

Strategist's Handbook: Chart Updates

Yardeni Research, Inc.

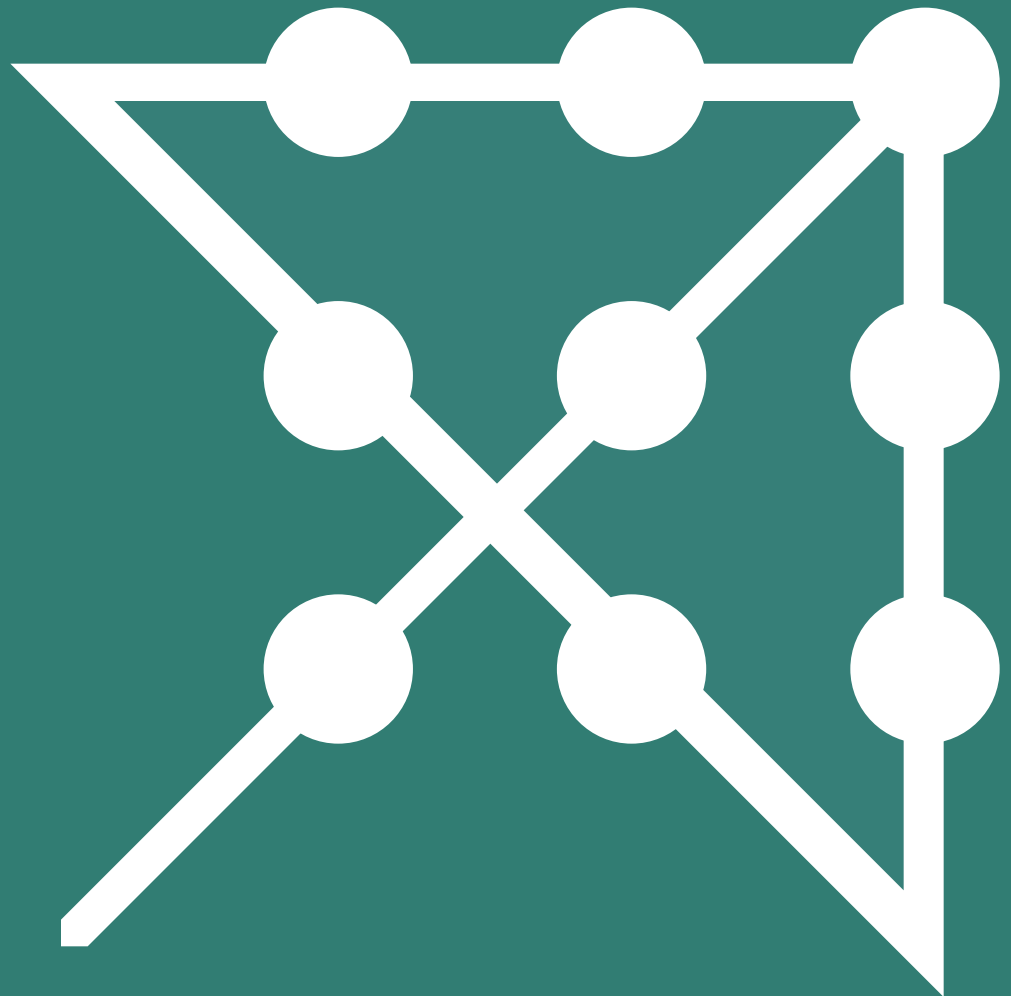
November 20, 2018

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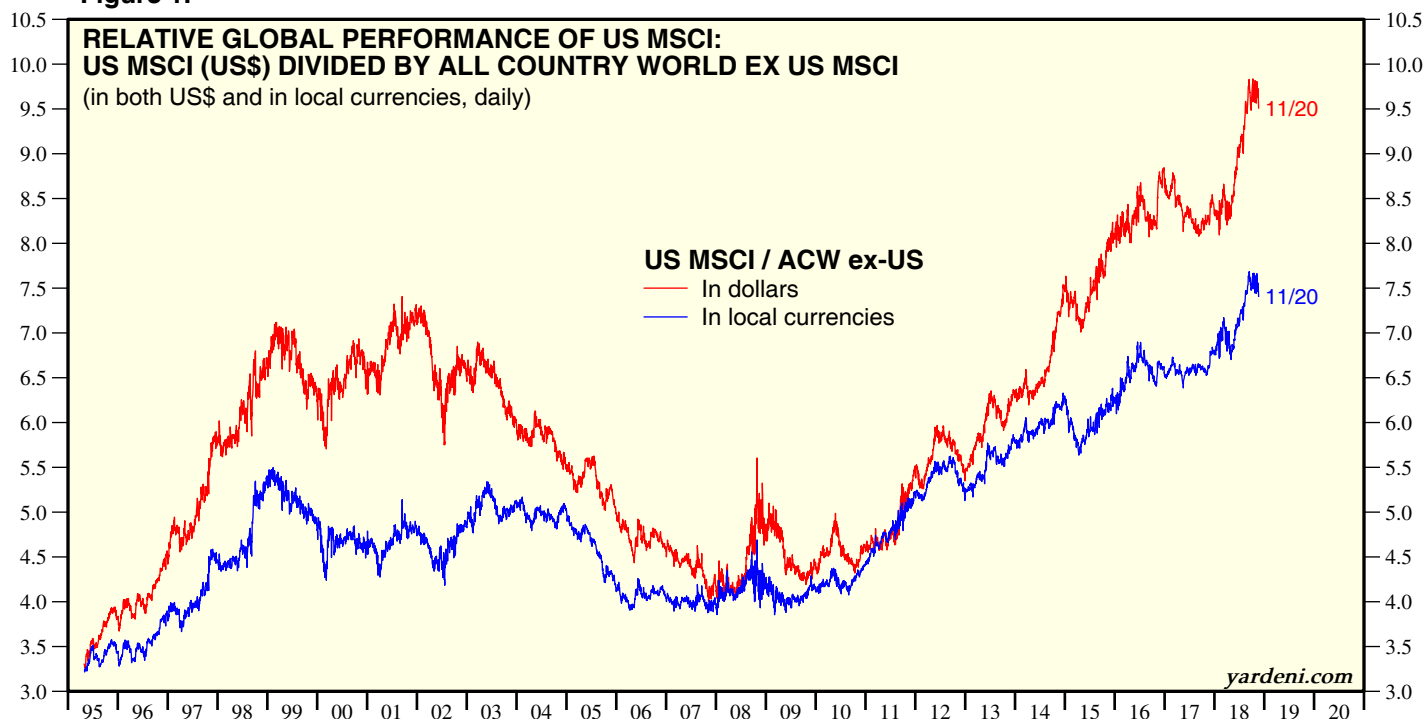
thinking outside the box

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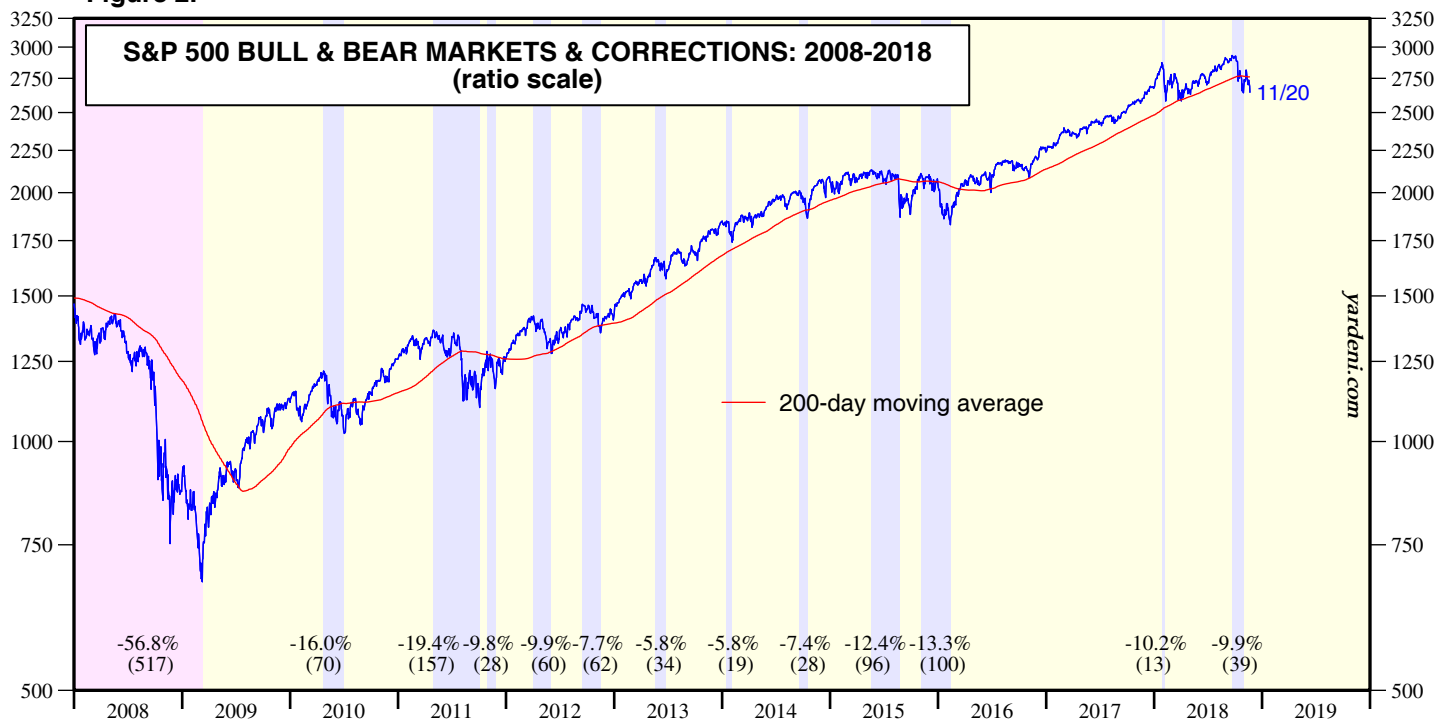
Stock Prices

Figure 1.



Source: Morgan Stanley Capital International.

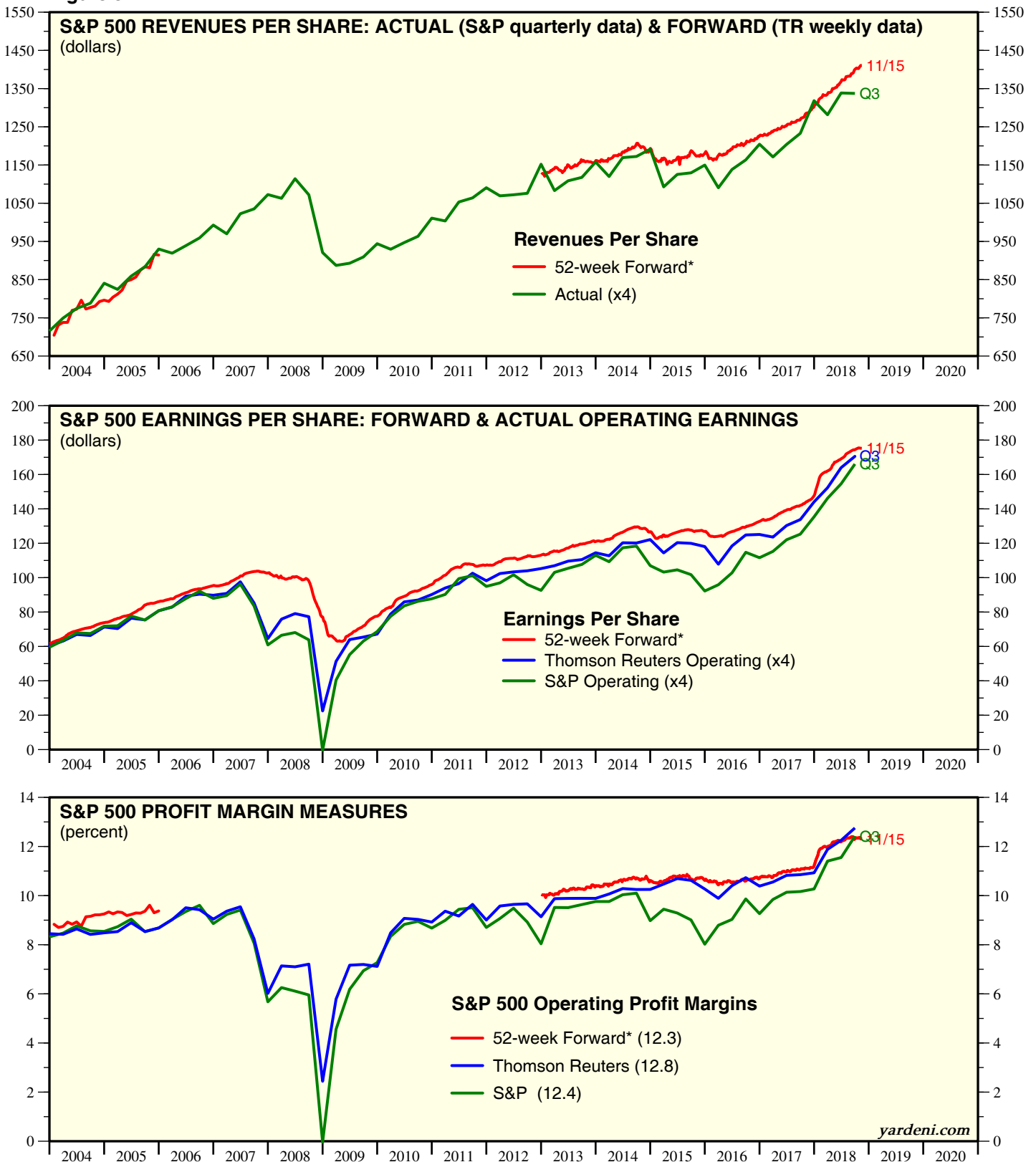
Figure 2.



Note: Corrections are declines of 10% or more, while minor ones are 5%-10% (all in blue shades). Bear markets are declines of 20% or more (in red shades). Number of calendar days in parentheses.
Source: Standard & Poor's.

S&P 500 Earnings, Revenues, Margins

Figure 3.

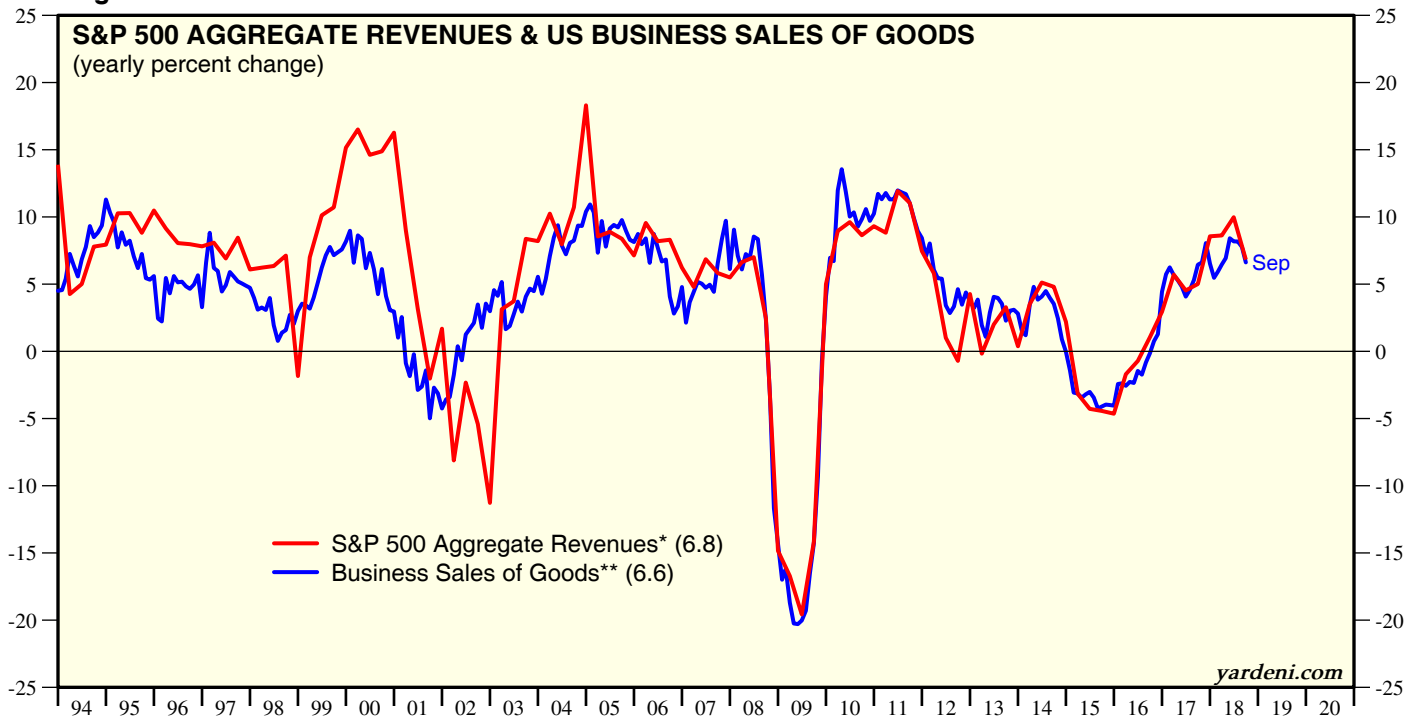


* Time-weighted average of consensus operating earnings estimates for current and next years.

