

Stock Market Briefing: Valuation Ratios Using Market Capitalization

Yardeni Research, Inc.

August 15, 2018

Dr. Edward 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

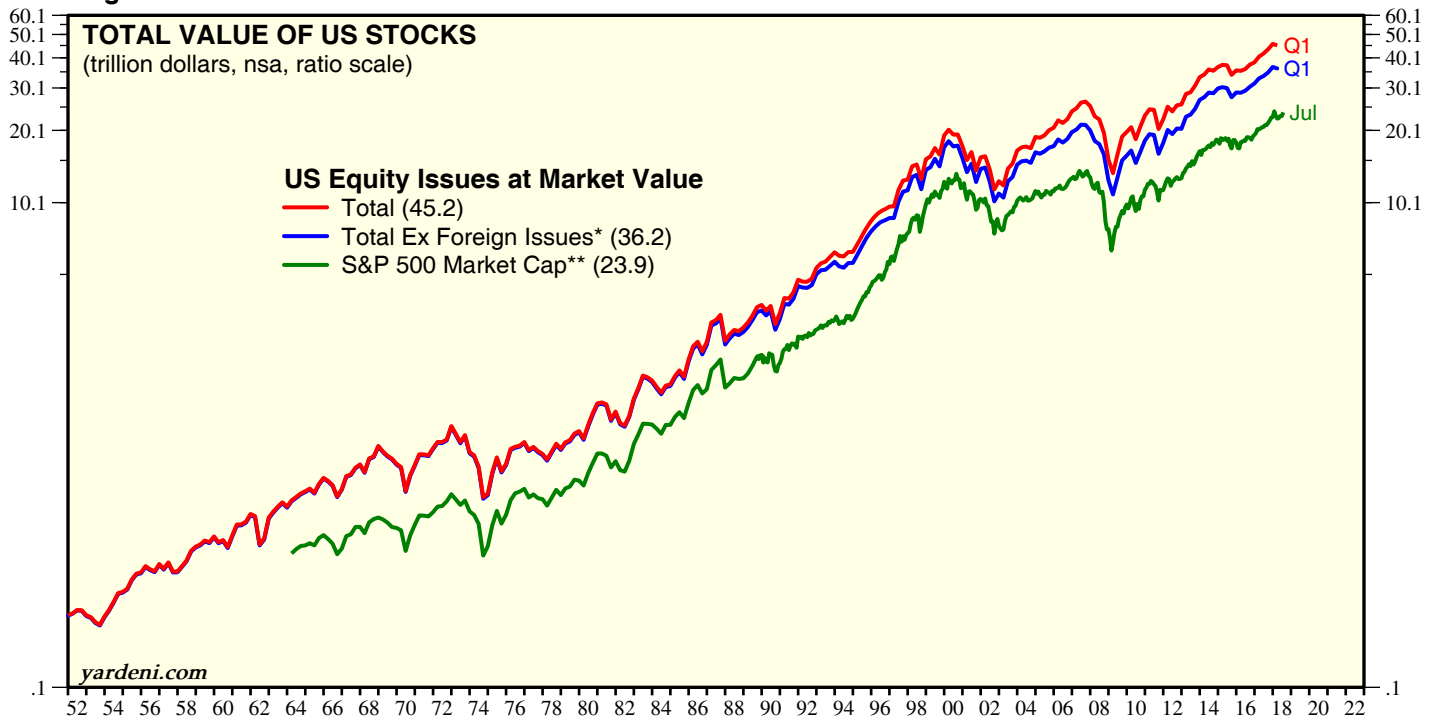
Table Of Contents

Capitalization Ratios

1-5

Capitalization Ratios

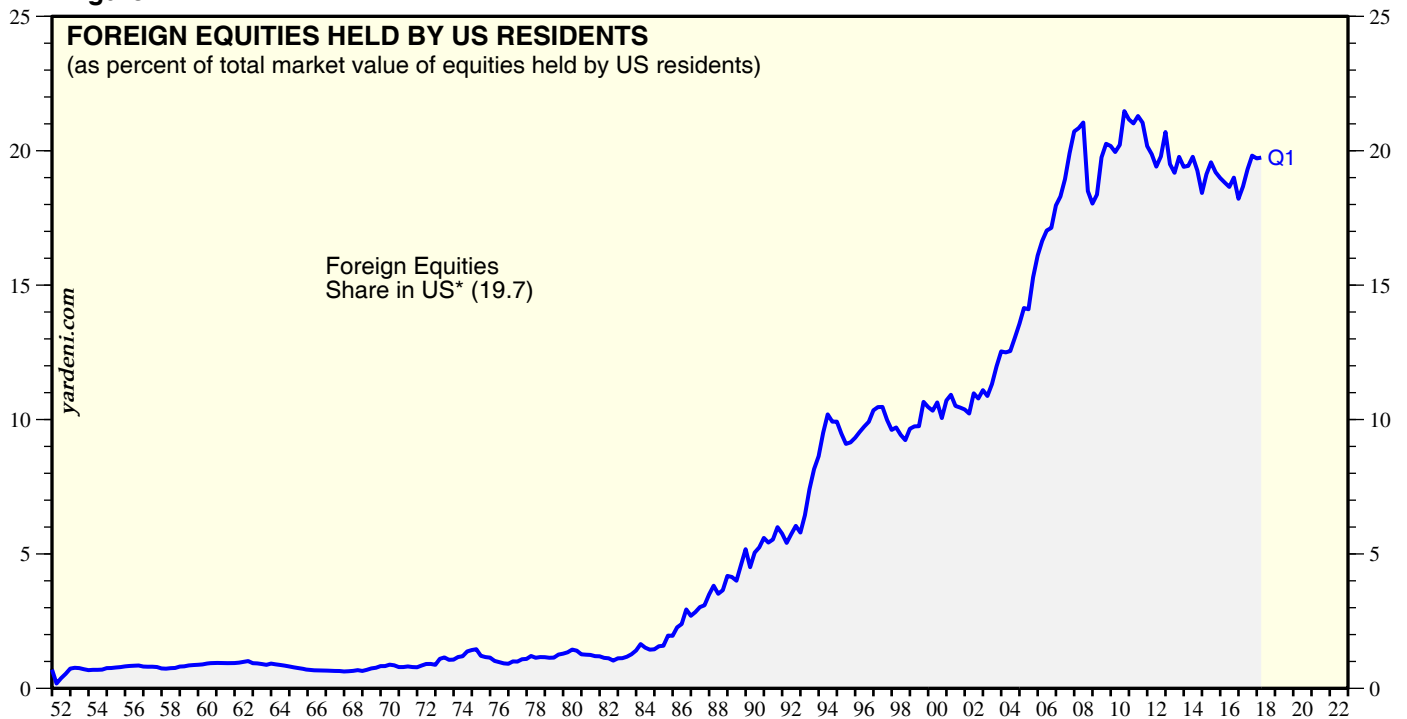
Figure 1.



