

Stock Market Briefing: Fed's Stock Valuation Model Monthly/Weekly

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thinking outside the box

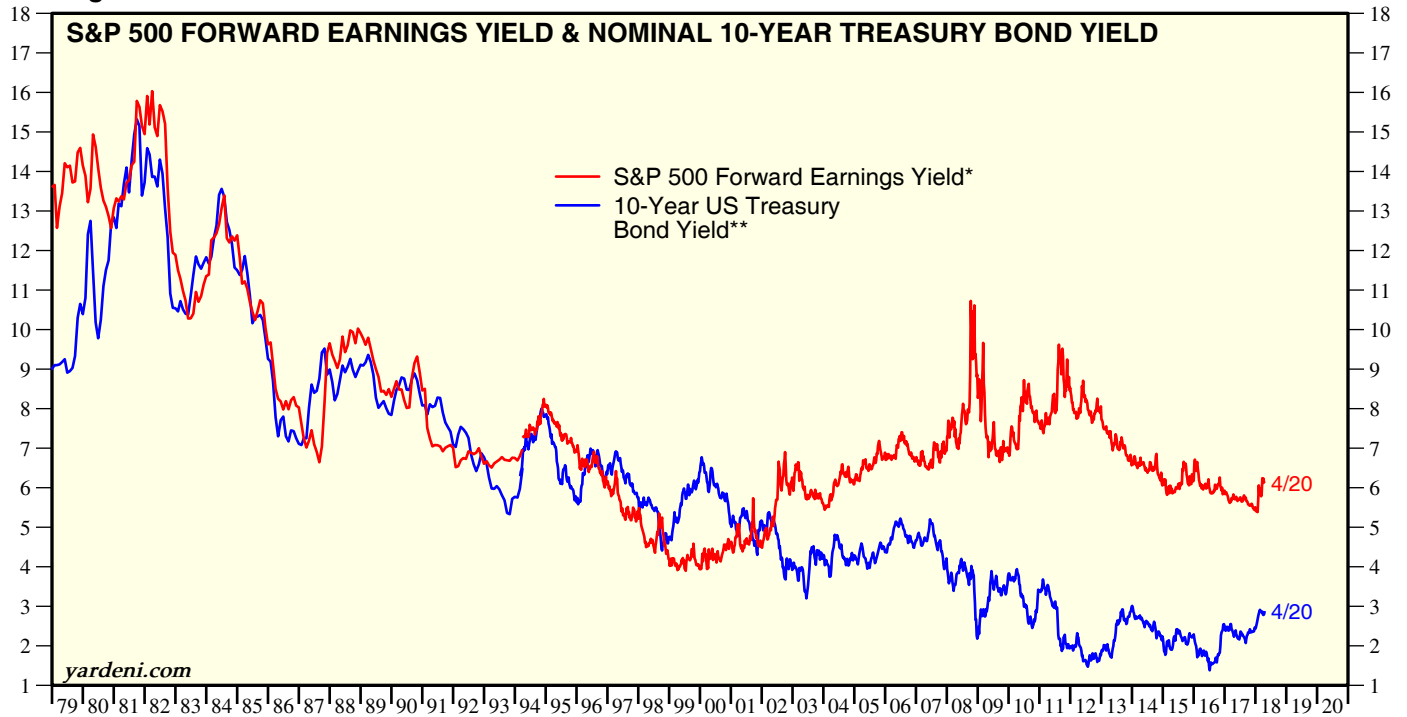
Table Of Contents

Fed's Stock Valuation Model

1-5

Fed's Stock Valuation Model

Figure 1.

