

Predicting the Markets

Chapter 15 Charts: Predicting Stocks

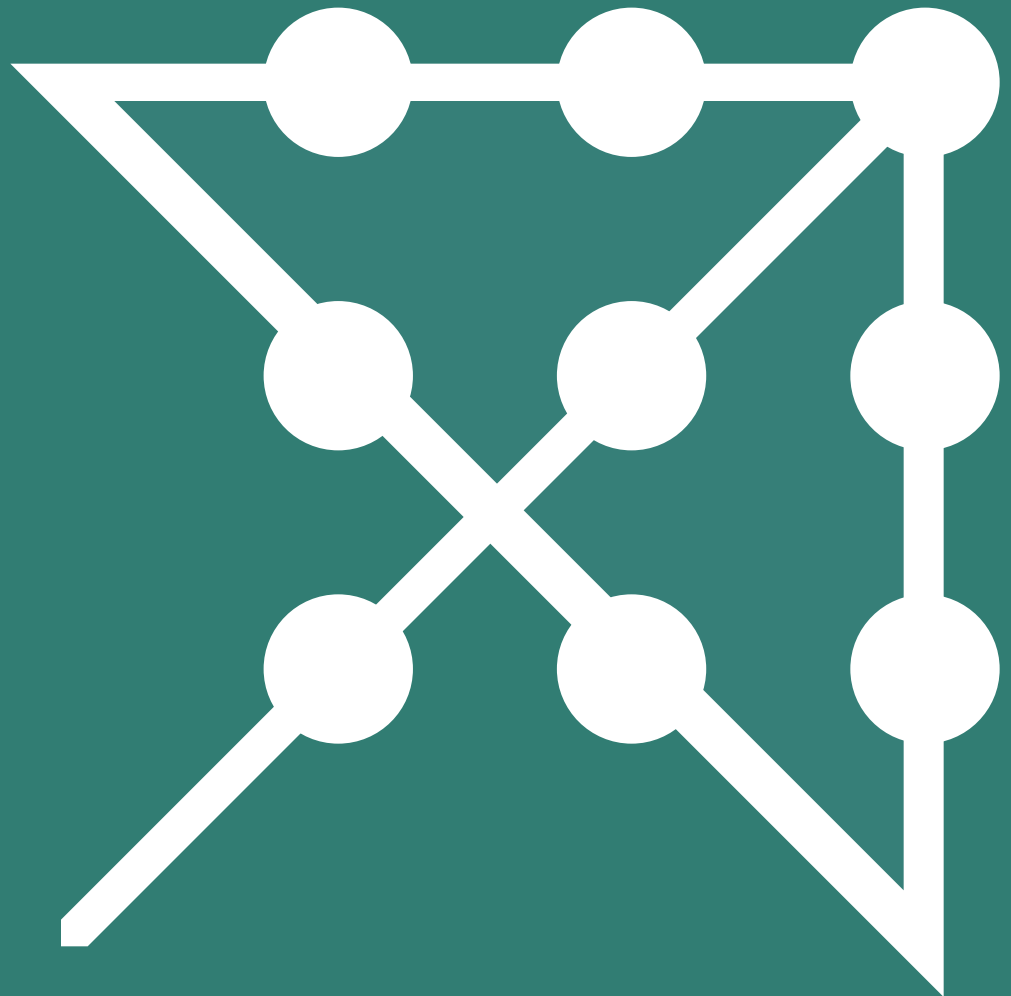
Yardeni Research, Inc.

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thinking outside the box

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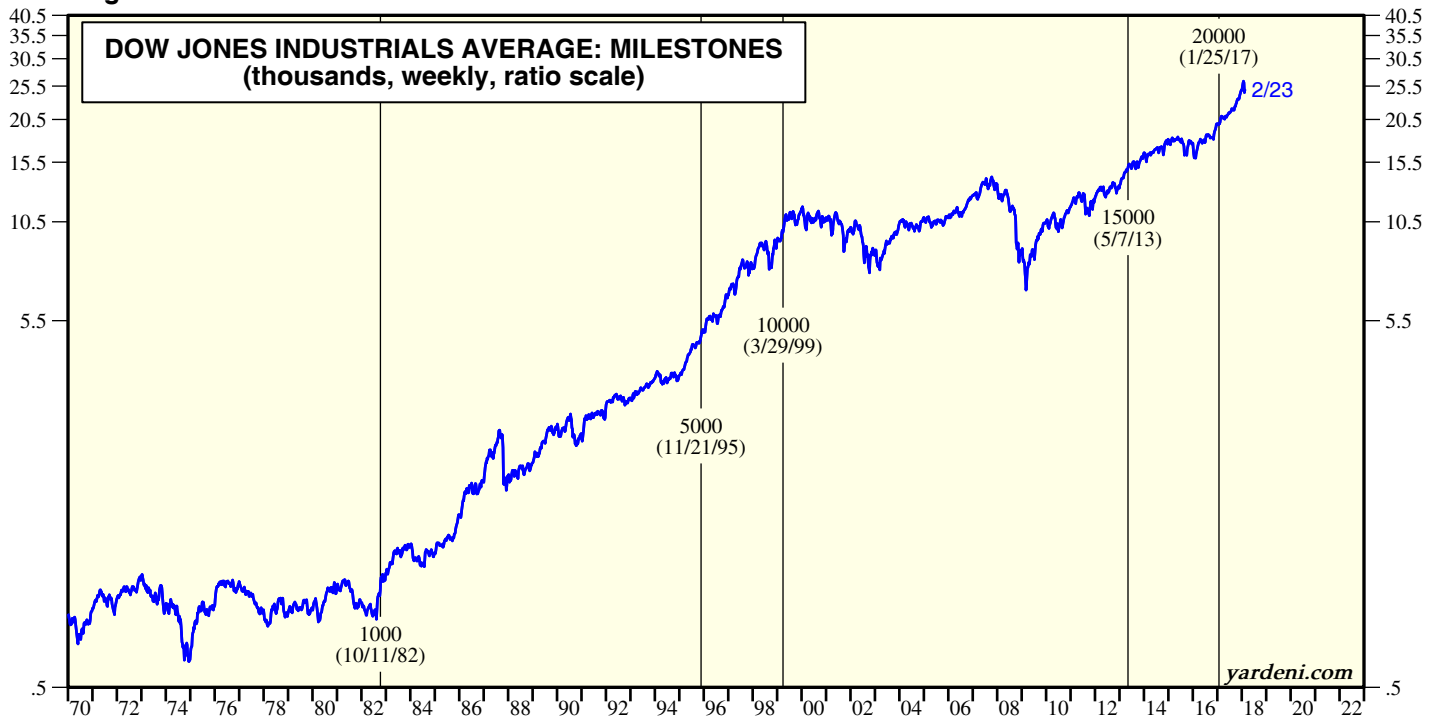
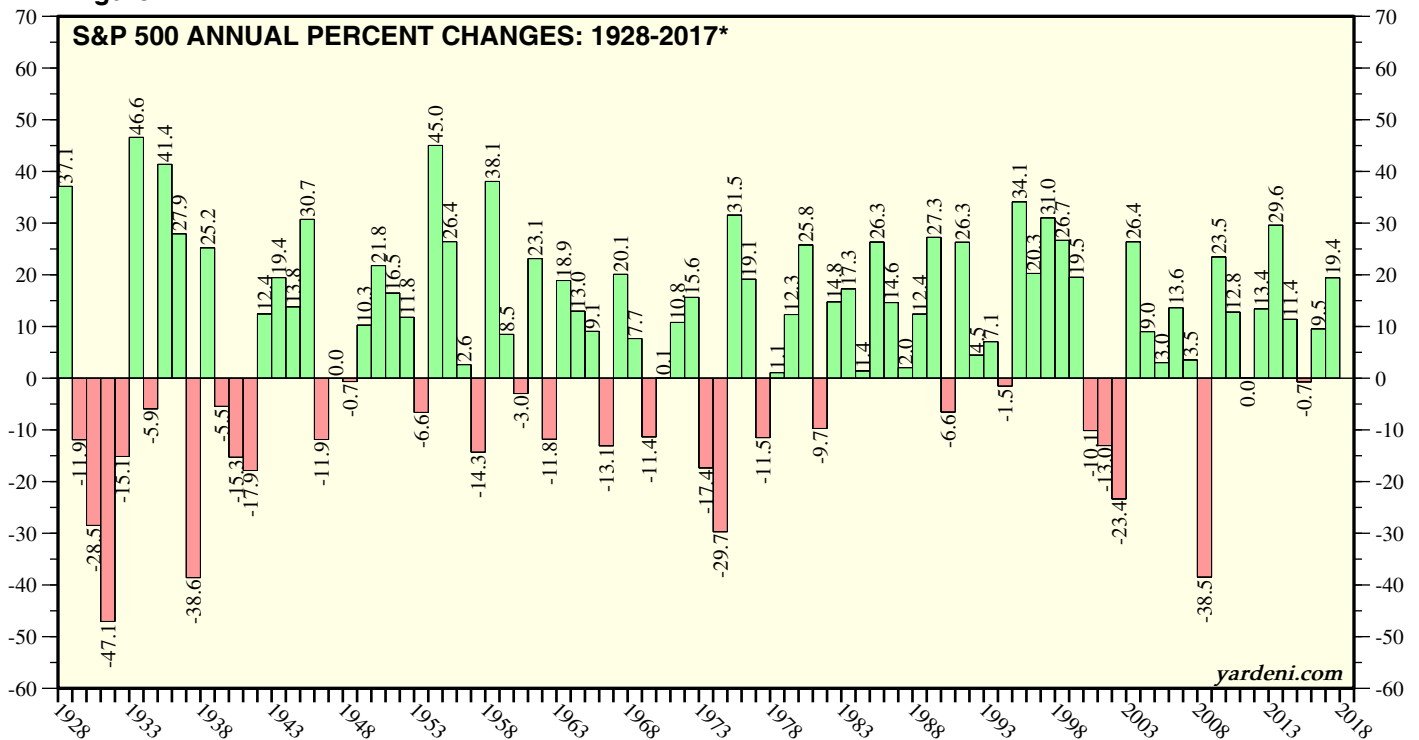
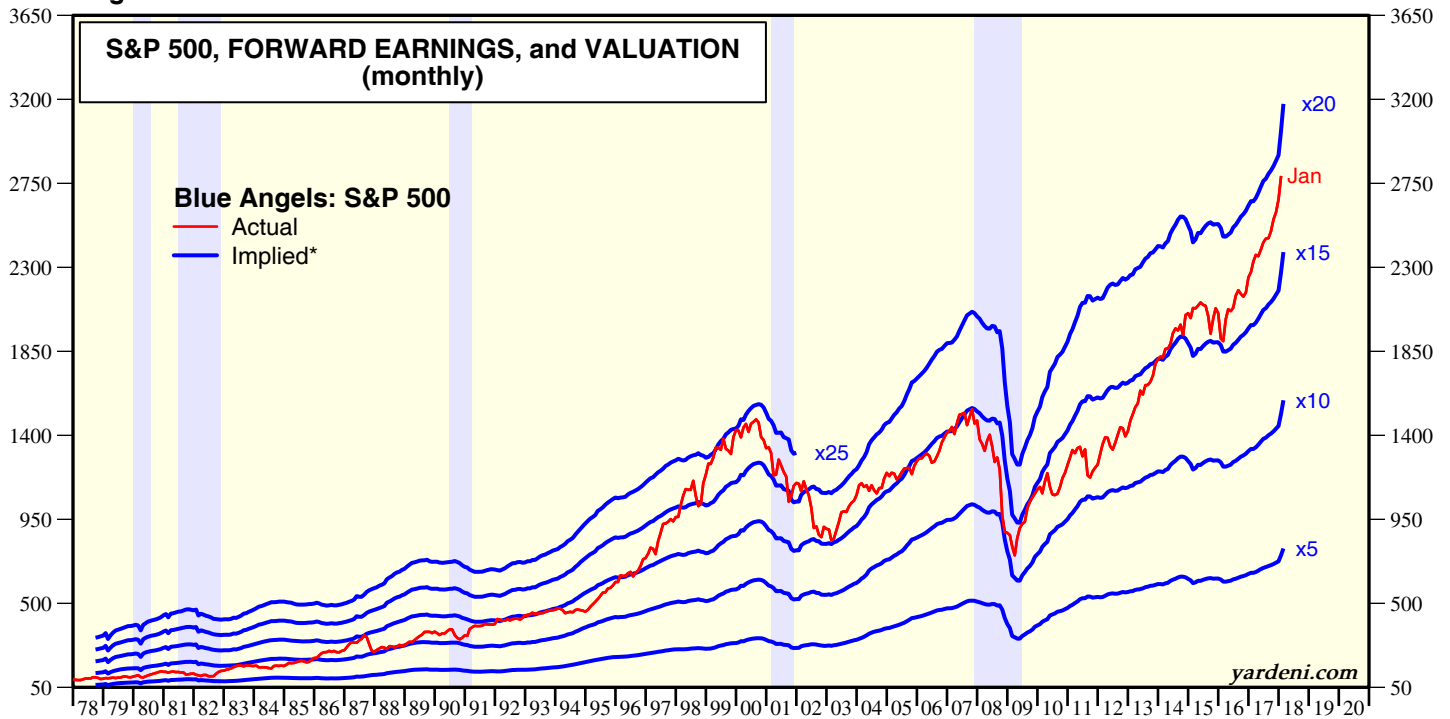