Source: Standard & Poor's (for actual revenues), I/B/E/S data by Refinitiv (for forward revenues), and Bureau of the Census.

S&P 500 Revenues & Margins

Figure 4.

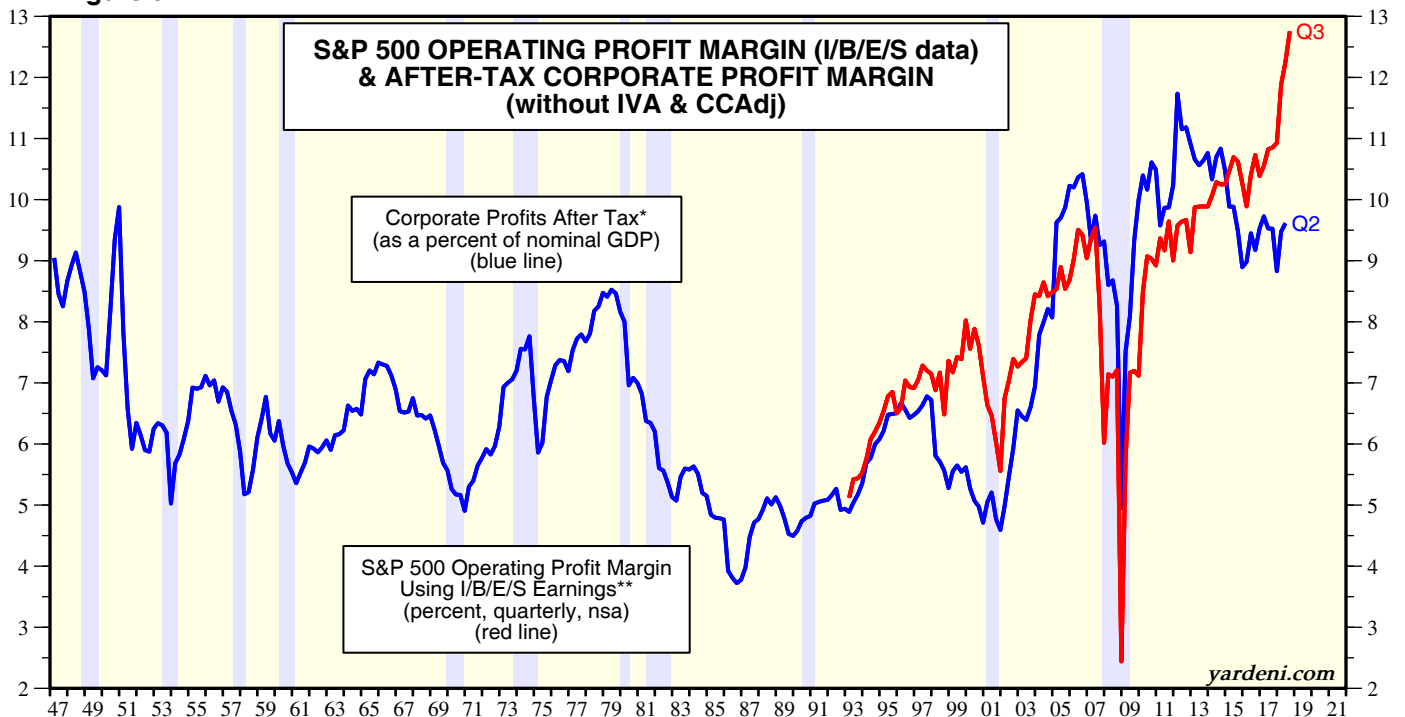


* Revenues are derived by multiplying S&P 500 revenues per share by the S&P 500 divisor for each quarter.

** Manufacturing and trade sales.

Source: Census Bureau and Standard & Poor's.

Figure 5.



* After-tax profits as reported to IRS excluding 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.

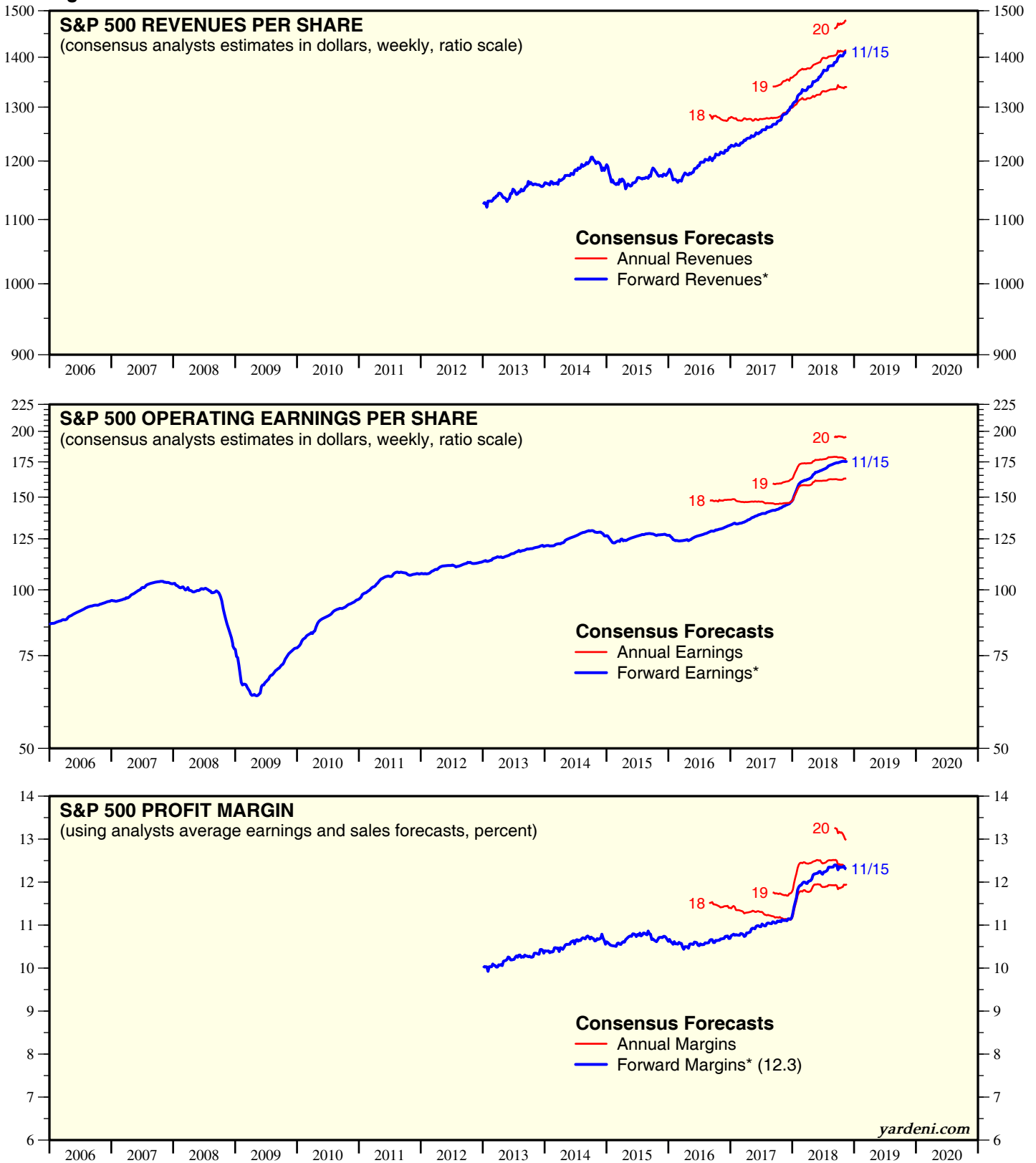
** Operating Profit Margin derived using revenues from S&P and earnings from I/B/E/S.

Note: Shaded areas denote recessions according to the National Bureau of Economic Research.

Source: Standard & Poor's, I/B/E/S data by Refinitiv, and Bureau of Economic Analysis.

Forward Revenues, Earnings, & Margins

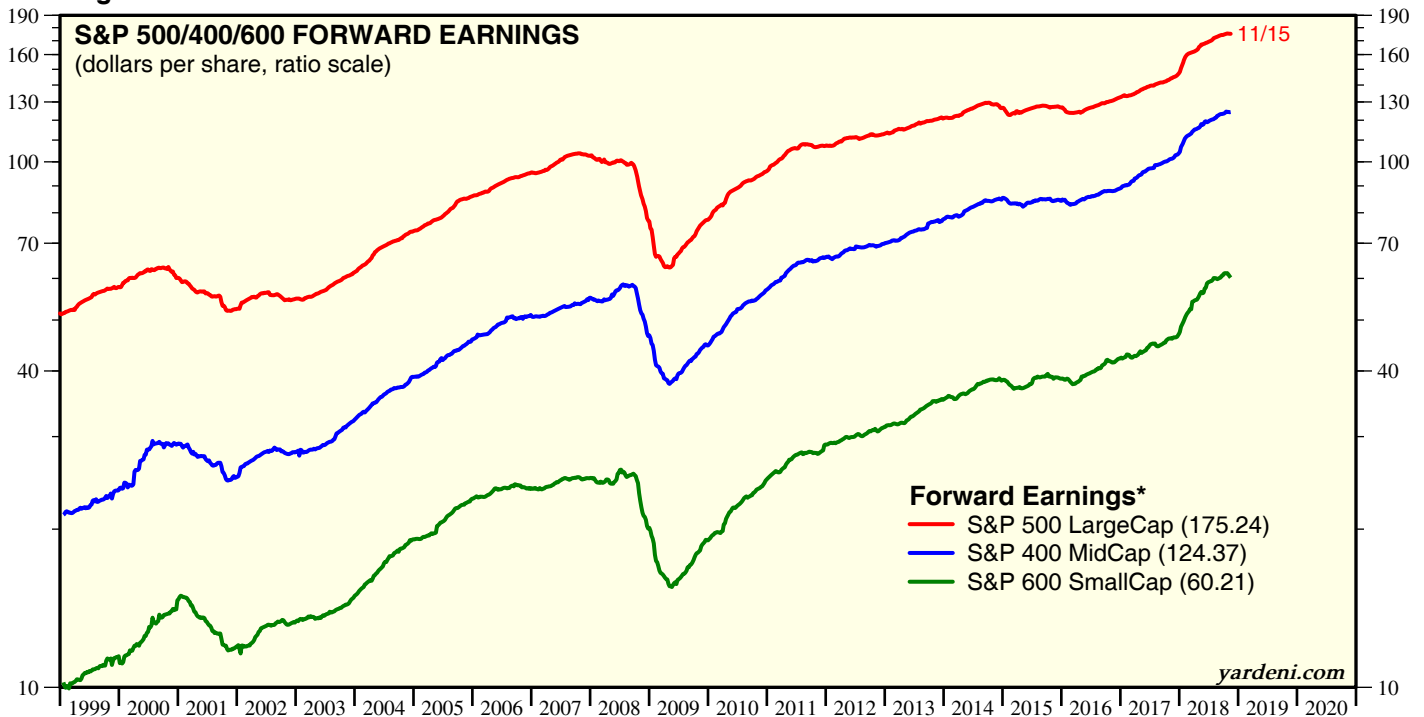
Figure 6.



* Time-weighted average of the consensus estimates for current and next year.
 Source: I/B/E/S data by Refinitiv and Standard & Poor's.

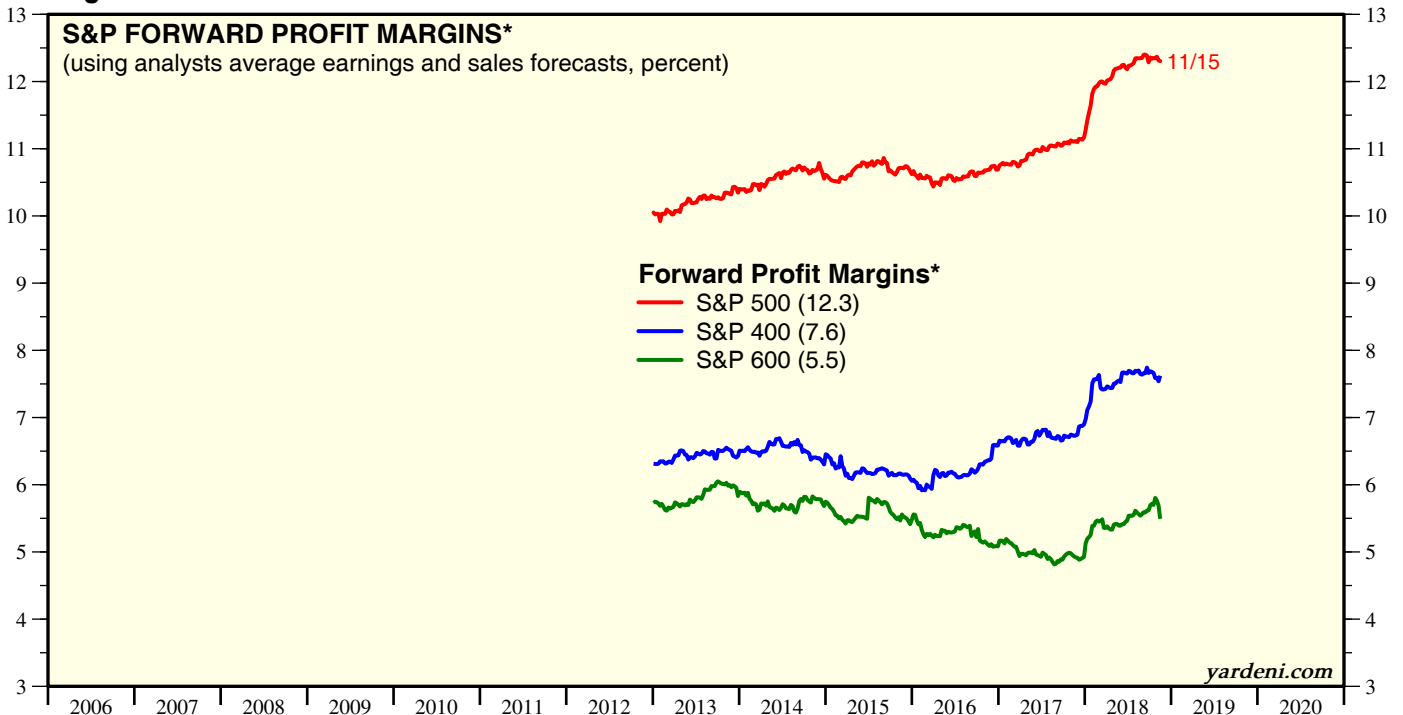
S&P 500/400/600 Forward Earnings & Margins

Figure 7.



