Introduction to Services

Our Firm

Founded on January 1, 2007 by Dr. Ed Yardeni, Yardeni Research, Inc. provides in-depth empirical and analytical research on the global economy, which is the basis for our investment strategy and asset allocation recommendations.

Many of our clients rely on us to be their primary outsource for financial and economic research. They use our insights in developing their own global investment and business strategies. Our clients include institutional portfolio managers, industry and credit analysts, managers of financial institutions, CEOs and CFOs, corporate business strategists, corporate treasurers, and government policymakers. They work for some of the world’s leading asset management companies, mutual funds, trust companies, insurance companies, hedge funds, banks, and industrial corporations.

Our Services

Our comprehensive package of consulting services is designed to provide you with a unique, personalized, and valuable resource. As our client, you can expect the following:

1. **Dr. Ed’s Morning Briefing.** Our daily analysis of the latest economic and investment issues is delivered by email promptly at the start of the business day, with a weekly compilation each Friday morning. The commentary provides objective, fact-based analyses of unfolding economic, political, and investment-related developments and draws conclusions about their short- and long-term ramifications for investment and business strategies. The focus is on actionable insights that decision-makers can put to use daily and for long-term planning purposes as well.

2. **Dialogue with Dr. Ed.** Our daily morning commentary is designed to stimulate an ongoing dialogue with you. We welcome questions and comments by email or phone. Dr. Ed is frequently on the road, meeting with accounts in major cities on a regular basis. The views of institutional investors and business leaders who participate in the ongoing dialogue are often discussed in the *Morning Briefing*, informing and enhancing the analysis.

3. **Exclusive Online Information Library.** Our website and our iPad/iPhone App provide you with access to a rich library of research reports, such as our Strategist’s and Analyst’s Handbooks, as well as a vast bank of user-friendly information tools, such as chart books on key economic and financial indicators featuring useful data comparisons and proprietary data indexes.

4. **Personalized Tools and Resources.** The website includes MyPage, which allows you to easily design your own portal of the information you most value on our website. At your request, we maintain customized charts and presentation materials on your secure page. You can also receive regular emails with the latest updates of your MyPage information through our Home Delivery service.

5. **Top-Notch Outsource for Research.** You can rely on us for the most thorough analysis of the economic and financial issues that matter most to you. Our consulting service provides you with direct access to Dr. Ed and our staff on a 24/7 basis. Please contact us to discuss your individual professional needs.
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<td>Fed Funds Target Rate (%)</td>
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<td>10-Year Government Yield (%)</td>
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a=actual. e=estimate.
(1) Quarterly and annual average percent change.
Estimates based on limited information and are subject to frequent and large revisions as new information becomes available.
Source: Yardeni Research, Inc.
Figure B: S&P 500 Earnings: YRI vs. Consensus Forecasts (2/24/2013)

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_e=estimate._

* Historical earnings growth rates and earnings are not adjusted for accounting and index composition changes.

Source: Yardeni Research, Inc. and Thomson Reuters I/B/E/S.
**- Leading Indicators -**

**Figure 1.**

*S&P 500 INDEX & YRI FUNDAMENTAL STOCK MARKET INDICATOR*

- YRI Fundamental Stock Market Indicator*
- S&P 500 Index

* Average of Consumer Comfort Index and Boom-Bust Barometer, which is CRB raw industrials spot price index divided by initial unemployment claims, four-week moving average.

Source: Bloomberg, Commodity Research Bureau, Department of Labor, and Standard & Poor’s Corporation.

**Figure 2.**

*YRI FUNDAMENTAL STOCK MARKET INDICATOR & ECRI WEEKLY LEADING INDEX*

- YRI Fundamental Stock Market Indicator*
- ECRI Weekly Leading Index (1992=100)

* Average of Consumer Comfort Index and Boom-Bust Barometer, which is CRB raw industrials spot price index divided by initial unemployment claims.

Source: Bloomberg, Commodity Research Bureau, Department of Labor, and Economic Cycle Research Institute (ECRI).
Figure 3.

S&P 500 REVENUES & WORLD INDUSTRIAL PRODUCTION

S&P 500 Revenues
(dollars per share, nsa)

World Industrial Production
(2000 = 100)


Figure 4.

WORLD INDUSTRIAL PRODUCTION EX CONSTRUCTION
(2000=100, swda, ratio scale)

Emerging Economies

Advanced Economies

S&P 500 Revenues & Earnings

Figure 5.

**S&P 500 Revenues Per Share**
(consensus analysts' estimates in dollars, weekly, ratio scale)

**S&P 500 Operating Earnings Per Share**
(consensus analysts' estimates in dollars, weekly, ratio scale)

**S&P 500 Profit Margin**
(using analysts' average earnings and sales forecasts, percent)

Consensus Analysts Estimates
- Annual
- 52-week forward*

* Time-weighted average of current year’s and next year’s consensus estimates.