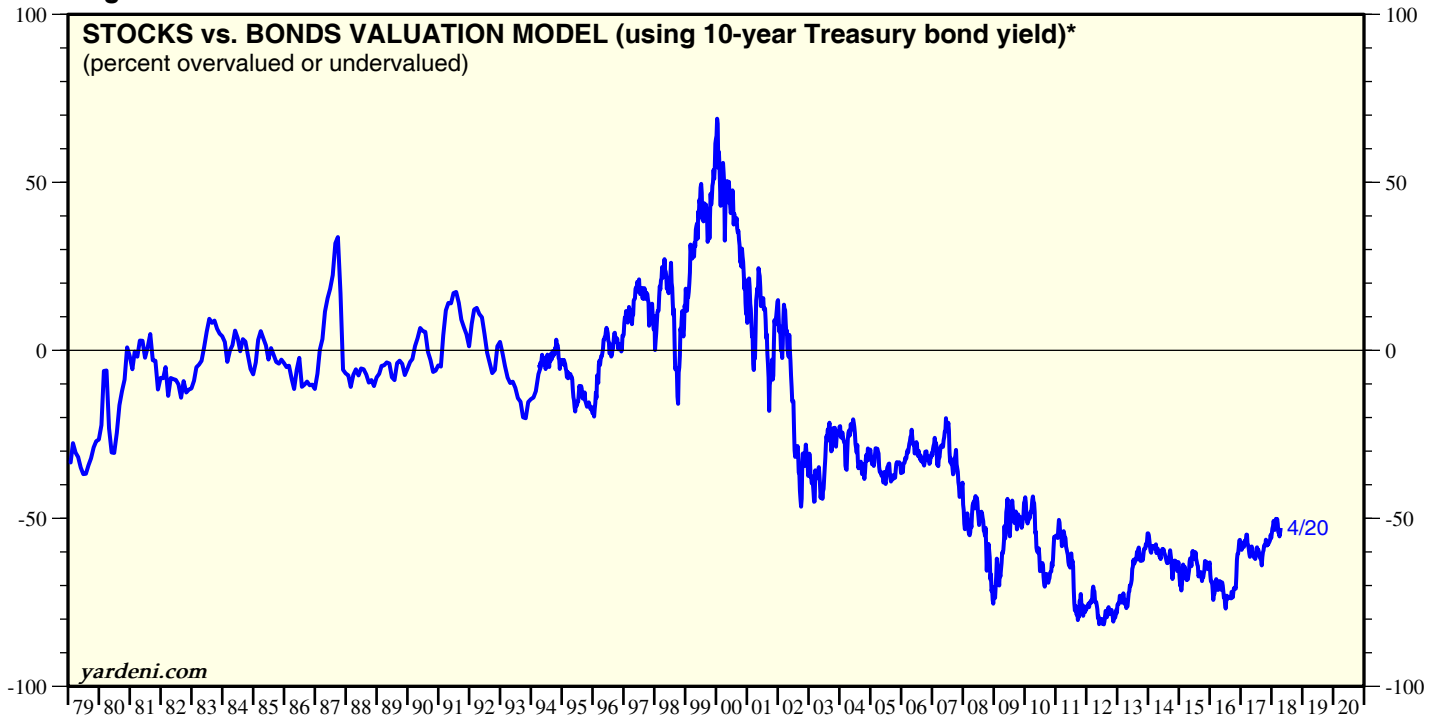


* Year-ahead forward consensus expected earnings divided by S&P 500 stock price index. Monthly through March 1994, then weekly.

** Monthly through March 1994, then weekly.

Source: Thomson Reuters I/B/E/S and Federal Reserve Board.

Figure 2.

