

Stock Market Briefing: Valuation Models

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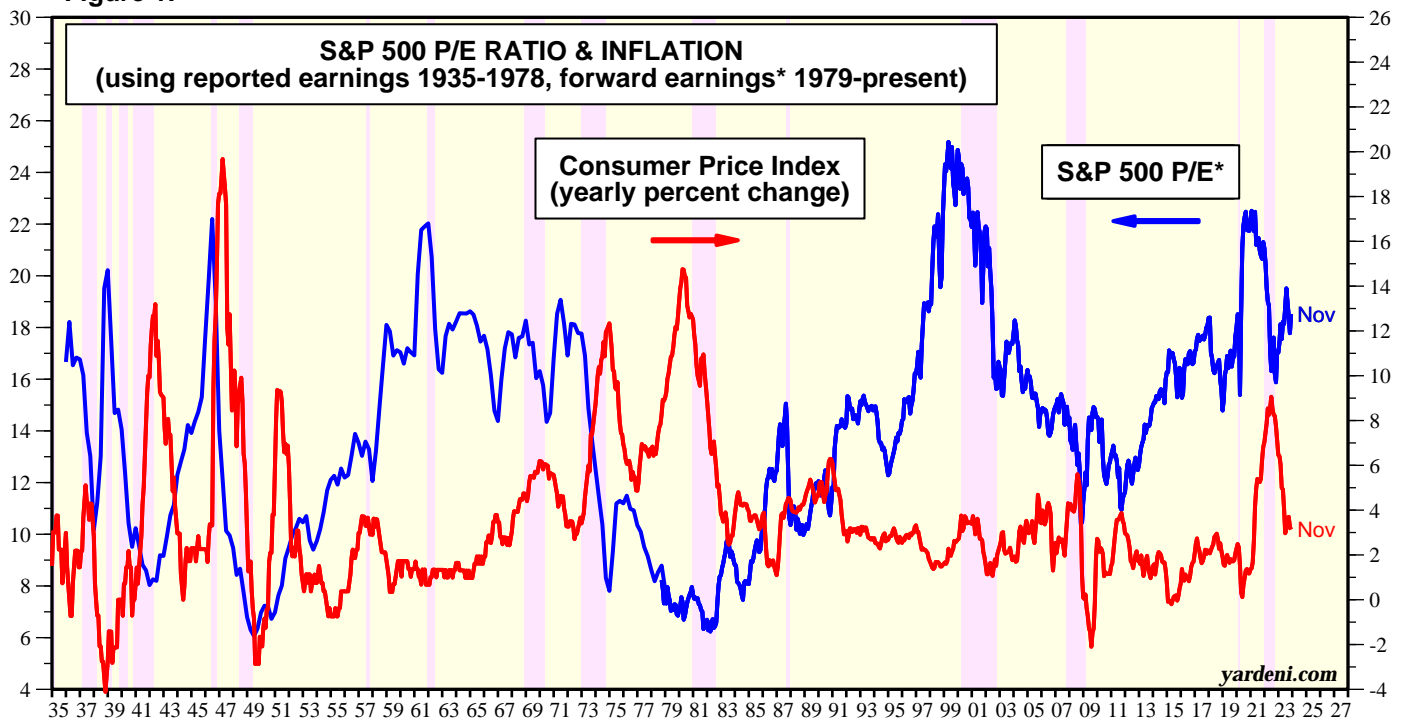


