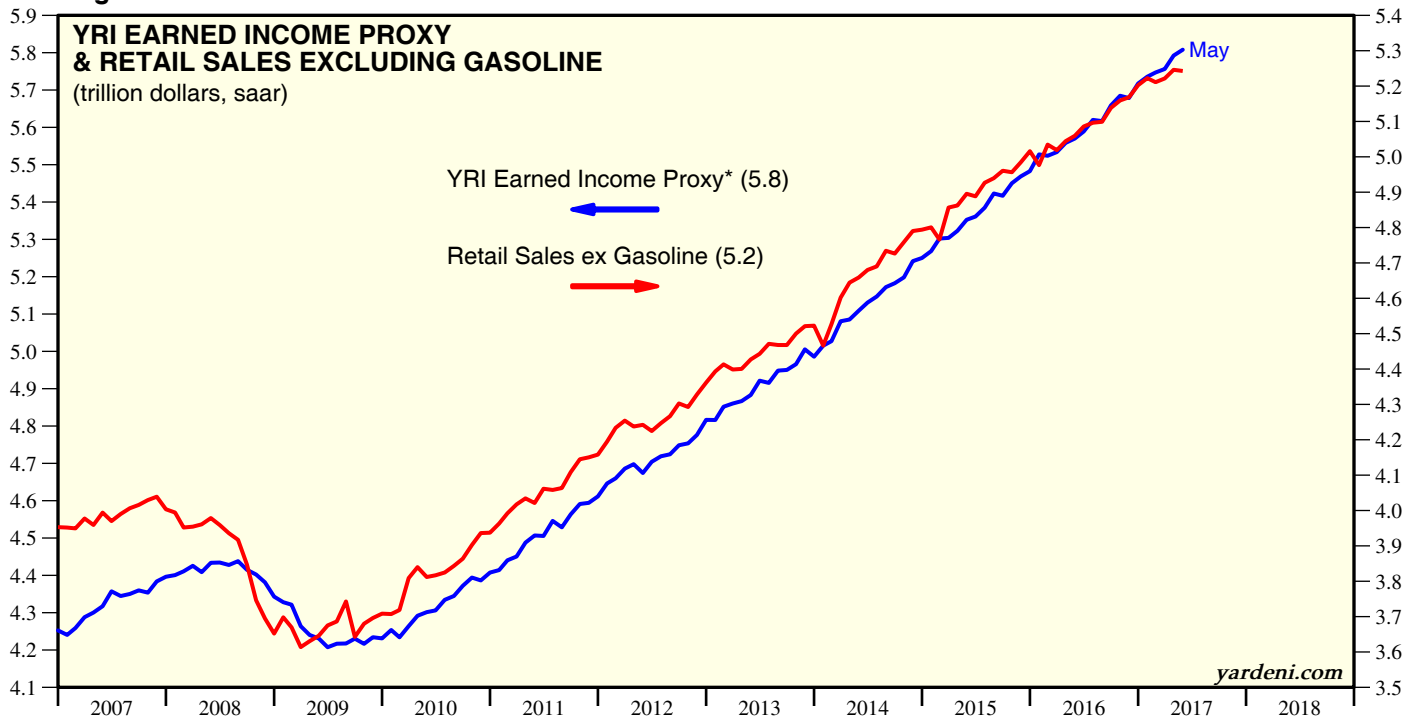
Figure 23.



* Percent of labor force 16-34 years old.
** Five-year moving average of yearly percent change in CPI.
Source: Bureau of Labor Statistics.

