

Stock Market Briefing: Fed's Stock Valuation Model (Monthly)

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thinking outside the box

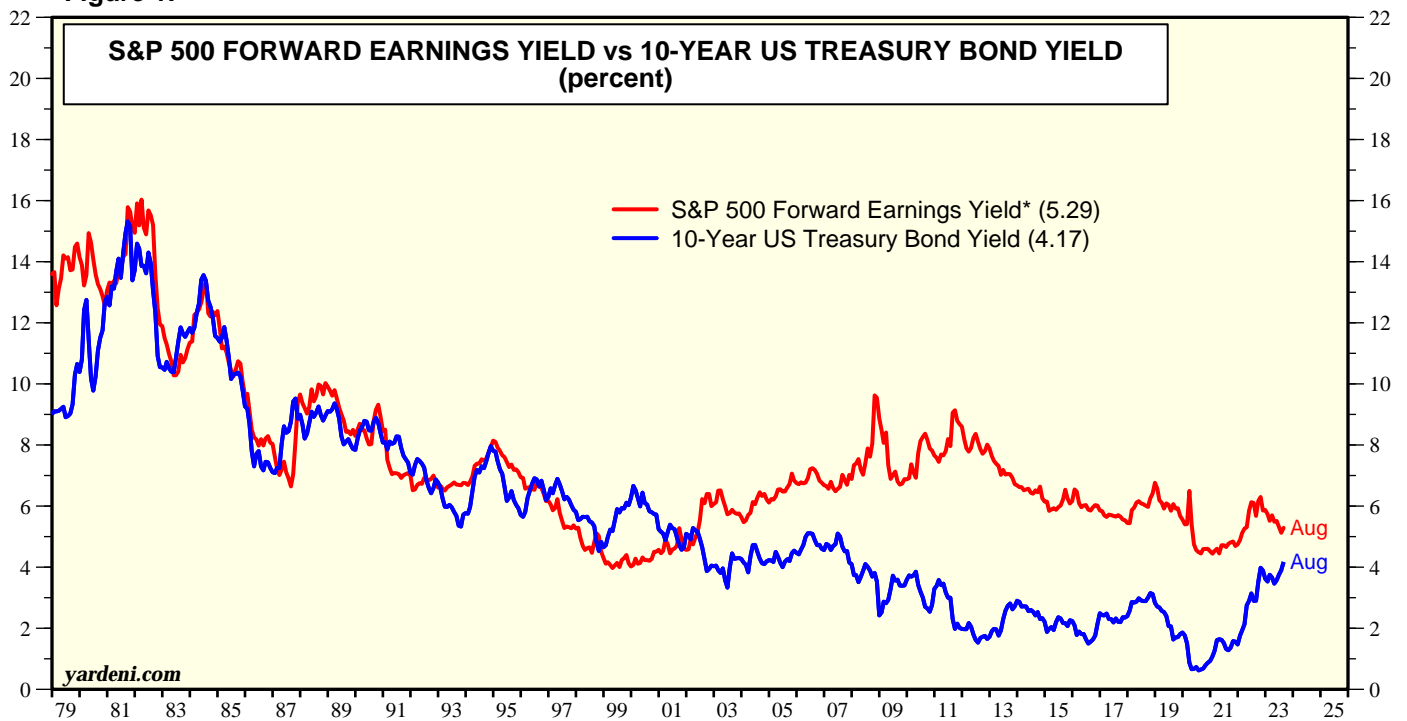
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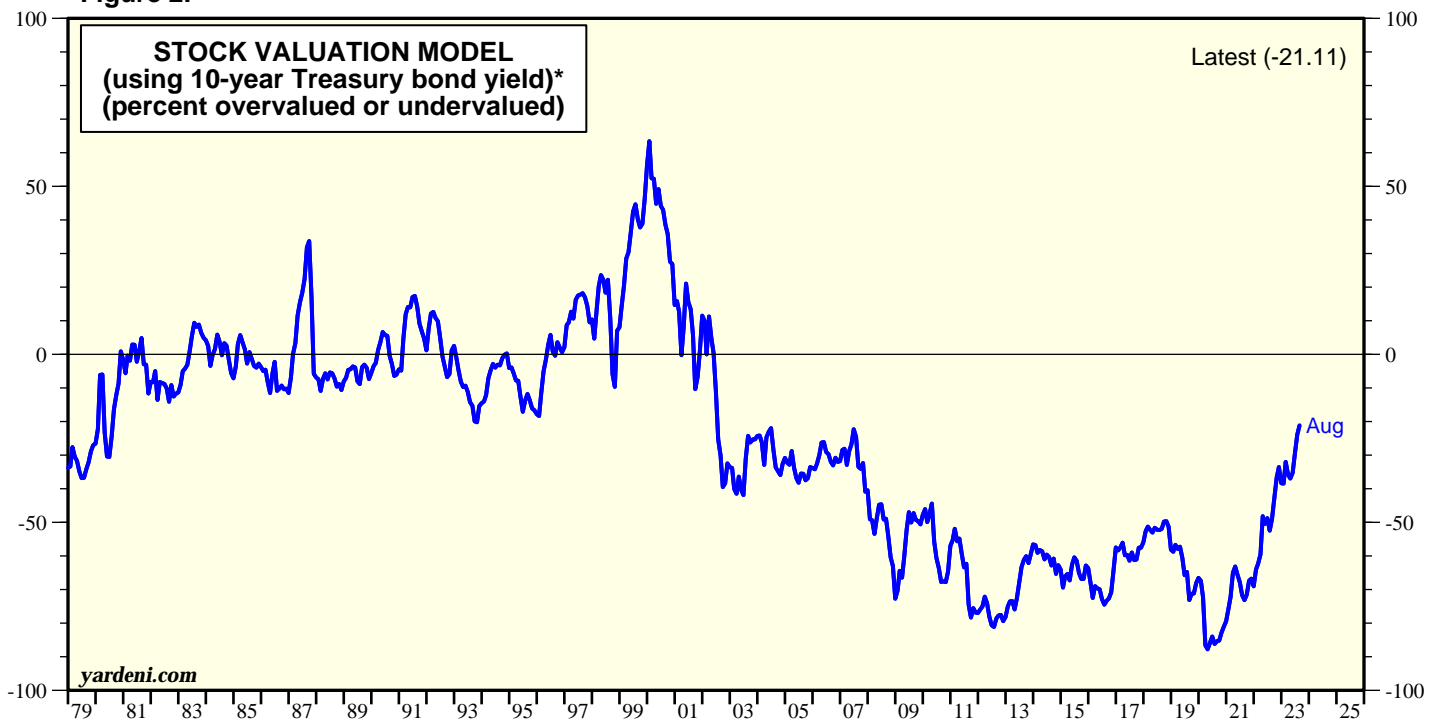
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Figure 1.