Source: Thomson Reuters I/B/E/S and Standard & Poor’s.
**Figure 6.**

S&P 500 REVENUES & US BUSINESS SALES

( yearly percent change )

- Business Sales*
- S&P 500 Revenues
  (using dollars per share)

* Manufacturing and trade sales.

**Figure 7.**

S&P 500/400/600 FORWARD EARNINGS PER SHARE

- S&P 500 LargeCap (113.7)
- S&P 400 MidCap (70.8)
- S&P 600 SmallCap (31.6)

* 52-week forward consensus expected operating earnings per share. Time-weighted average of the current year’s and next year’s consensus forecast.
Source: Thomson Reuters I/B/E/S.
**Figure 8.**

**P/E RATIOS FOR S&P INDEXES**
(daily)

- S&P 500 LargeCap (13.3)
- S&P 400 MidCap (15.6)
- S&P 600 SmallCap (16.2)

* Price divided by 52-week forward consensus expected operating earnings per share.
Source: Thomson Reuters I/B/E/S.

**Figure 9.**

**S&P 500, FORWARD EARNINGS, & VALUATION**

* Implied price index calculated using forward earnings times forward P/Es.
Source: Standard & Poor’s Corporation and Thomson Reuters I/B/E/S.
Figure 12.

CONSUMER DISCRETIONARY

Latest data thru: 02/22/13

CONSUMER STAPLES

INDUSTRIALS

INFORMATION TECHNOLOGY

ENERGY

MATERIALS

FINANCIALS

TELECOMMUNICATION SERVICES

HEALTH CARE

UTILITIES

* Indexed to 0 on 3/9/2009.

Source: Standard & Poor’s Corporation. Data as of 02/22/13

yardeni.com
- S&P 500 Sectors Forward Earnings -

Source: Thomson Reuters I/B/E/S.
* Time-weighted average (in red) of the current year’s and next year’s consensus revenues estimates (in blue).

Source: Thomson Reuters I/B/E/S.
* Sector’s forward P/E divided by S&P 500 forward P/E.
Source: Thomson Reuters I/B/E/S.
Figure 16.

**MEDIAN SALES PRICE OF EXISTING SINGLE-FAMILY HOMES**
(yearly percent change)

Source: National Association of Realtors.

Figure 17.

**CRUDE OIL OUTPUT: UNITED STATES & CANADA**
(million barrels per day)

Source: Oil Market Intelligence.
Figure 18.

GLOBAL MANUFACTURING PURCHASING MANAGERS INDEXES

Source: Haver Analytics.

Figure 19.

CHINA: INDUSTRIAL PRODUCTION, ELECTRICITY OUTPUT, & INFLATION
(yearly percent change)

Source: Haver Analytics.
**Figure 20.**

**INDUSTRIAL PRODUCTION**
(January 2006=100)

- Euro Zone (Dec=94.5)
- Germany (Dec=106.2)
- France (Dec=88.4)
- Italy (Dec=80.3)
- Spain (Dec=72.6)

Source: Haver Analytics.

**Figure 21.**

**ECB EUROSYSTEM TARGET2* NET BALANCES**
(billion euros, nsa)

- Belgium (Jan=24.4)
- Finland (Jan=47.9)
- France (Dec=73.9)
- Germany (Jan=616.9)
- Greece (Dec=-98.4)
- Italy (Jan=-228.2)
- Luxemborg (Jan=99.2)
- Netherlands (Dec=120.8)
- Portugal (Jan=62.9)
- Spain (Dec=-337.3)

* TARGET2 is an interbank payment system for the real-time processing of cross-border transfers throughout the European Union. TARGET (Trans-European Automated Real-time Gross Settlement Express Transfer System) was replaced in November 2007 by TARGET2.

D = On July 31, 2012, ECB President Mario Draghi pledged to do "whatever it takes" to defend the euro.

Source: Haver Analytics from central banks.
Figure 22.

S&P 500 Index & Securities Held by FED

S&P 500 Index
US Treasuries + Agency Debt + MBS

QE1
QE2
QE3
QE4

2/22 2/20

B = Ben Bernanke set the stage for QE2 and QE3 during his Jackson Hole speeches on August 27, 2010 and August 31, 2012.
T = Operation Twist was started on September 21, 2011 and terminated on December 31, 2012.
Source: Standard & Poor’s Corporation.

Figure 23.

