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S&P 500 Earnings Yield

**Figure 1.**

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

- Latest (2.06)
- Average 3.19

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

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

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

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

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**Figure 2.**

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

- Average = 4.9
- Latest (3.22)

* 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

Real Earnings Yields
All Equities
Less Foreign** (3.22)
S&P 500* (2.06)

* 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.

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 Earnings Yield (2.43)
CPI Inflation Rate (0.36)

* 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.
Figure 7.

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

Latest (2.06)

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

** Year-over-year percent change in three-month average of each quarter.
Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are 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 Earnings Yield (2.43)
US Treasury 10-Year Yield (percent) (0.65)

* 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.