

Stock Market Briefing: Valuation Models Misery Index & Rule of 20

Yardeni Research, Inc.

August 15, 2018

Dr. Edward Yardeni

516-972-7683
eyardeni@yardeni.com

Mali Quintana

480-664-1333
aquintana@yardeni.com

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



thinking outside the box

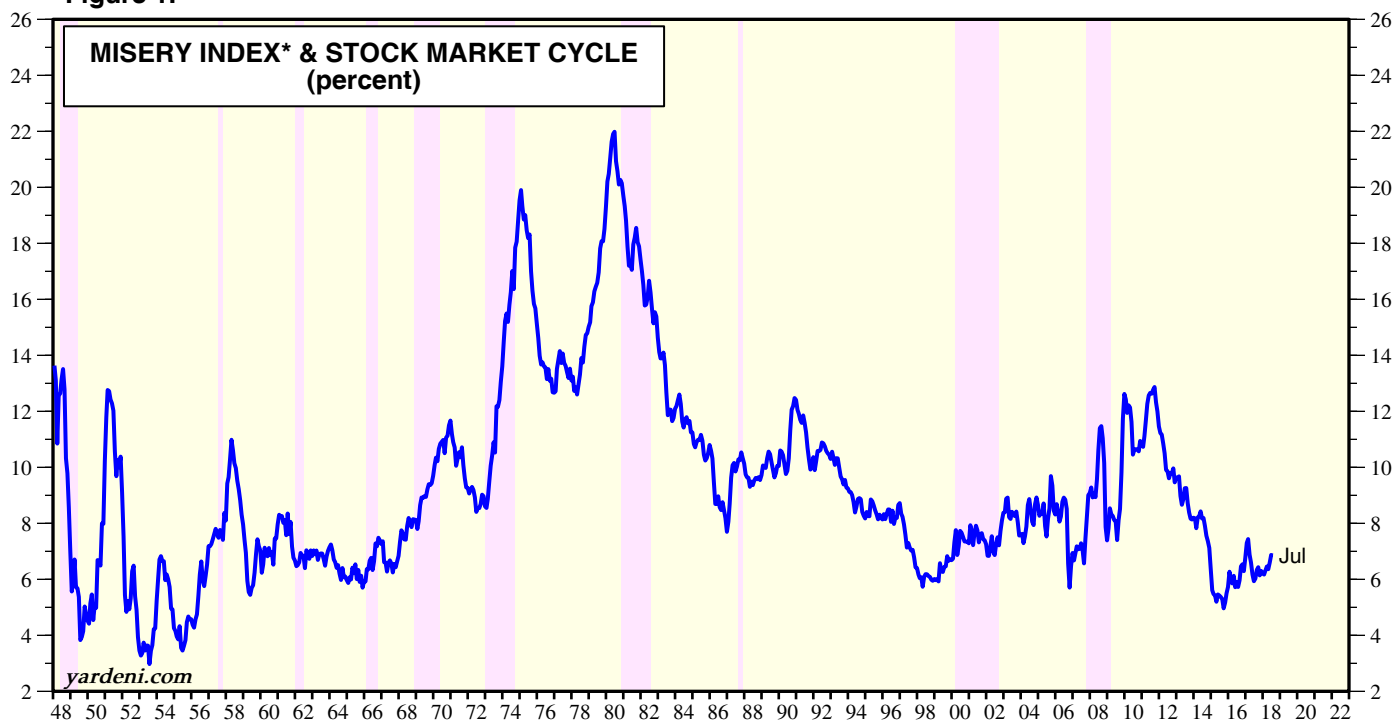
Table Of Contents

Misery Index

1-4

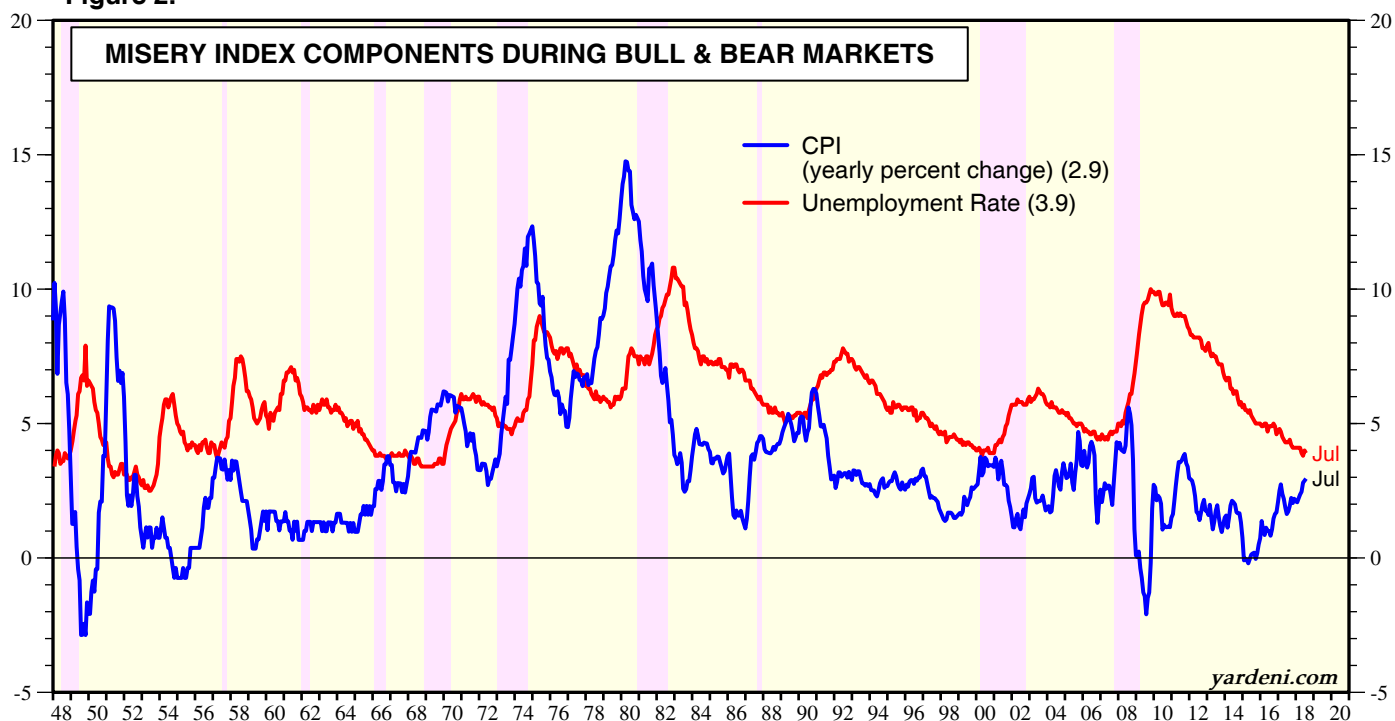
Misery Index

Figure 1.



* 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.
 Source: US Department of Commerce, Bureau of Economic Analysis and US Department of Labor, Bureau of Labor Statistics.