* Time-weighted average of consensus estimates for current year and next year.
Source: I/B/E/S data by Refinitiv.

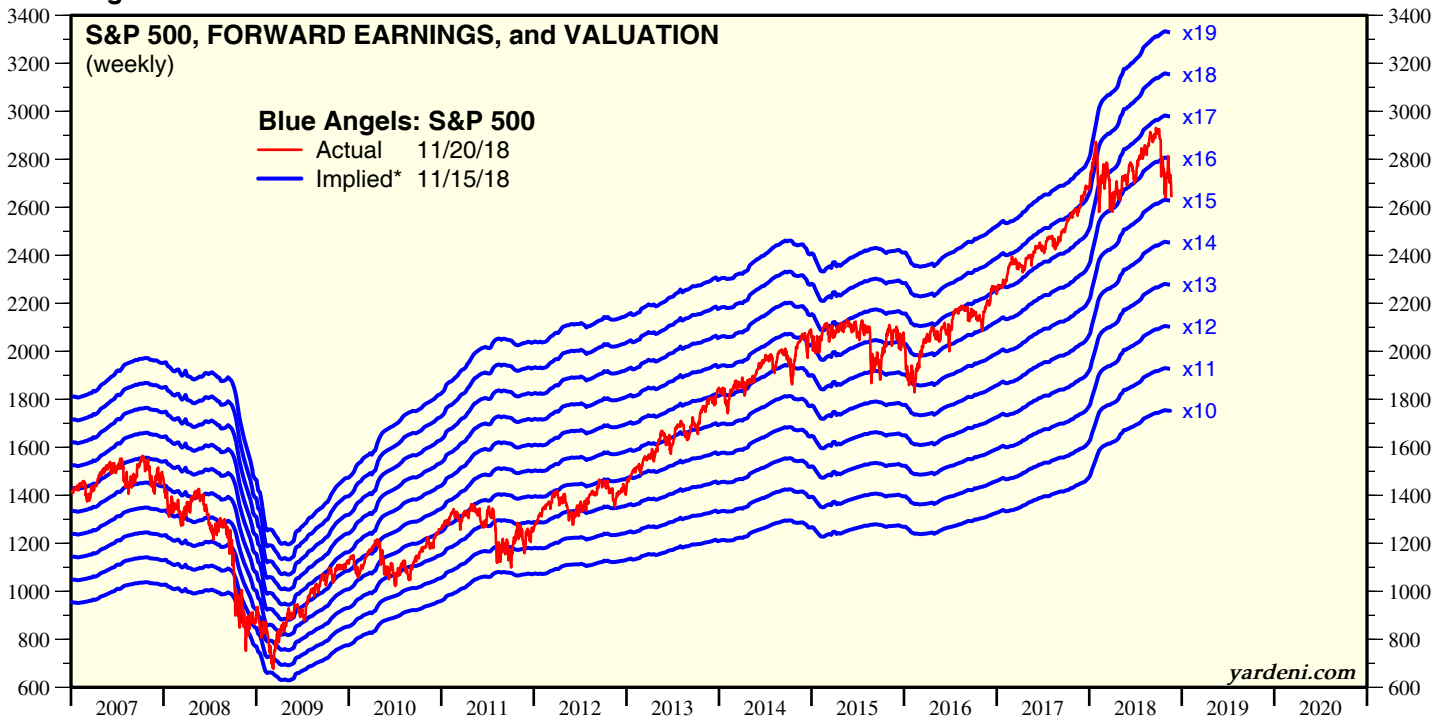
Figure 8.



* Time-weighted average of the consensus estimates for current and next year using forward earnings divided by forward revenues.
Source: I/B/E/S data by Refinitiv and Standard & Poor's.

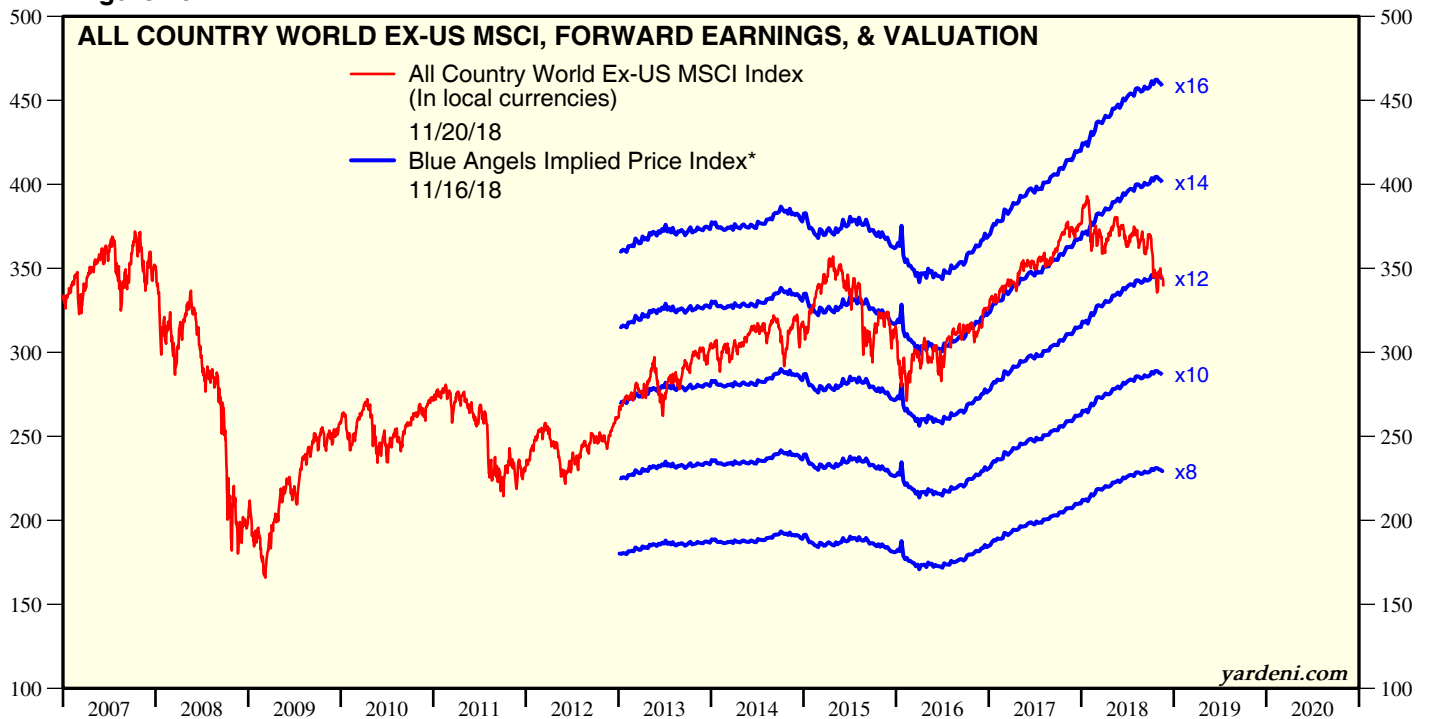
Blue Angels

Figure 9.



* Implied price index calculated using forward earnings times forward P/Es. Weekly data start January 2007.
 Source: Standard & Poor's and I/B/E/S data by Refinitiv.

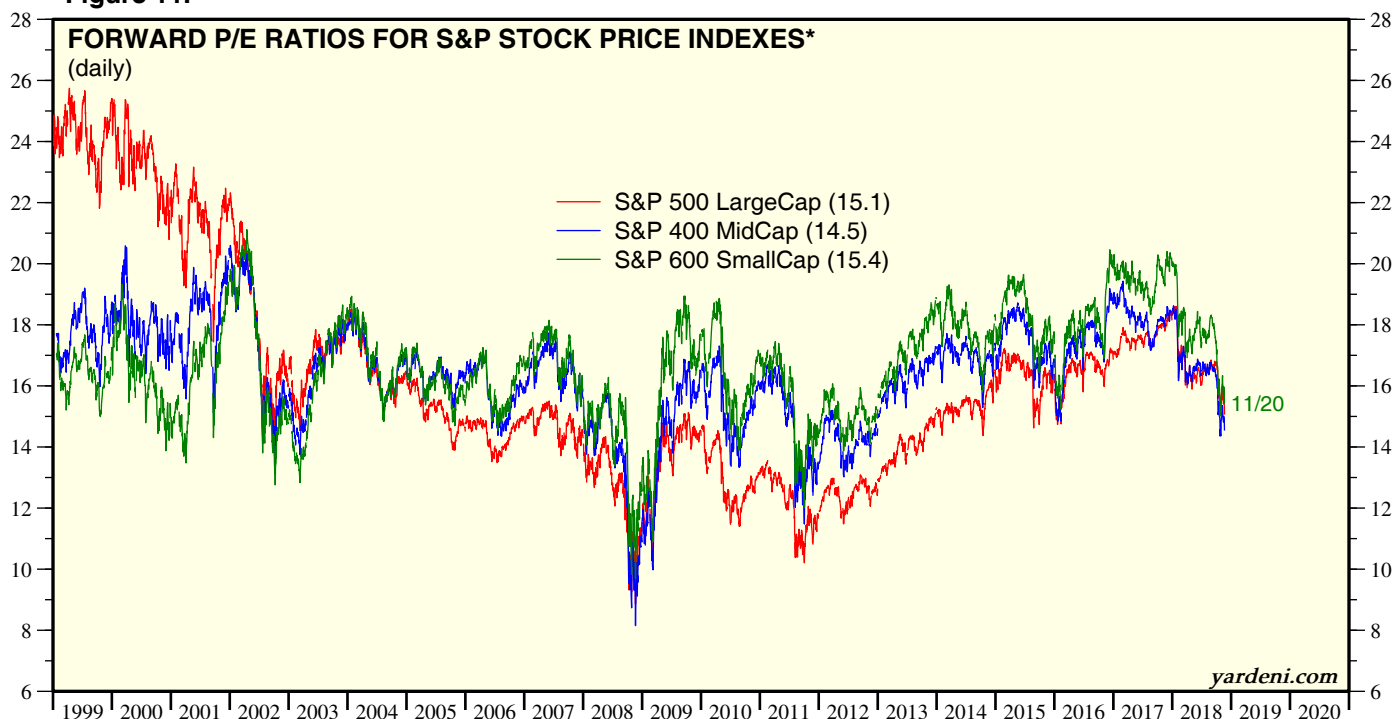
Figure 10.



* Implied price index calculated using forward earnings times forward P/Es. Monthly through December 2005, weekly thereafter.
 Source: Standard & Poor's Corporation and I/B/E/S data by Refinitiv.

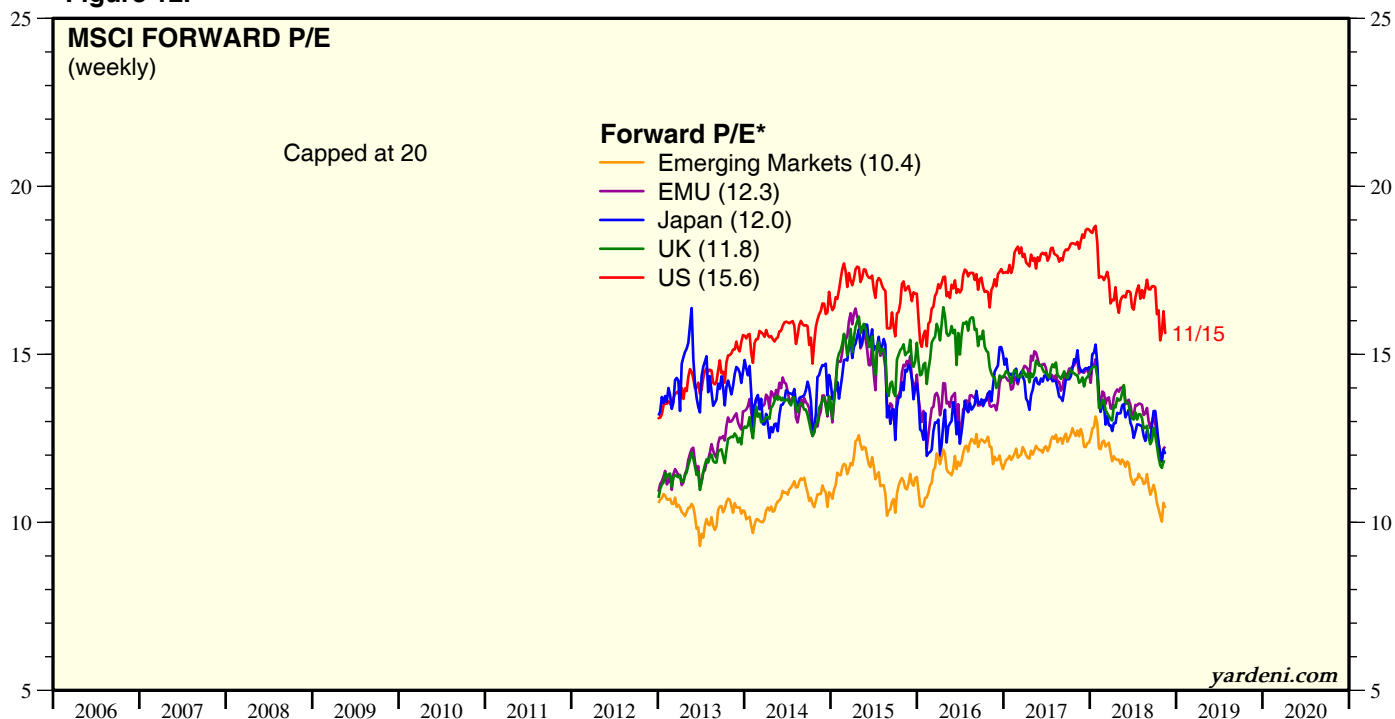
Valuation

Figure 11.



* Daily stock price index divided by 52-week forward consensus expected operating earnings per share.
Source: I/B/E/S data by Refinitiv and Standard & Poor's.

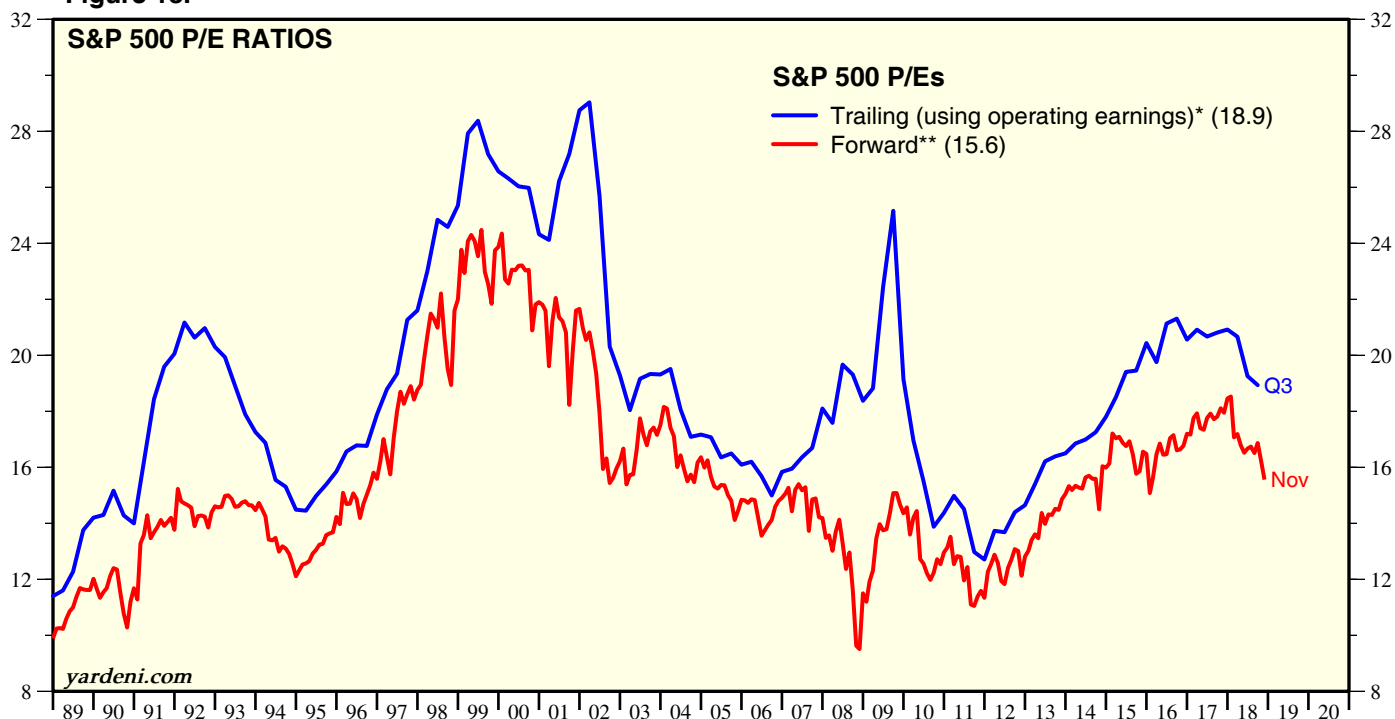
Figure 12.



