

# Stock Market Briefing: Valuation Models Misery Index & Rule of 20

Yardeni Research, Inc.

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*thinking outside the box*

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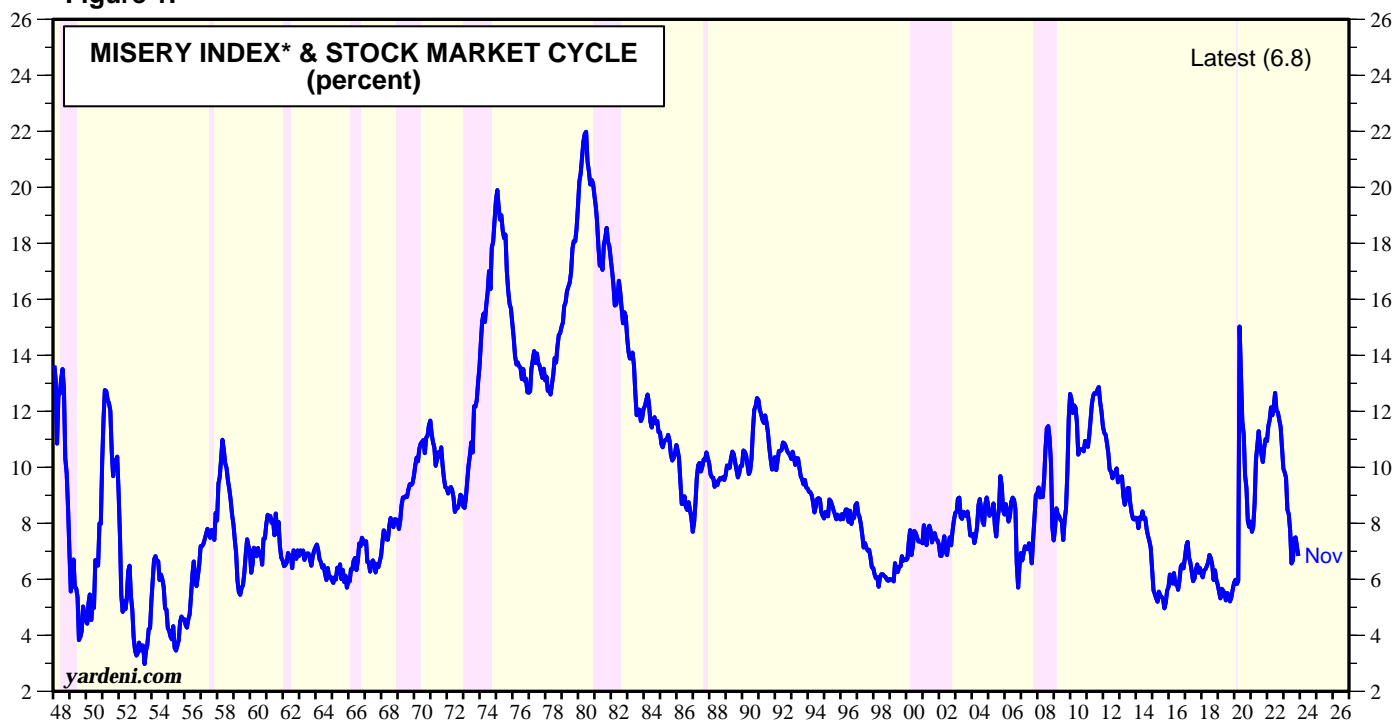
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Misery Index