Figure 2.



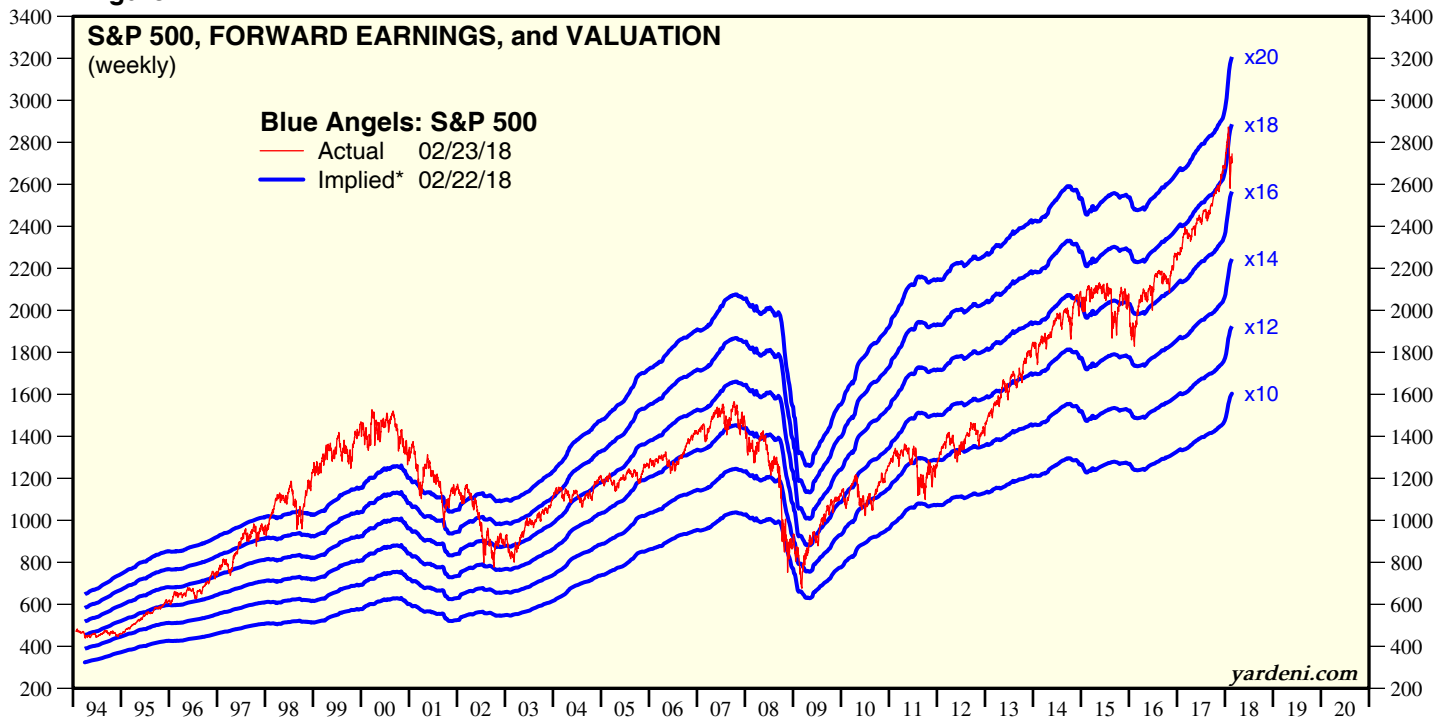
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Figure 3.



* Implied price index calculated using forward earnings times forward P/Es. Monthly data start September 1978.
 Note: Shaded areas denote recessions according to the National Bureau of Economic Research.
 Source: Standard & Poor's and Thomson Reuters I/B/E/S.