* S&P 500 12-month forward consensus expected operating earnings divided by S&P 500 stock price index.
Source: Standard & Poor's and Federal Reserve Board.

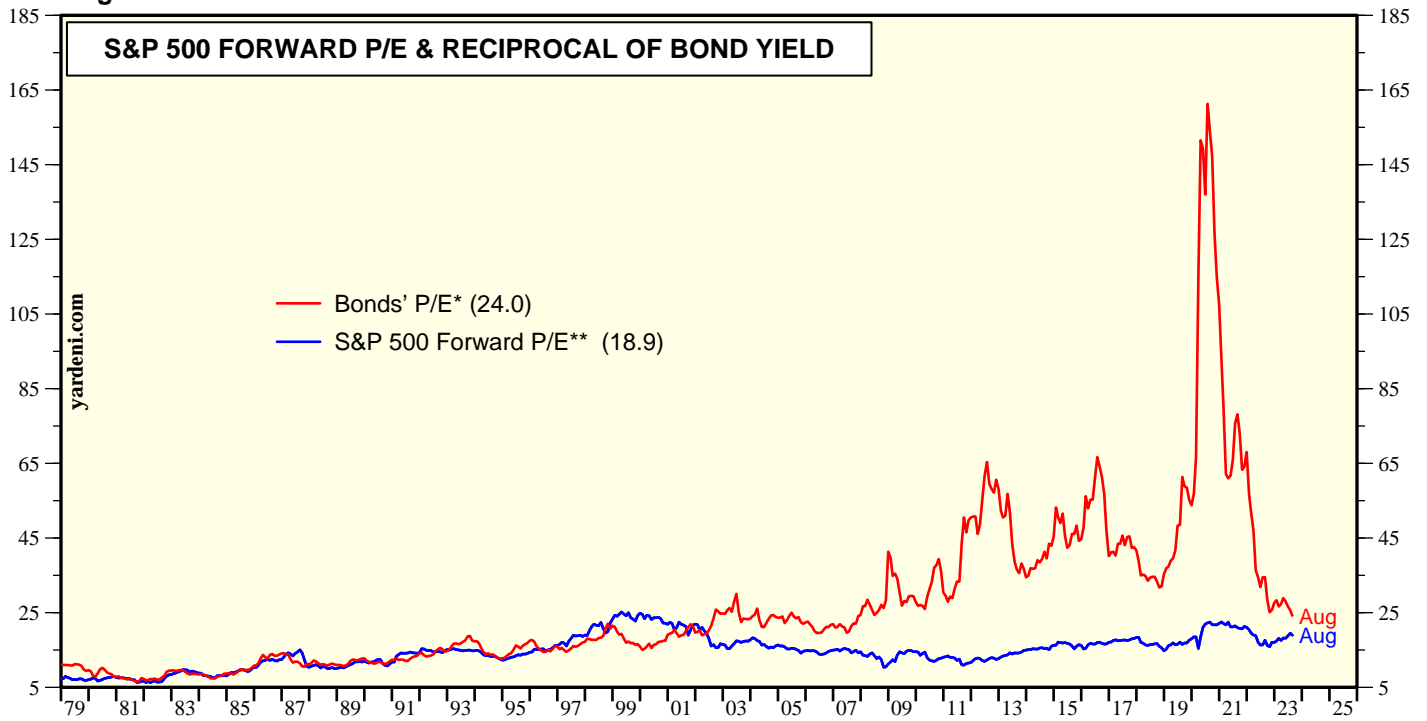
Figure 2.