* Total excluding market value of holdings of foreign corporate equities, investment fund shares, and American Depositary Receipts (ADRs) by US residents.

** Quarterly from Q1-1964 through Q4-1989, and then monthly from January 1990.
Source: Federal Reserve Board, Financial Accounts of the United States.

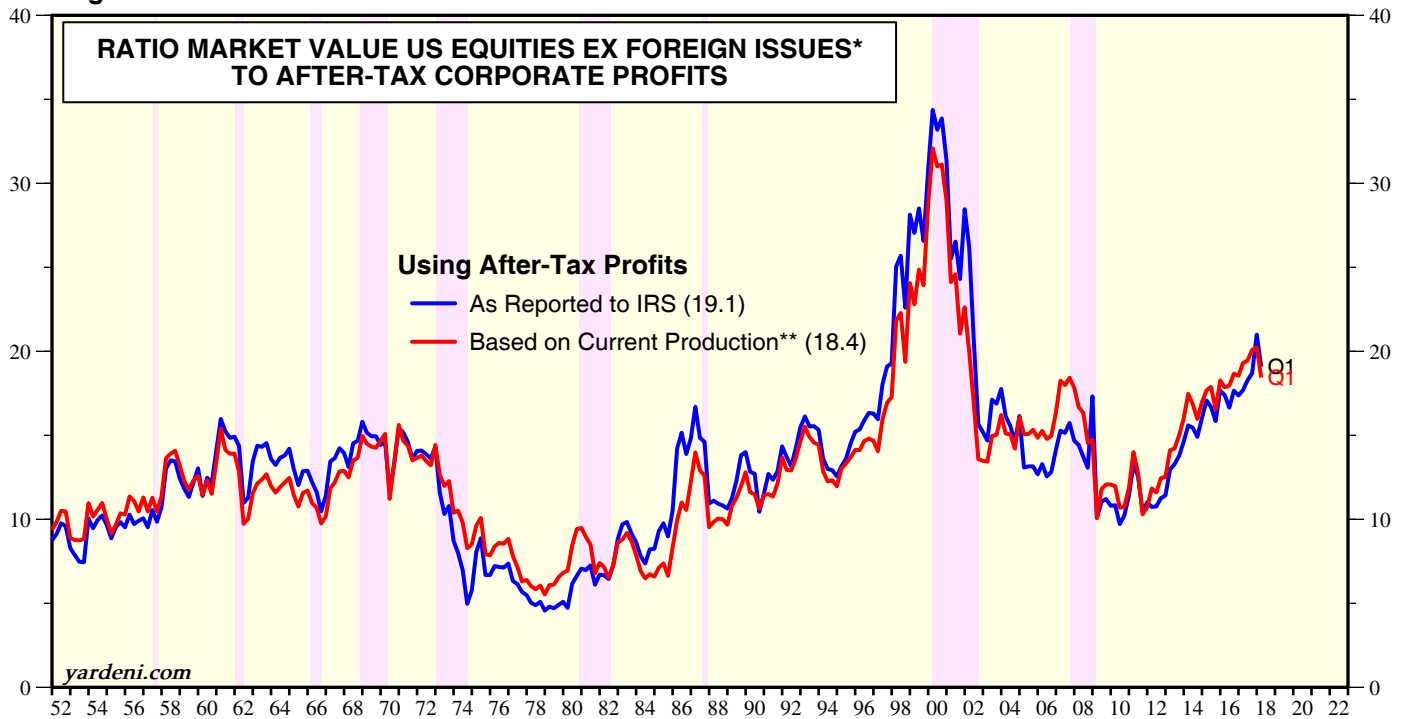
Figure 2.