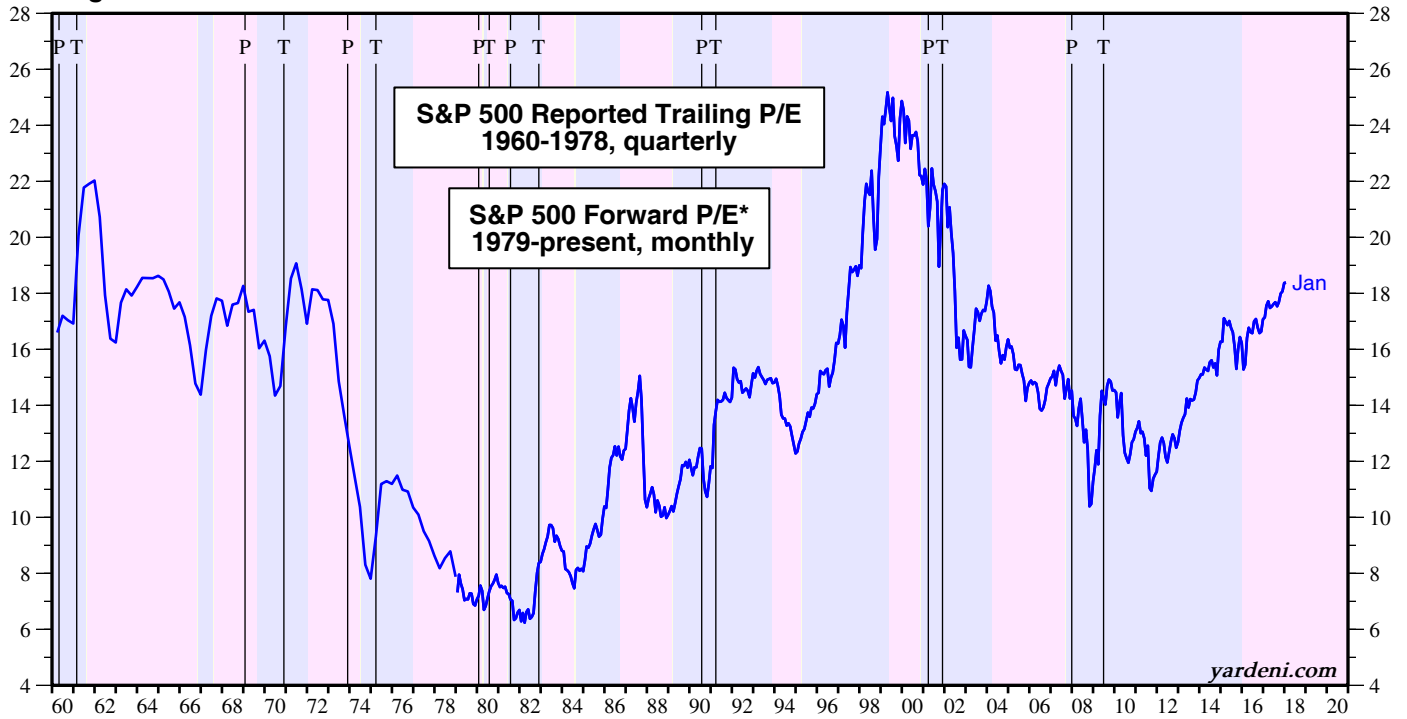
Figure 4.



* Implied price index calculated using forward earnings times forward P/Es. Weekly data start March 1994.
 Source: Standard & Poor's and Thomson Reuters I/B/E/S.

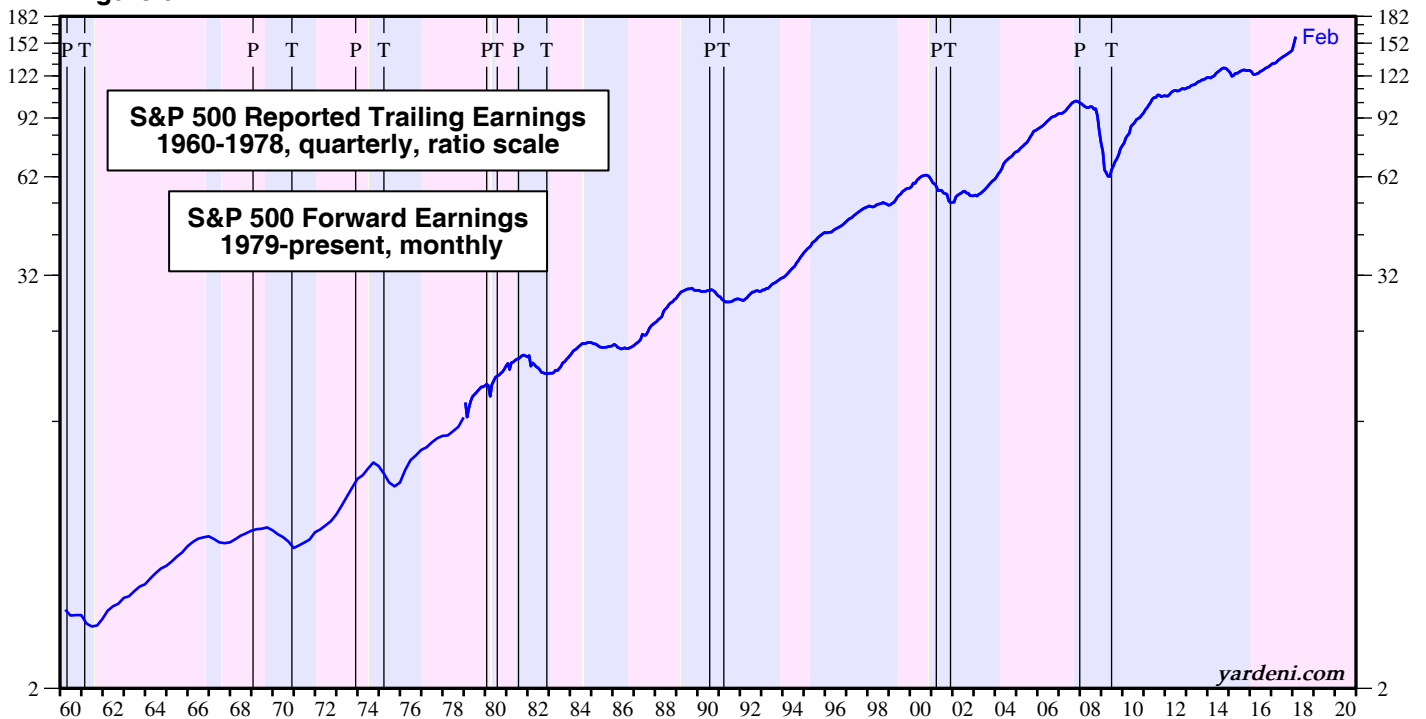
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Figure 5.



* S&P 500 divided by year-ahead forward consensus expected operating earnings per share.
 Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods. Business cycle peaks (P) and troughs (T) according to the National Bureau of Economic Research.
 Source: Thomson Reuters I/B/E/S and Standard & Poor's.

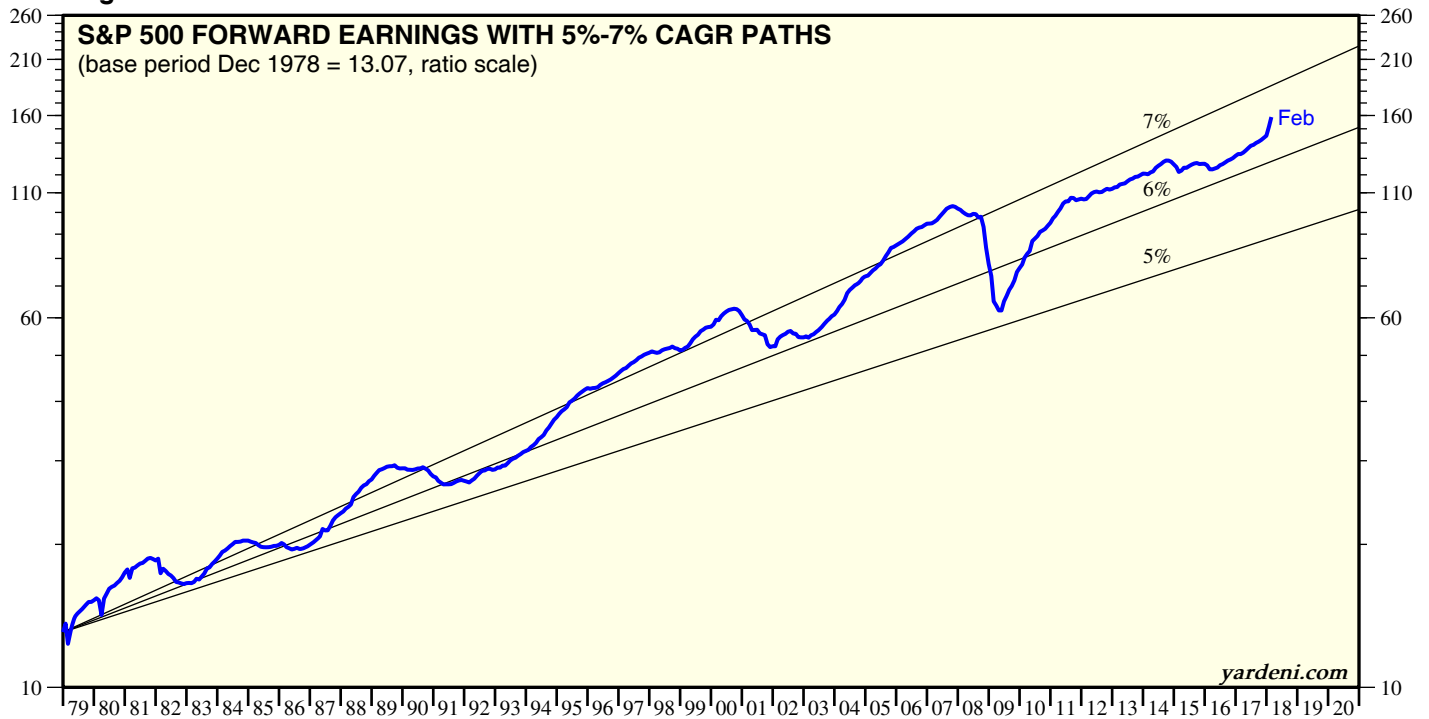
Figure 6.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods. Business cycle peaks (P) and troughs (T) according to the National Bureau of Economic Research.
 Source: Thomson Reuters I/B/E/S and Standard & Poor's.