* S&P 500 stock price index divided by S&P 500 fair-value price defined as S&P 500 12-month forward consensus expected operating earnings divided by 10-year US Treasury bond yield converted to percentage.
Source: I/B/E/S data by Refinitiv and Federal Reserve Board.

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Figure 3.

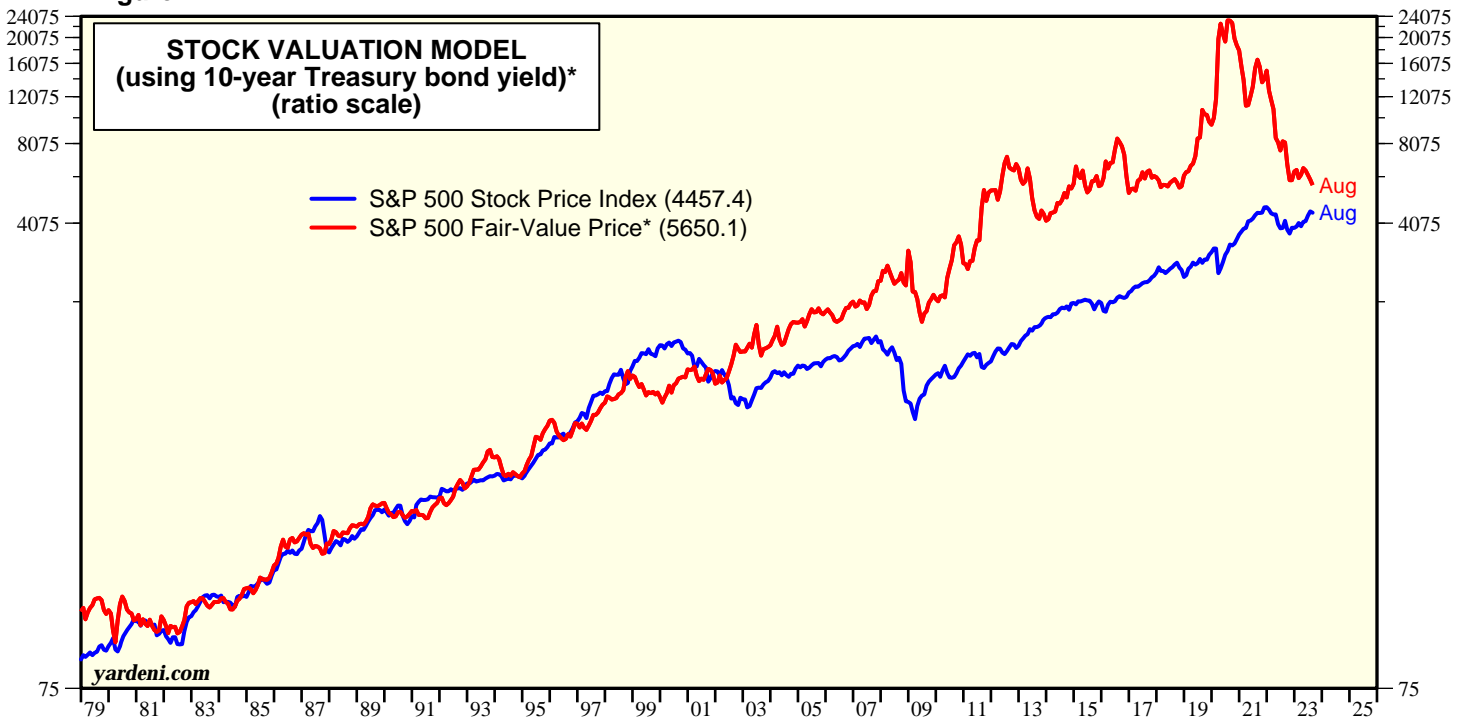


* Reciprocal of 10-year US Treasury bond yield.

** S&P 500 stock price index divided by S&P 500 12-month forward consensus expected earnings.

Source: Standard & Poor's Corporation and I/B/E/S data by Refinitiv.

Figure 4.