* Market value of holdings of foreign corporate equities, investment fund shares, and American Depositary Receipts (ADRs) by US residents as a percent of the market value of their total equity holdings.
Source: Federal Reserve Board, Financial Accounts of the United States.

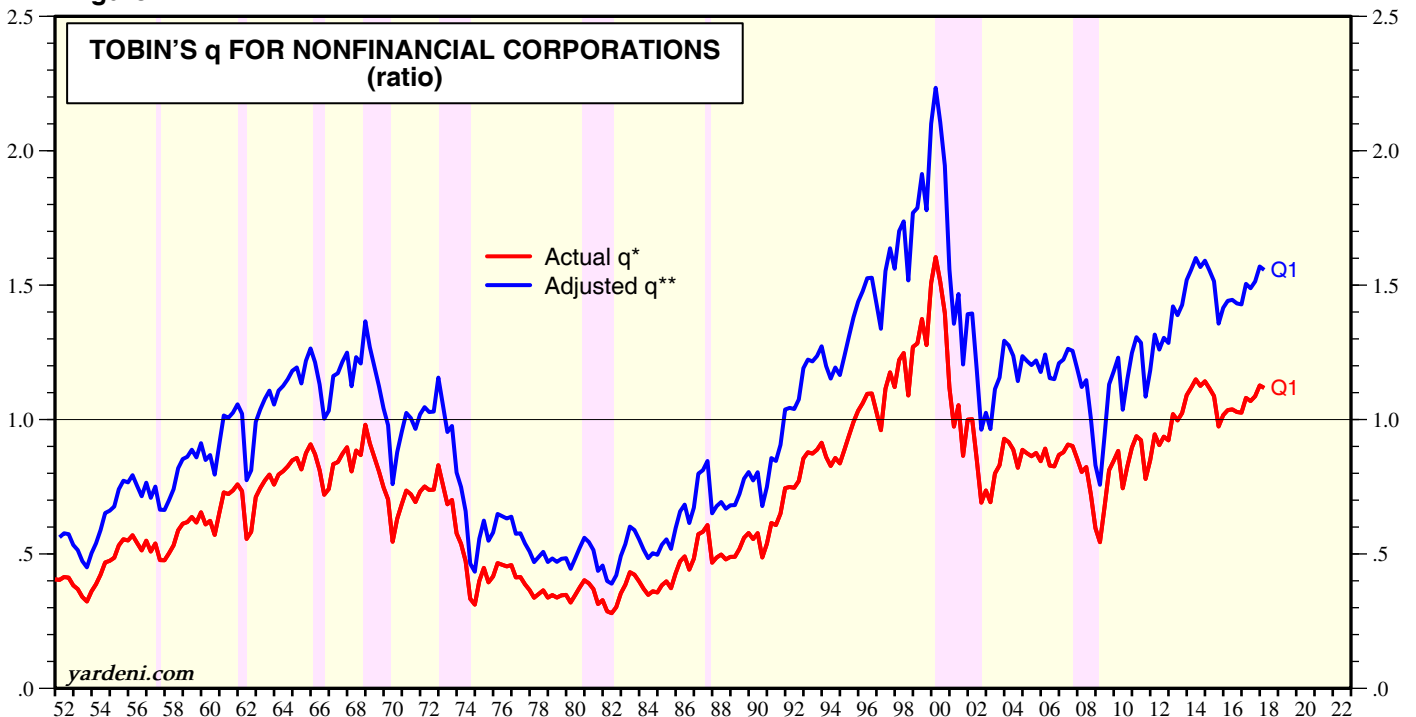
Capitalization Ratios

Figure 3.