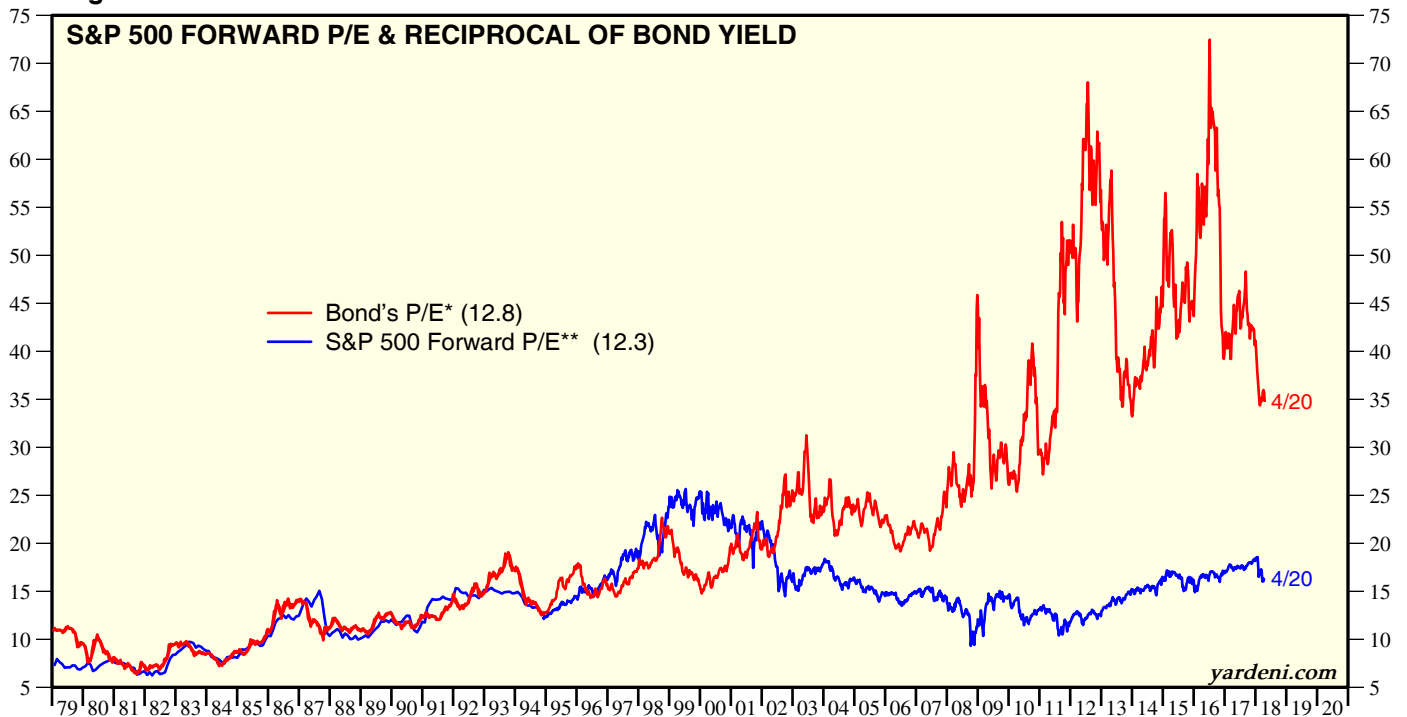


* S&P 500 stock price index divided by S&P 500 fair-value price defined as S&P 500 12-month forward consensus expected earnings divided by 10-year US Treasury bond yield converted to percentage. Monthly through April 1994, weekly after.

Source: Thomson Reuters I/B/E/S and Federal Reserve Board.

Fed's Stock Valuation Model

Figure 3.