thinking outside the box

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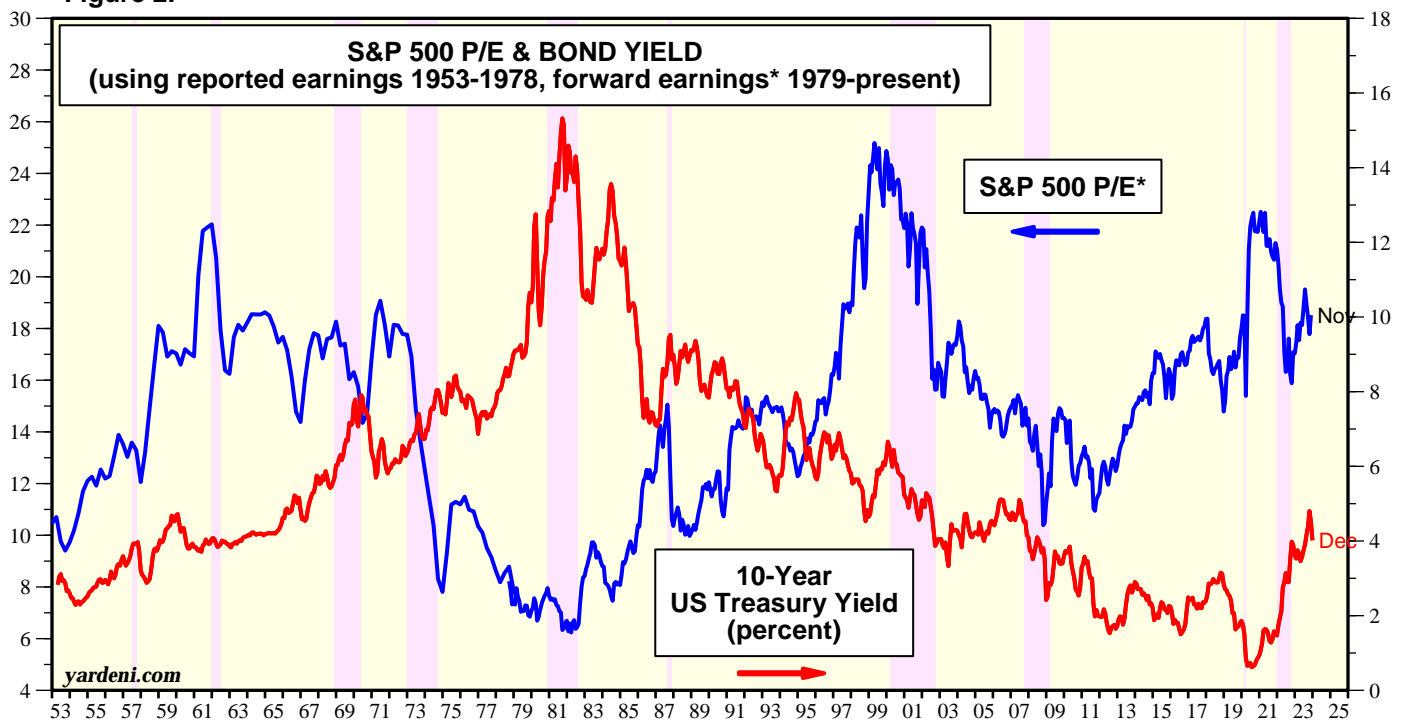
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Figure 1.



* 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 and Standard & Poor's.

