Stock Market Briefings:
S&P 500 Earnings Yield

September 20, 2019

Dr. Ed Yardeni
516-972-7683
eyardeni@yardeni.com

Joe Abbott
732-497-5306
jabbott@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
S&P 500 Earnings Yield

Figure 1.

*S&P 500 reported earnings as a percent of quarterly average S&P 500 index. Q4-2008 dropped because of negative value.

**Year-over-year percent change in three-month average of each quarter.

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

Source: Standard & Poor’s and Bureau of Labor Statistics.

Figure 2.

* Ratio of after-tax corporate profits as reported to the IRS divided by market value of US equities traded in the US excluding foreign issues.

**Year-over-year percent change in quarterly using three-month averages.

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

Source: Federal Reserve Board.
Figure 3.

Real Earnings Yields

All Equities
Less Foreign** (2.80)
S&P 500* (3.06)

* After-tax corporate profits as reported to the IRS as a percent of market value of US equities traded in the US excluding foreign issues minus CPI inflation rate (y/y in quarterly using 3-ma).
** S&P 500 reported earnings as a percent of quarterly average S&P 500 index minus CPI inflation rate (y/y in quarterly using 3-ma). Q4-2008 dropped because of negative value.

Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
Source: Federal Reserve Board, Standard & Poor’s, and Bureau of Labor Statistics.

Figure 4.

S&P 500 REPORTED EARNINGS YIELD*
(as a percent of quarterly average S&P 500 index, annual rate, nsa)

* S&P 500 reported earnings as a percent of quarterly average S&P 500 index. Q4-2008 dropped because of negative value.
Source: Standard & Poor’s.
Figure 5.
S&P 500 INDEX DIVIDED BY CONSUMER PRICE INDEX
(ratio scale)

Source: Standard & Poor’s and Bureau of Labor Statistics.

Figure 6.
S&P 500 REPORTED EARNINGS YIELD* vs CPI INFLATION RATE**

*S&P 500 reported earnings as a percent of quarterly average S&P 500 index. Q4-2008 dropped because of negative value.

**Year-over-year percent change in three-month average of each quarter.

Source: Standard & Poor’s and Bureau of Labor Statistics.
S&P 500 Earnings Yield

**Figure 7.**

S&P 500 REPORTED EARNINGS YIELD* MINUS CPI INFLATION RATE**

* S&P 500 reported earnings as a percent of quarterly average S&P 500 index. Q4-2008 dropped because of negative value.
** Year-over-year percent change in three-month average of each quarter.

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

**Figure 8.**

S&P 500 REPORTED EARNINGS YIELD* vs US TREASURY 10-YEAR BOND YIELD

* S&P 500 reported earnings as a percent of quarterly average S&P 500 index. Q4-2008 dropped because of negative value.
Source: Standard & Poor’s and Federal Reserve Board.
**Figure 9.**

**S&P 500 REPORTED EARNINGS YIELD**

MINUS US TREASURY 10-YEAR BOND YIELD

* S&P 500 reported earnings as a percent of quarterly average S&P 500 index. Q4-2008 dropped because of negative value.

Source: Standard & Poor’s and Federal Reserve Board.

---

**Figure 10.**

**S&P 500 REPORTED EARNINGS / CONSUMER PRICE INDEX**

(dollars per share, annualized, ratio scale)

* S&P 500 reported earnings divided by consumer price index (three-month average of each quarter). Q4-2008 dropped because of negative value.

Source: Standard & Poor’s and Bureau of Labor Statistics.