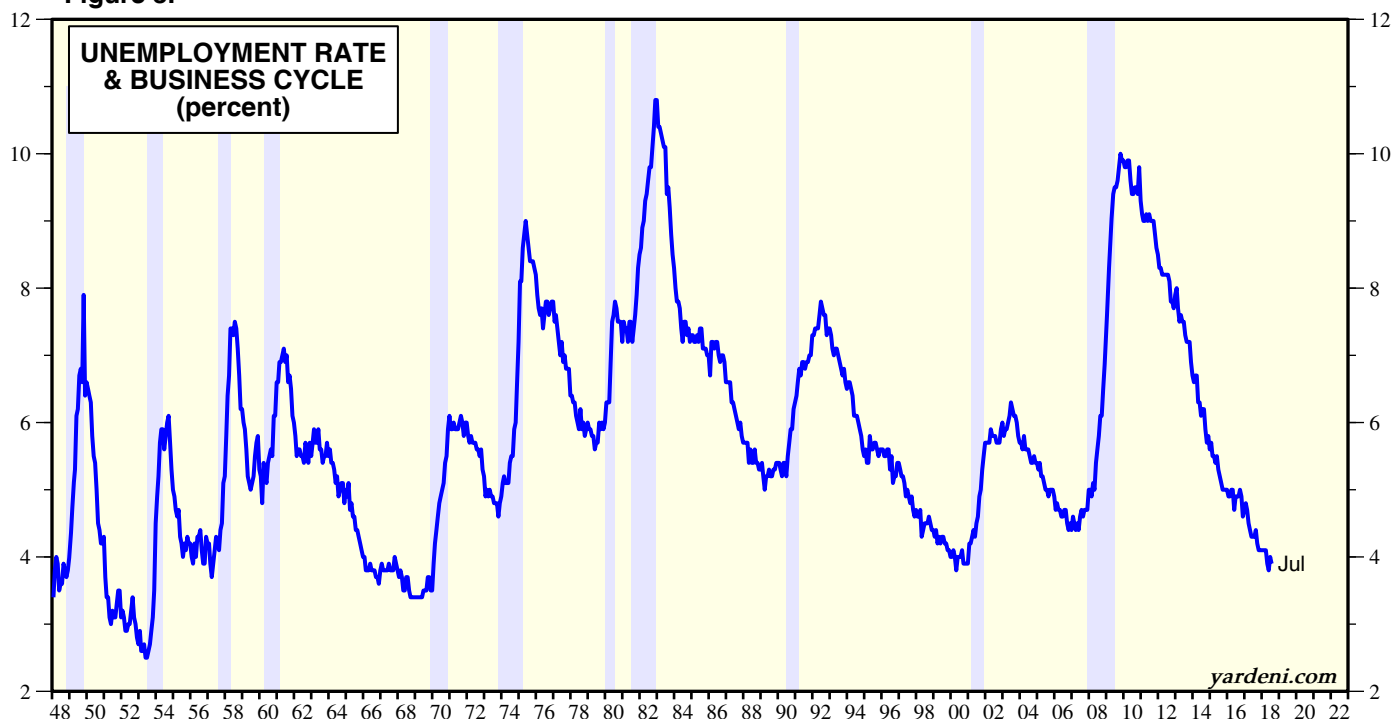
Figure 2.



Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
 Source: Bureau of Economic Analysis and Bureau of Labor Statistics.