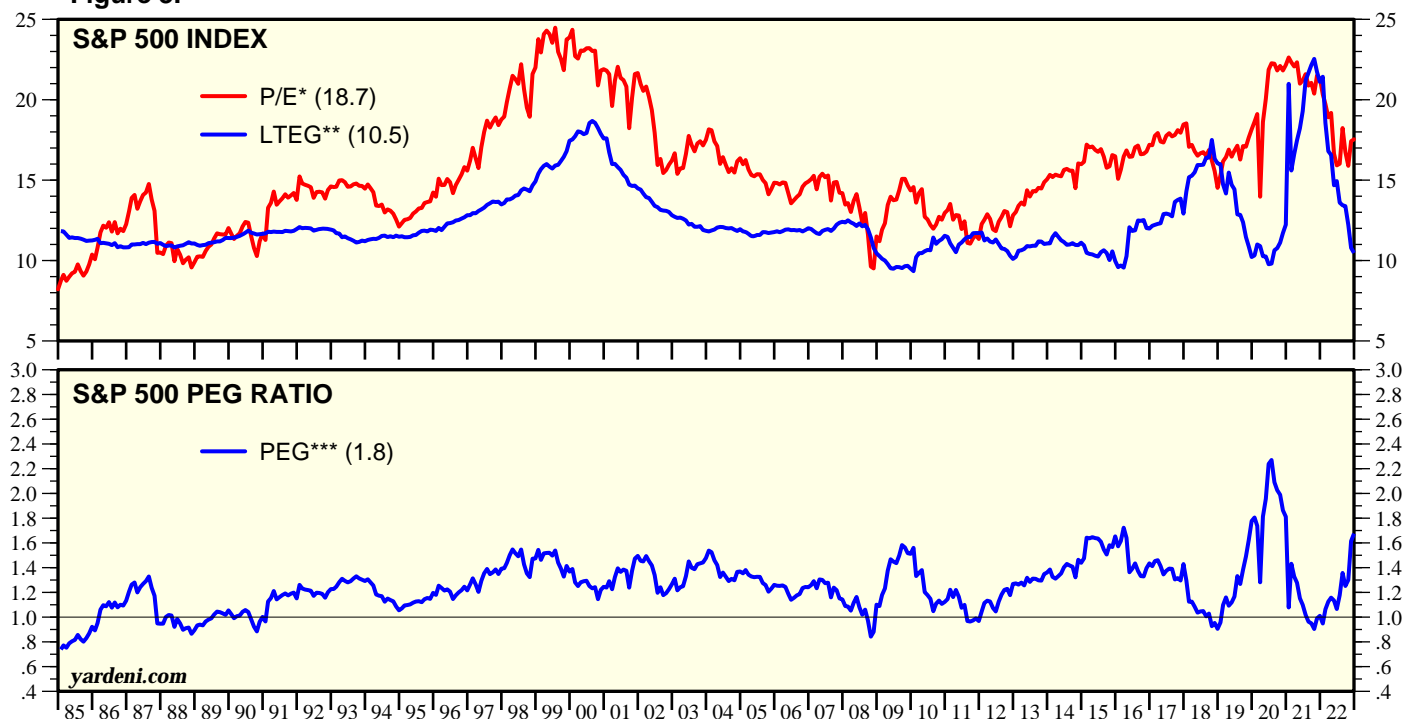
Figure 2.



* 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 Federal Reserve Board.

