S&P 500 Earnings Yield

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thinking outside the box
S&P 500 Earnings Yield

Figure 1.

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

Latest (-0.56)
Average 3.19

Legend:
- 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.

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.

Figure 2.

US EQUITIES REPORTED EARNINGS YIELD* MINUS CPI INFLATION RATE**

Average = 4.9
Latest (2.43)

Legend:
- Red areas denote S&P 500 bear market declines of 20% or more.
- Yellow areas show bull markets.

Source: Federal Reserve Board.

* 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.
**S&P 500 Earnings Yield**

*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.

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**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 Earnings Yield (1.56)  
CPI Inflation Rate (2.12)

* 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 REPORTED EARNINGS YIELD* MINUS CPI INFLATION RATE**

Figure 7.

- 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.

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

Figure 8.

- 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.
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.

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.