1-6

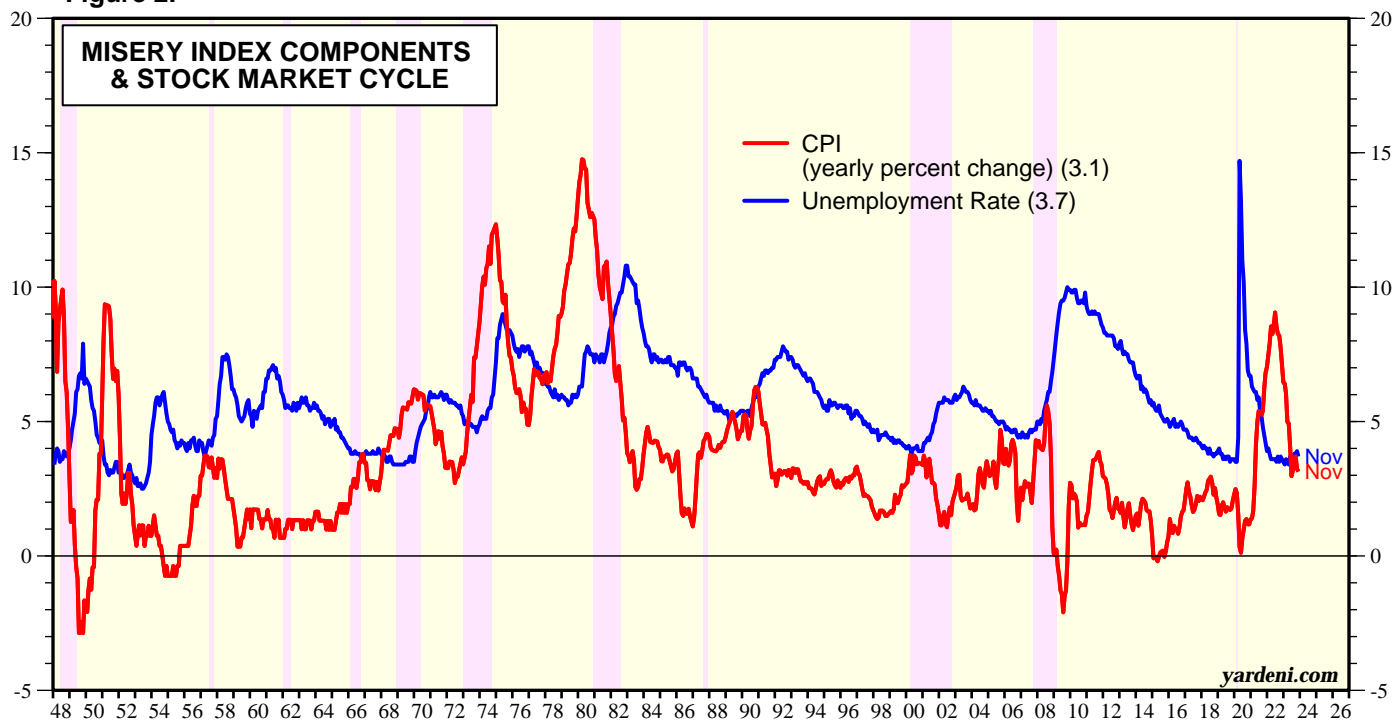
# Misery Index

Figure 1.



\* Unemployment rate plus yearly percent change in consumer price index.  
 Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.  
 Source: Bureau of Economic Analysis and Bureau of Labor Statistics.

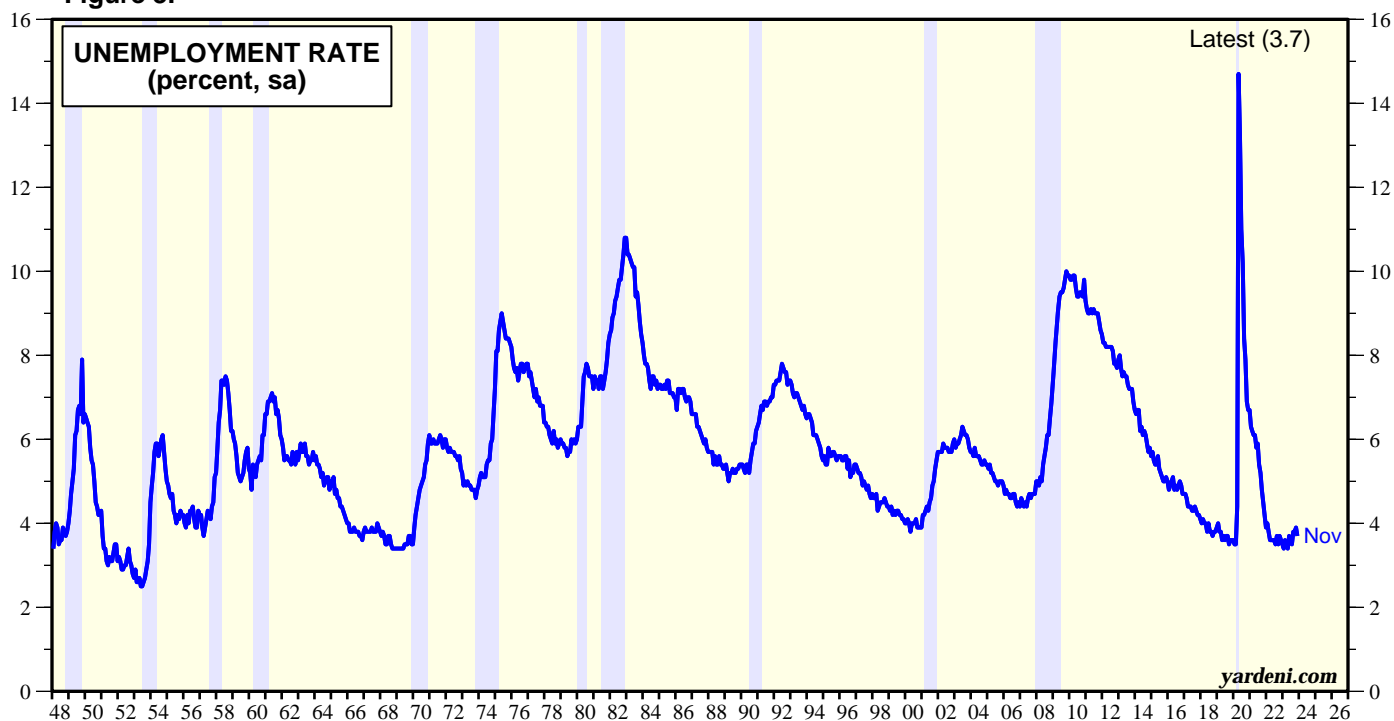
Figure 2.



Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.  
 Source: Bureau of Economic Analysis and Bureau of Labor Statistics.

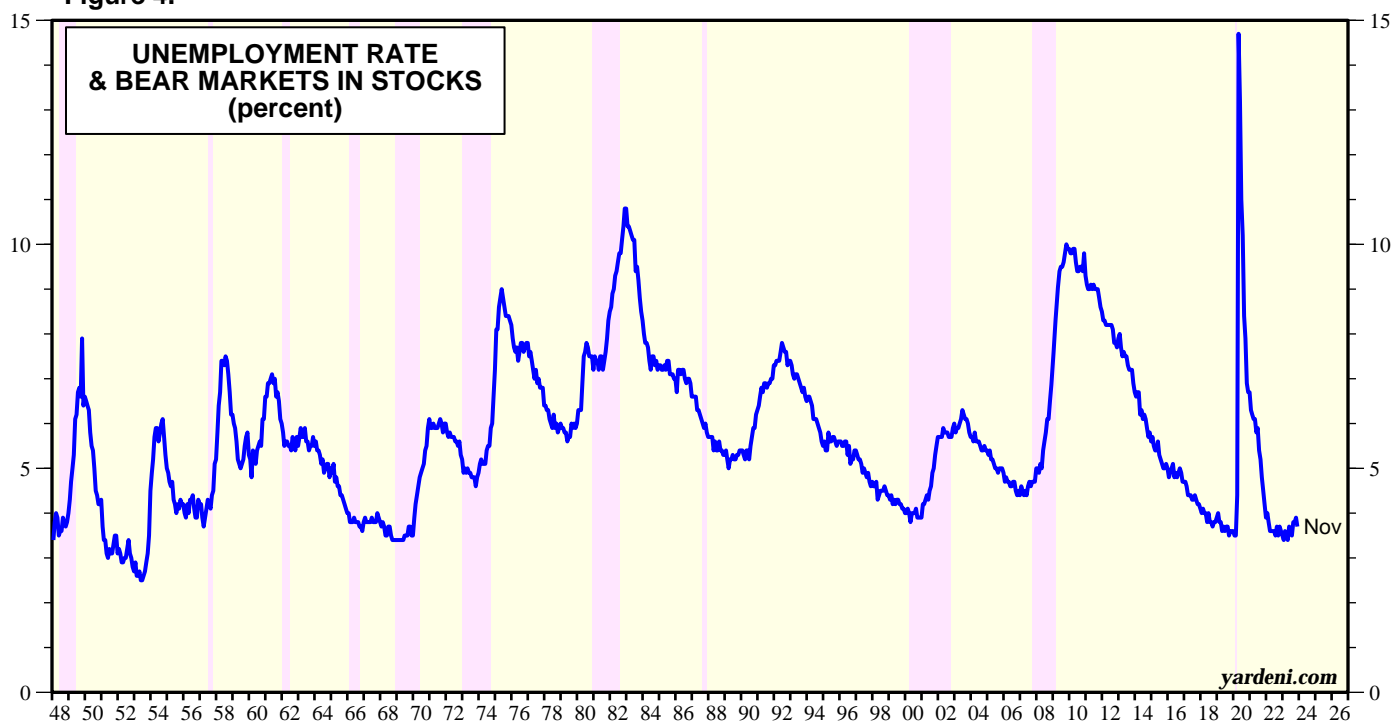
# Misery Index

Figure 3.



Note: Shaded areas are recessions according to the National Bureau of Economic Research.  
Source: Bureau of Labor Statistics.