* Price divided by 12-month forward consensus expected operating earnings per share.
Source: I/B/E/S data by Refinitiv.

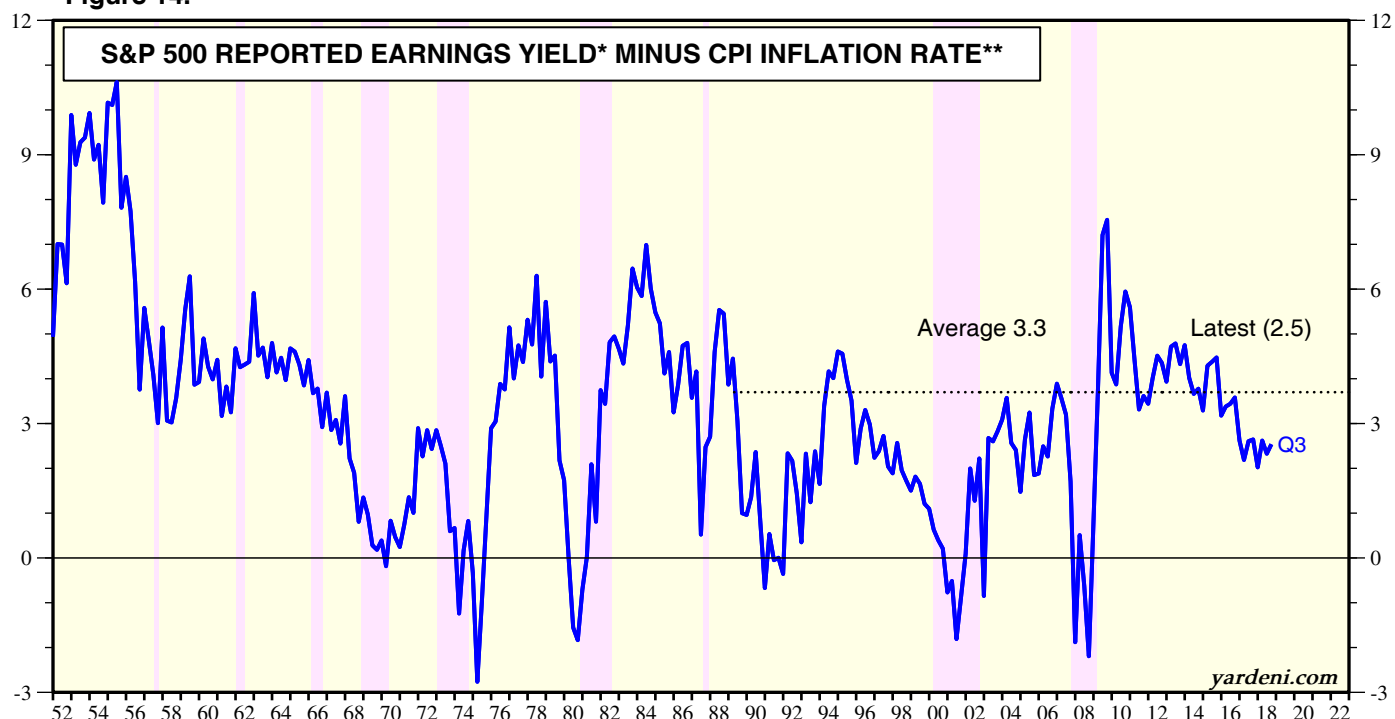
Valuation

Figure 13.



* 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.

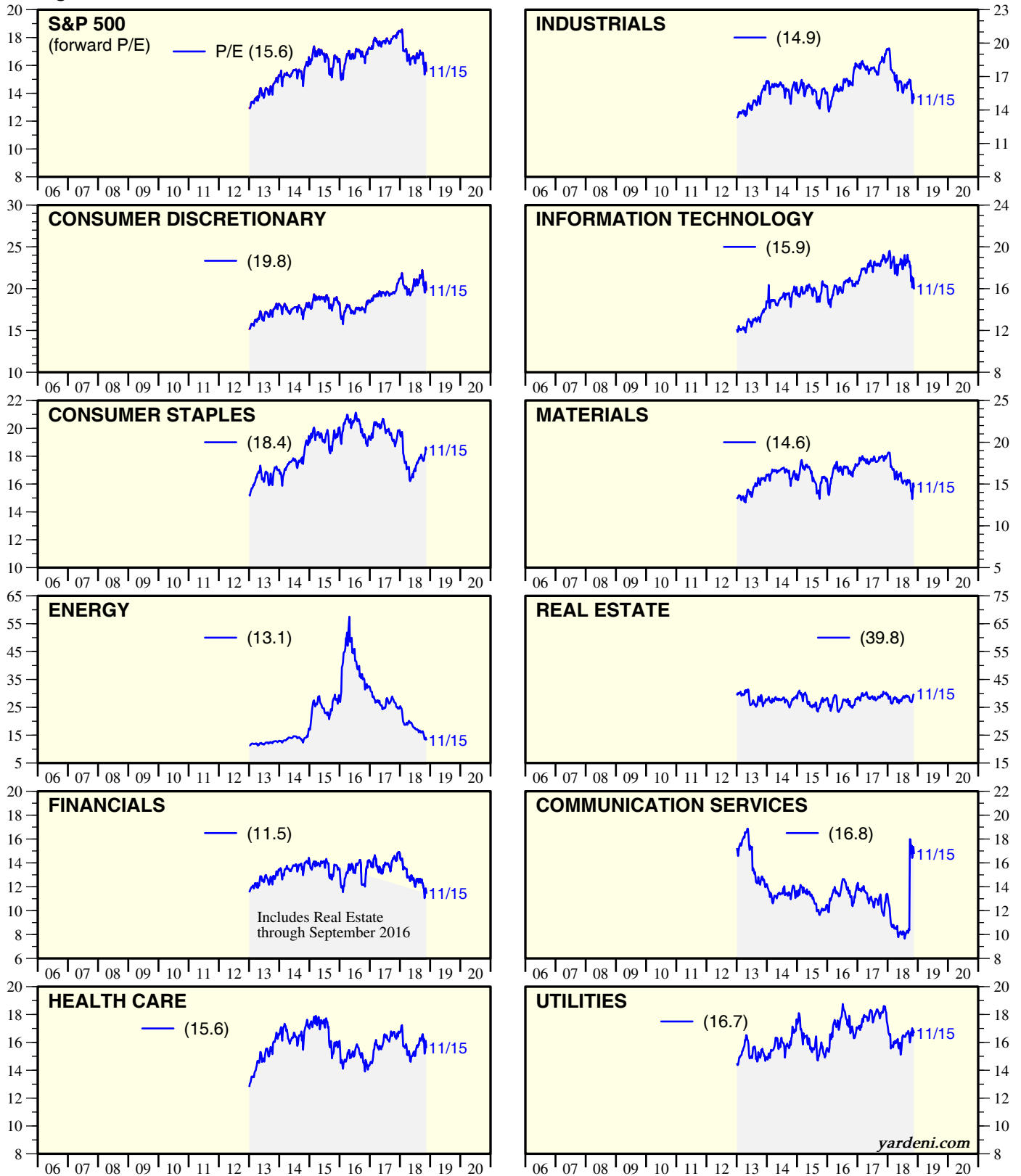
Figure 14.



* 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.
 Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
 Source: Standard & Poor's and Bureau of Labor Statistics.

S&P 500 Sectors Forward P/E's

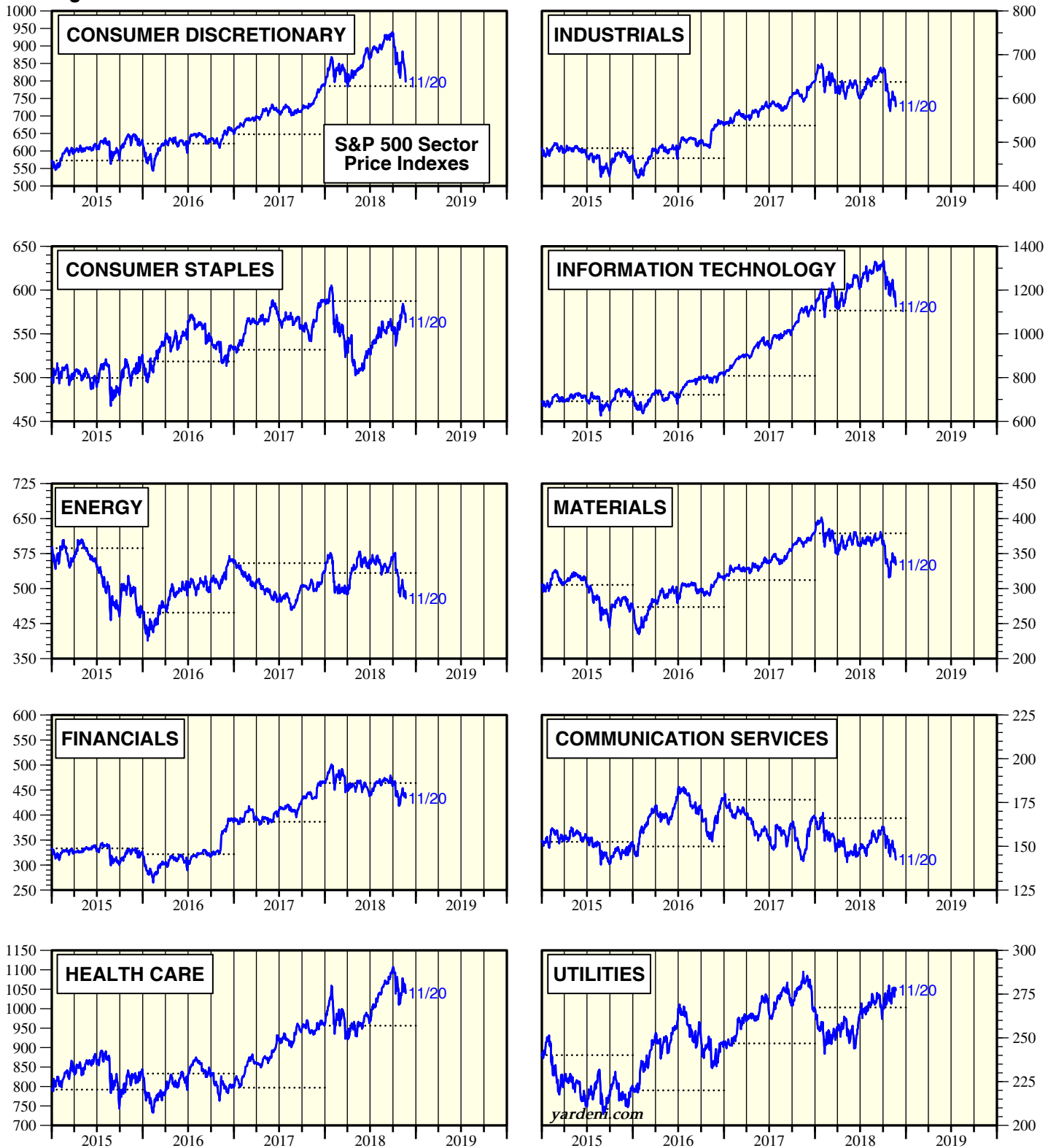
Figure 15.



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

S&P 500 Sectors Price Indexes

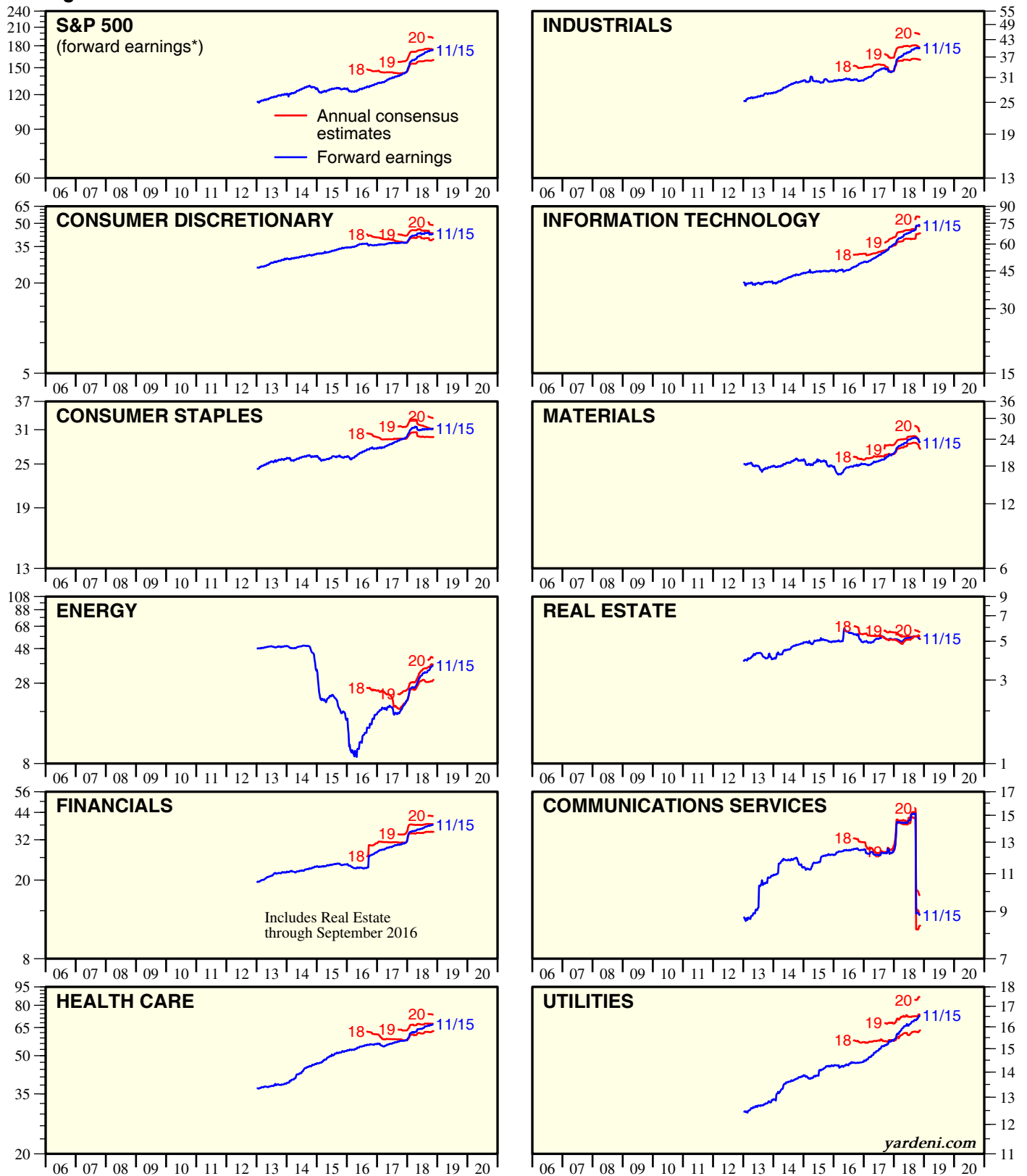
Figure 16.