* Total excluding market value of holdings of foreign corporate equities, investment fund shares, and American Depositary Receipts (ADRs) by US residents.
 ** Including Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj), which restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.
 Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
 Source: Federal Reserve Board.

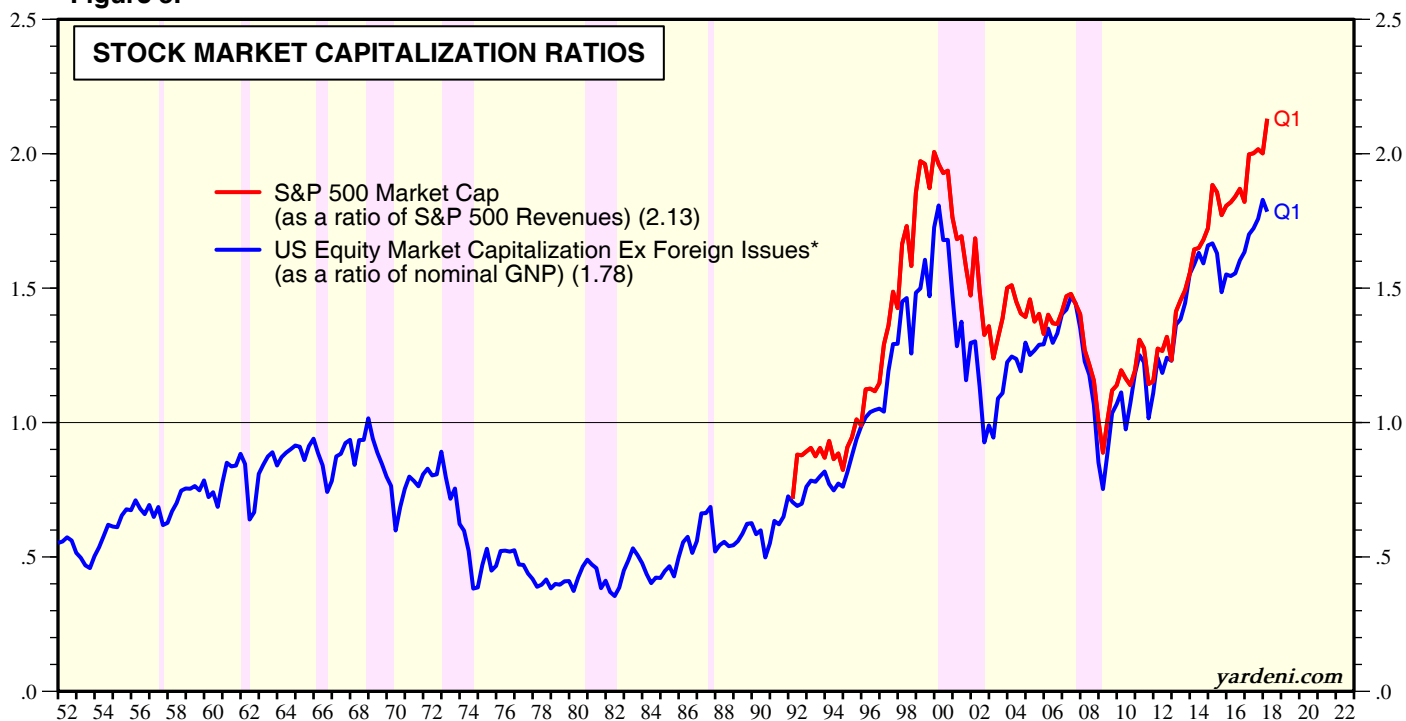
Figure 4.



* Ratio of the market value of equities to the net worth of corporations including real estate and structures at market value and equipment, intellectual property products, and inventories at replacement cost.
 ** Actual divided by average since 1952.
 Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
 Source: Flow of Funds.