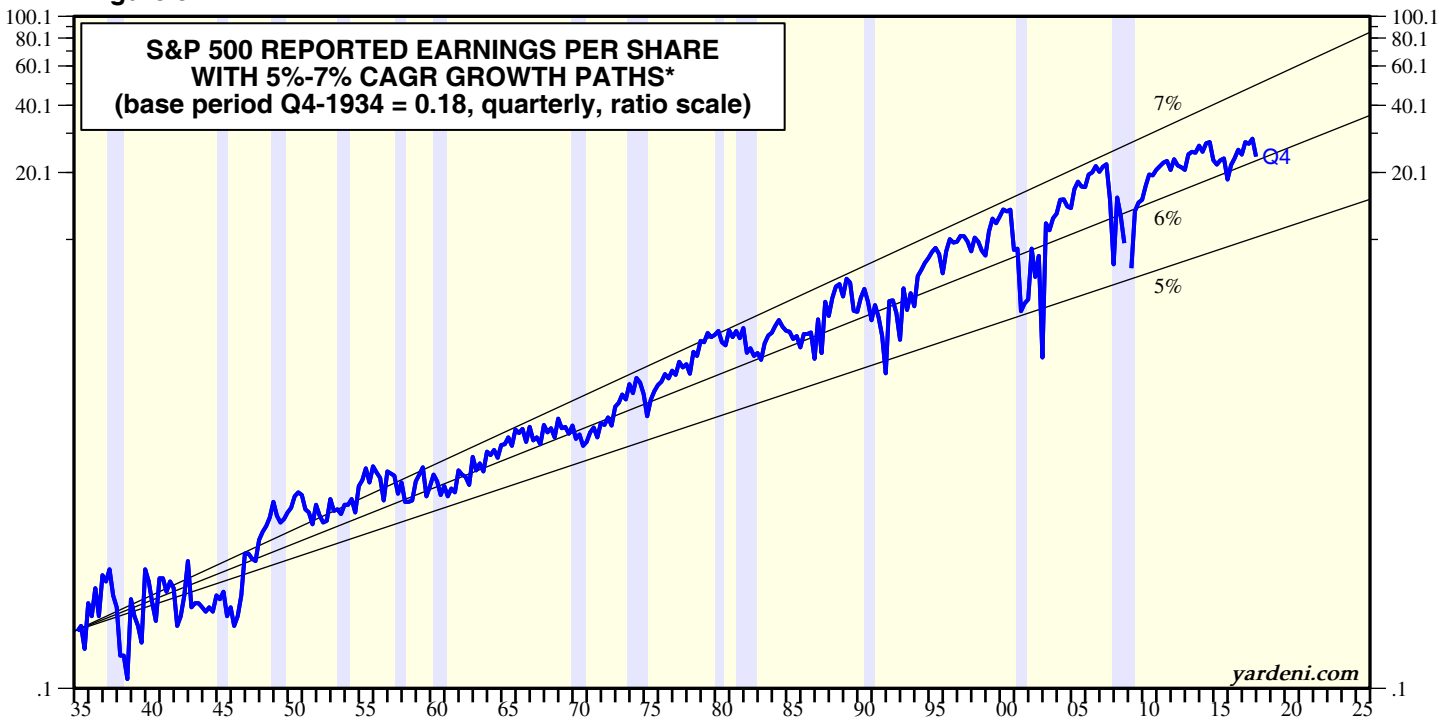
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Figure 7.



Source: Thomson Reuters I/B/E/S.

Figure 8.



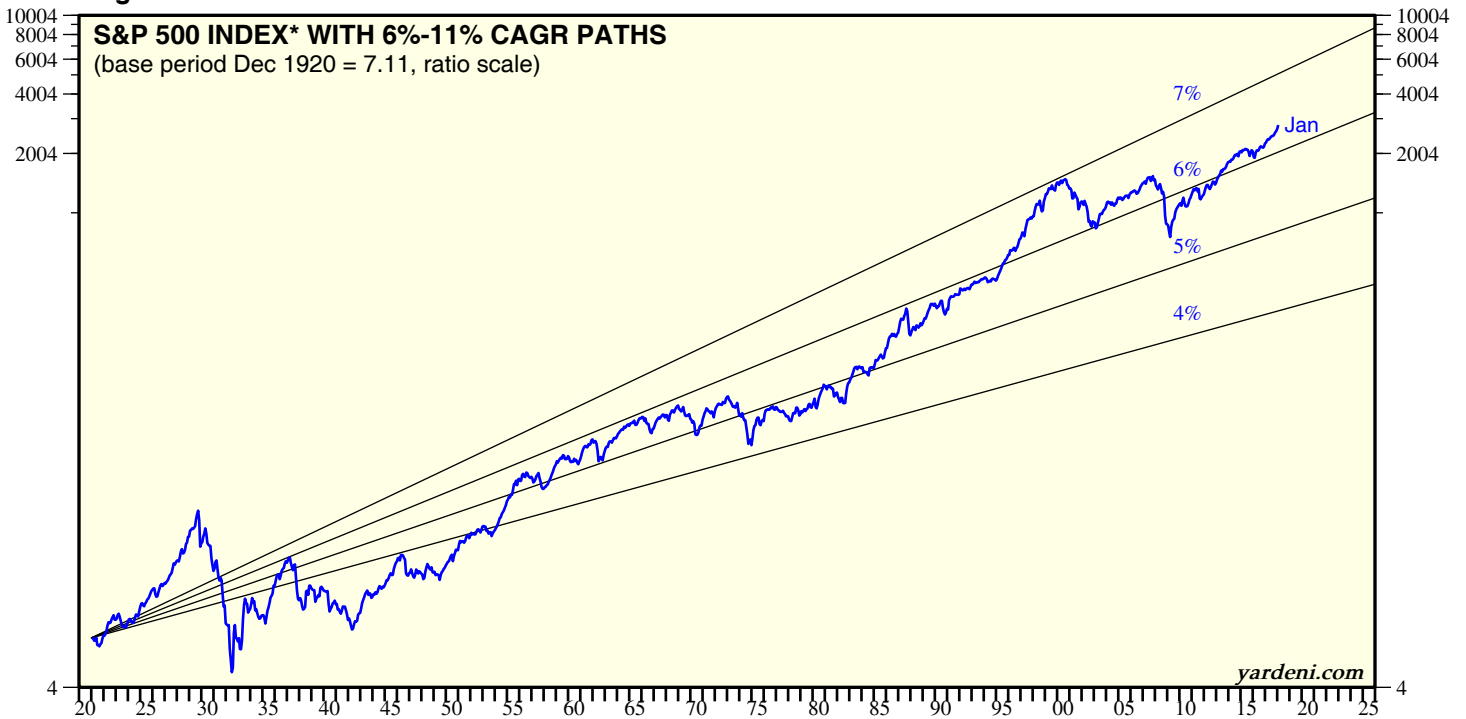
* Q4-2008 not shown because of large negative value.

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

Source: Standard & Poor's.