Source: Standard & Poor's and Haver Analytics.

S&P 500 Sectors Forward Earnings

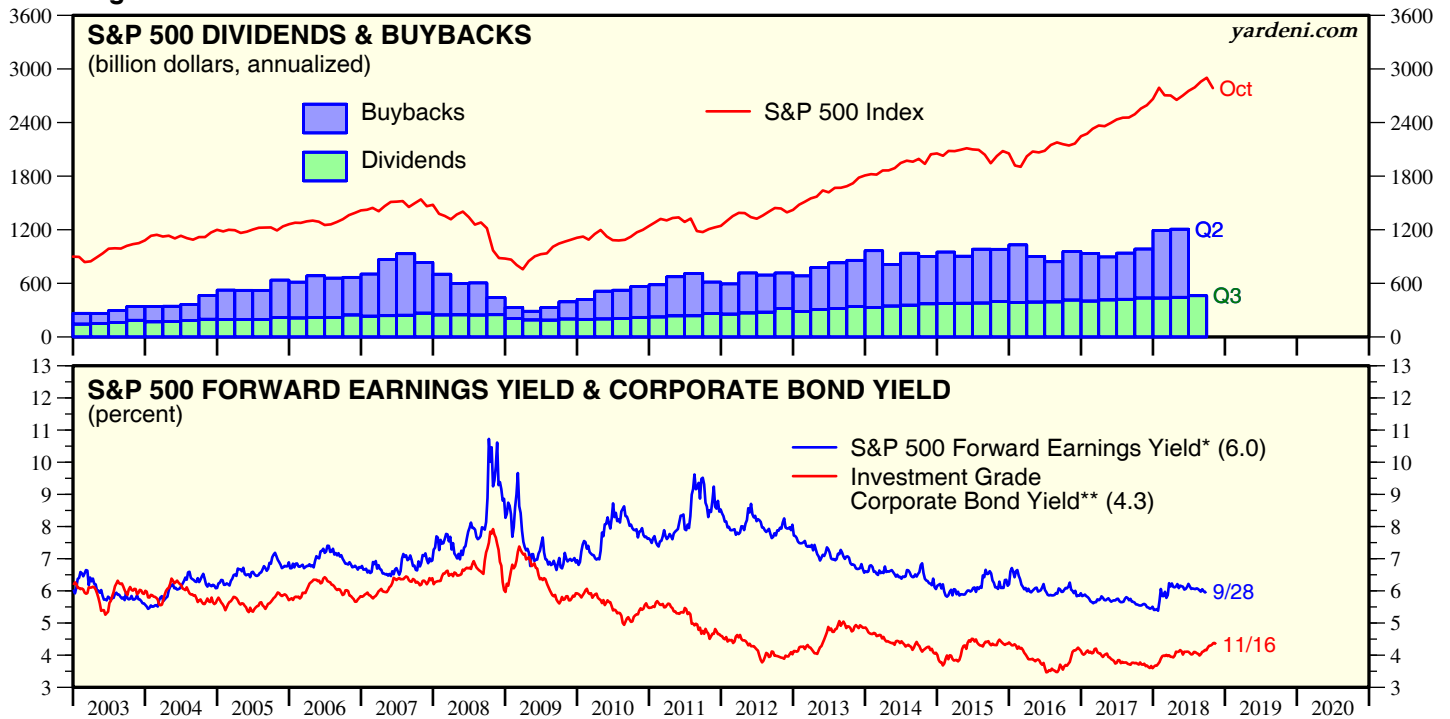
Figure 17.



* Time-weighted average (in blue) of consensus operating earnings estimates for current and next year (in red).
Source: I/B/E/S data by Refinitiv.

Equity Flows

Figure 18.

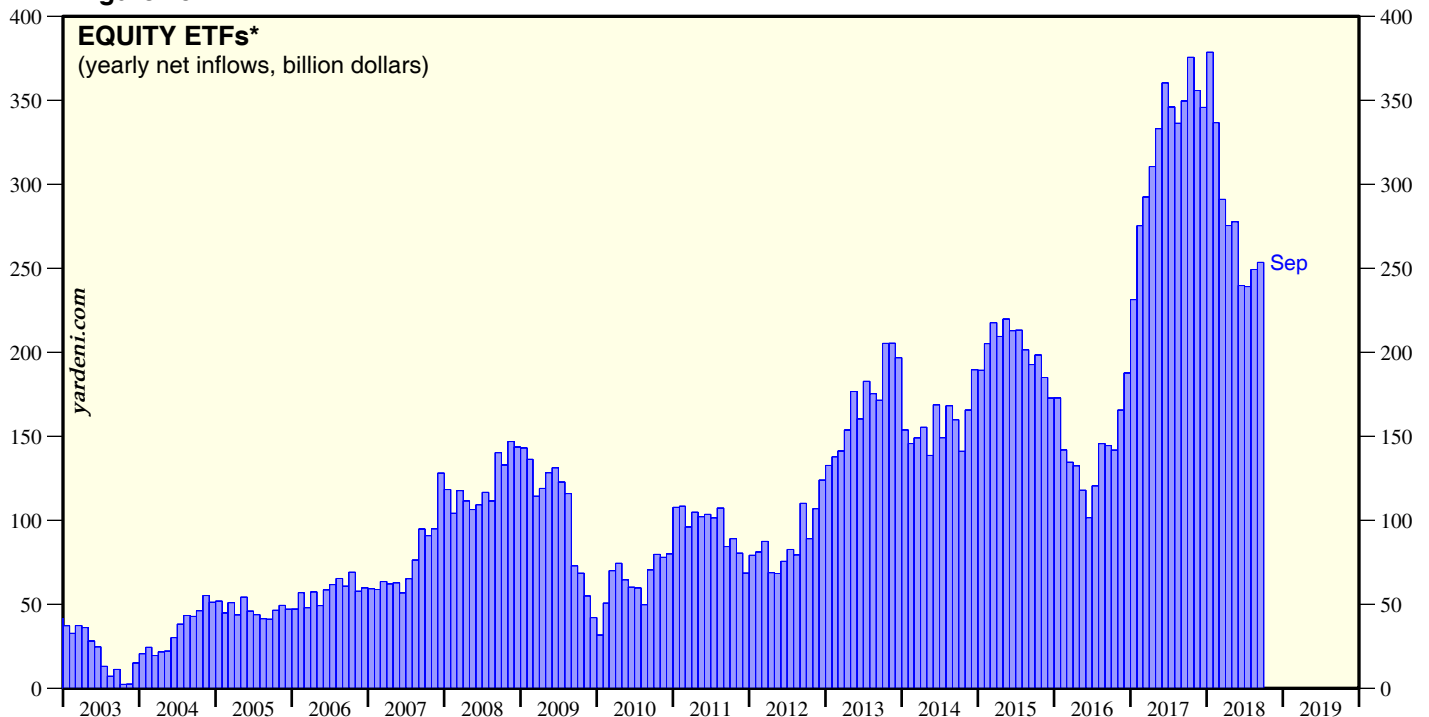


* Forward earnings (time-weighted average of consensus operating earnings estimates for current and next year) divided by S&P 500 index.

** BoA Merrill Lynch data for AA-AAA yields.

Source: I/B/E/S data by Refinitiv, Federal Reserve Board, and Standard & Poor's.

Figure 19.

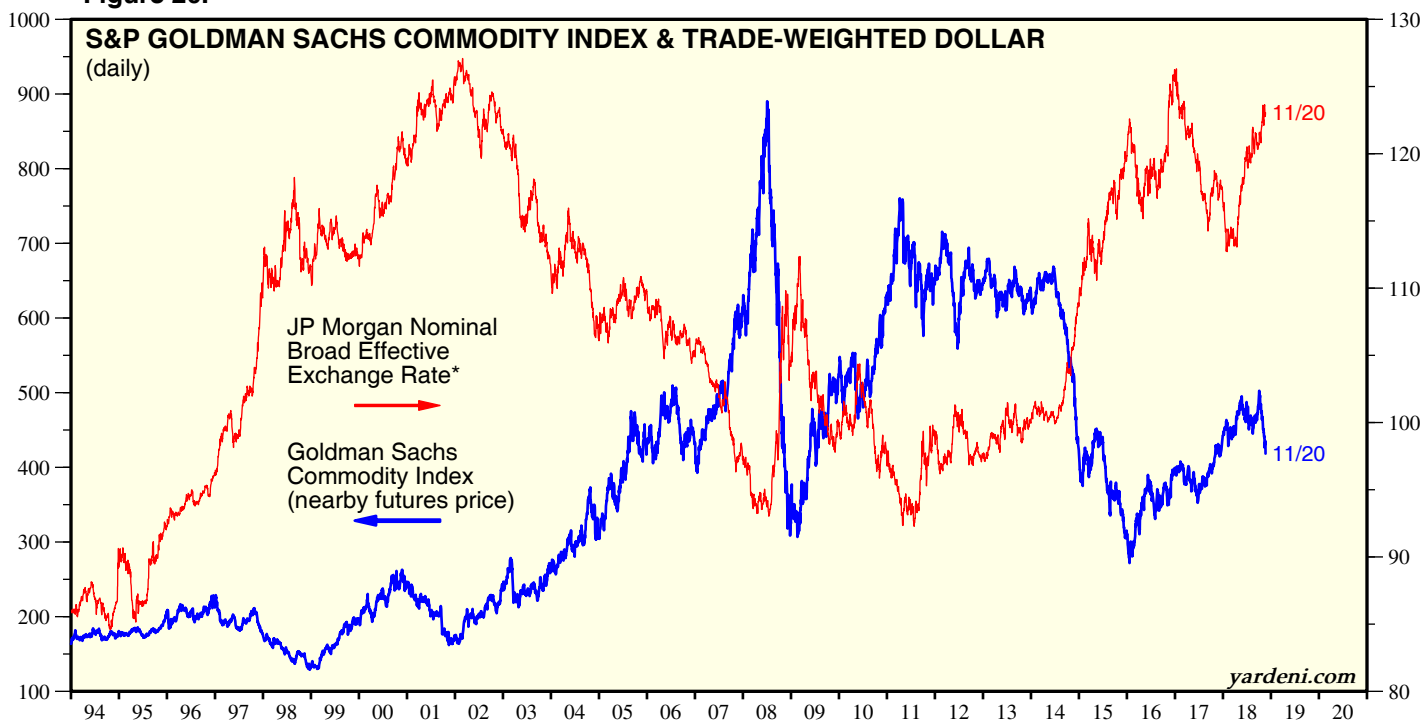


* Net share issuance by equity ETFs.

Source: Investment Company Institute.

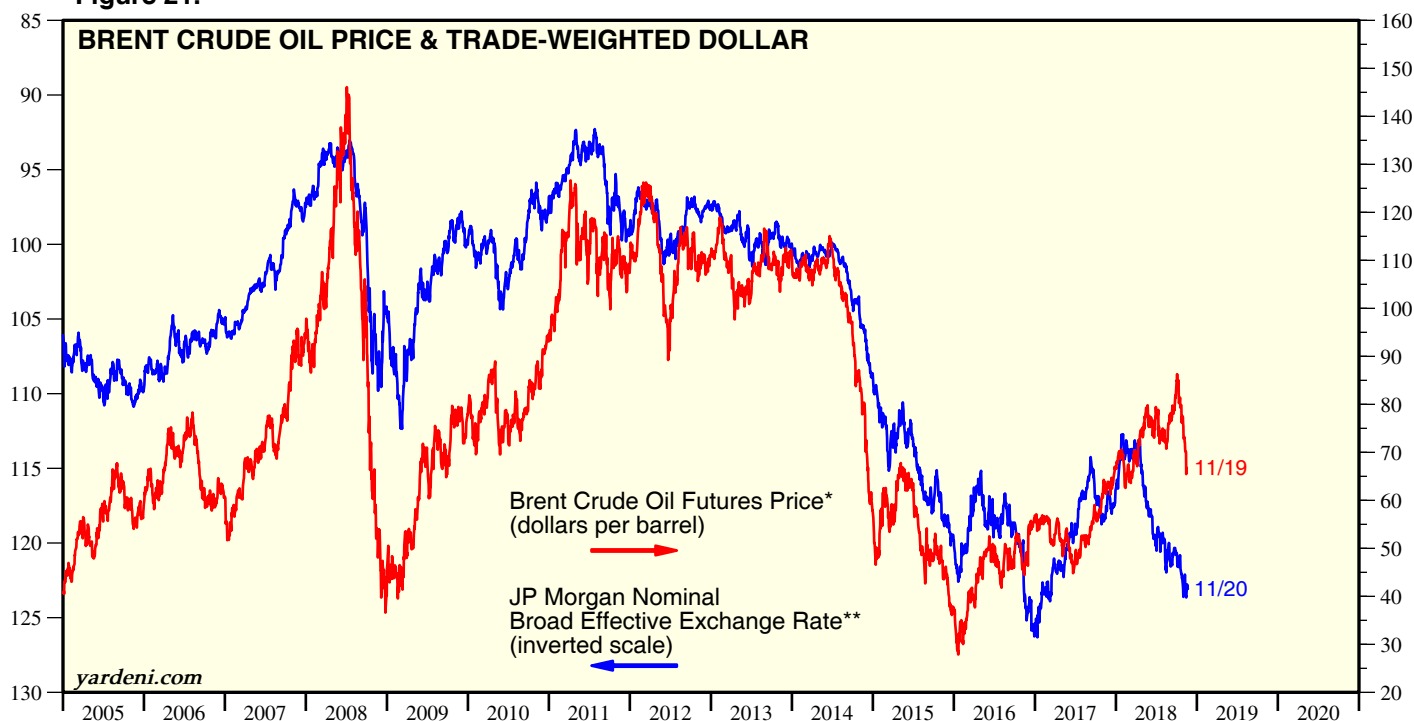
Dollar & Commodities

Figure 20.



Source: Standard & Poor's, JP Morgan, and Haver Analytics.

Figure 21.