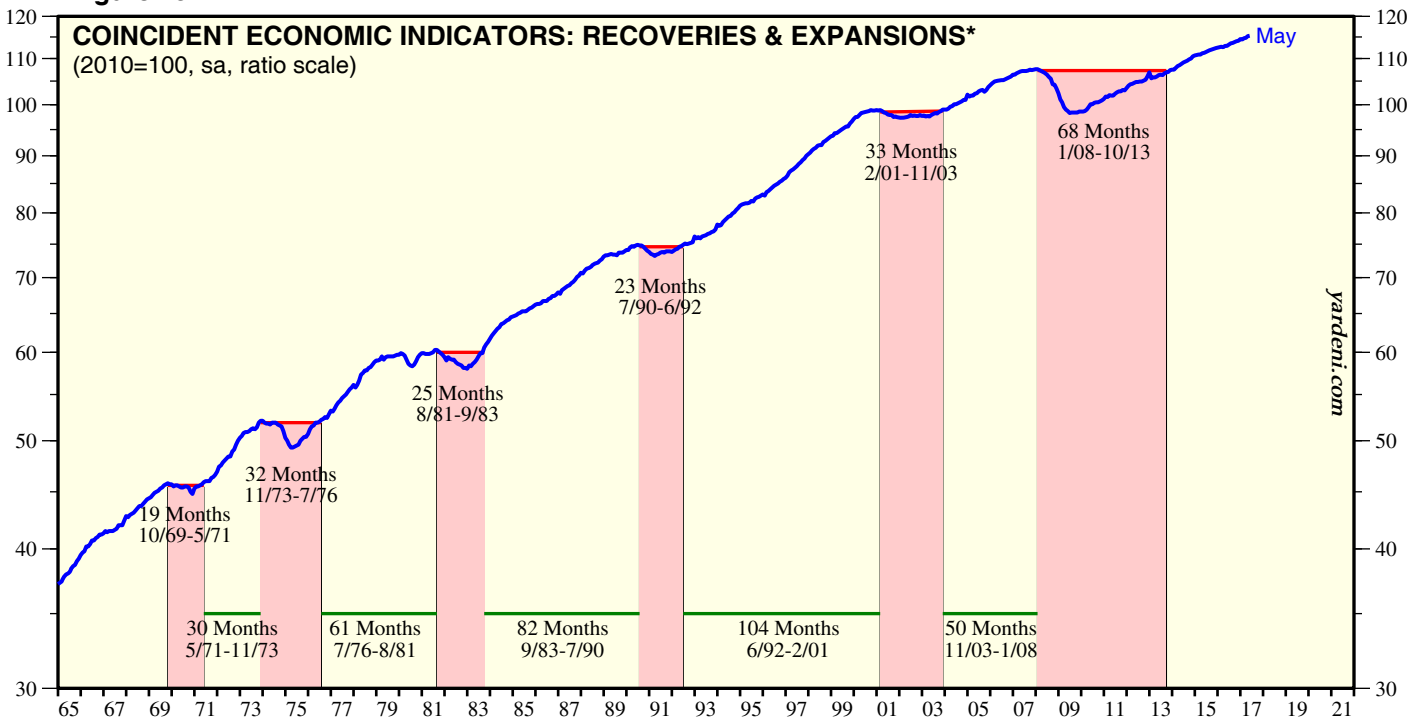
US Economic Indicators

Figure 24.



* Aggregate weekly hours times average hourly earnings of total private industries times 52.
Source: Bureau of Labor Statistics and Bureau of the Census.

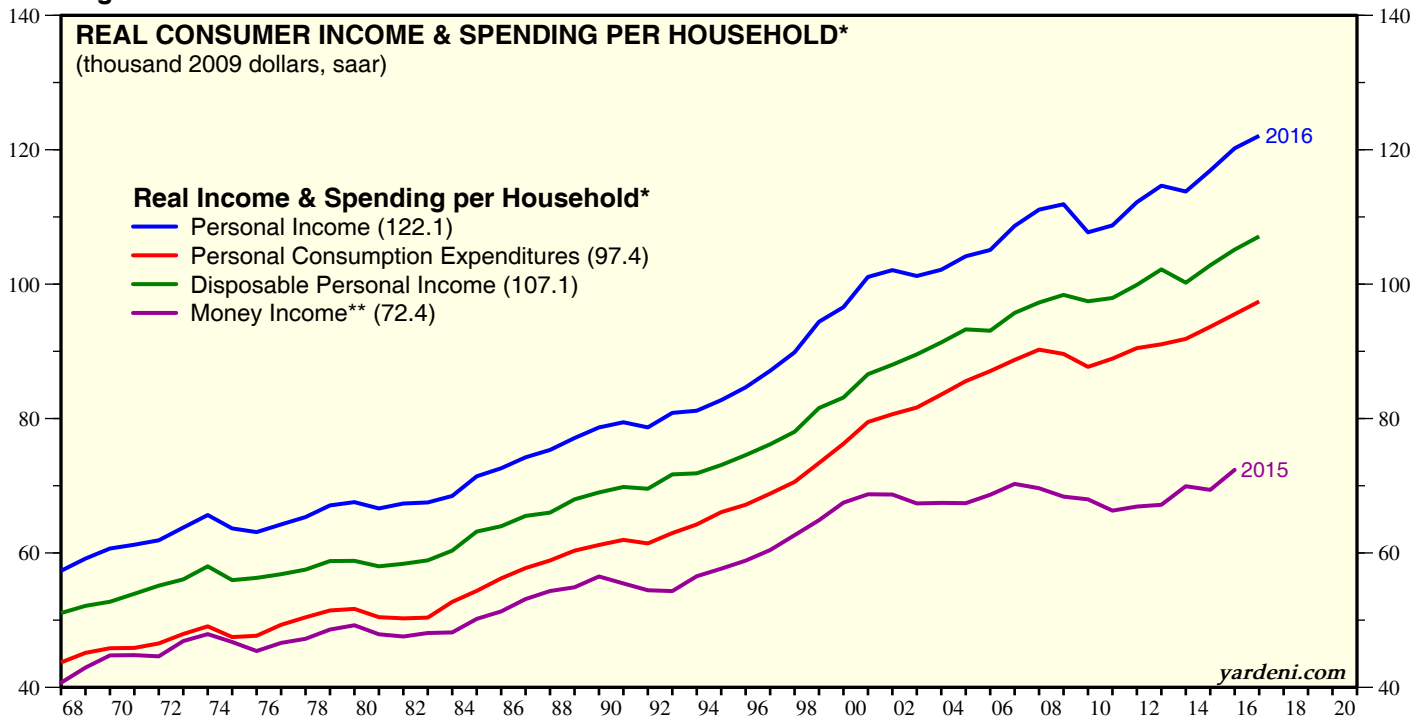
Figure 25.