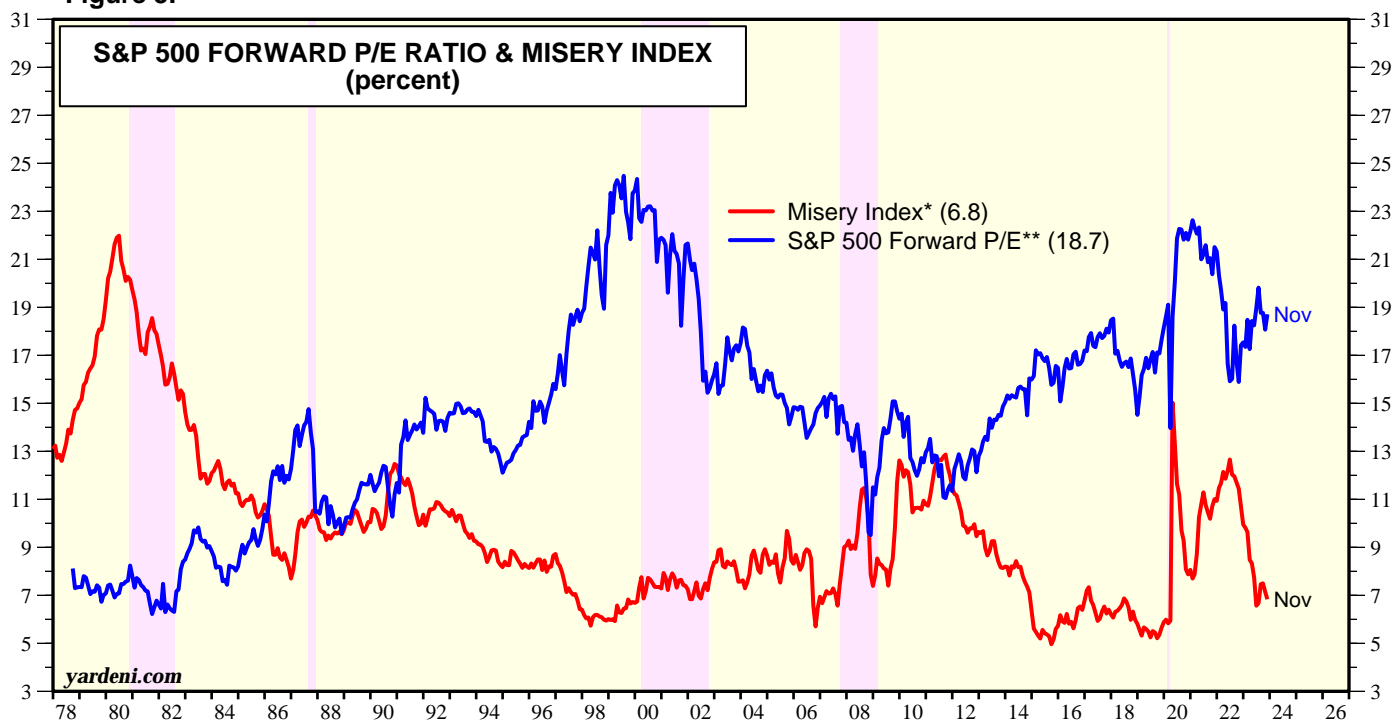
Figure 4.



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

# Misery Index

Figure 5.



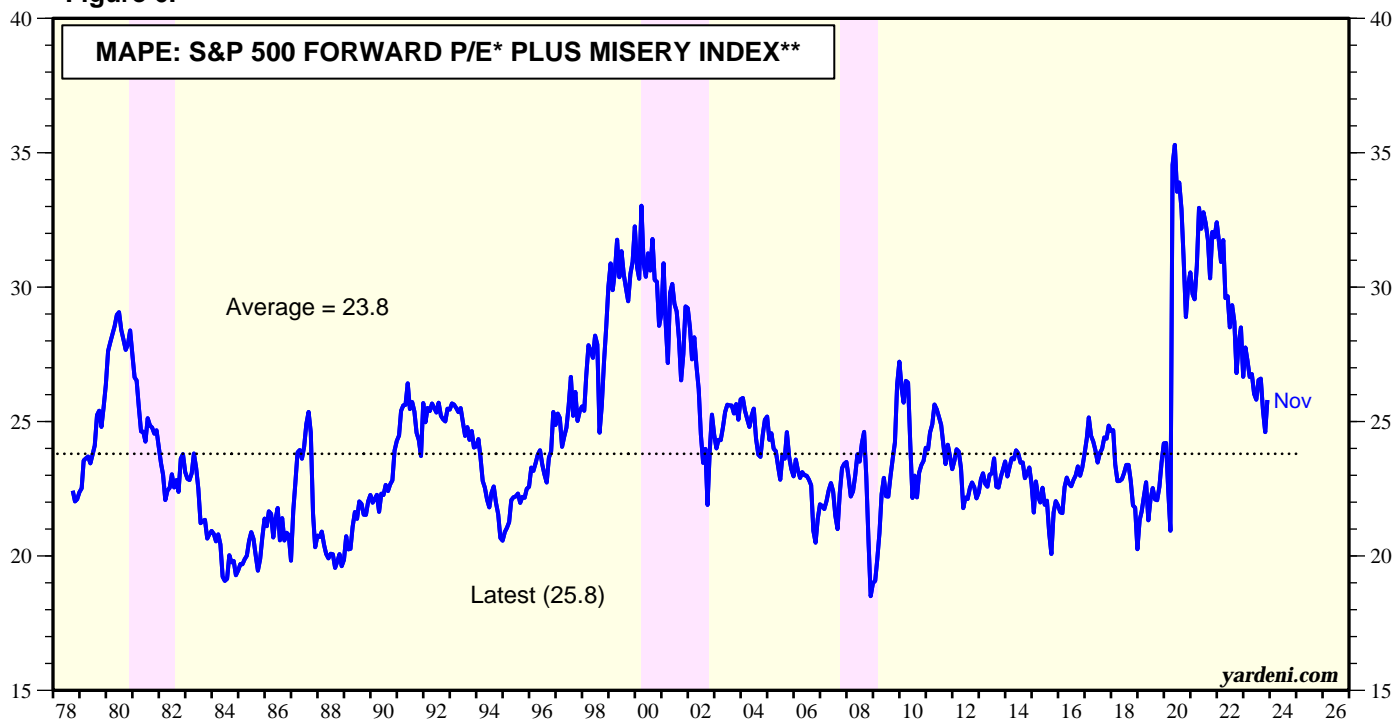
\* Unemployment rate plus yearly percent change in consumer price index.