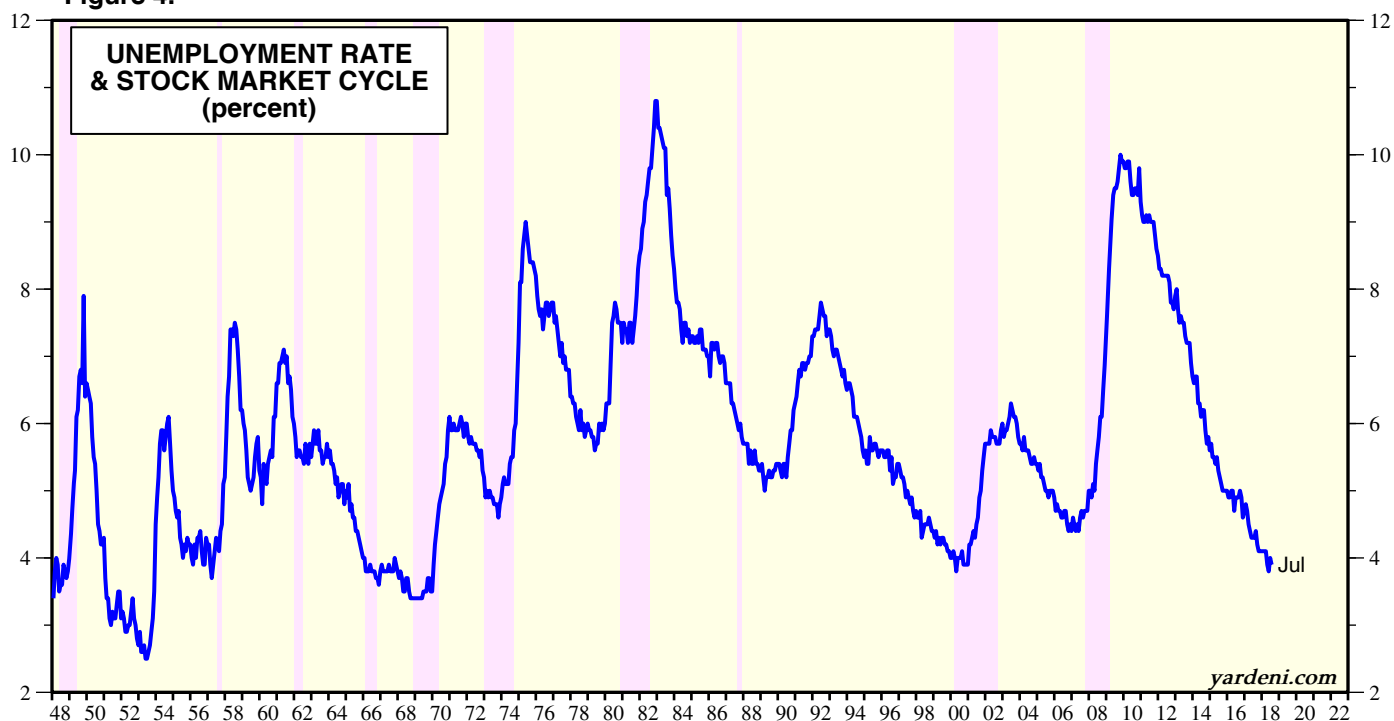
Misery Index

Figure 3.



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

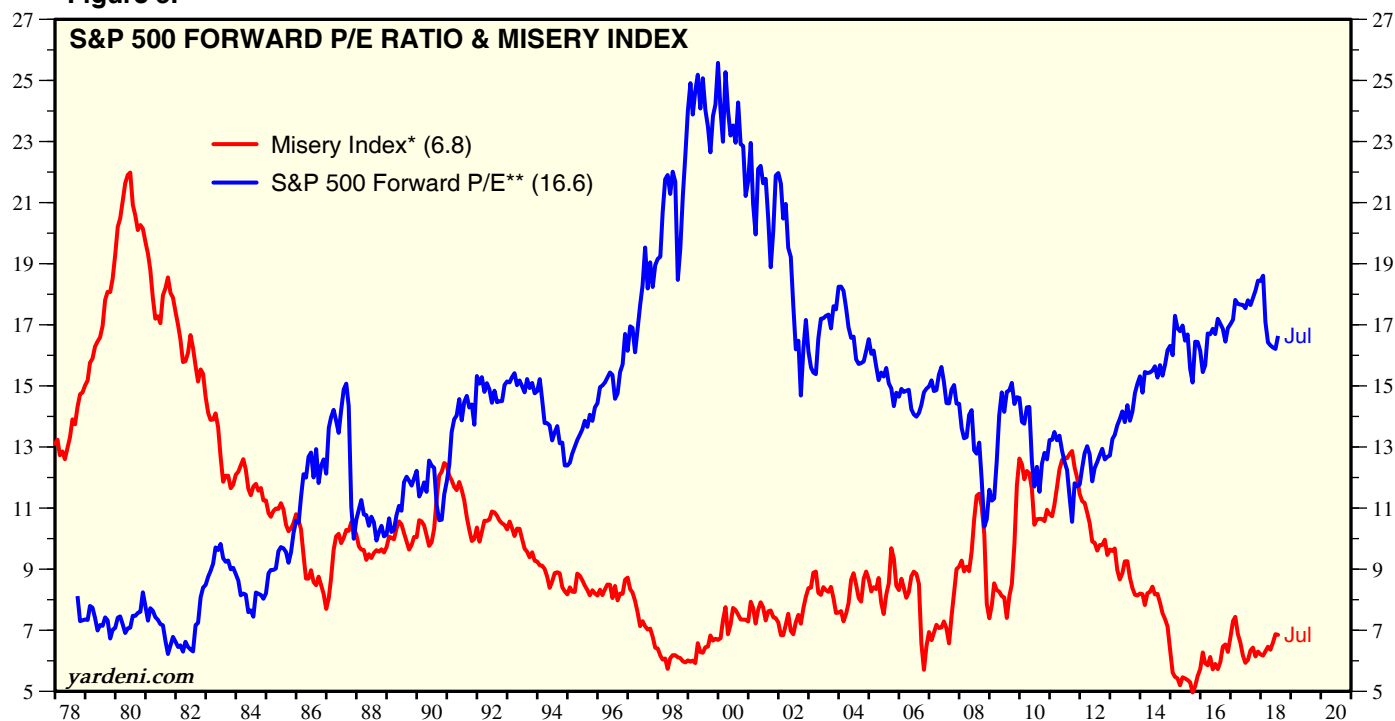
Figure 4.