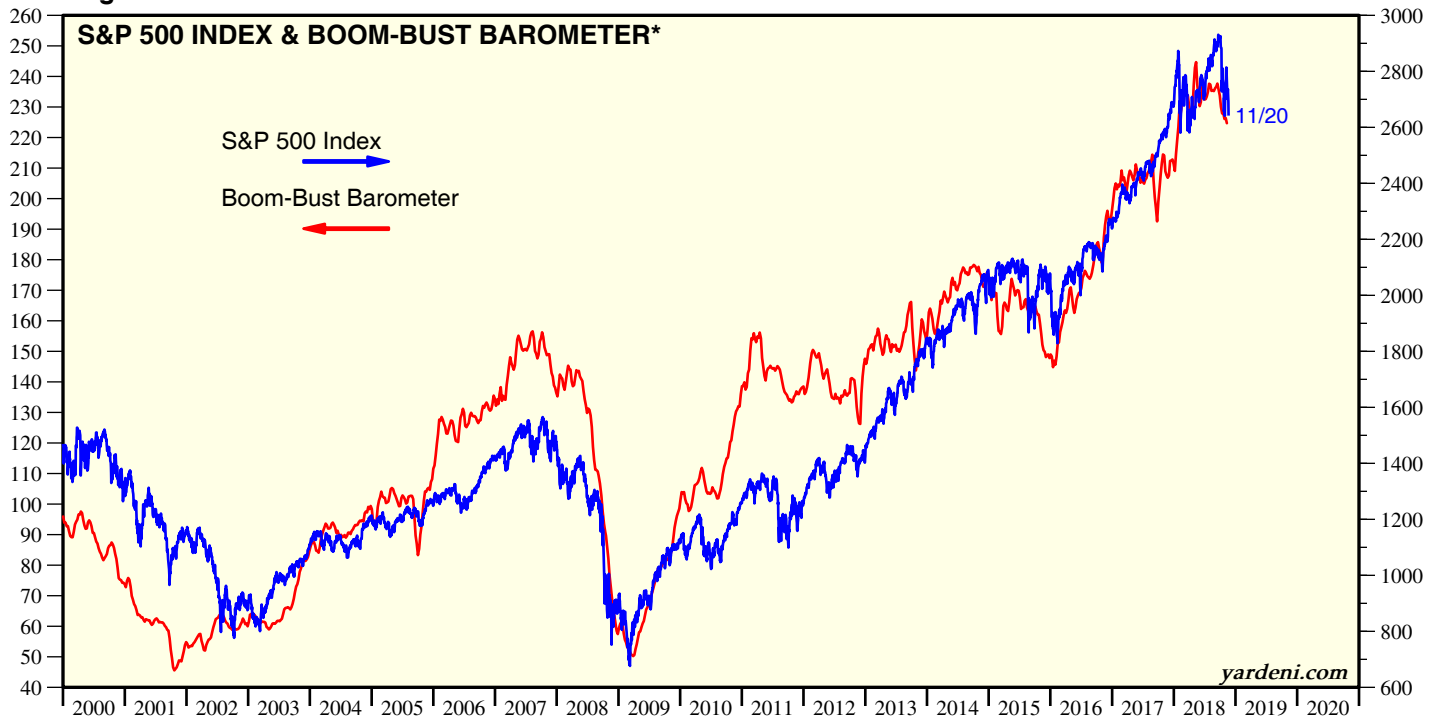


* Nearby futures price.

** Argentina, Australia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Czech Republic, Denmark, Ecuador, Egypt, France, Germany, Hong Kong, Hungary, Japan, India, Indonesia, Israel, Italy, Korea, Kuwait, Malaysia, Mexico, Morocco, New Zealand, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Romania, Russia Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, Ukraine, Uruguay, Venezuela, Vietnam, and United States. Source: JP Morgan and Haver Analytics.

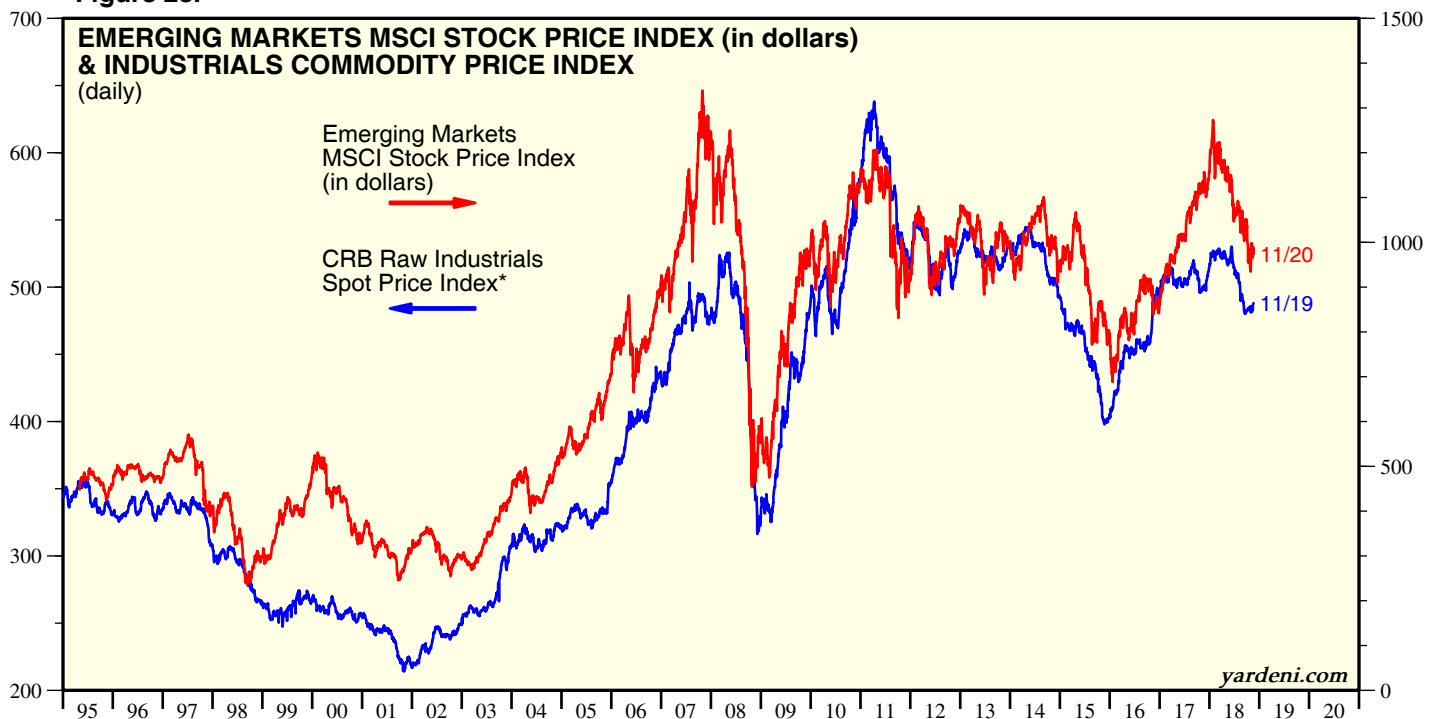
Stocks & Commodities

Figure 22.



* CRB raw industrials spot price index (weekly average) divided by weekly initial unemployment claims, showing four-week moving average. Source: Bloomberg, Commodity Research Bureau, Bureau of Labor Statistics, and Standard & Poor's.

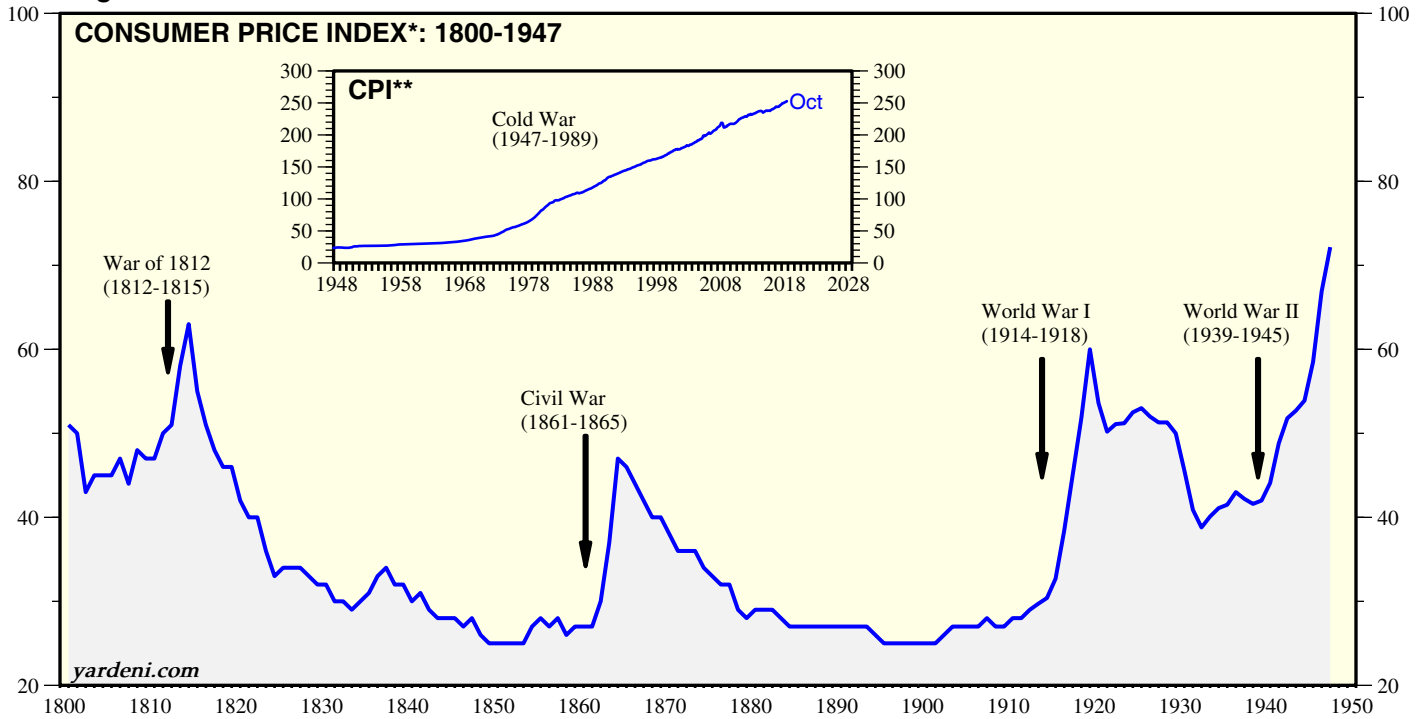
Figure 23.



* Includes copper scrap, lead scrap, steel scrap, tin, zinc, burlap, cotton, print cloth, wool tops, hides, rosin, rubber, and tallow. Source: Morgan Stanley Capital International and Commodity Research Bureau.

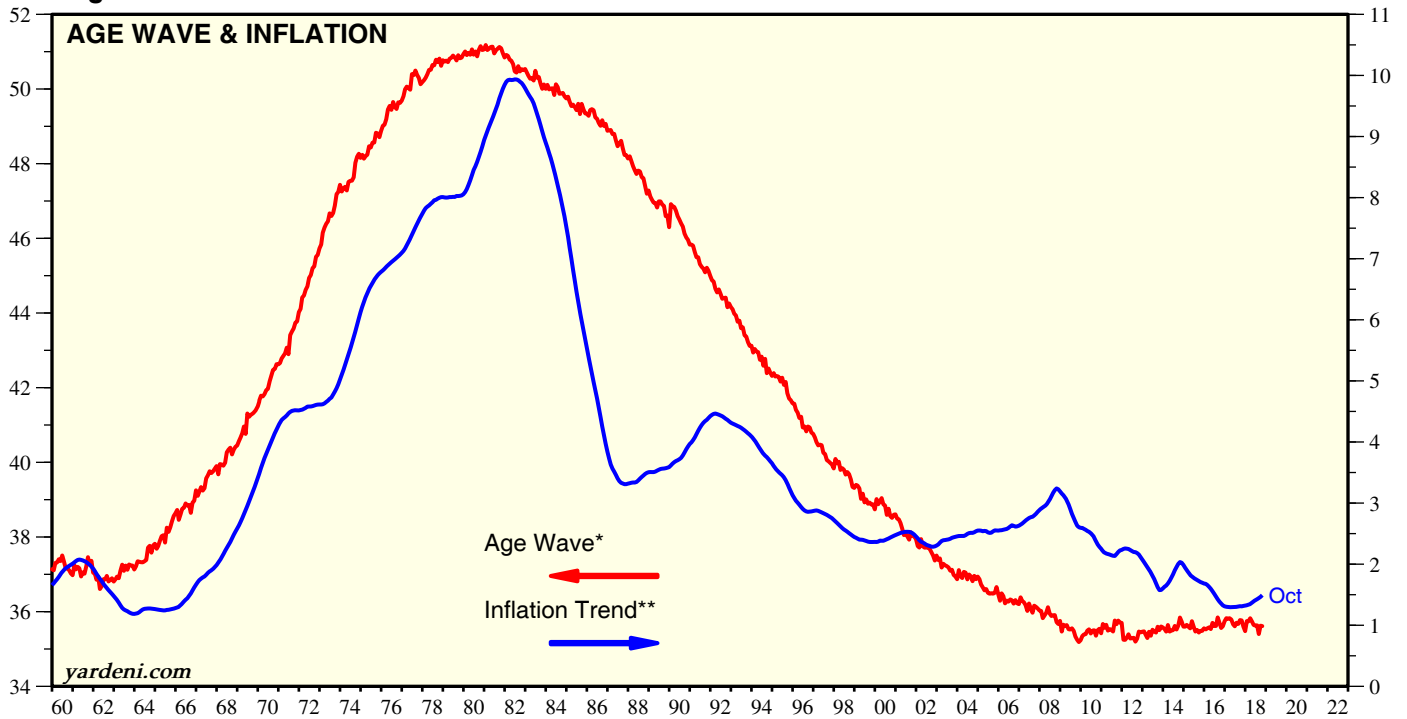
Big Picture

Figure 24.



* Annual data. Base index from 1800 to 1947 is 1967 = 100.
 ** 1982-84=100.
 Source: Census Bureau, Historical Statistics of the United States

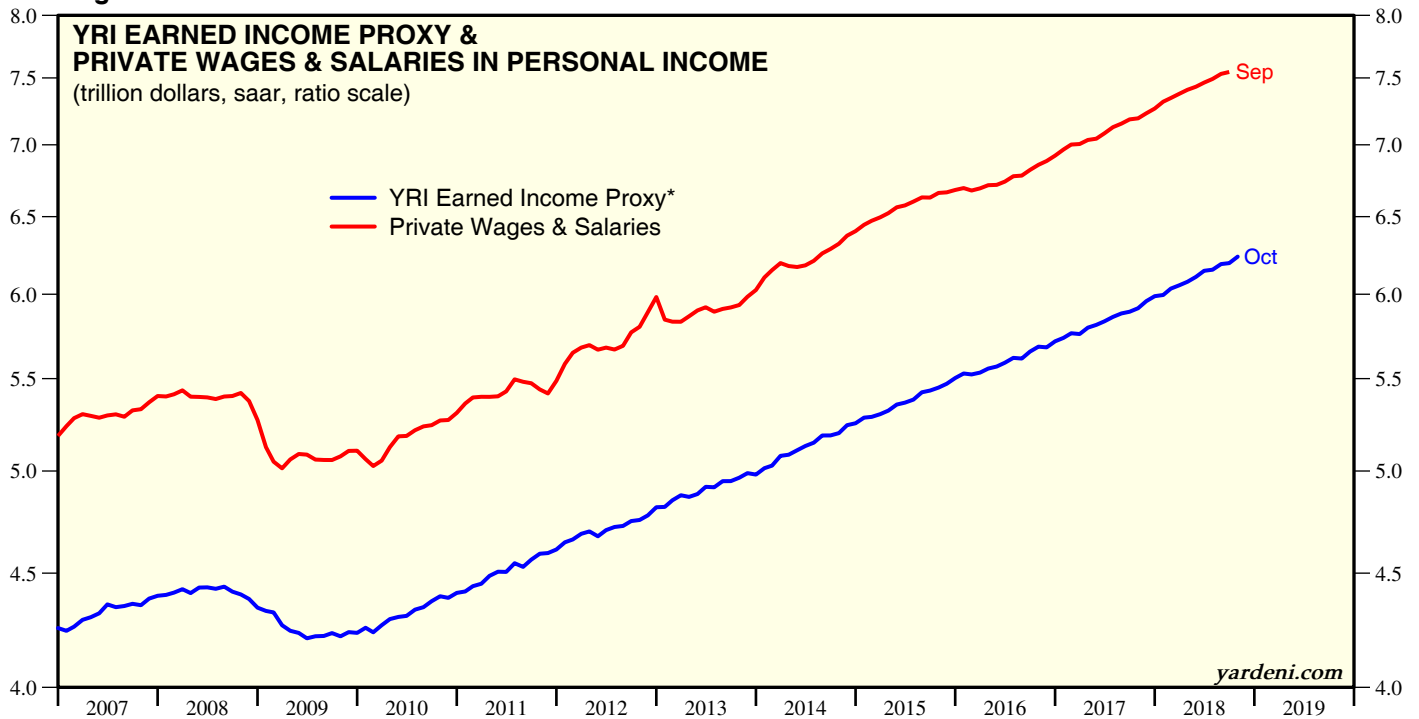
Figure 25.