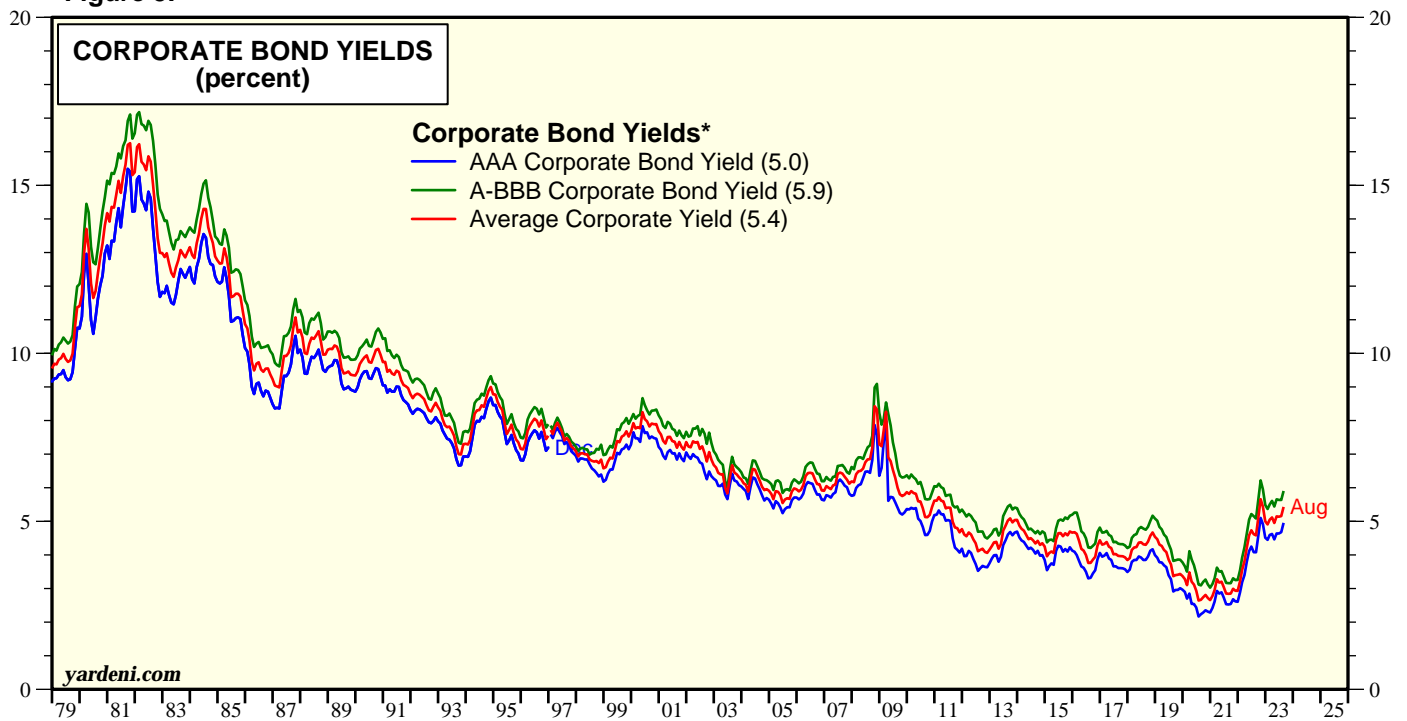


* S&P 500 12-month forward consensus expected operating earnings divided by 10-year US Treasury bond yield.

Source: I/B/E/S data by Refinitiv and Federal Reserve Board.

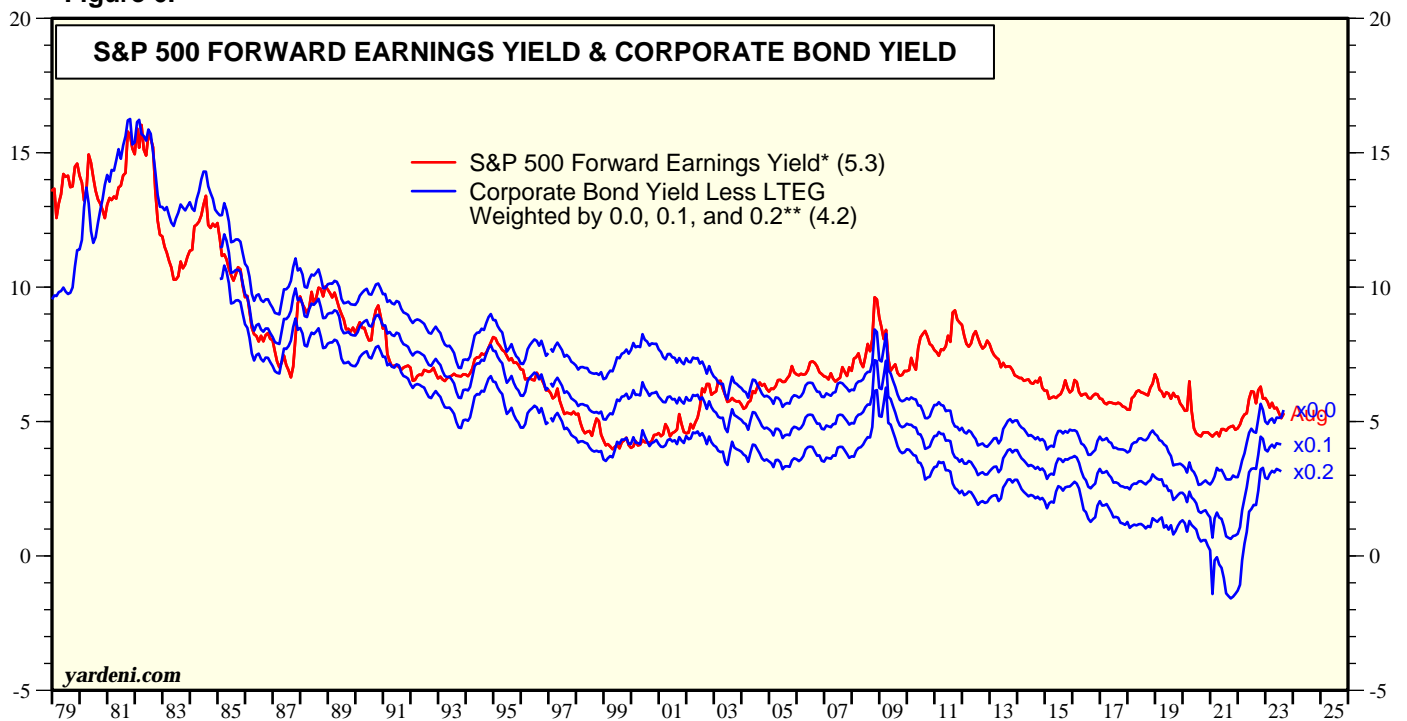
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Figure 5.