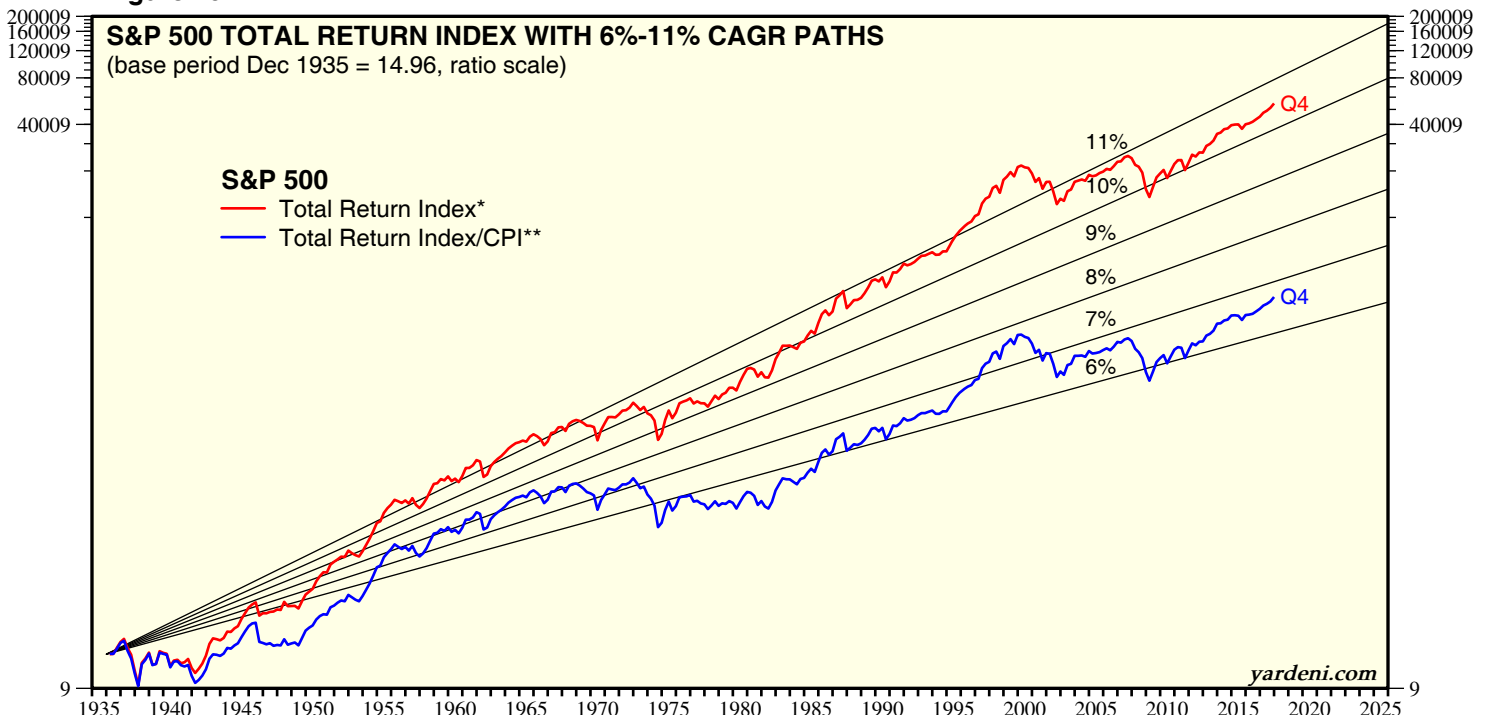
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Figure 9.



* S&P 500 stock price index is average monthly price.
 Source: Standard & Poor's.

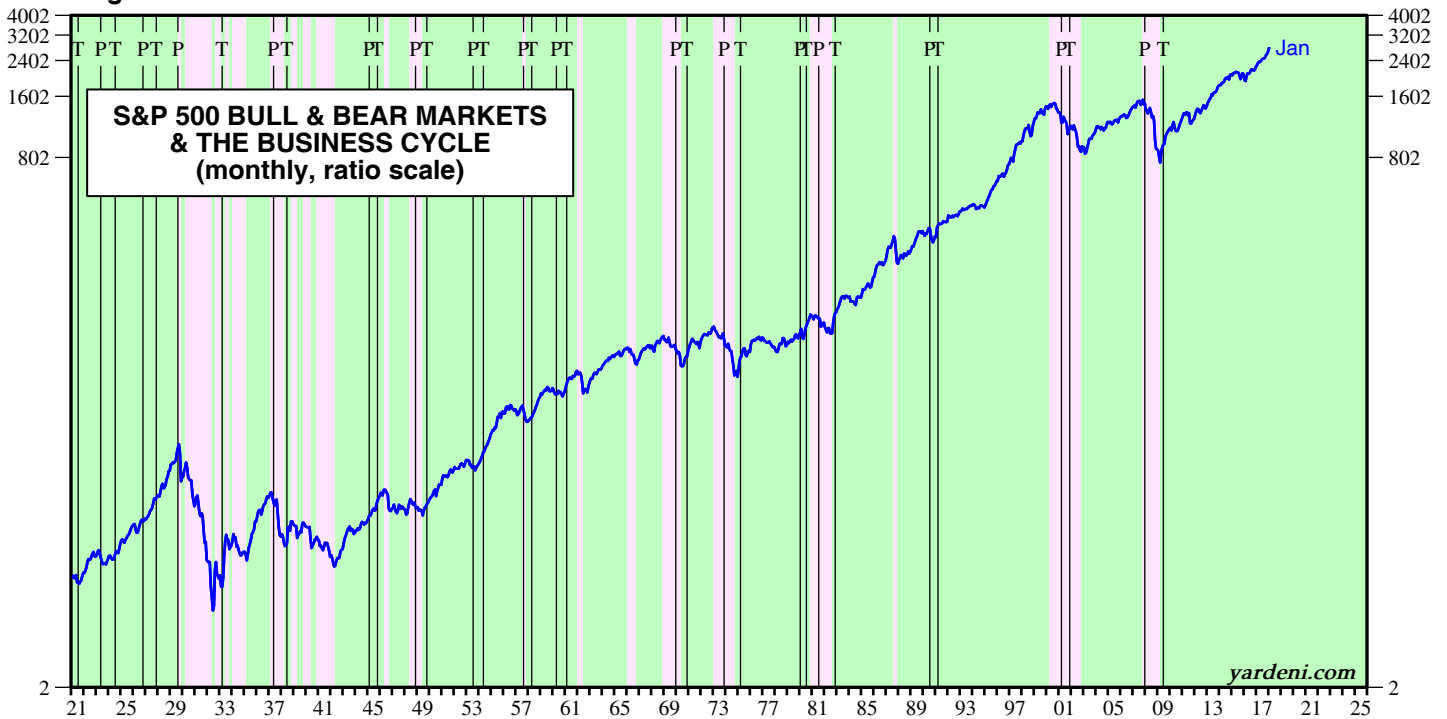
Figure 10.



* Includes reinvested dividends.
 ** Using last month of quarter CPI. Compounded monthly using base value.
 Source: Standard & Poor's.