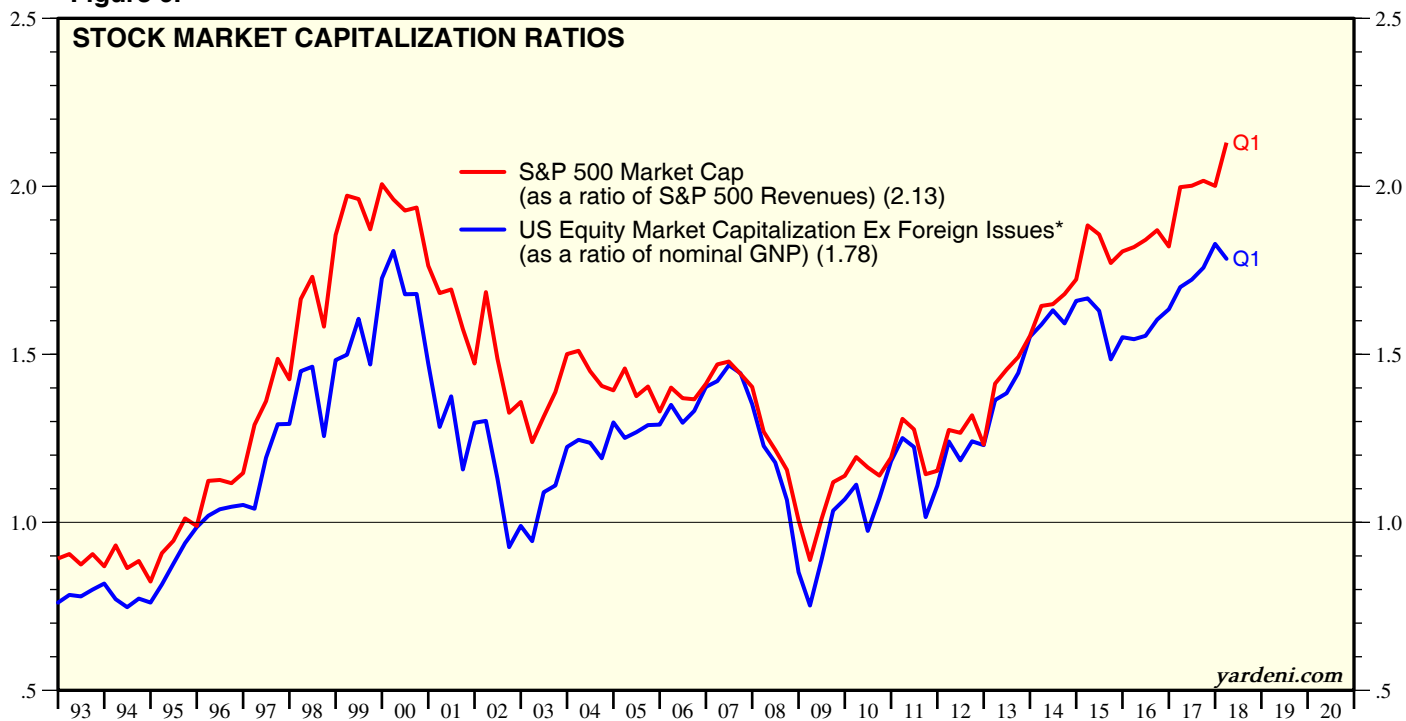
Capitalization Ratios

Figure 5.



* Total excluding market value of holdings by US residents of foreign corporate equities, investment fund shares, and ADRs.
 Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
 Source: Federal Reserve Board, Bureau of Economic Analysis, and Standard & Poor's.

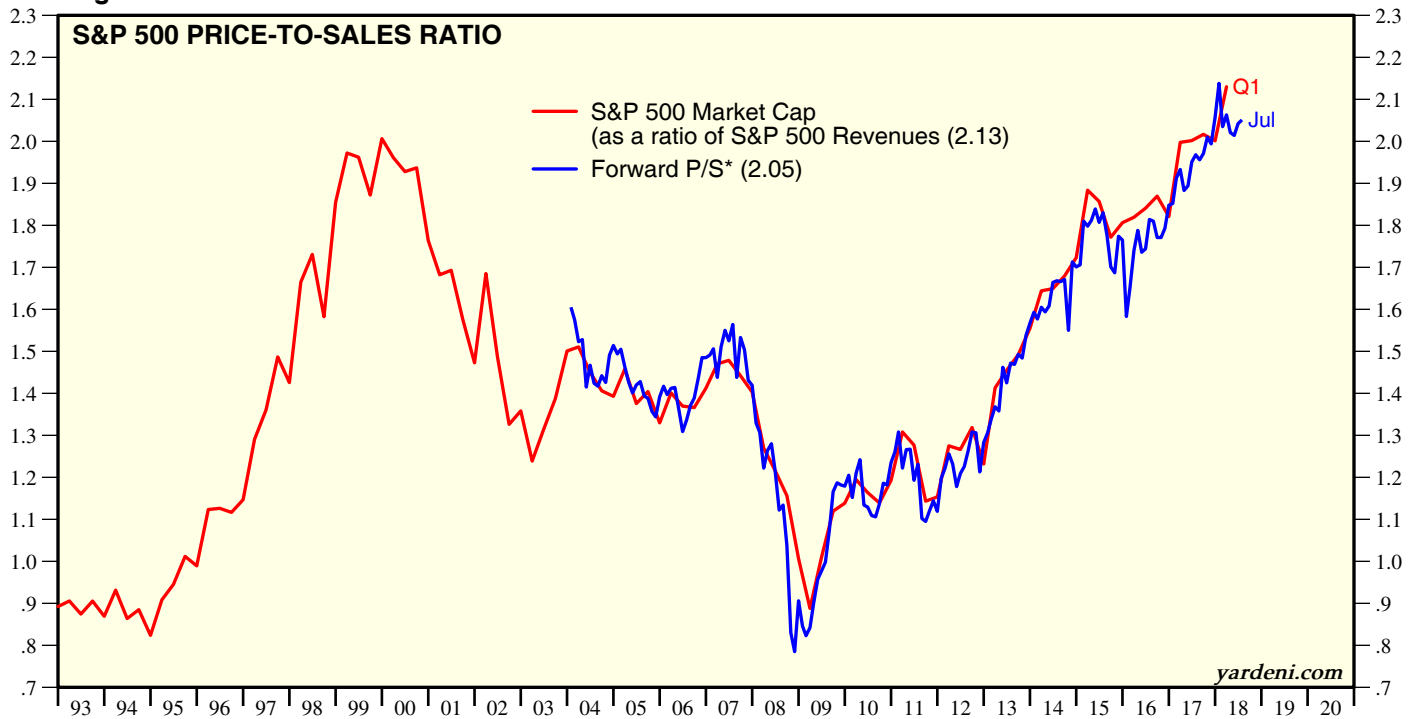
Figure 6.