* Moody's data for Aaa and Baa yields through 1996, then ICE Bofa Merrill Lynch data for AAA and BBB yields.
Source: Federal Reserve Board and Haver Analytics.

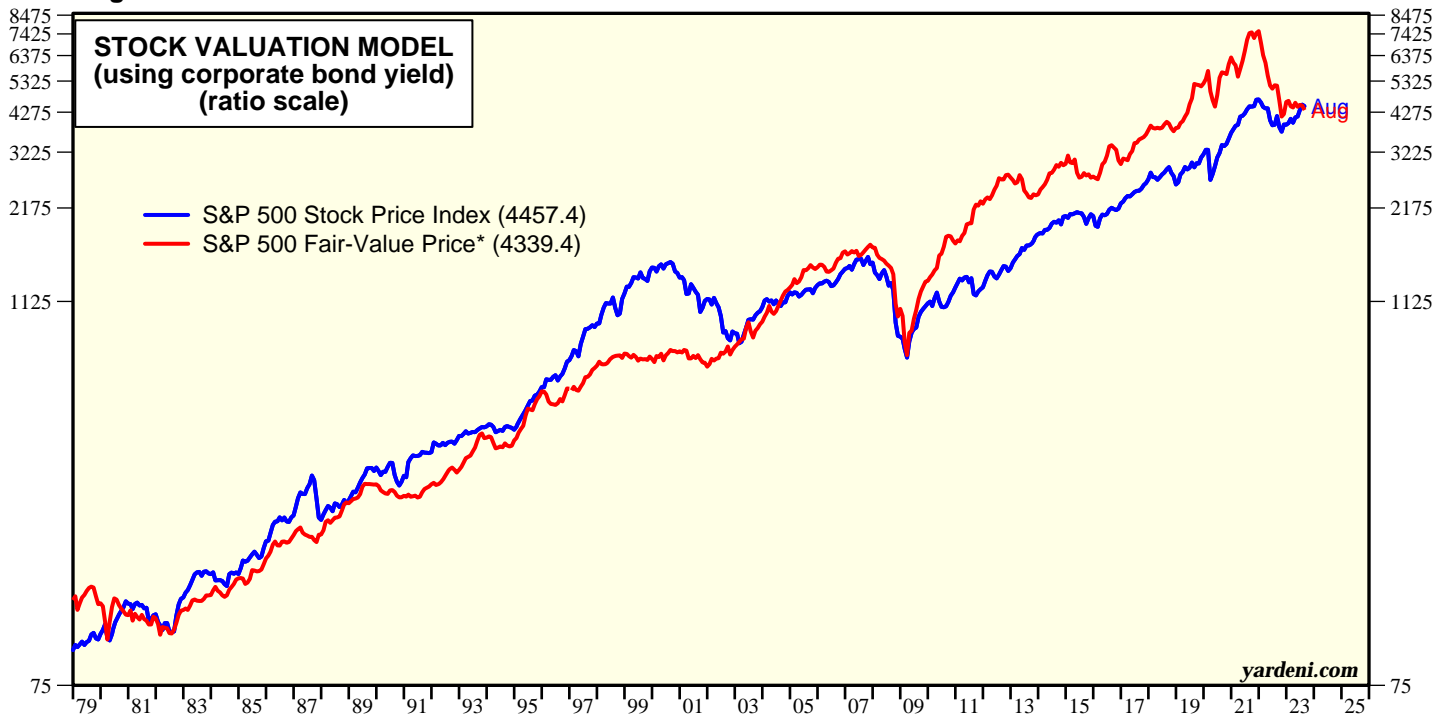
Figure 6.



* S&P 500 12-month forward consensus expected operating earnings divided by S&P 500 stock price index.
** Corporate bond yield (average of Moody's Aaa and Baa yields through 1996, then average of ICE Bofa Merrill Lynch data for AAA and BBB yields) less analysts' consensus of S&P 500 long-term earnings growth.
Source: I/B/E/S data by Refinitiv, Standard & Poor's, Federal Reserve Board, and Haver Analytics.