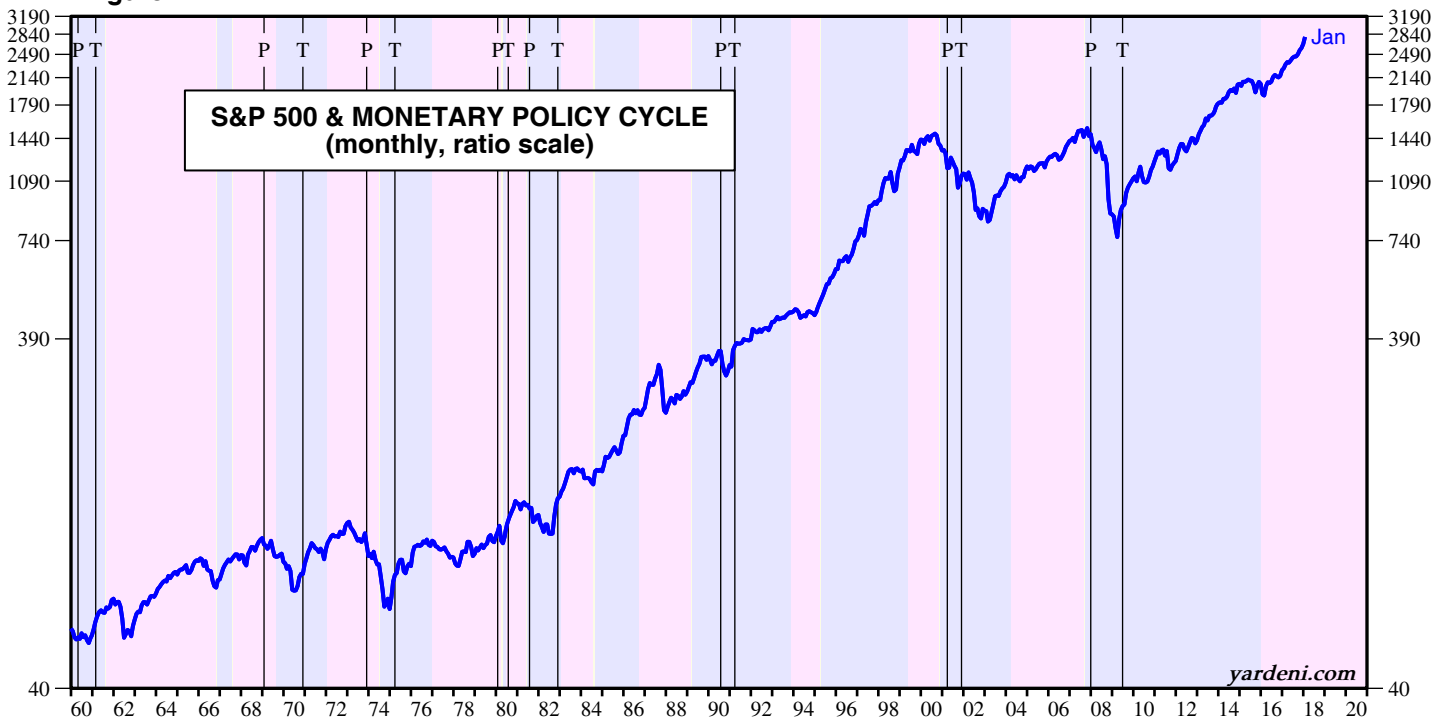
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Figure 11.



Note: Shaded green areas denote S&P 500 bull markets, while red areas are bear market declines of 20% or more. Business cycle peaks (P) and troughs (T) according to the National Bureau of Economic Research. Source: Standard & Poor's.

Figure 12.



Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods. Business cycle peaks (P) and troughs (T) according to the National Bureau of Economic Research. Source: Standard & Poor's.

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Figure 13.

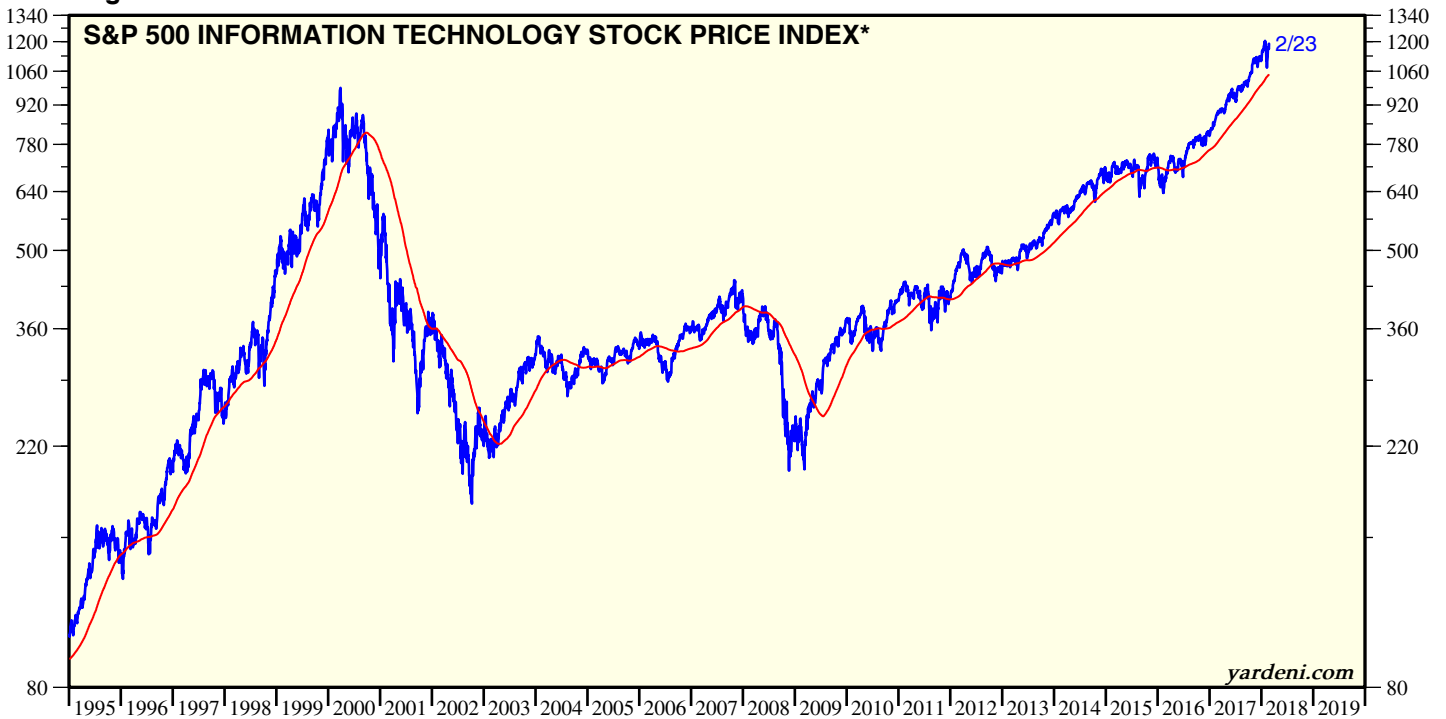
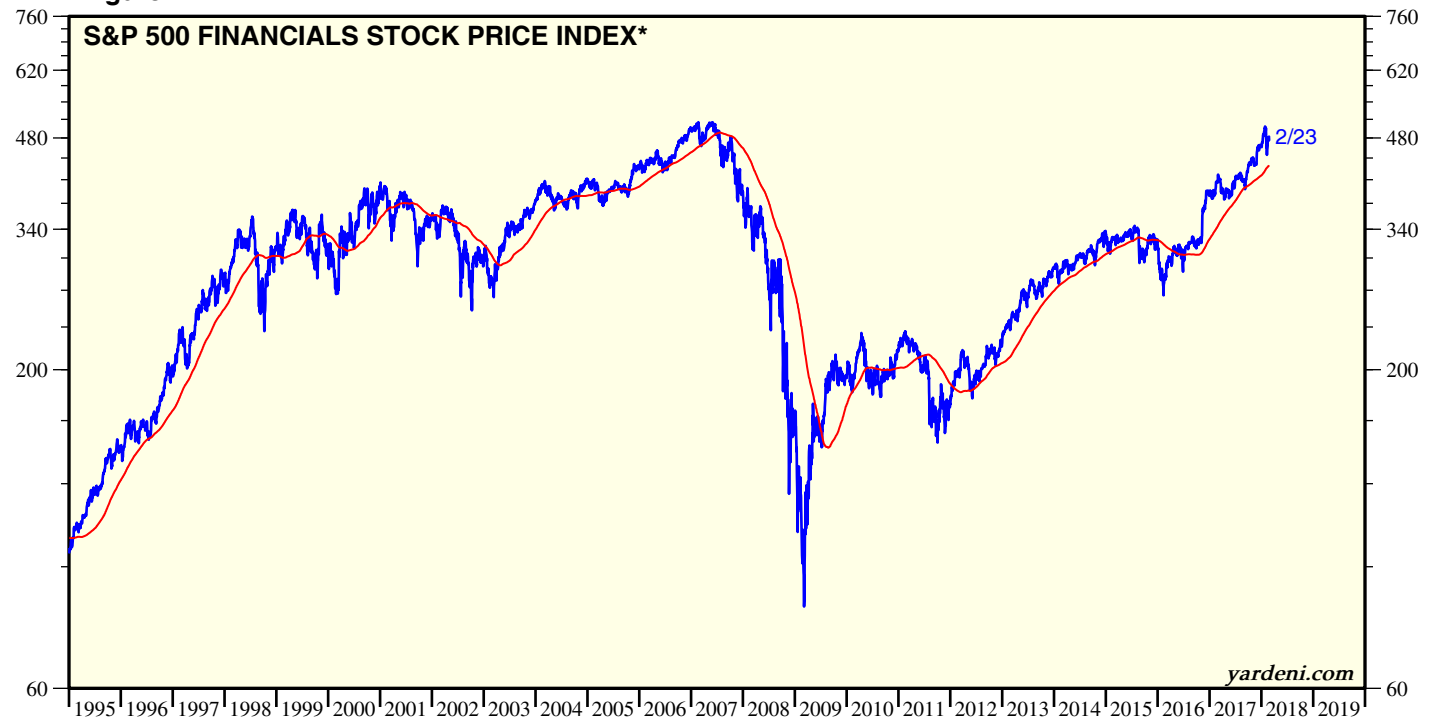
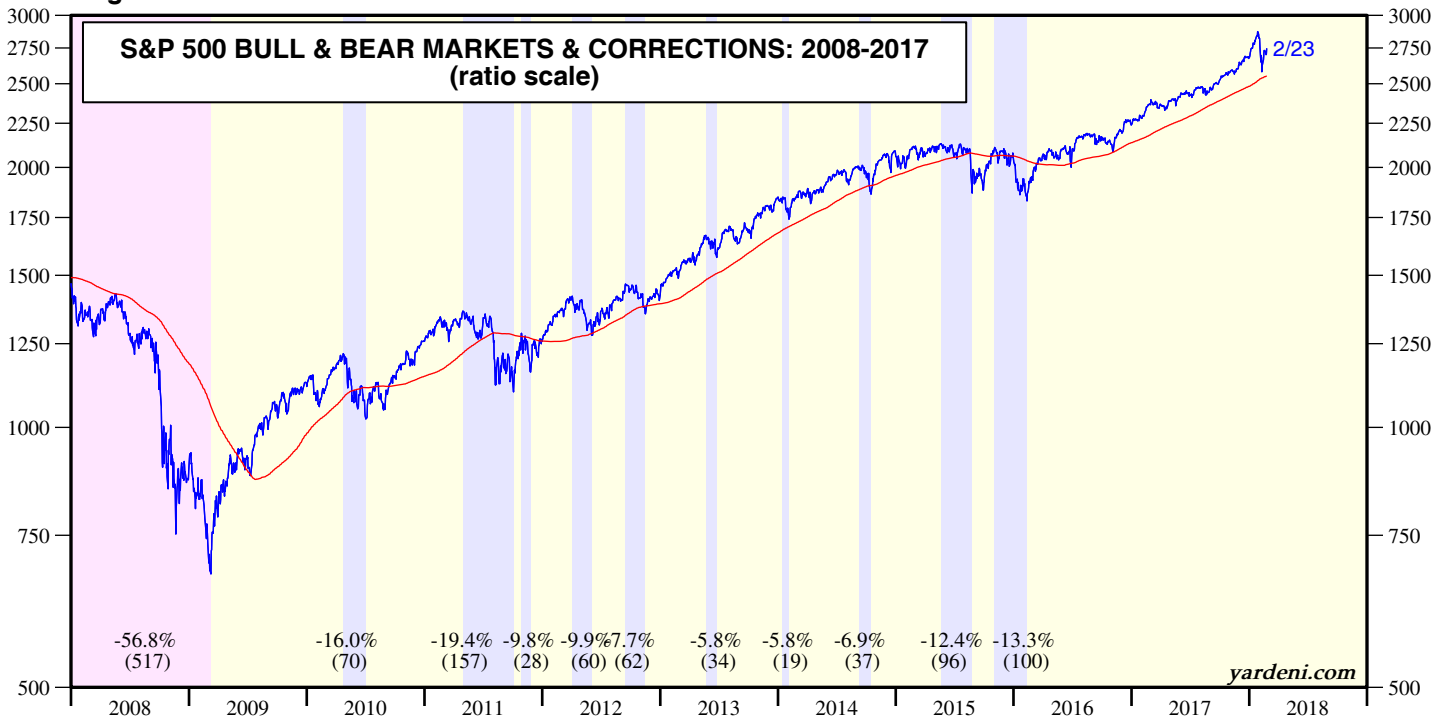


