Figure 1.

S&P 500 P/E RATIOS

S&P 500 P/Es
- Trailing (using operating earnings)* (18.7)
- Forward** (16.3)

* Using quarterly average of daily data for S&P 500 price index, and 4-quarter trailing operating earnings.
** S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings.
Source: I/B/E/S data by Refinitiv and Standard & Poor’s.

Figure 2.

S&P 500 P/E RATIOS

S&P 500 P/Es
- Trailing (using reported earnings)* (20.7)
- Forward** (16.3)

* Using 4-quarter trailing reported earnings.
** S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings.
Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
Source: I/B/E/S data by Refinitiv and Standard & Poor’s.
Trailing P/E

Figure 3.

P/E RATIO FOR S&P 500 (Using Trailing Reported Earnings)*

Capped at 45 due to extreme values

* Using 4-quarter trailing reported earnings.
Source: Standard & Poor's.

Figure 4.

S&P 500 P/E BASED ON TRAILING EARNINGS

Average = 15.1

* Using quarterly average of daily data for S&P 500 price index, and 4-quarter trailing reported earnings through Q3-1988, then operating earnings.
Source: Standard & Poor’s.
Figure 5.

**RULE OF 20: S&P 500 P/E BASED ON TRAILING EARNINGS vs. CPI INFLATION**

- **Trailing P/E** (18.7)
- **CPI** (yearly percent change) (1.7)

* Using quarterly average of daily data for S&P 500 price index, and 4-quarter trailing reported earnings through Q3-1988, then operating earnings.

Source: Standard & Poor’s and Bureau of Economic Analysis.

Figure 6.

**RULE OF 20: S&P 500 P/E BASED ON TRAILING EARNINGS vs. CPI INFLATION**

- **Trailing P/E** (18.7)
- **20 Minus CPI** (yearly percent change) (18.3)

* Using quarterly average of daily data for S&P 500 price index, and 4-quarter trailing reported earnings through Q3-1988, then operating earnings.

Source: Standard & Poor’s and Bureau of Economic Analysis.
Figure 7.

S&P 500 P/E BASED ON TRAILING EARNINGS vs. 10-YEAR TREASURY BOND YIELD

- Trailing P/E* (18.7)
- 10-Year Bond Yield (percent) (1.6)

*y Using quarterly average of daily data for S&P 500 price index, and 4-quarter trailing reported earnings through Q3-1988, then operating earnings.
Source: Standard & Poor’s and Federal Reserve Board.

Figure 8.

S&P 500 EARNINGS YIELD vs. 10-YEAR TREASURY BOND YIELD

- S&P 500 Earnings Yield* (5.4)
- 10-Year Bond Yield (1.6)

*y Using quarterly average of daily data for S&P 500 price index, and 4-quarter trailing reported earnings through Q3-1988, then operating earnings.
Source: Standard & Poor’s and Federal Reserve Board.
Figure 9.

S&P 500 EARNINGS YIELD & NOMINAL GDP GROWTH

- Earnings Yield* (5.4)
- Nominal GDP (yearly percent change) (4.0)

*S&P 500 trailing earnings divided by stock price index. Using quarterly average of daily data for S&P 500 price index, and 4-quarter trailing reported earnings through Q3-1988, then operating earnings.

Source: Standard & Poor’s Corporation and Bureau of Economic Analysis.