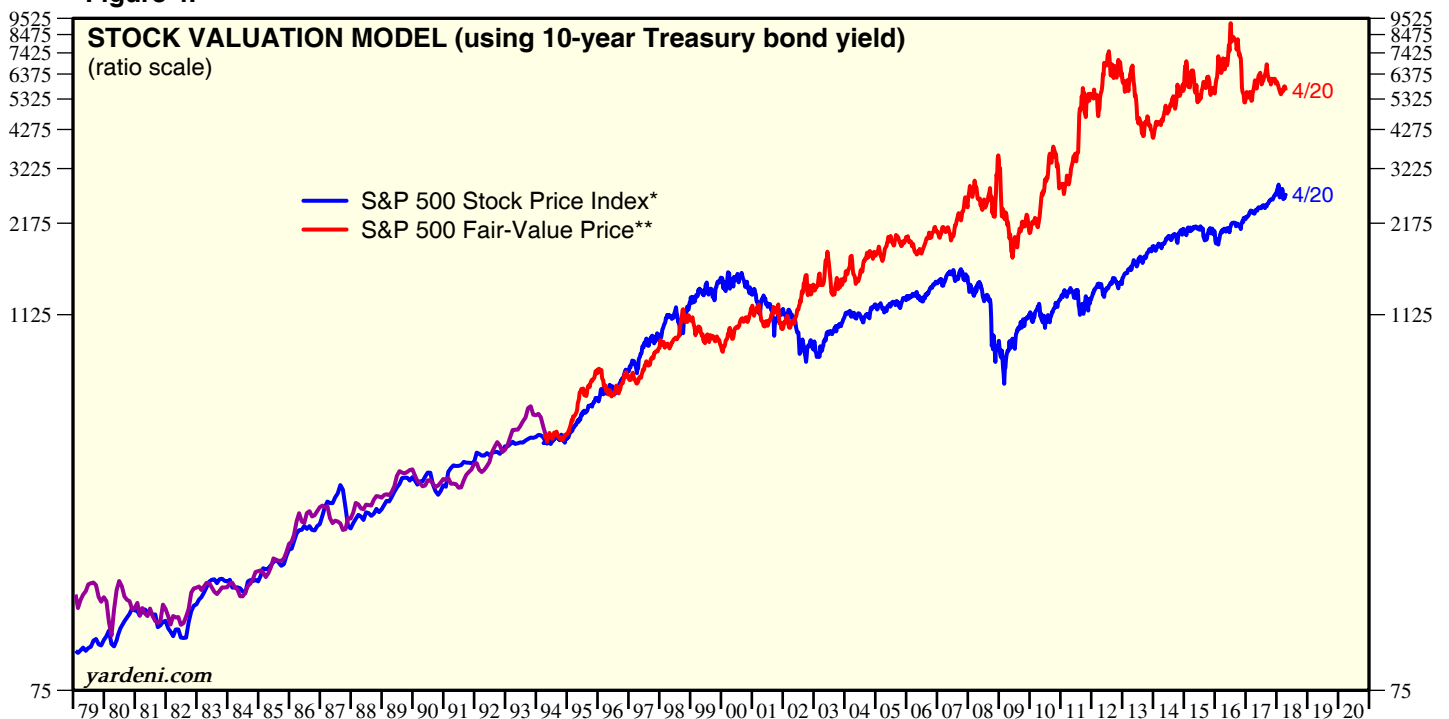


* Reciprocal of 10-year US Treasury bond yield.

** 52-week forward consensus expected S&P 500 operating earnings per share. Monthly through March 1994, weekly thereafter.

Source: Standard & Poor's and Thomson Reuters I/B/E/S.

Figure 4.



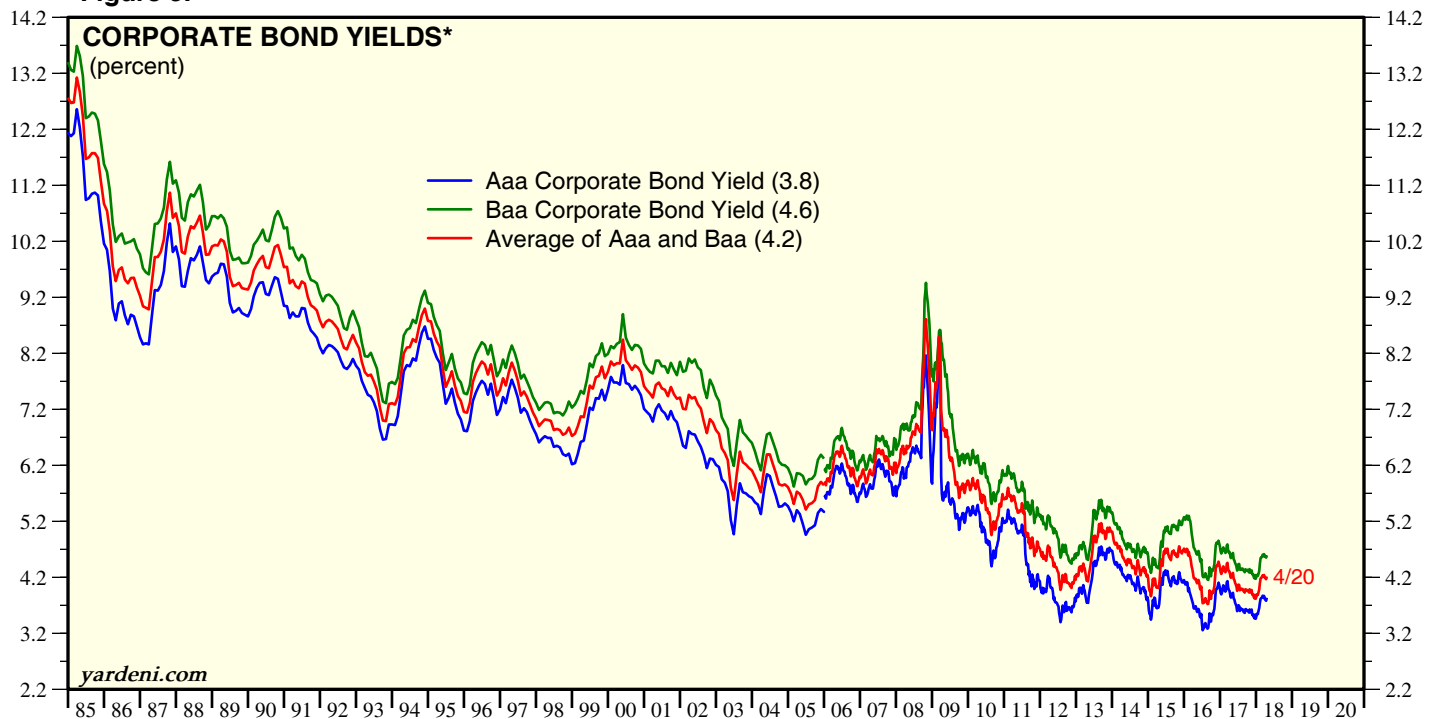
* Monthly through April 1994, weekly after.