* Total excluding market value of holdings of foreign corporate equities, investment fund shares, and American Depositary Receipts (ADRs) by US residents.
 Source: Federal Reserve Board, Flow of Funds Accounts, Bureau of Economic Analysis, and Standard & Poor's.

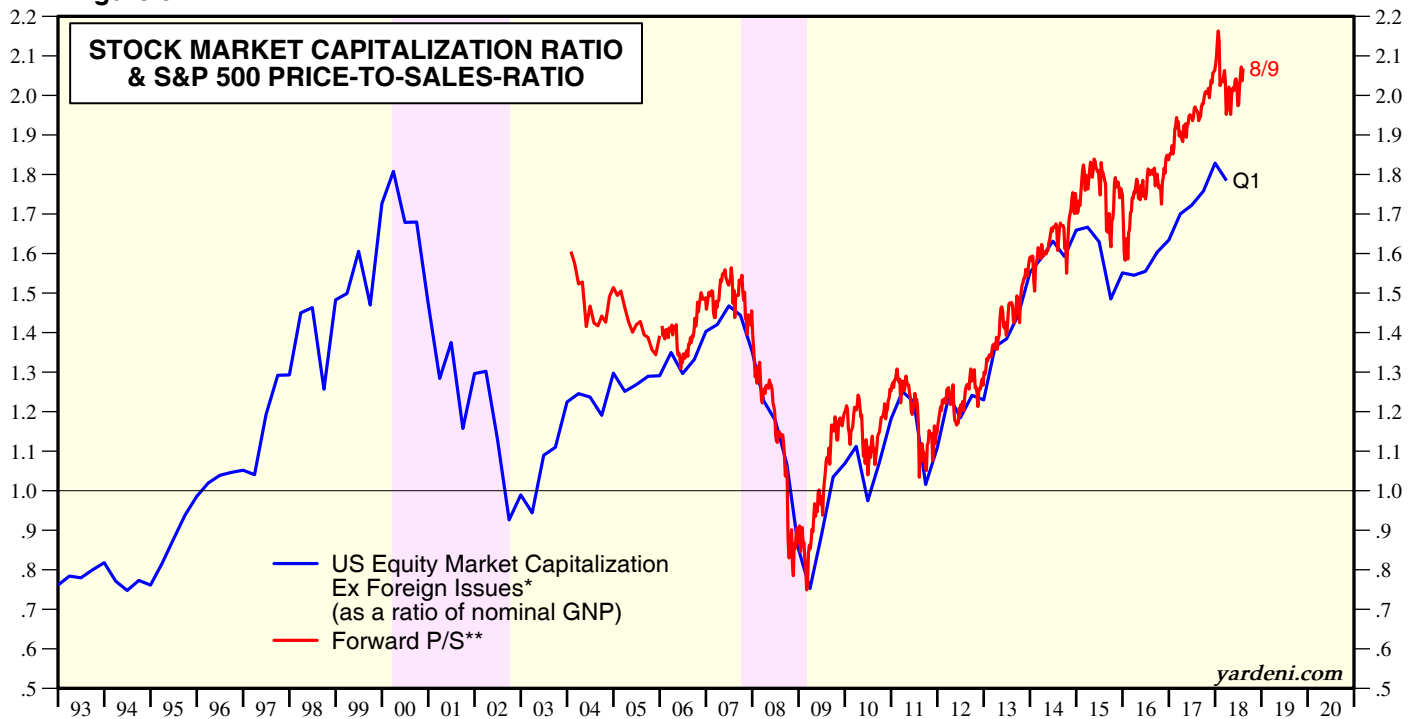
Capitalization Ratios

Figure 7.