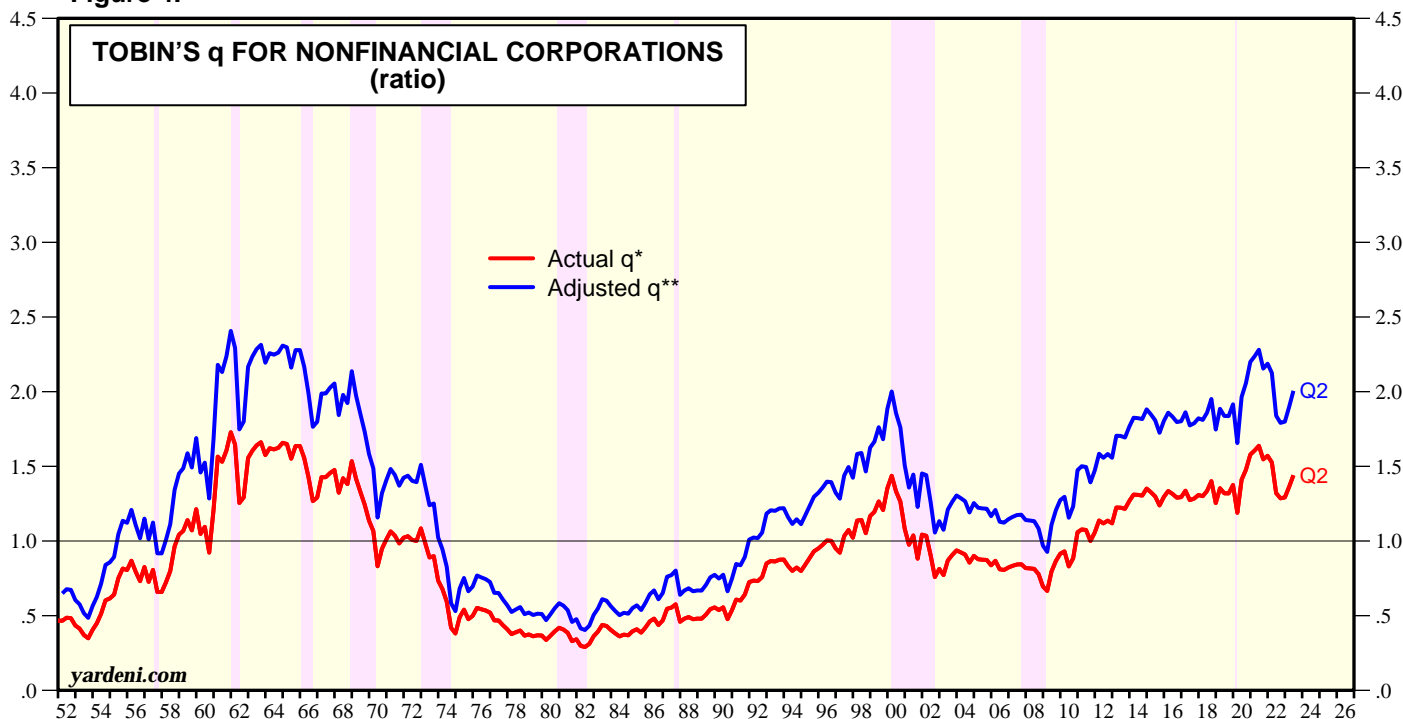
Valuation Models

Figure 3.



* P/E = price-to-earnings ratio using mid-month price and 12-month forward consensus earnings expectations.