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

Misery Index

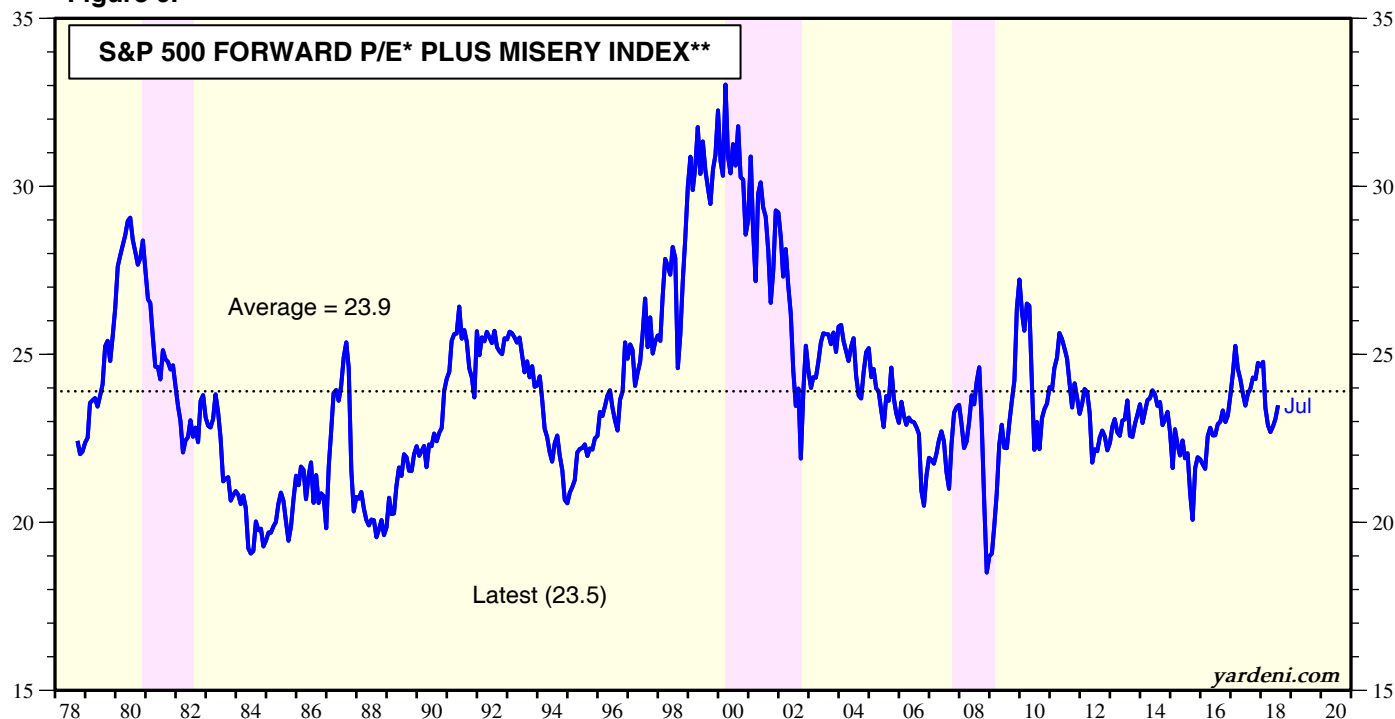
Figure 5.