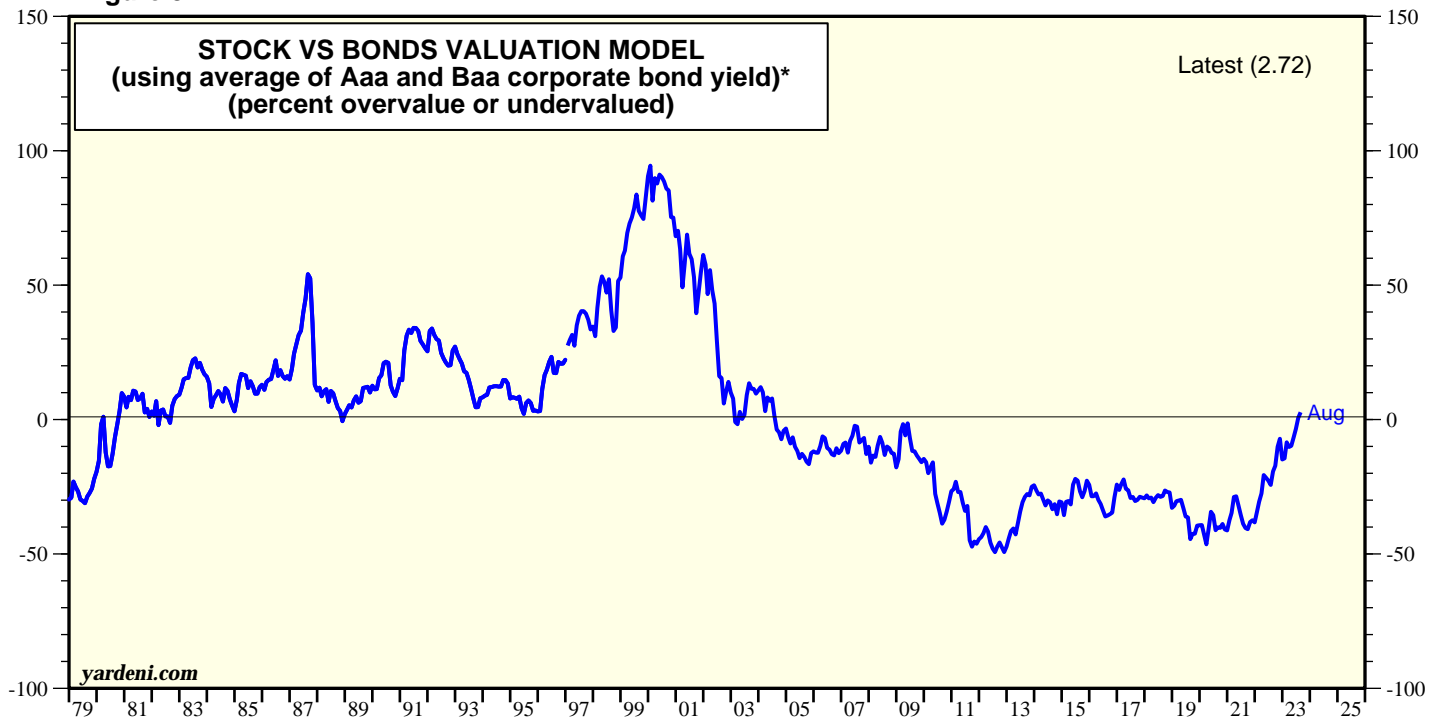
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Figure 7.



* S&P 500 forward consensus expected operating earnings divided by corporate bond yield (average of Moody's Aaa and Baa yields through 1996, then average of ICE Bofa Merrill Lynch data for AAA and A-BBB yields).
Source: I/B/E/S data by Refinitiv, Standard & Poor's, Federal Reserve Board, and Haver Analytics.