 ** LTEG = consensus median 5-year expected earnings growth.
 *** PEG = P/E divided by LTEG.
 Source: I/B/E/S data by Refinitiv.

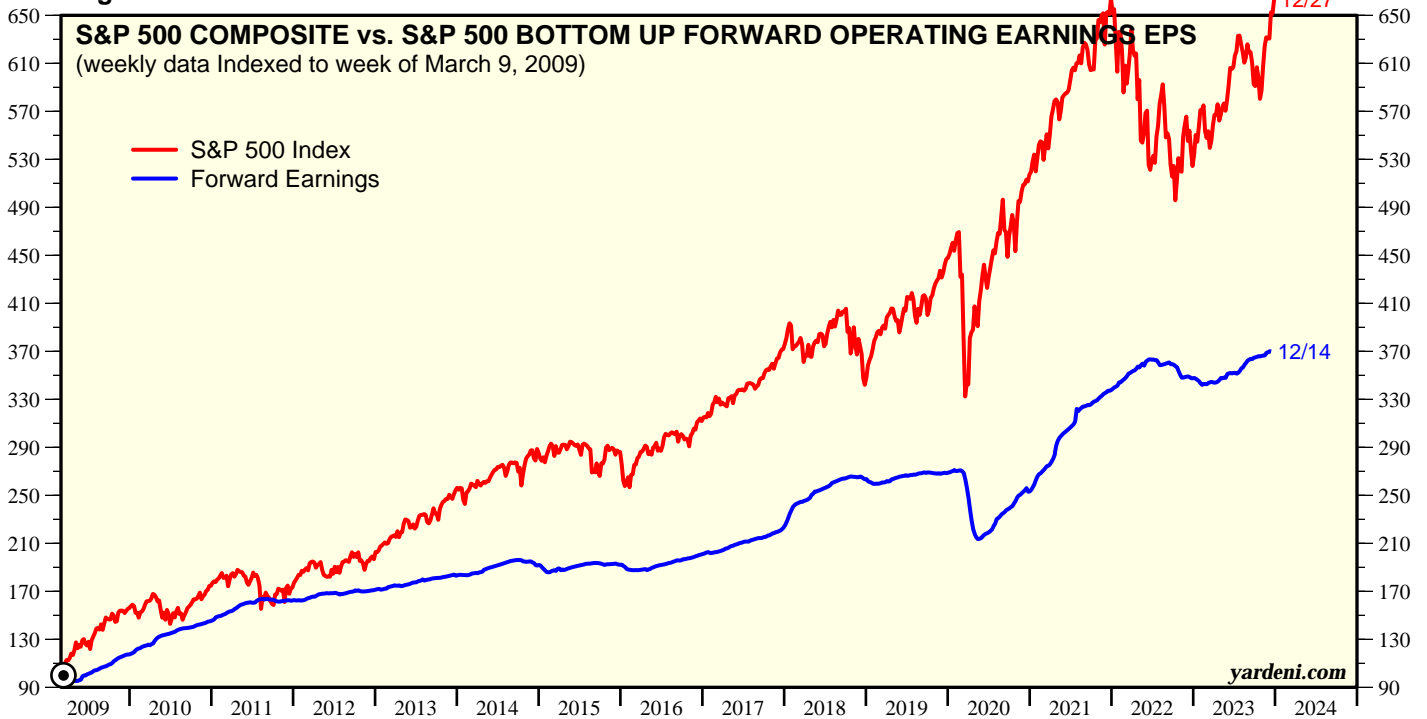
Figure 4.