* S&P 500 index divided by 12-month forward consensus expected revenues per share for S&P 500.
 Source: Thomson Reuters I/B/E/S and Standard & Poor's.

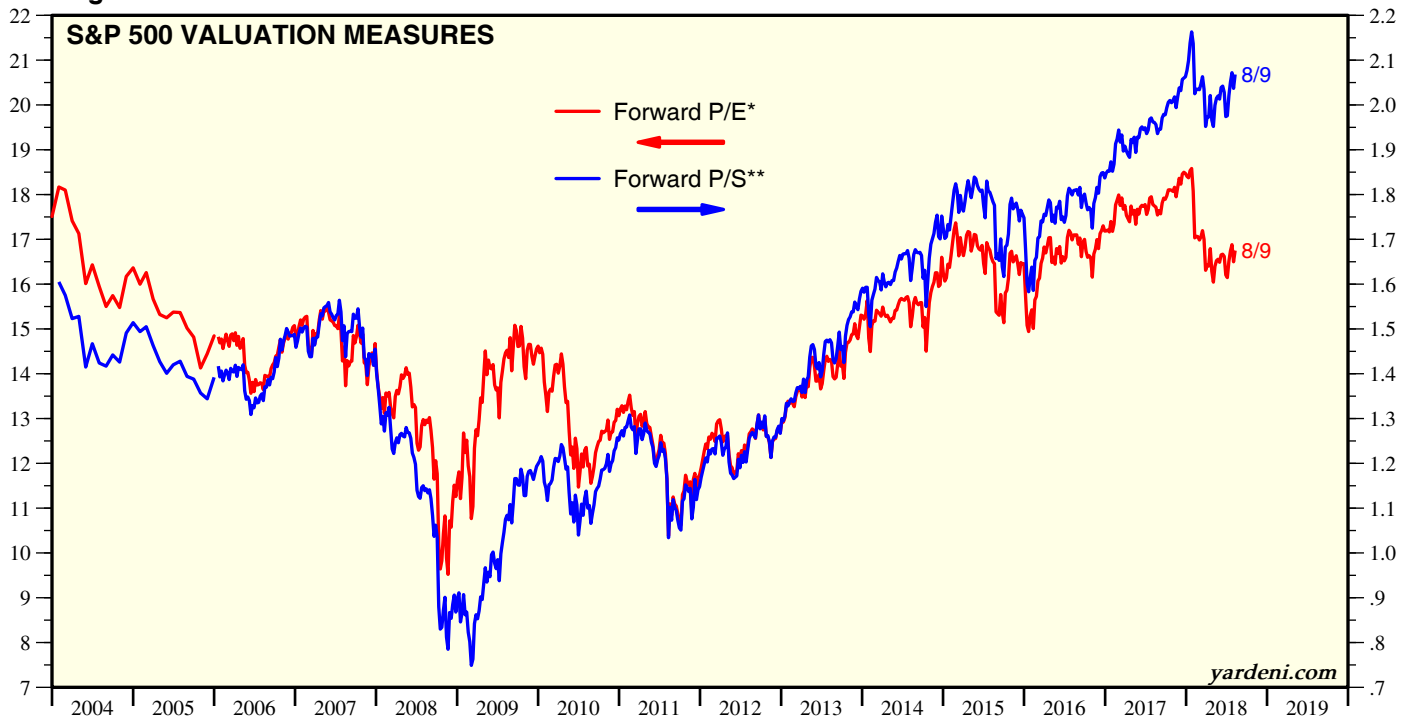
Figure 8.



* Total excluding market value of holdings by US residents of foreign corporate equities, investment fund shares, and ADRs.
 ** S&P 500 index divided by forward consensus expected revenues per share for S&P 500. Monthly through 2005, then weekly.
 Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
 Source: Federal Reserve Board, Bureau of Economic Analysis, Flow of Funds, and Standard & Poor's.

Capitalization Ratios

Figure 9.