* Percent of labor force 16-34 years old.
 ** Five-year moving average of yearly percent change in CPI.
 Source: Bureau of Labor Statistics.

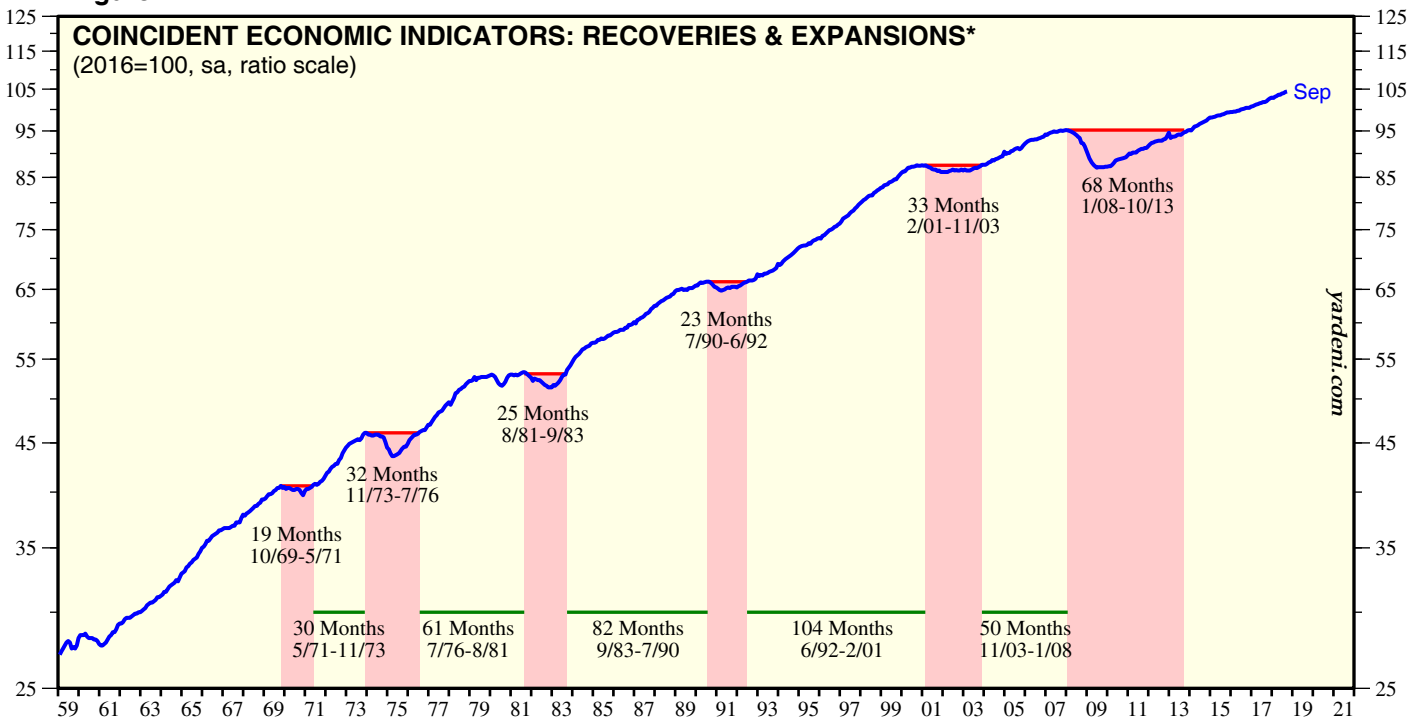
US Economic Indicators

Figure 26.



* Aggregate weekly hours times average hourly earnings of total private industries times 52.
 Source: Bureau of Labor Statistics and Bureau of Economic Analysis.

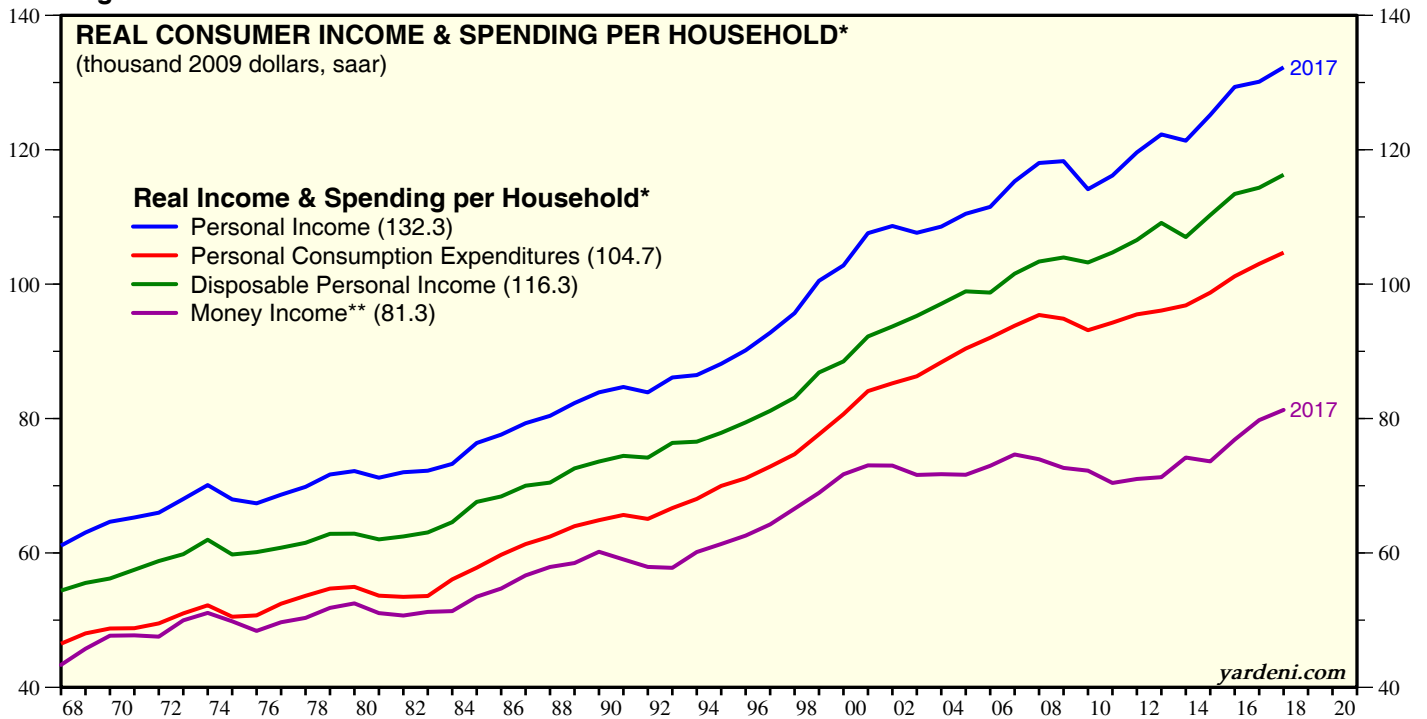
Figure 27.



* Red horizontal lines span cyclical peaks through subsequent cyclical recoveries. Green horizontal lines are expansion periods following recoveries.
 Source: Conference Board, Haver Analytics, and YRI calculations.

US Economic Indicators

Figure 28.

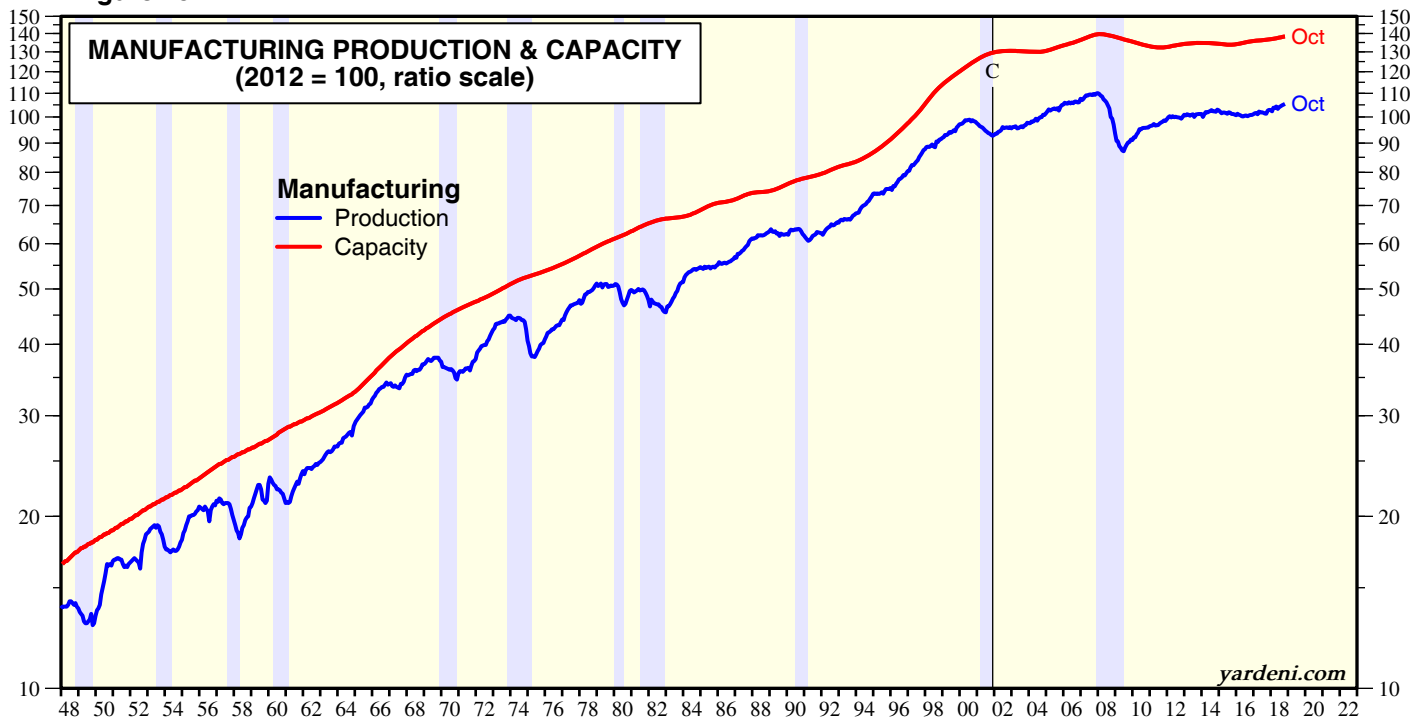


* All series deflated using Personal Consumption Expenditures Deflator.

** Mean household income.

Source: Bureau of Economic Analysis, Bureau of the Census and Current Population Reports.

Figure 29.

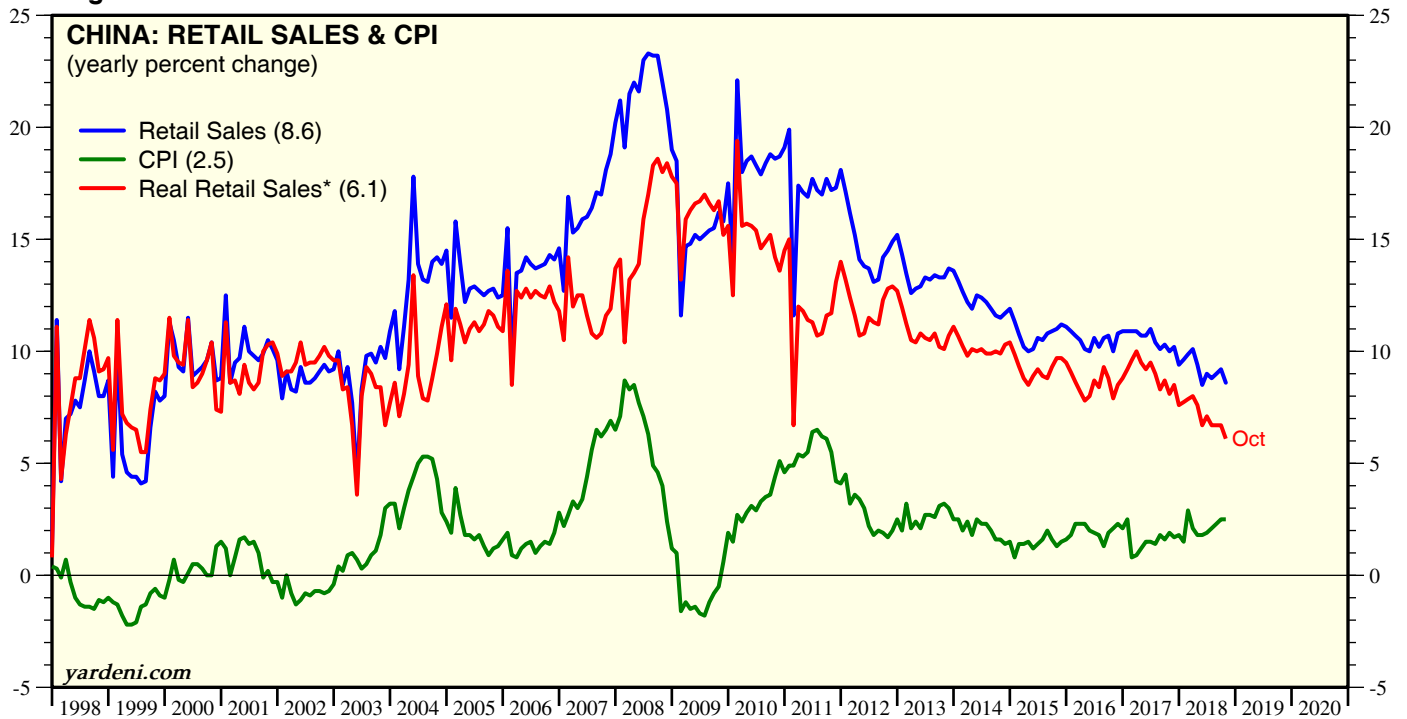


Note: C = China joined WTO on December 11, 2001. Shaded areas denote recessions according to the National Bureau of Economic Research.

Source: Federal Reserve Board.