* Red horizontal lines span cyclical peaks through subsequent cyclical recoveries. Green horizontal lines are expansion periods following recoveries.
Source: Conference Board, Haver Analytics, and YRI calculations.

US Economic Indicators

Figure 26.

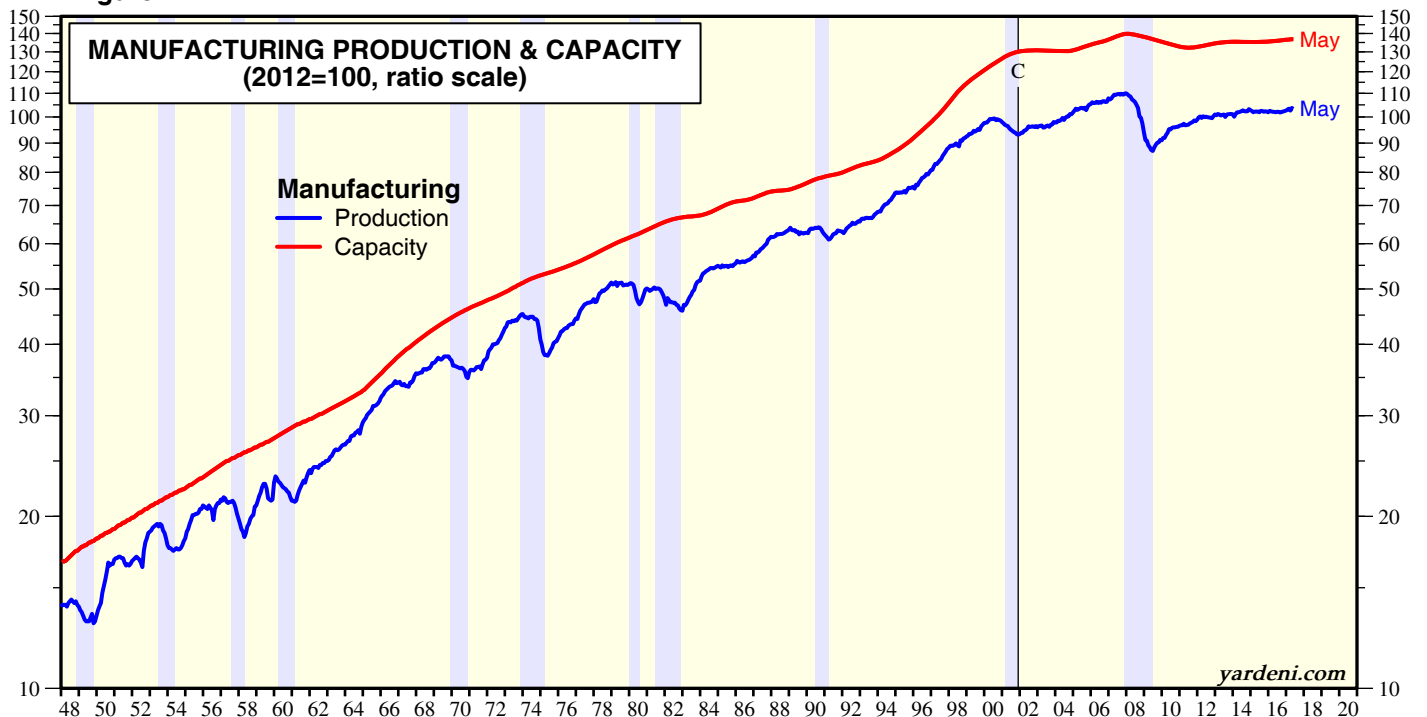


* All series deflated using Personal Consumption Expenditures Deflator.

** Mean household income.

Source: Bureau of Economic Analysis, Bureau of the Census and Current Population Reports.

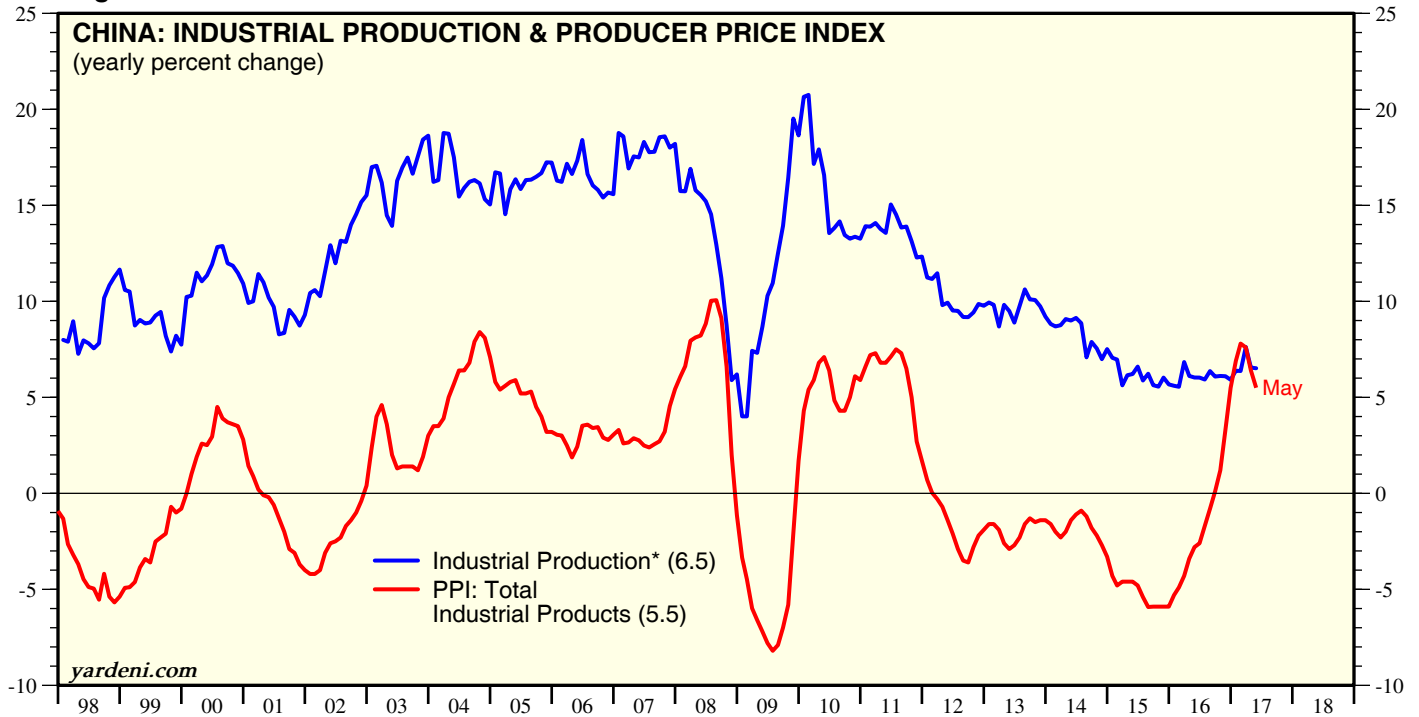
Figure 27.