* 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.
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and Thomson Reuters I/B/E/S.

Figure 6.



* Average monthly S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings per share.

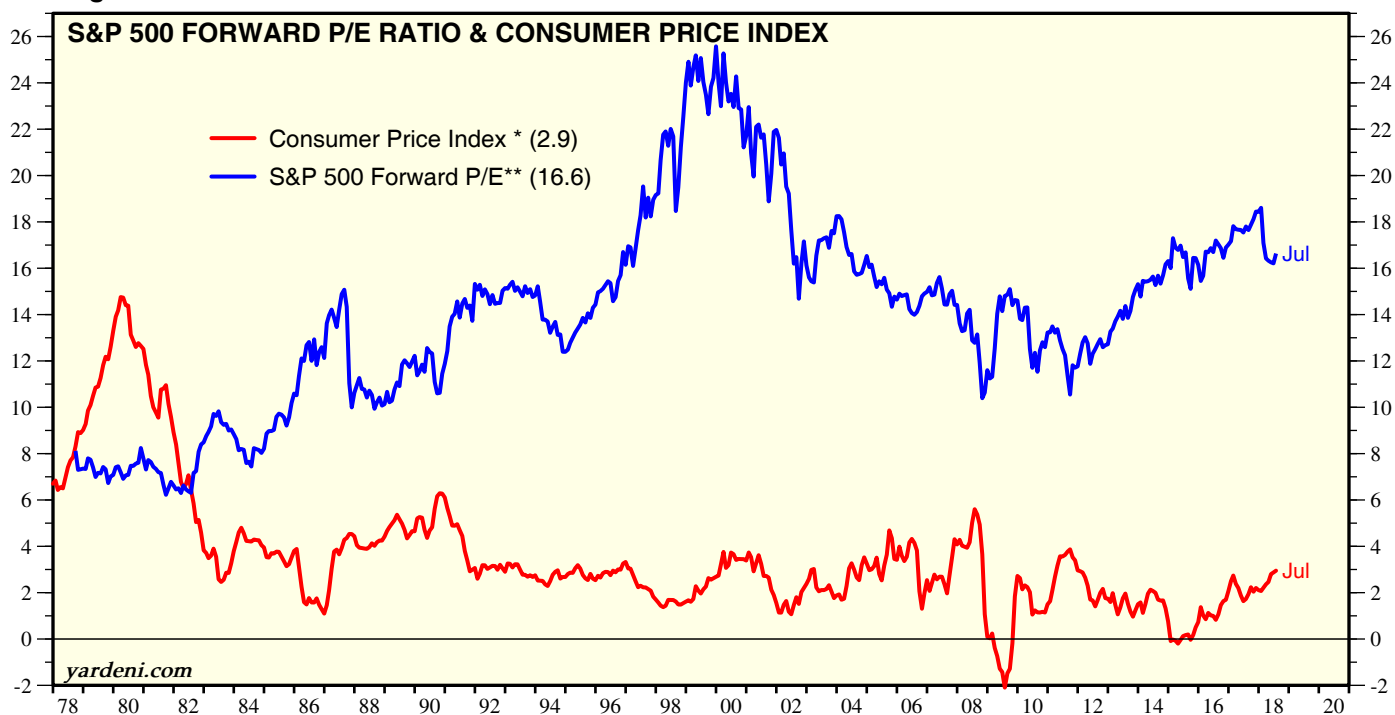
** Unemployment rate plus yearly percent change in consumer price index.

Note: Bear markets are declines of 20% or more (in red shades).

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and Thomson Reuters I/B/E/S.

Misery Index

Figure 7.