\*\* Average monthly S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings per share.

Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and I/B/E/S data by Refinitiv.

Figure 6.



\* Average monthly S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings per share.

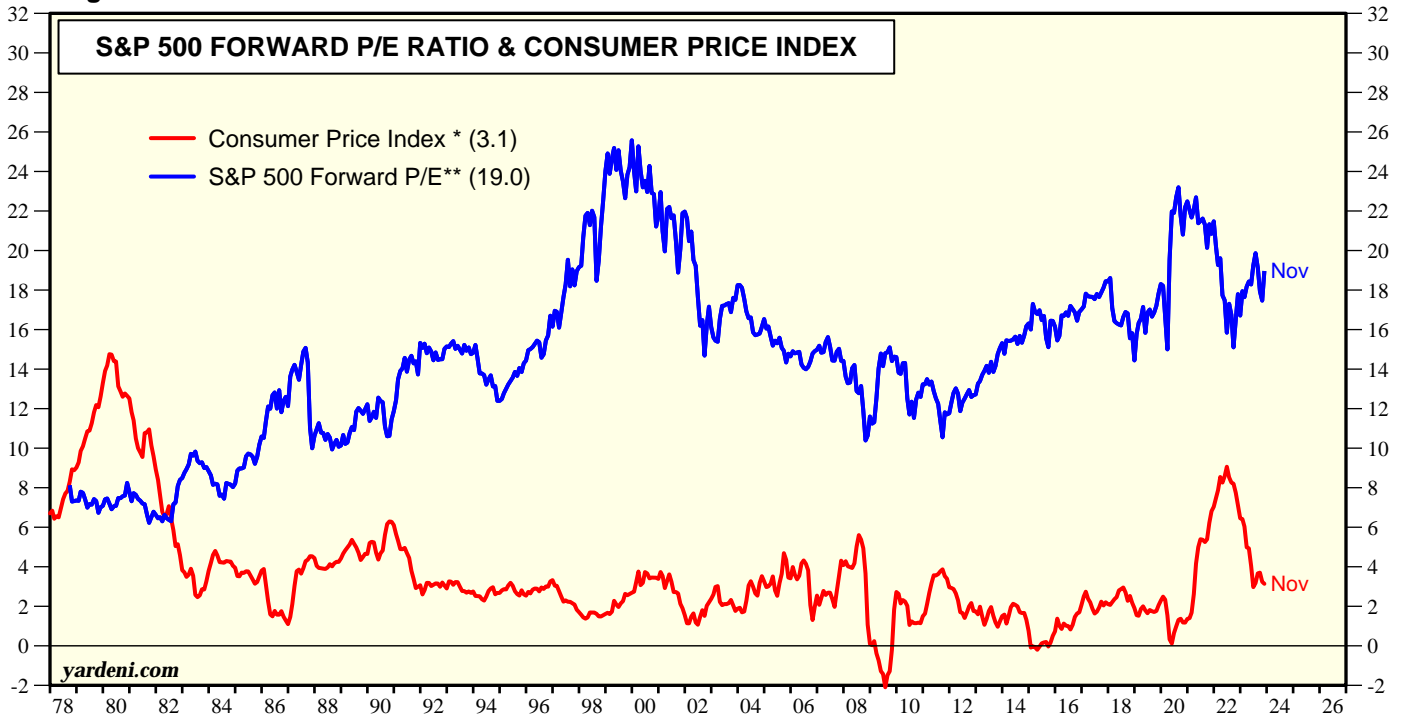
\*\* Unemployment rate plus yearly percent change in consumer price index.

Note: Bear markets are declines of 20% or more (in red shades).

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and I/B/E/S data by Refinitiv.

# Misery Index

Figure 7.