** Year-ahead forward consensus expected earnings divided by 10-year US Treasury bond yield. Monthly through April 1994, weekly after.

Source: Thomson Reuters I/B/E/S, Standard & Poor's, and Federal Reserve Board.

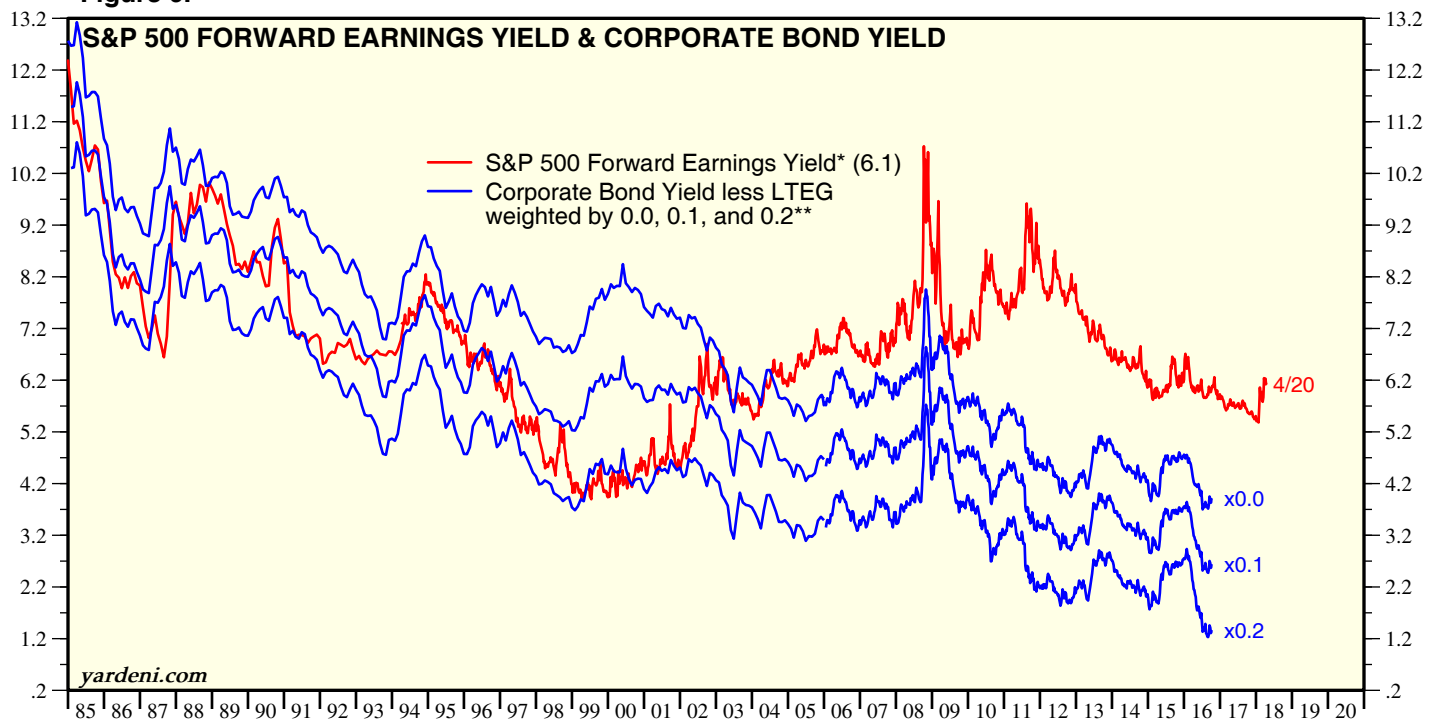
Fed's Stock Valuation Model

Figure 5.