Figure 14.



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Figure 15.

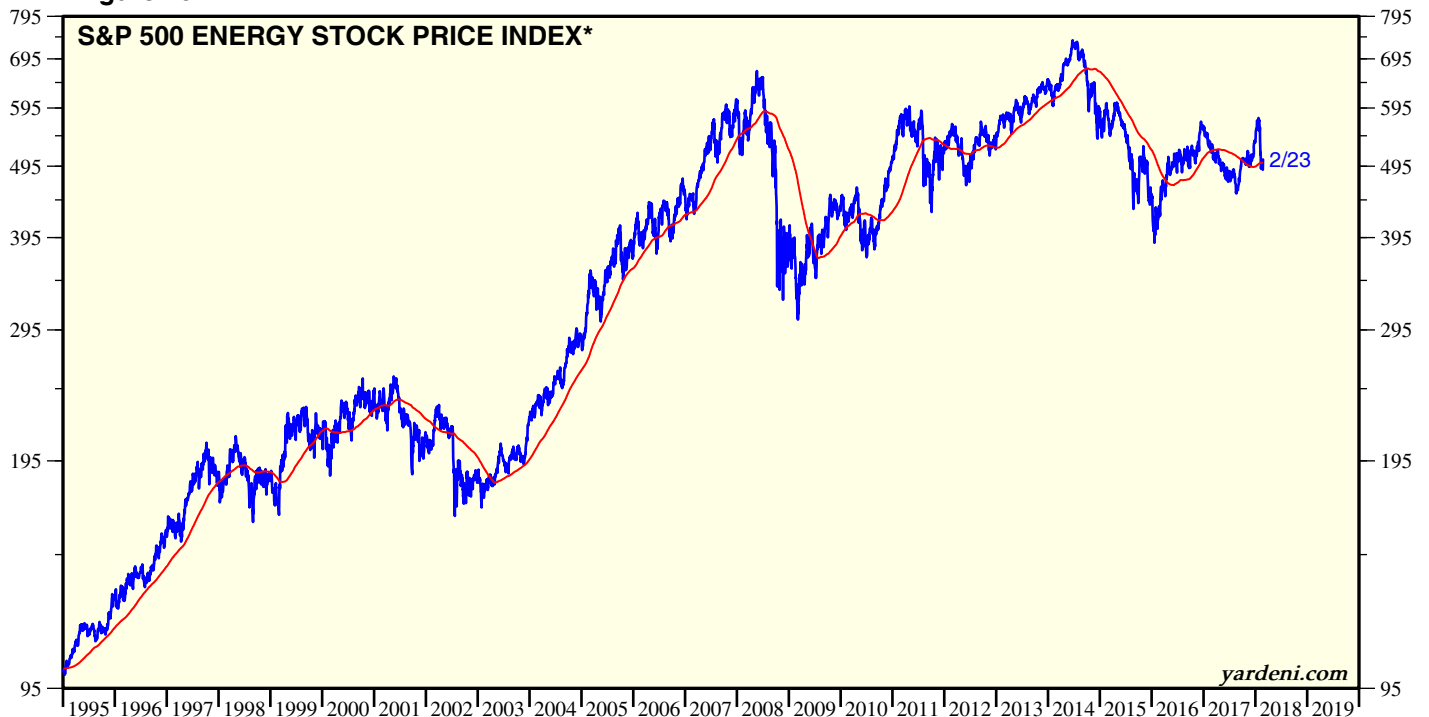


— 200-day moving average.

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.

Figure 16.



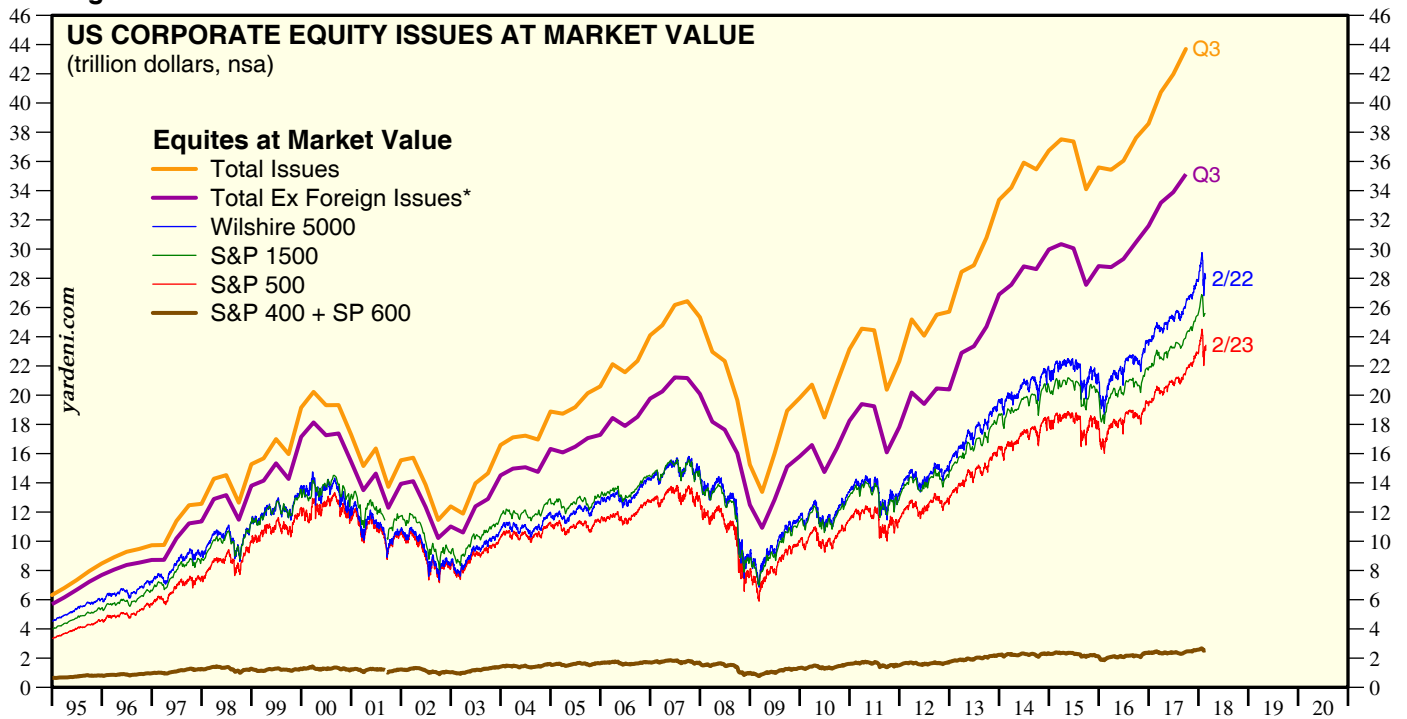
— 200-day moving average.