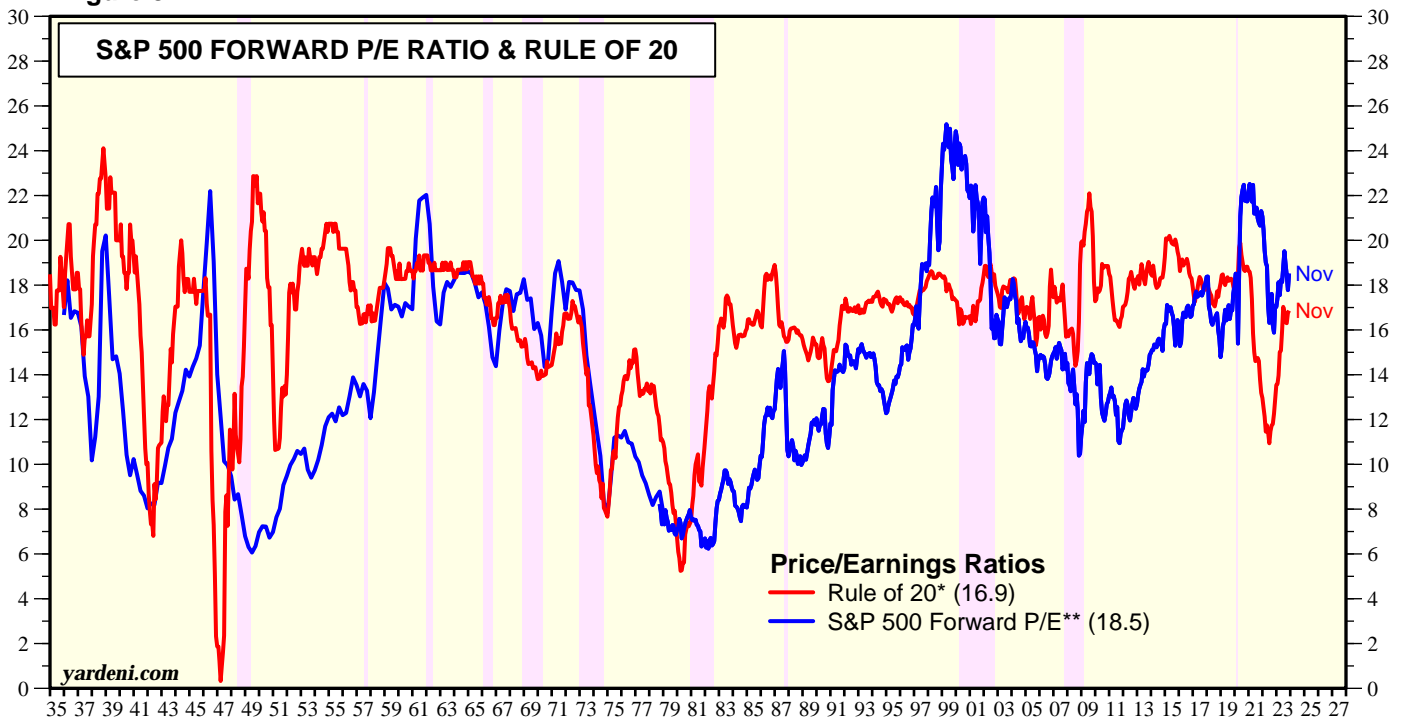


\* yearly percent change.

\*\* Average monthly S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings per share.

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and I/B/E/S data by Refinitiv.

Figure 8.



\* 20.0 minus yearly percent change in CPI.