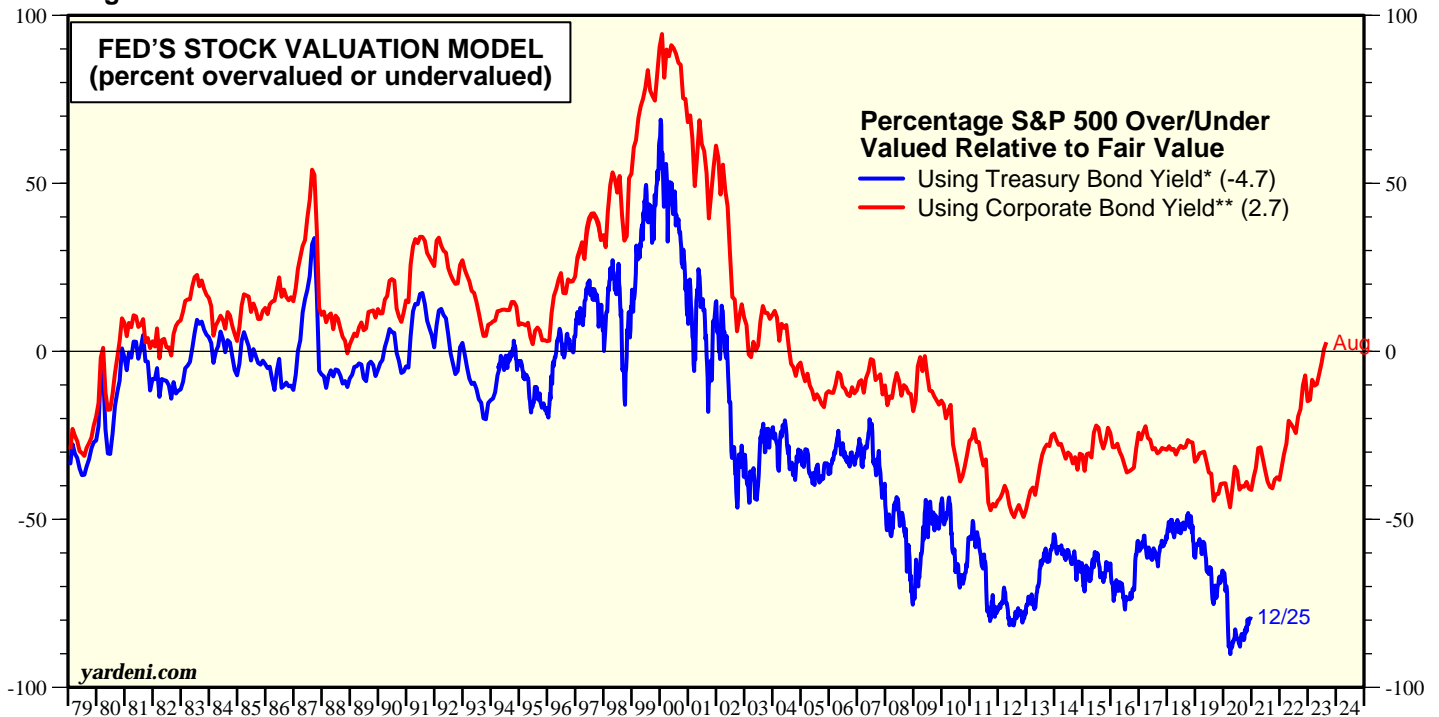
Figure 8.



* 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 2005, then weekly BoA Merrill Lynch data for AAA and A-BBB yields, converted to percentage.
Source: I/B/E/S data by Refinitiv, Standard & Poor's, Bank of America Merrill Lynch, and Federal Reserve Board.

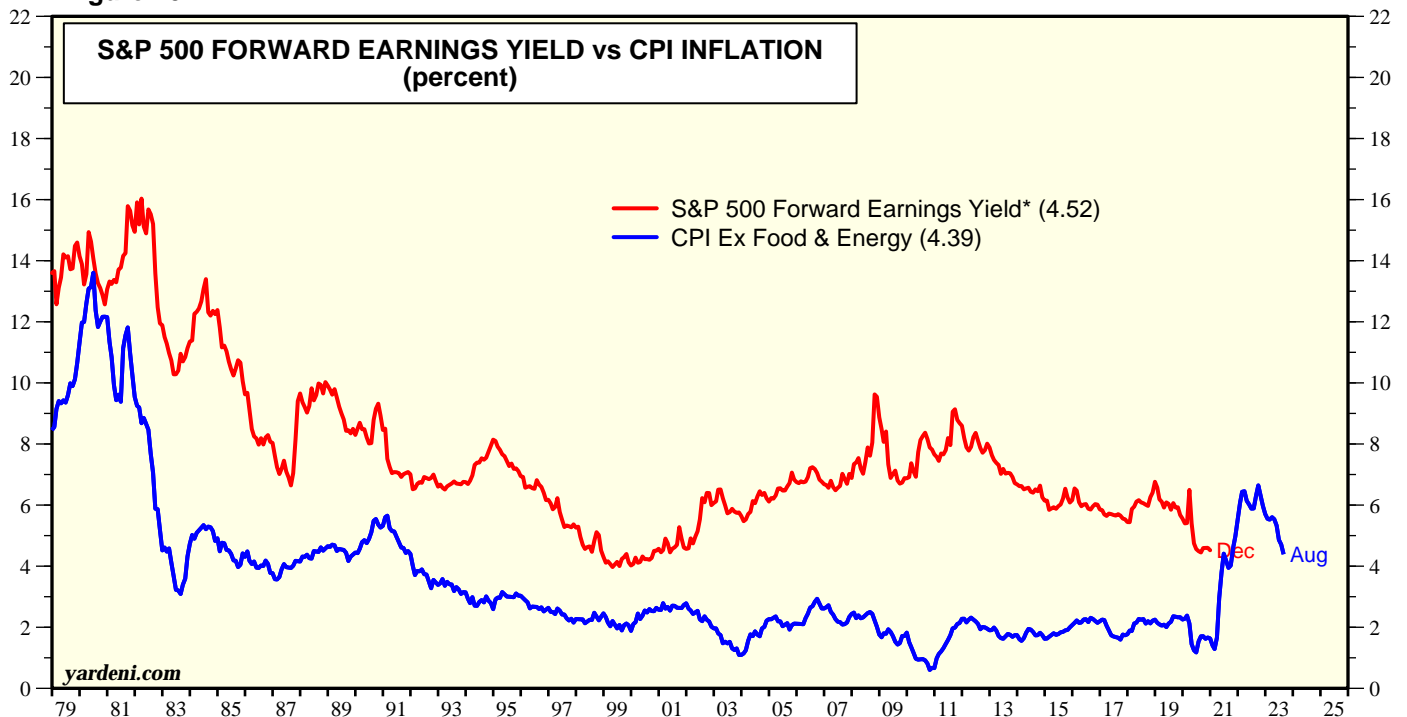
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Figure 9.