Expected Inflation in 10-Year TIPS vs. S&P 500 Index

B = Ben Bernanke set the stage for QE2 and QE3 during his Jackson Hole speeches on August 27, 2010 and August 31, 2012.
T = Operation Twist was started on September 21, 2011 and terminated on December 31, 2012.
* Nominal minus TIPS yields.
Source: Board of Governors of the Federal Reserve System and Standard & Poor’s Corporation.
Django Unchained (+) is a spaghetti western set in America's Deep South in the 1850s. It's Quentin Tarantino's latest depiction of violence in America. The non-stop mayhem and racism in his movie reflect the brutality of slavery. Christopher Waltz is great playing a German bounty hunter. Jamie Foxx accounts for much of the body count in the movie and underplays his role. On the other hand, Leonardo DiCaprio overplays his part as an inglorious racist owner of a slave plantation.

Hitchcock (+++) features a fabulous performance by Anthony Hopkins playing Alfred Hitchcock when he was filming "Psycho." Helen Mirren admirably co-stars as the great director's very supportive wife, Alma Reville. Hopkins put on some weight to play "Hitch," a role that he clearly had fun doing and is fun to watch.

Hyde Park on the Hudson (+) is based on love letters between Franklin Delano Roosevelt and his distant cousin Margaret "Daisy" Suckley. Apparently, they had an affair, as evidenced by countless letters between the two of them about how they planned to furnish their little hide-away cottage near Hyde Park. I'm truly amazed how our great leaders (like General David Petraeus) find the time to write so much to their girlfriends. Bill Murray comes across as Bill Murray doing an impression of FDR. The plot revolves around the visit during June 1939 to Hyde Park by the King and Queen of England, who were invited as part of FDR's campaign to enter WWII as an ally of the UK. To show that they were all like most folks, Eleanor and Franklin treated their royal guests to a picnic featuring hot dogs. The next day, page one of The New York Times observed, "King Eats Hot Dog, Asks for More."

Life of Pi (+ +), directed by Ang Lee, is a beautifully filmed movie about struggling to survive rationally in an often irrational world. Is the meaning of life to be found in faith and religion? Or is it best to be rational and guided only by reality as we know it and can perceive it? But what if reality is what we choose it to be? Sounds like investing in stocks.

Lincoln (+++) is a great film about a great president. Directed by Steven Spielberg, it is based on the book by historian Doris Kearns Goodwin titled, “Team of Rivals: The Political Genius of Abraham Lincoln.” Torn between ending the civil war or ending slavery, Lincoln pursues the latter course. Daniel Day-Lewis deserves all the credit he has already received for his outstanding performance in the leading role. One of the insights of the film is that Congress was just as corrupt back then as it is now; politics was just as dirty.

Quartet (+) is a movie that reminds us that "old age isn't for sissies," as Bette Davis proclaimed in interviews. It was directed by Dustin Hoffman (who is 75 now) and has a great cast including Maggie Smith, Tom Courtenay, and Billy Connolly. They play the residents of a home for retired musicians. Their music allows them to rise above their physical and mental infirmities. I wonder if economics will do the same for me when I retire.

Silver Linings (+) is an amusing love story about two people who are on medication for mood disorders. It stars Bradley Cooper and Jennifer Lawrence, who prove that love is better than psychotherapeutic drugs for restoring mental health. Let’s face it: Love will not bring all those bipolar Democrats and Republicans together to work out a deal to avert the fiscal cliff. Putting them all on medication might help to restore our sanity, if not theirs.

Skyfall (+ +) is the latest James Bond film. I am somewhat ambivalent about this one in the series of 23 movies made about the British secret agent. That’s because for the first time, 007 hints that he is ambivalent about his sexuality, drinks beer, and can’t pass his physical exam. On the other hand, it’s a better character study of a more introspective Bond, with fewer distracting gadgets and vixens, than any of the previous movies.

The Impossible (+++) is the true story of a family that was swept away by the tsunami that swcastated Thailand on December 26, 2004. The parents (played by Ian McGregor and Naomi Watts) survived the horrible ordeal along with their three young boys. The star of the film is really Tom Holland, who plays the oldest of the boys. You should see it. You can skip “Broken City.” I like Mark Wahlberg, but I really didn’t like his film with its very broken plot line.

Zero Dark Thirty (+++) was rightly nominated for best picture at the Academy Awards. What’s not right is that Kathryn Bigelow, the director of the movie, was not nominated. Apparently, the Hollywood community believes that her movie, about the CIA’s hunt for Osama bin Laden, endorsed waterboarding and loud rock music as the best means of collecting information. Bigelow denies that. However, the movie does make the case that without such intel (obtained by seriously stressing detainees), the chances of capturing bad guys are remote. That’s even if they aren’t hiding in remote areas, but rather less than a mile from the West Point of Pakistan.