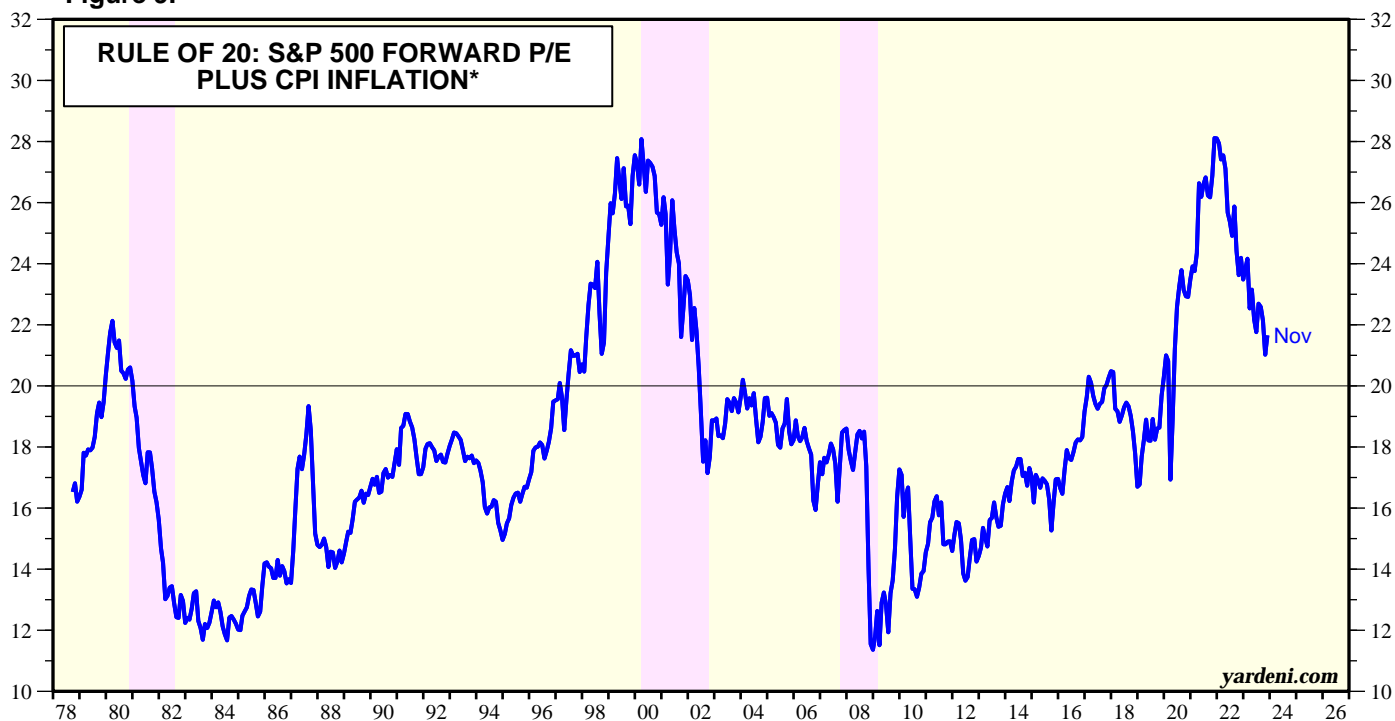
\*\* Four-quarter trailing sum of reported earnings through 1978, then time-weighted average of analysts' consensus estimates for S&P 500 operating earnings per share for current year and next year. Monthly from January 1979.

Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and I/B/E/S data by Refinitiv.

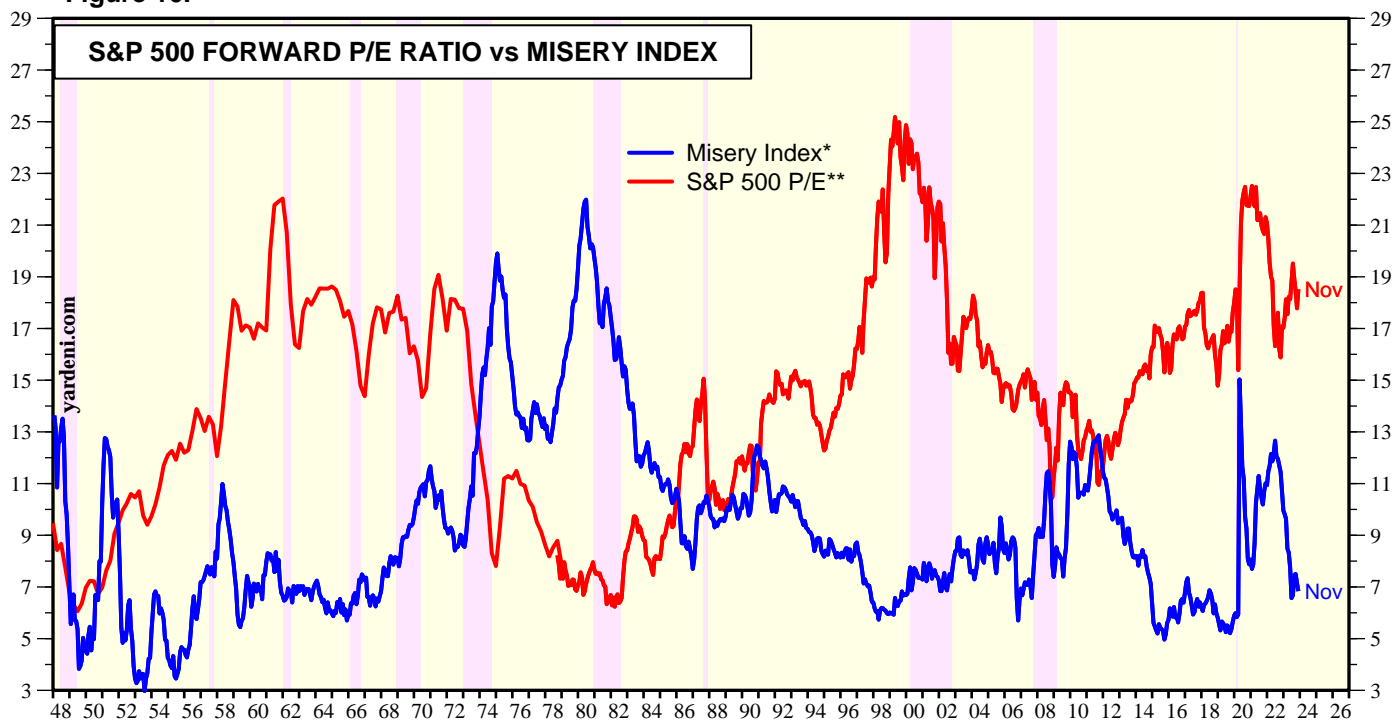
# Misery Index

Figure 9.