Note: C = China joined WTO on December 11, 2001. Shaded areas denote recessions according to the National Bureau of Economic Research.
Source: Federal Reserve Board.

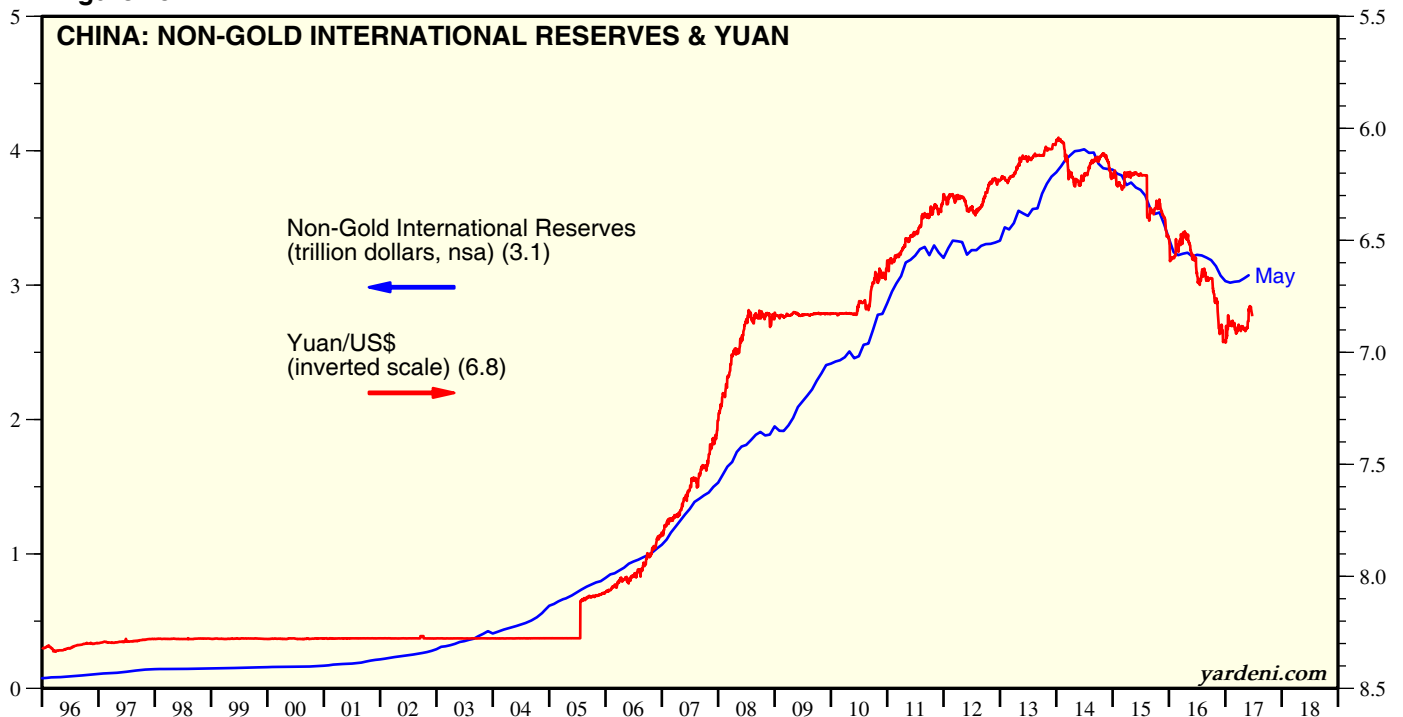
China

Figure 28.



* Value added basis.
 Source: IMF International Financial Statistics and China National Bureau of Statistics.