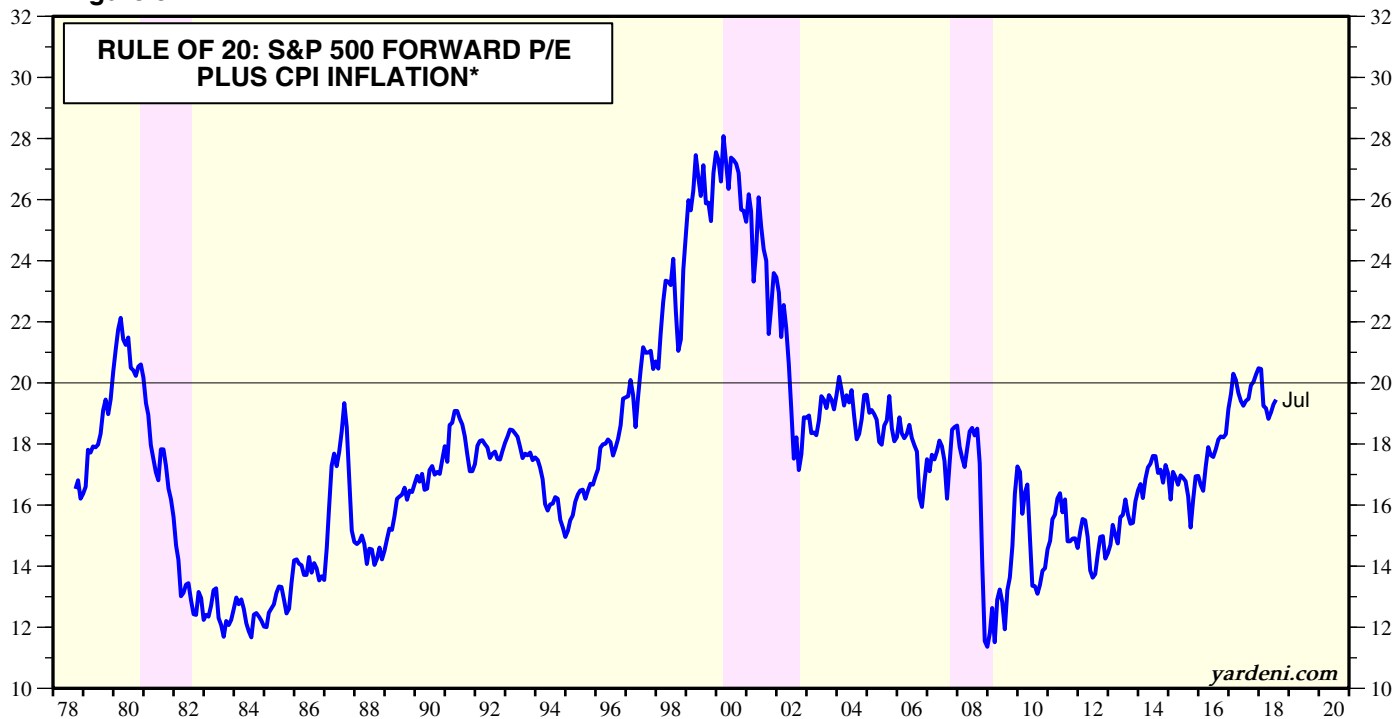


* yearly percent change.

** Average monthly S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings per share.

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and Thomson Reuters I/B/E/S.

Figure 8.



* Using forward P/E monthly and yearly percent change in CPI for inflation.

Note: Bear markets are declines of 20% or more (in red shades).

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

Copyright (c) Yardeni Research, Inc. 2018. All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on www.yardeni.com, blog.yardeni.com, and YRI's Apps for iPads and iPhones are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments.

The text, images, and other materials contained or displayed on any Yardeni Research, Inc. product, service, report, email or website are proprietary to Yardeni Research, Inc. and constitute valuable intellectual property. No material from any part of www.yardeni.com, blog.yardeni.com, and YRI's Apps for iPads and iPhones may be downloaded, transmitted, broadcast, transferred, assigned, reproduced or in any other way used or otherwise disseminated in any form to any person or entity, without the explicit written consent of Yardeni Research, Inc. All unauthorized reproduction or other use of material from Yardeni Research, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Yardeni Research, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Yardeni Research, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

The recipient should check any email and any attachments for the presence of viruses. Yardeni Research, Inc. accepts no liability for any damage caused by any virus transmitted by this company's emails, website, blog and Apps. Additional information available on [request](#).