* Moody's Aaa and Baa yields through 2005, then BoA Merrill Lynch data for AAA and A-BBB yields.
Source: Bank of America Merrill Lynch and Haver Analytics.

Figure 6.

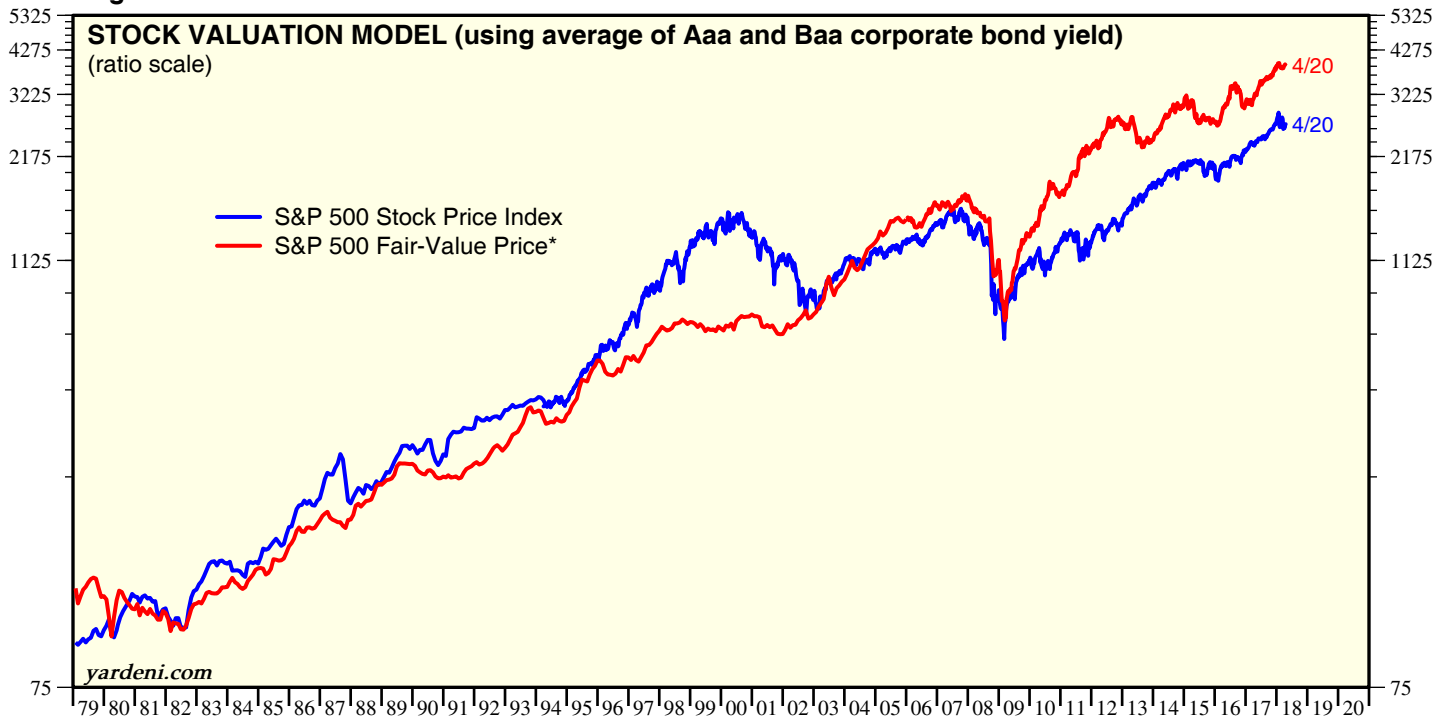


* Year-ahead forward consensus expected earnings divided by S&P 500 stock price index. Monthly through 2005, then weekly.