* 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.

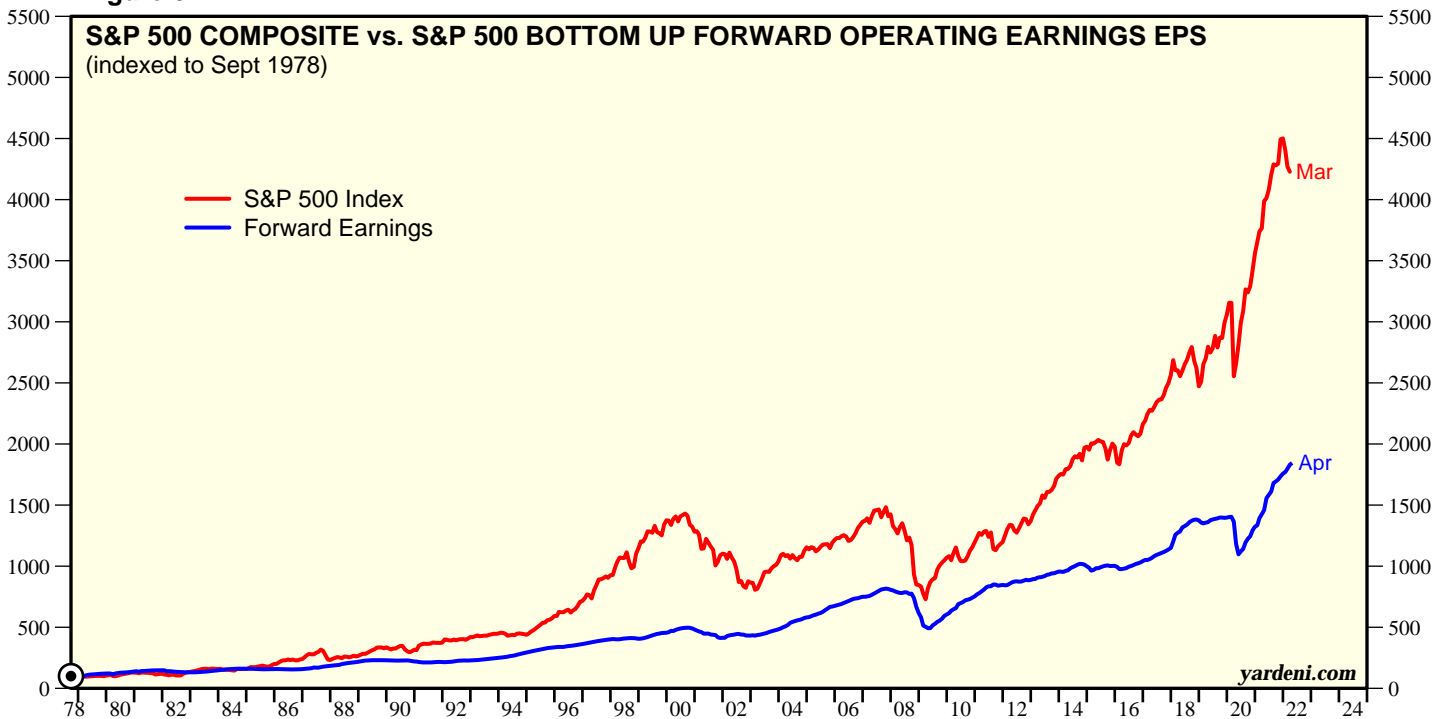
S&P 500 Index & Forward Earnings

Figure 5.



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

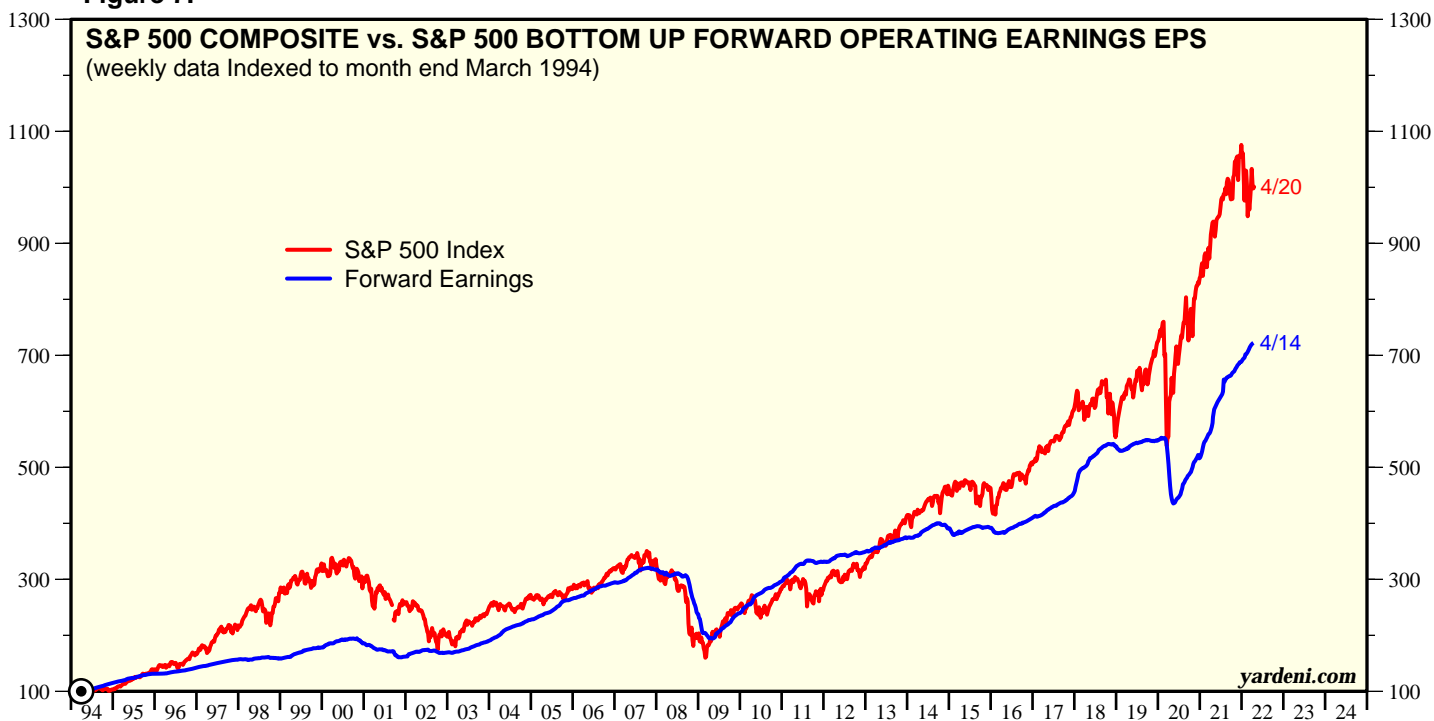
Figure 6.