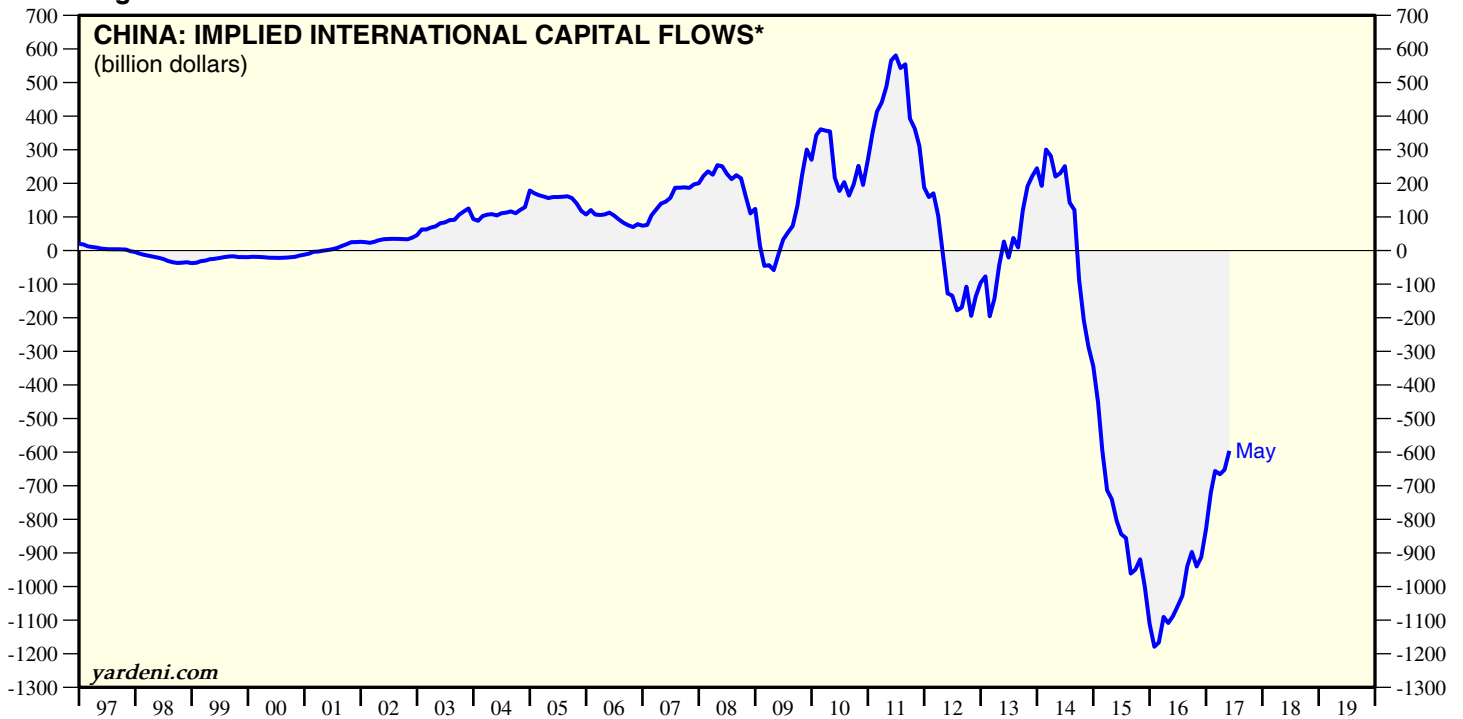
Figure 29.



Source: International Monetary Fund and Haver Analytics.