** Corporate bond yield (average of Moody's Aaa-rated and Baa-rated corporate bond yields) less analysts' consensus of long-term earnings growth. Monthly through April 1994, weekly after.
Source: Thomson Reuters I/B/E/S, Standard & Poor's, and Federal Reserve Board.

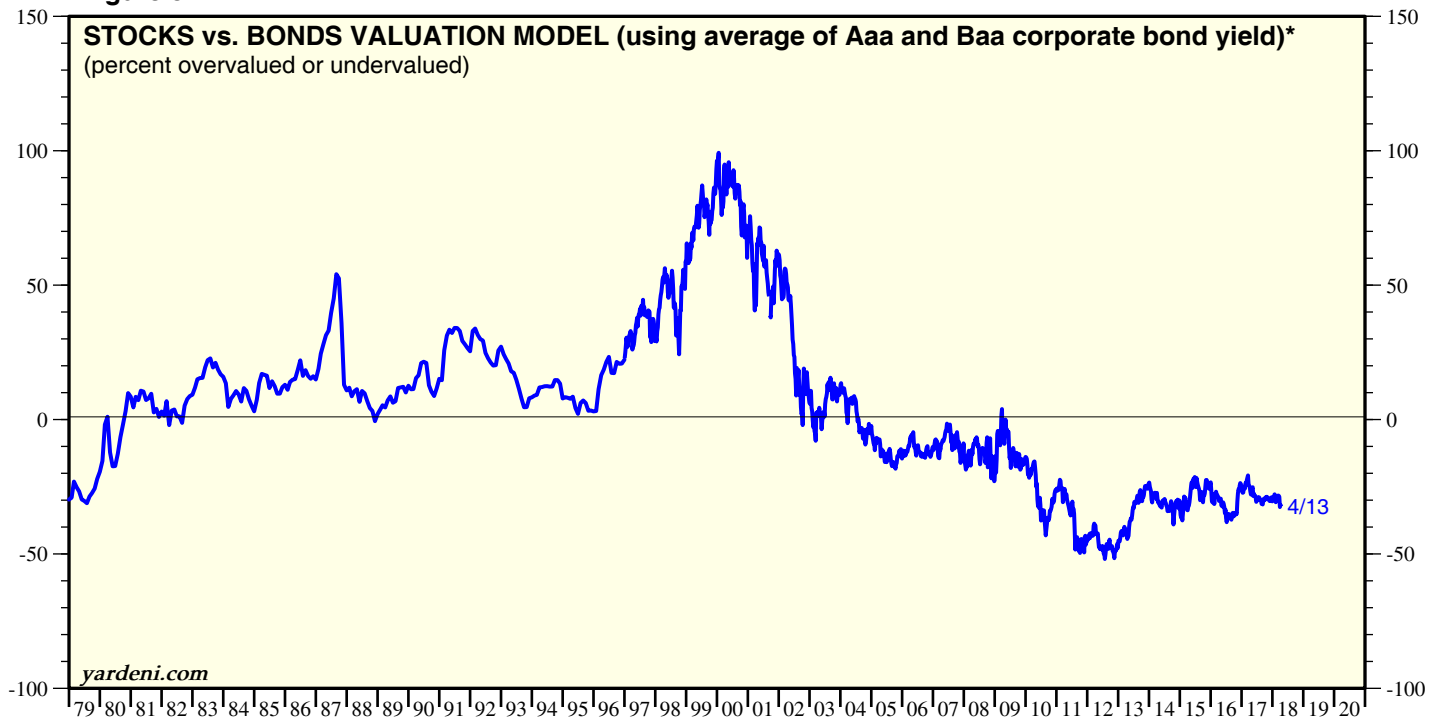
Fed's Stock Valuation Model

Figure 7.



* Year-ahead forward consensus expected earnings divided by average of Moody's Aaa and Baa yields through 2005, then weekly BoA Merrill Lynch data for AAA and A-BBB yields.
Source: Thomson Reuters I/B/E/S, Standard & Poor's, Bank of America Merrill Lynch, and Federal Reserve Board.