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

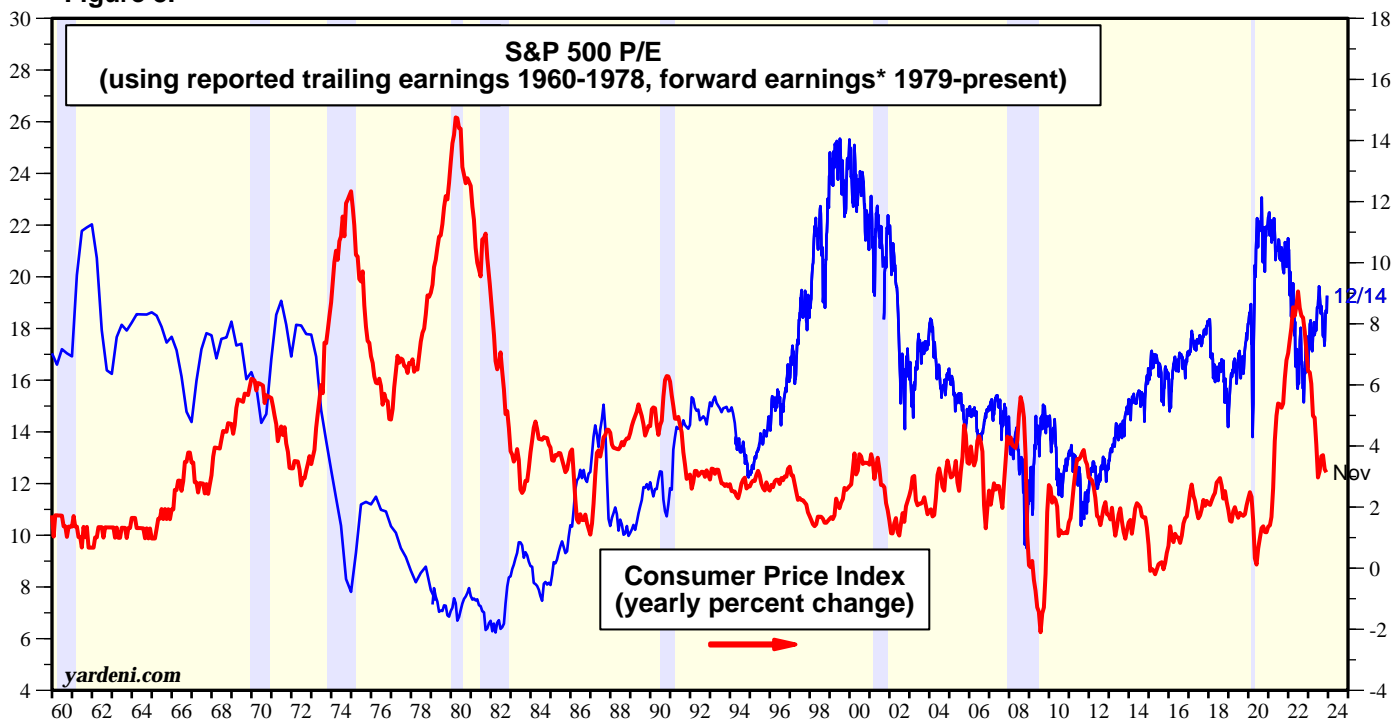
S&P 500 Index & Forward Earnings

Figure 7.



Source: I/B/E/S data by Refinitiv.

Figure 8.



* Time-weighted average of consensus estimates of S&P 500 operating earnings per share for current year and next year. Monthly from January 1979 through April 1994, then weekly.

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

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

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