\* Using forward P/E monthly and yearly percent change in CPI for inflation.  
 Note: Bear markets are declines of 20% or more (in red shades).  
 Source: I/B/E/S data by Refinitiv, Standard & Poor's, and Bureau of Labor Statistics.

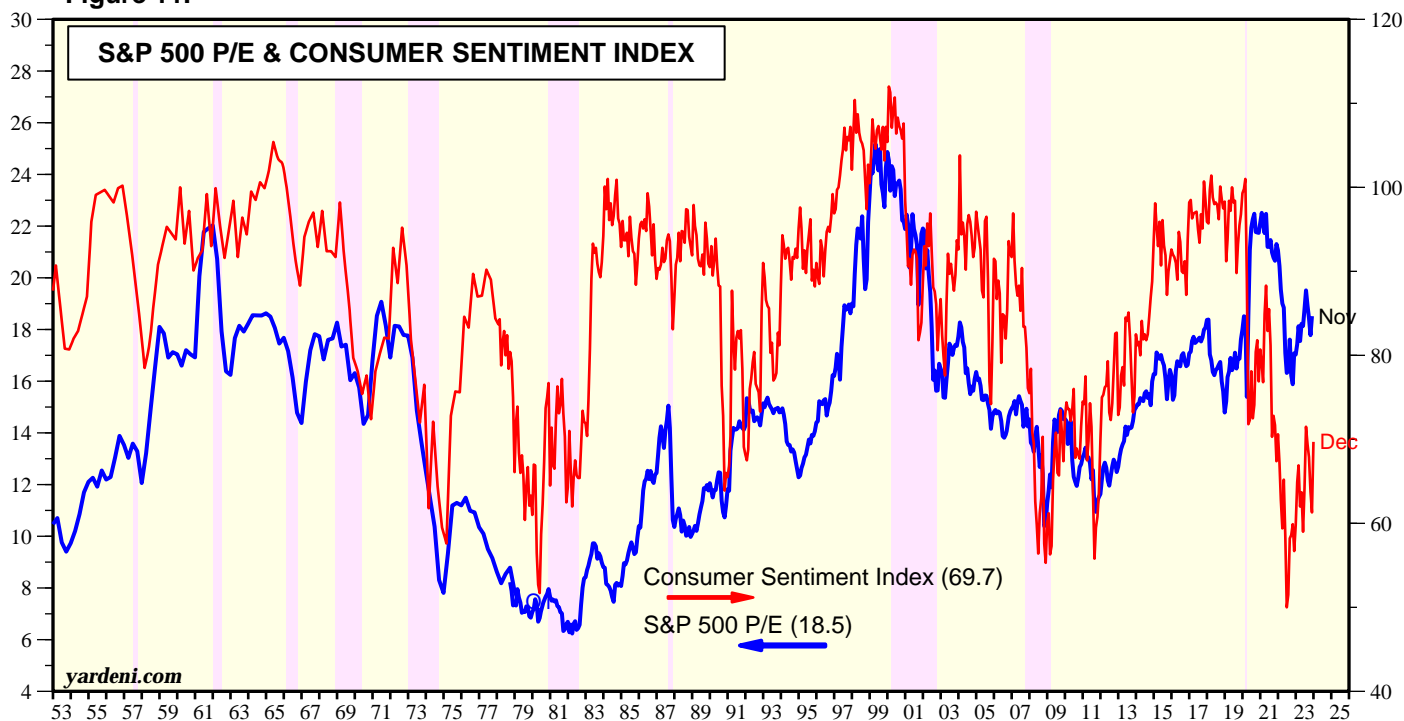
Figure 10.



\* Unemployment rate plus yearly percent change in consumer price index.  
 \* Four-quarter trailing sum of reported earnings through 1978, then time-weighted average of analysts' consensus estimates for S&P 500 operating earnings per share for current year and next year. Monthly from January 1979.  
 Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets  
 Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and I/B/E/S data by Refinitiv.

# Misery Index

Figure 11.



\* Four-quarter trailing sum of reported earnings through 1978, then time-weighted average of analysts' consensus estimates for S&P 500 operating earnings per share for current year and next year. Monthly from January 1979.  
 Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas are bull markets.  
 Source: I/B/E/S data by Refinitiv, Standard & Poor's, and University of Michigan Survey Research Center.



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