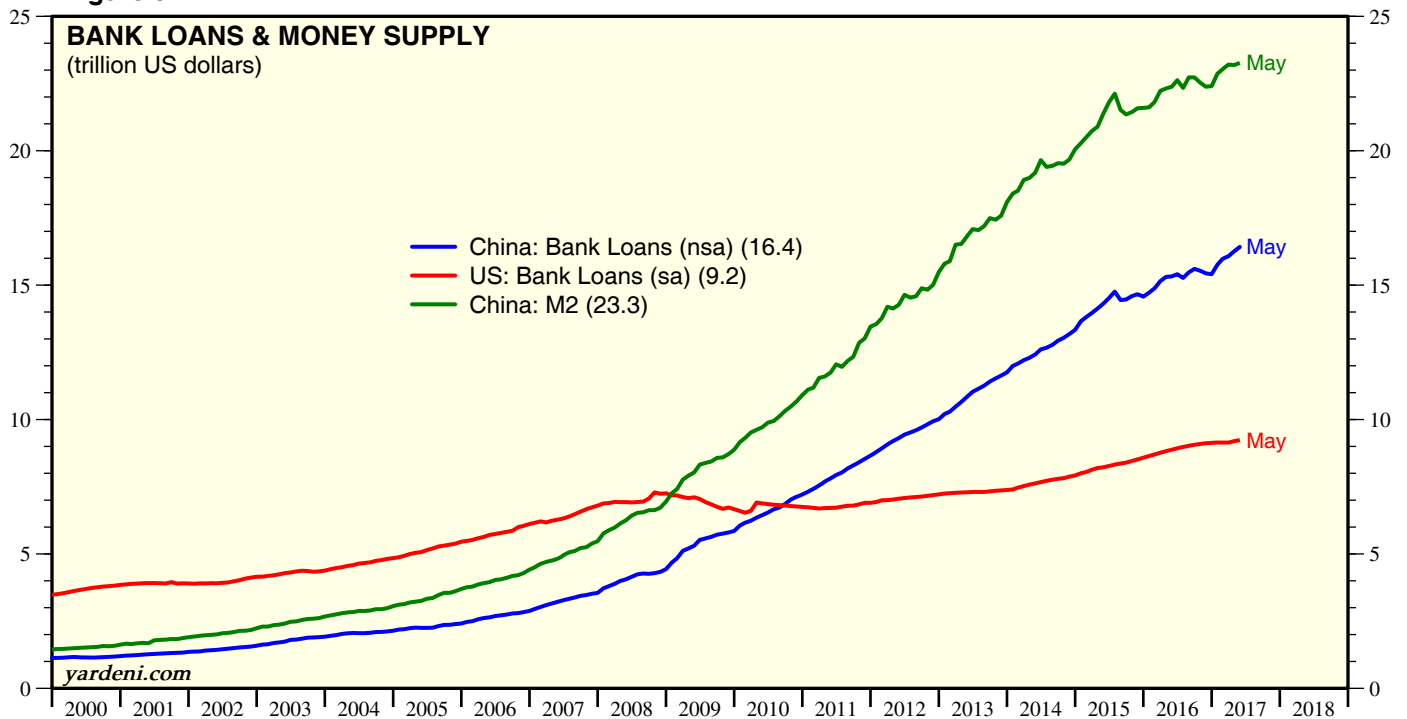
China

Figure 30.



* 12-month change in non-gold international reserves minus 12-month sum of the merchandise trade surplus (deficit).
Source: China Customs and Haver Analytics.

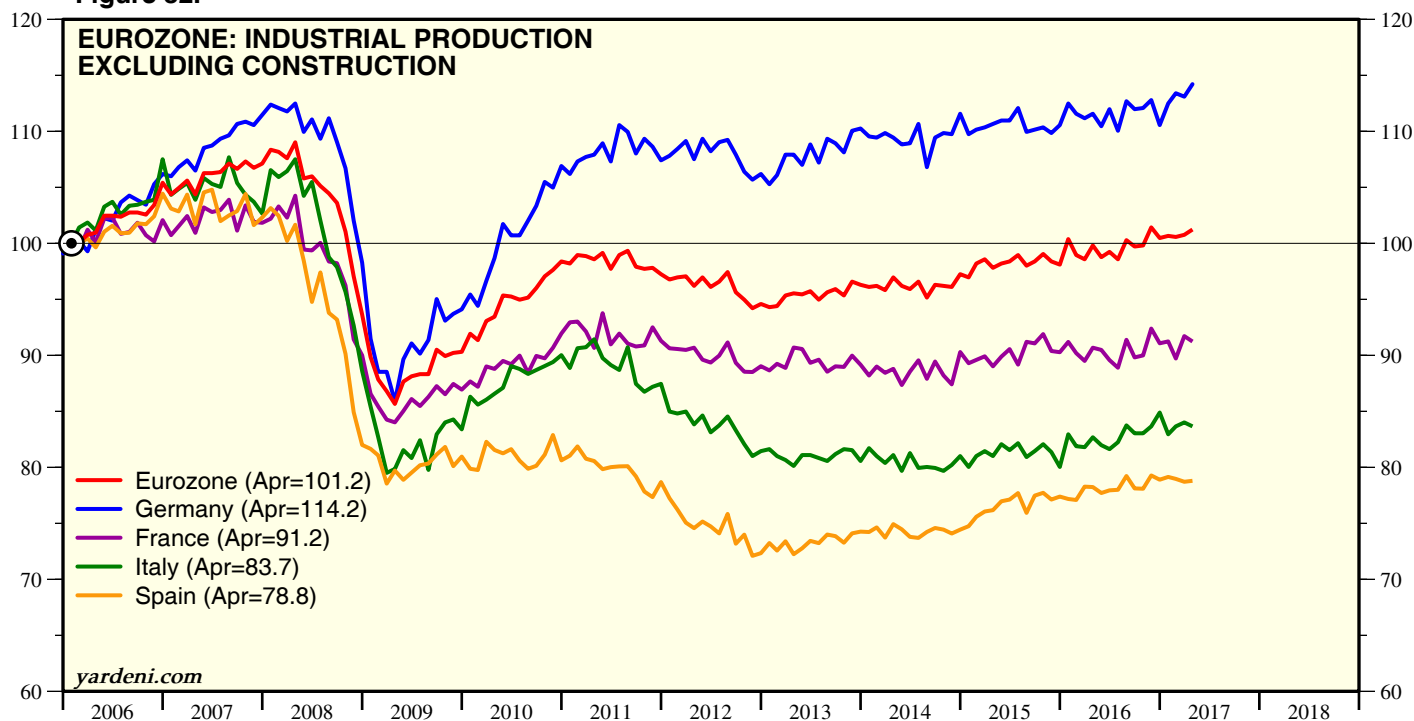
Figure 31.