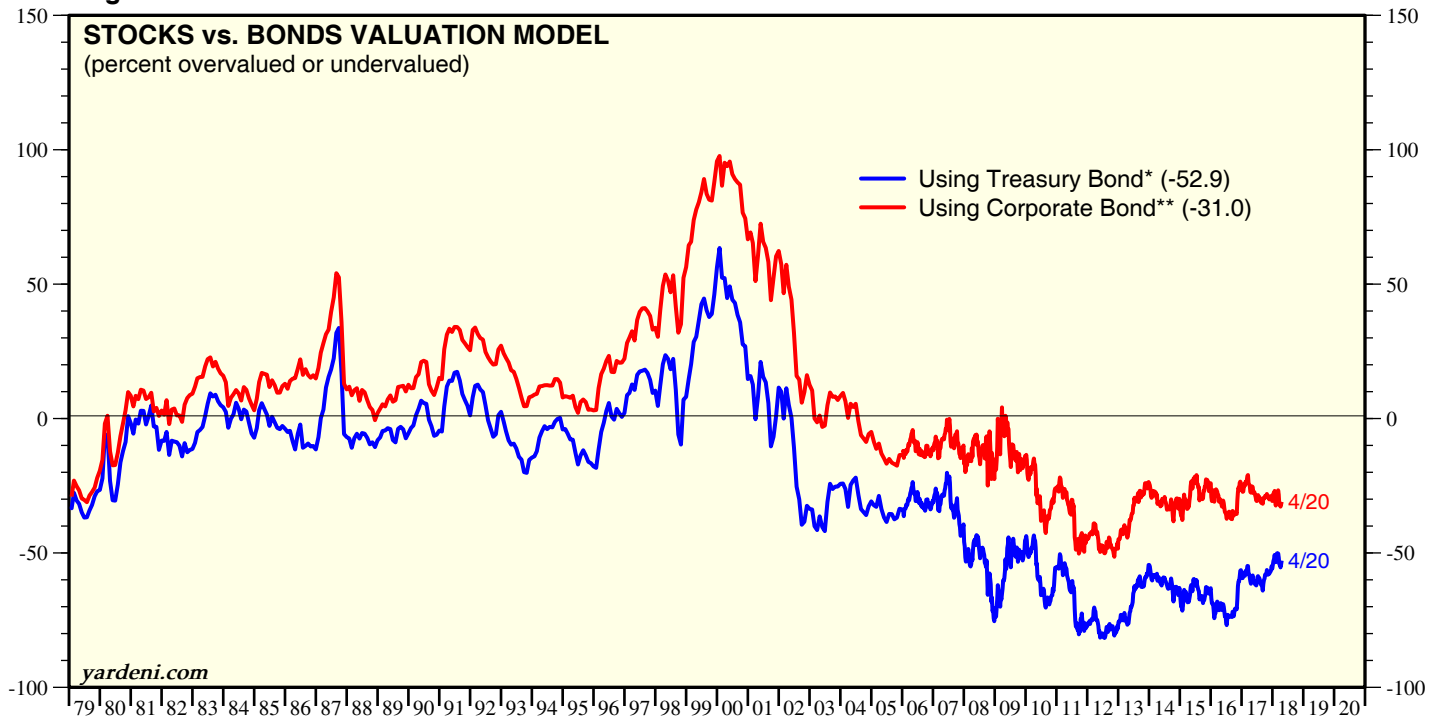
Figure 8.



* S&P 500 stock price index divided by S&P 500 fair-value price defined as S&P 500 52-week forward consensus expected earnings divided by average of Moody's Aaa and Baa yields through 1996, then weekly BoA Merrill Lynch data for AAA and A-BBB yields, converted to percentage.
Source: Thomson Reuters I/B/E/S, Standard & Poor's, Bank of America Merrill Lynch, and Federal Reserve Board.

Fed's Stock Valuation Model

Figure 9.



* S&P 500 52-week forward consensus expected earnings divided by 10-year US Treasury bond yield converted to percentage. Monthly through 2005, weekly after.

** S&P 500 52-week forward consensus expected earnings divided by average of Moody's Aaa and Baa yields through 2005, then BoA Merrill Lynch data for AAA and A-BBB yields, converted to percentage..

Source: Thomson Reuters I/B/E/S, Bank of America Merrill Lynch, and Federal Reserve Board.

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