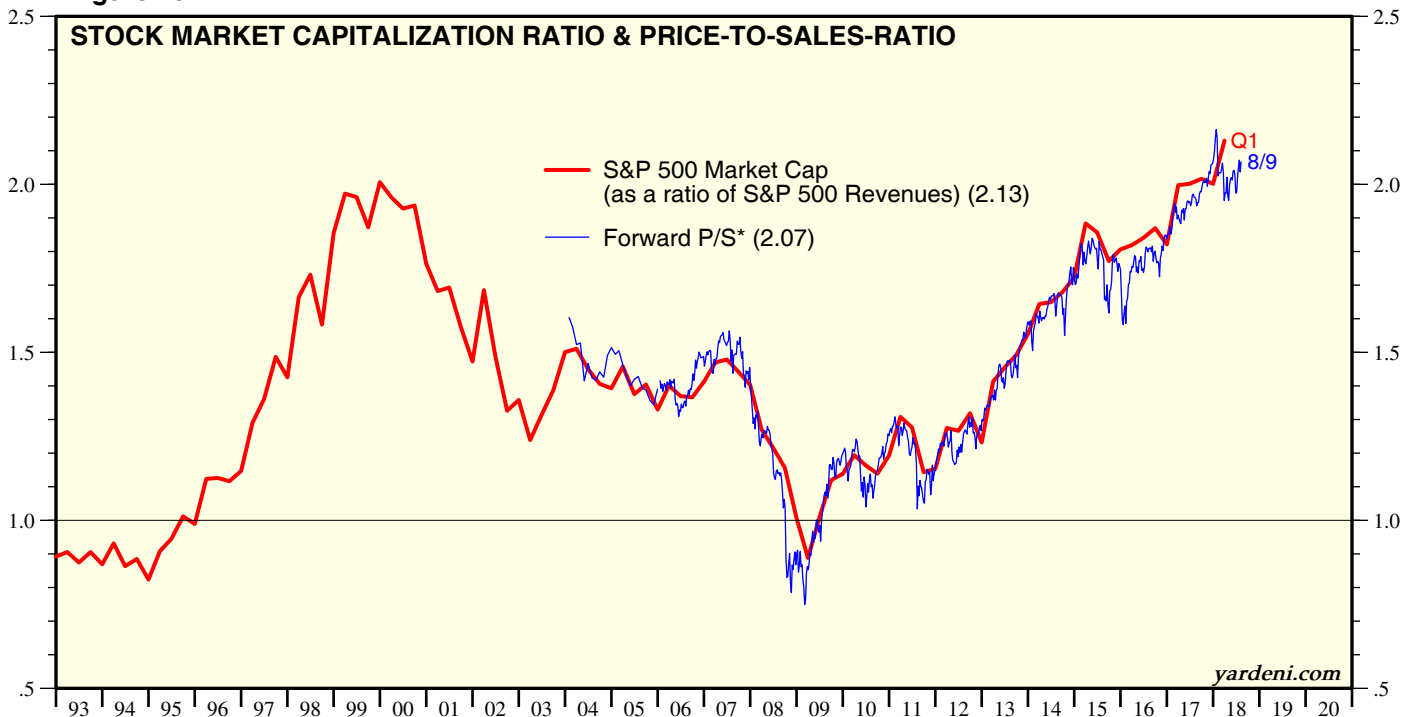


* Price divided by forward consensus expected operating earnings per share. Monthly through 2005, then weekly.

** Price divided by forward consensus expected sales per share. Monthly through 2005, then weekly.

Source: Thomson Reuters I/B/E/S.

Figure 10.



* S&P 500 index divided by forward consensus expected revenues per share for S&P 500. Monthly through 2005, then weekly.

Source: Federal Reserve Board, Flow of Funds Accounts, Bureau of Economic Analysis, and Standard & Poor's.

Copyright (c) Yardeni Research, Inc. 2018. All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on www.yardeni.com, blog.yardeni.com, and YRI's Apps for iPads and iPhones are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments.

The text, images, and other materials contained or displayed on any Yardeni Research, Inc. product, service, report, email or website are proprietary to Yardeni Research, Inc. and constitute valuable intellectual property. No material from any part of www.yardeni.com, blog.yardeni.com, and YRI's Apps for iPads and iPhones may be downloaded, transmitted, broadcast, transferred, assigned, reproduced or in any other way used or otherwise disseminated in any form to any person or entity, without the explicit written consent of Yardeni Research, Inc. All unauthorized reproduction or other use of material from Yardeni Research, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Yardeni Research, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Yardeni Research, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

The recipient should check any email and any attachments for the presence of viruses. Yardeni Research, Inc. accepts no liability for any damage caused by any virus transmitted by this company's emails, website, blog and Apps. Additional information available on [request](#).