Source: Federal Reserve Board and People's Bank of China.

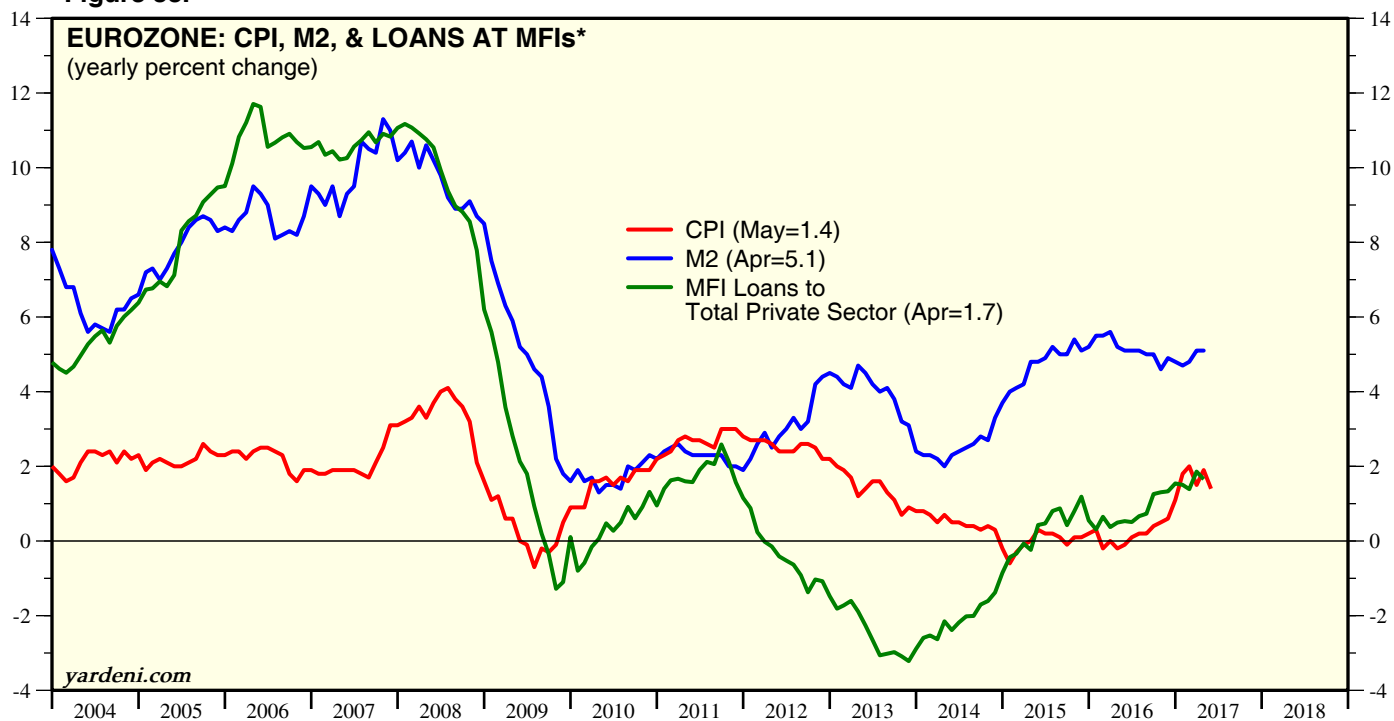
Eurozone

Figure 32.



Source: Haver Analytics.

Figure 33.



* Monetary Financial Institutions (MFIs) exclude Euro System of Central Banks (ESCB) and Money Market Funds (MMFs).
Source: Statistical Office of the European Communities.

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