* S&P 500 12-month forward consensus expected operating earnings divided by 10-year US Treasury bond yield converted to percentage.
 ** S&P 500 12-month forward consensus expected operating earnings divided by corporate bond yield (using average of Moody's Aaa and A-BBB yields) converted to percentage.
 Source: I/B/E/S data by Refinitiv, Standard & Poor's, Federal Reserve Board, and Haver Analytics.

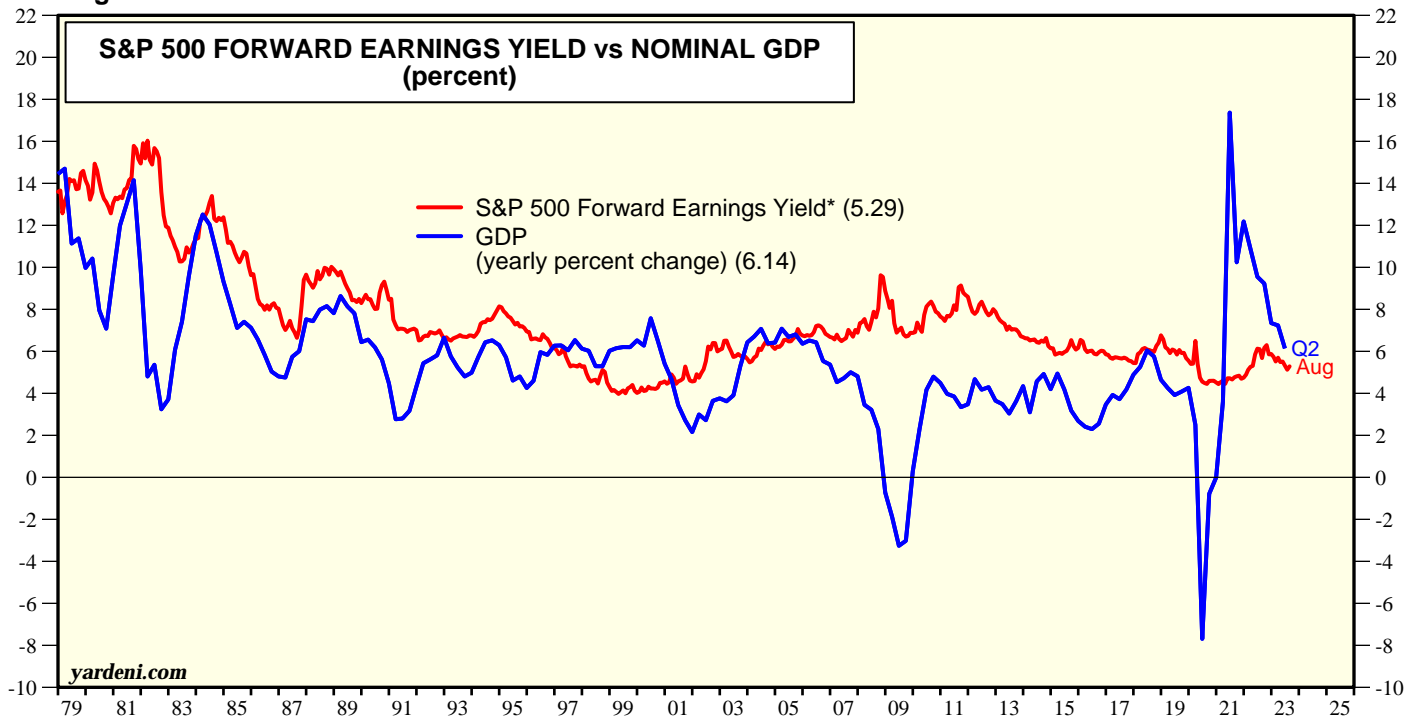
Figure 10.



* S&P 500 12-month forward consensus expected operating earnings divided by S&P 500 stock price index.
 Source: Standard & Poor's and Bureau of Labor Statistics.

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Figure 11.



* S&P 500 12-month forward consensus expected operating earnings divided by S&P 500 stock price index.
Source: Standard & Poor's and Bureau of Economic Analysis.

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