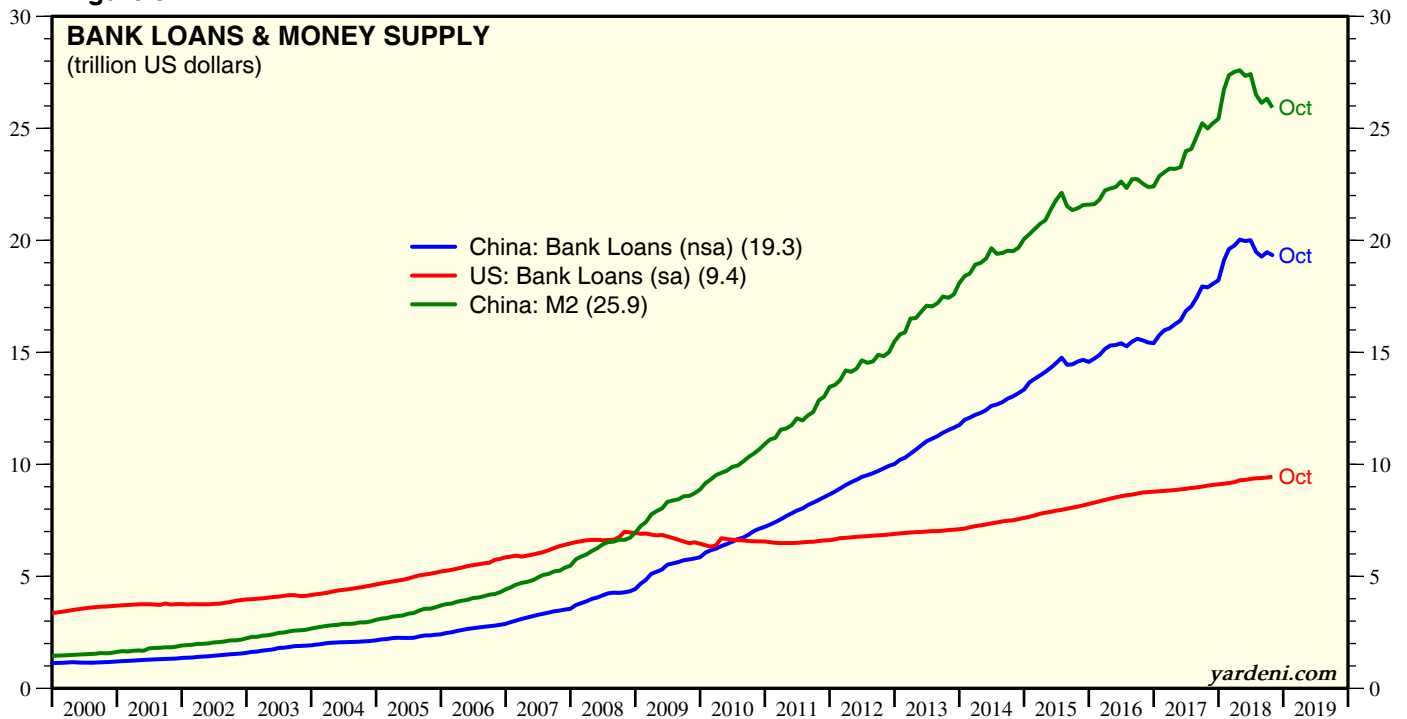
China

Figure 30.



* Yearly percent change in retail sales minus yearly percent change in CPI.
Source: China National Bureau of Statistics.

Figure 31.



Source: Federal Reserve Board and People's Bank of China.

Eurozone

Figure 32.

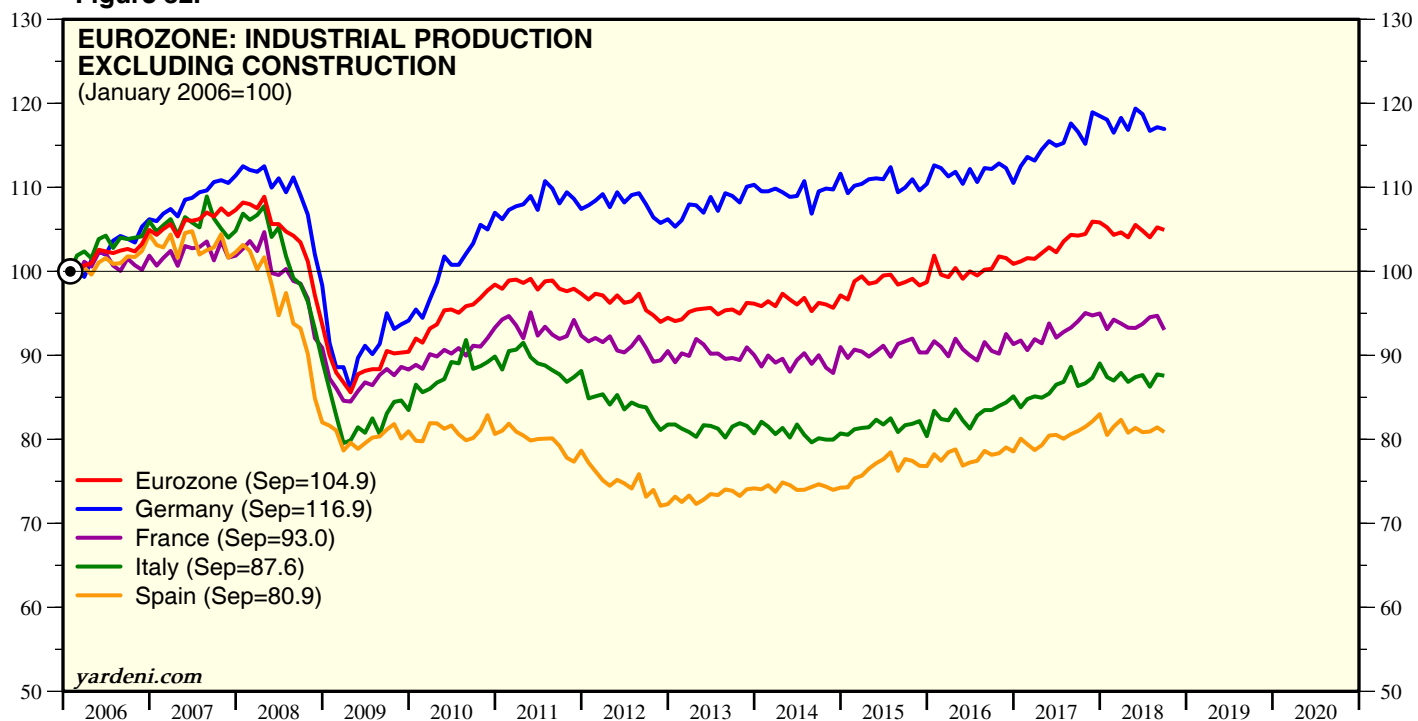
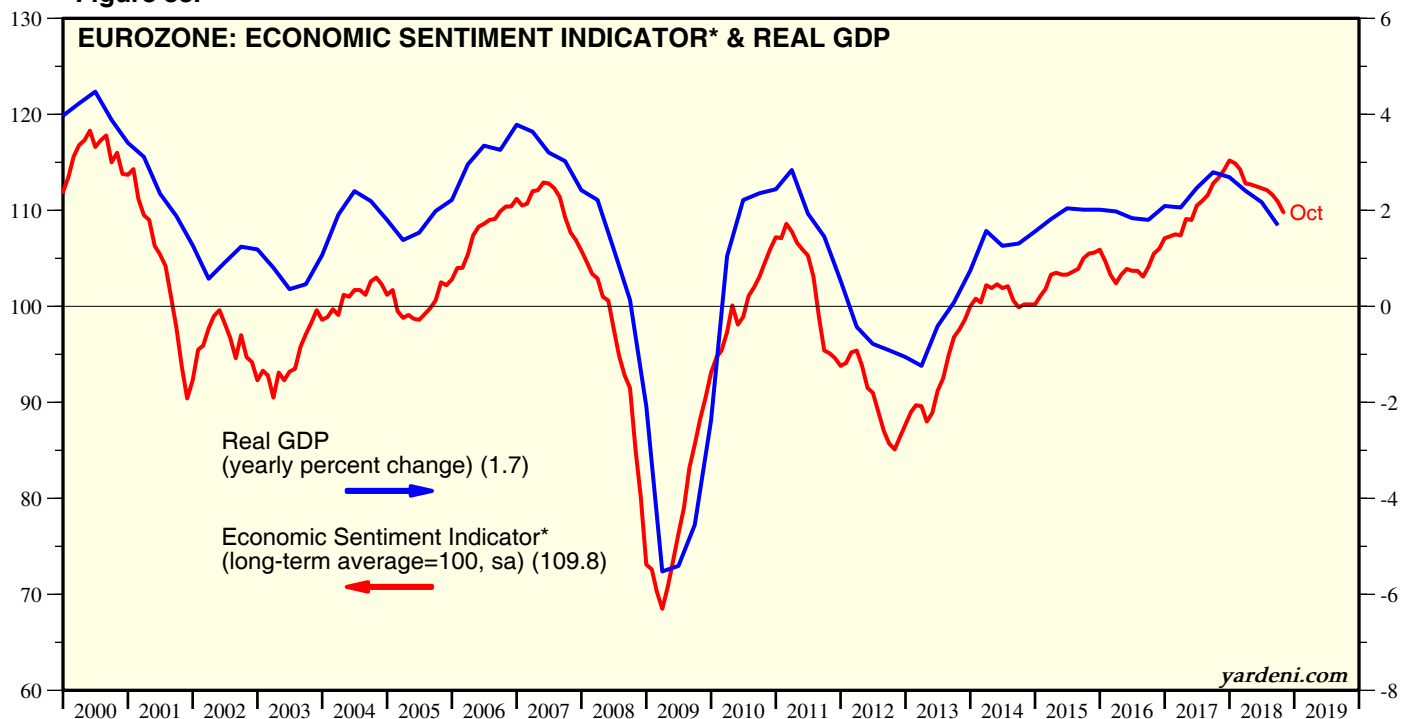


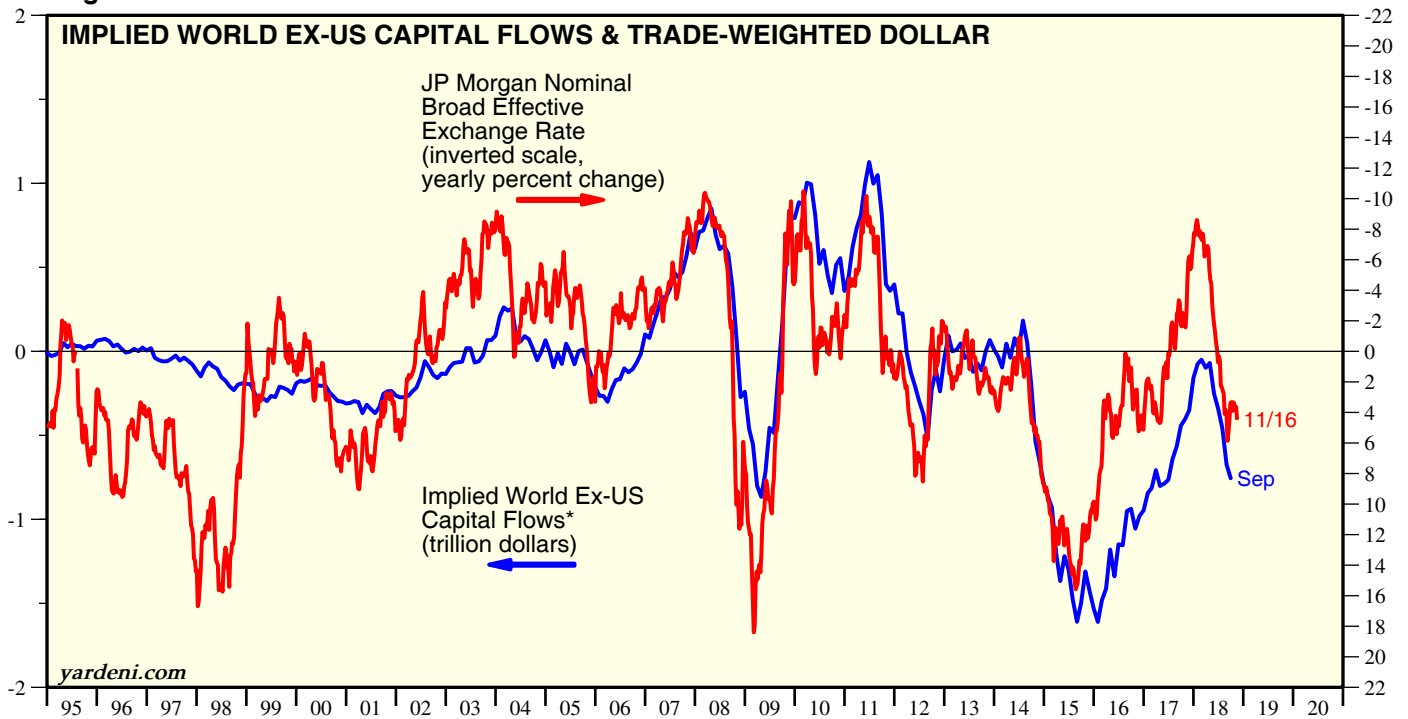
Figure 33.



* The overall economic sentiment indicator (ESI) is derived from the industrial (weight 40%), service (30%), consumer (20%), construction (5%), and retail trade (5%) confidence indicators.
 Source: Statistical Office of the European Communities, European Commission, and Haver Analytics.

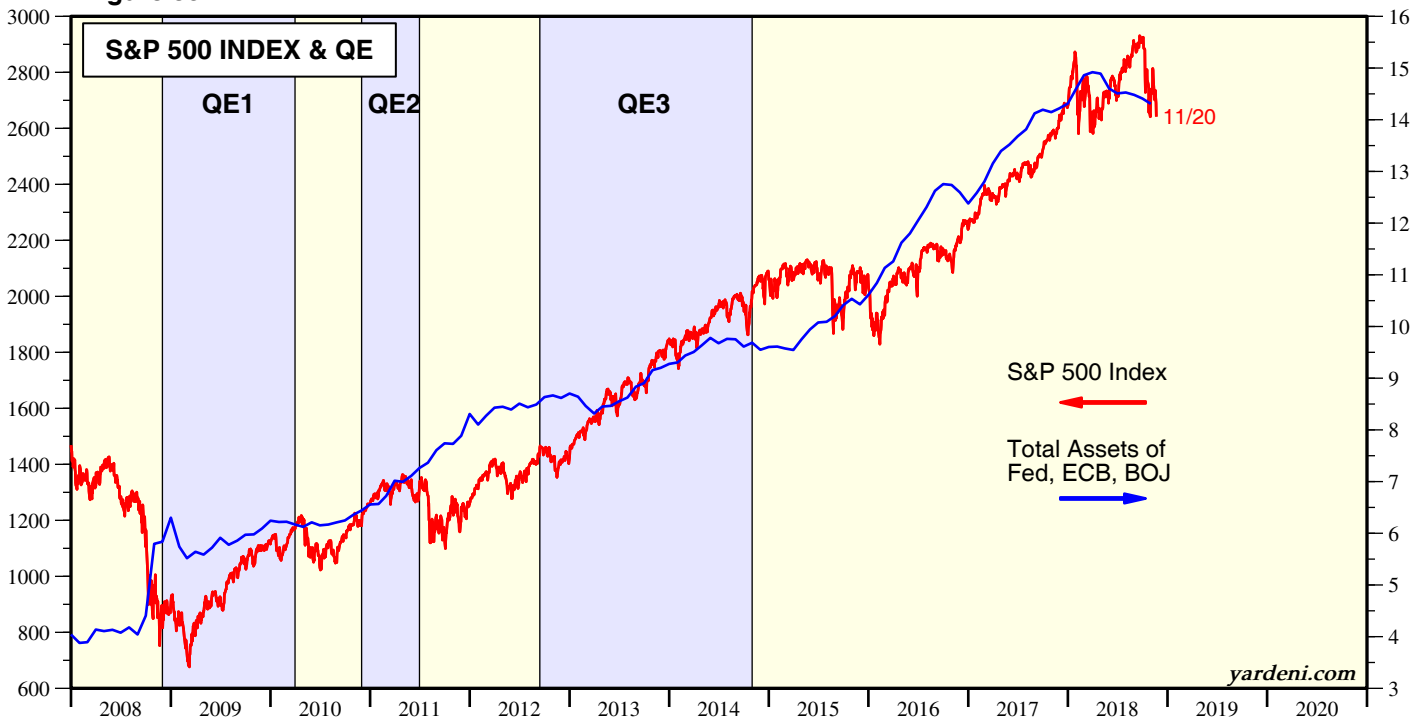
Global

Figure 34.



* 12-month change in non-gold international reserves minus 12-month sum of the merchandise trade surplus (deficit). US trade deficit multiplied by -1.0. Source: International Monetary Fund and JP Morgan.

Figure 35.



Note: QE1 (11/25/08) = Fed starts buying \$1.24tn in mortgage securities. QE1 expanded (3/16/2009) = Fed starts buying \$300bn in Treasuries. QE2 (11/3/10) = Fed starts buying \$600bn in Treasuries. QE3 (9/13/12) = Fed starts buying \$40bn/month in mortgage securities (open ended). QE3 expanded (12/12/12) = Fed starts buying \$45bn/month in Treasuries. Source: Federal Reserve Board, Standard & Poor's and Haver Analytics.

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