* Ratio scale.

Source: Standard & Poor's.

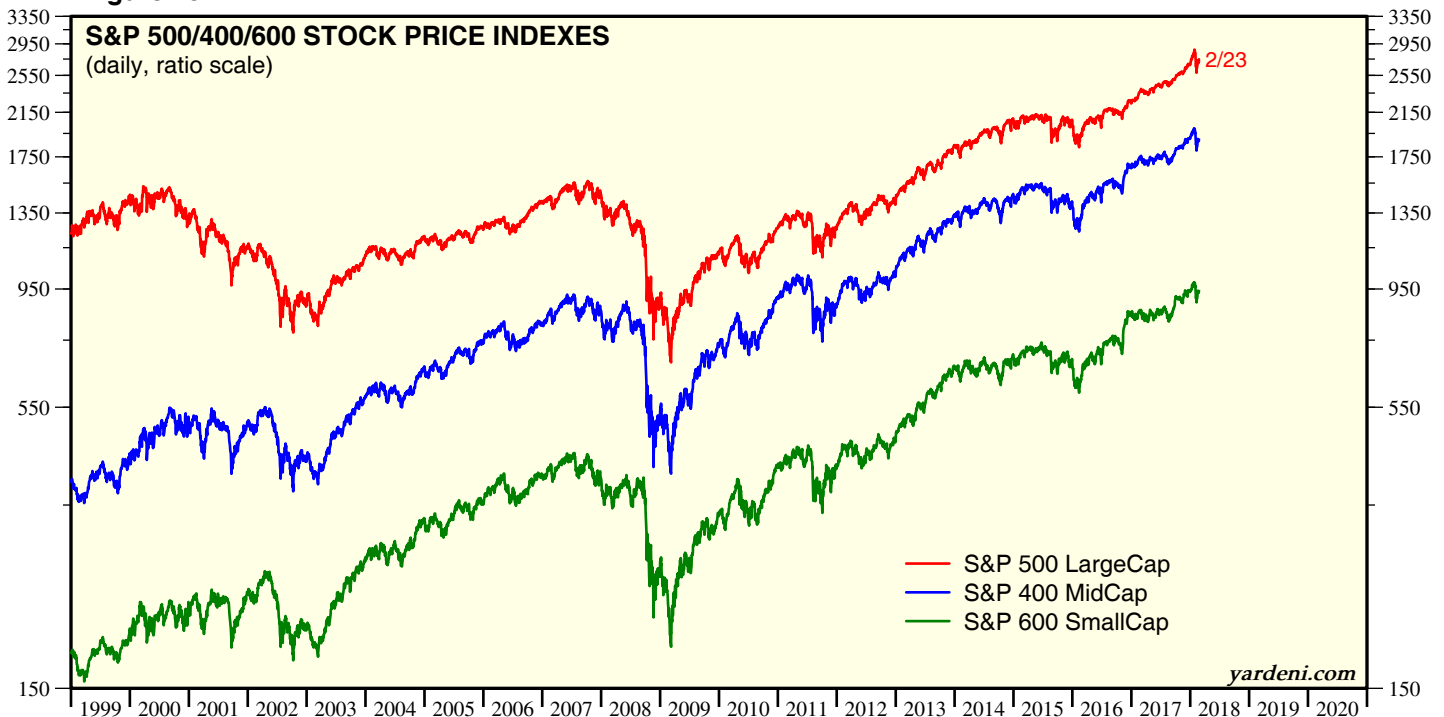
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Figure 17.



* Excludes holdings of foreign corporate equities, investment fund shares, and American Depositary Receipts (ADRs) by US residents.
Source: Federal Reserve Board Financial Accounts of the United States, Dow Jones, and Standard & Poors.

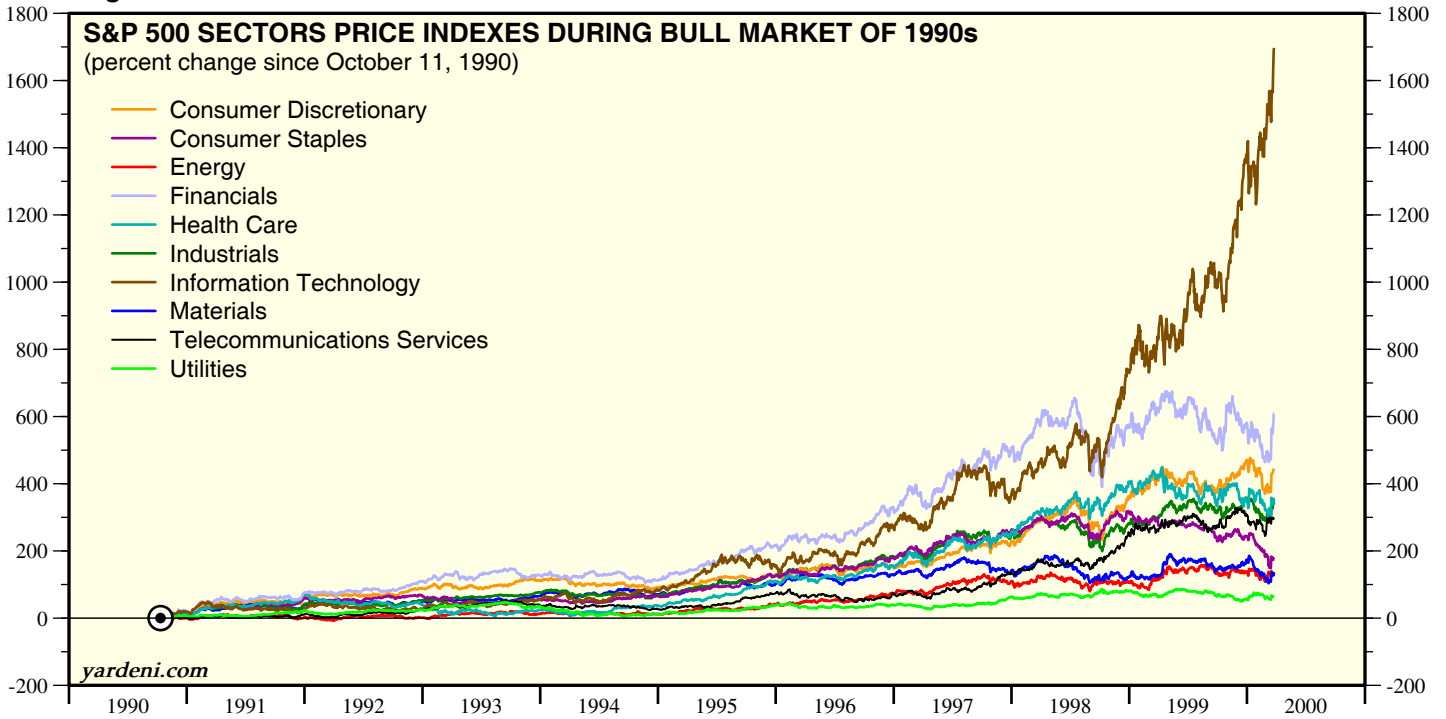
Figure 18.



Source: Standard & Poor's.

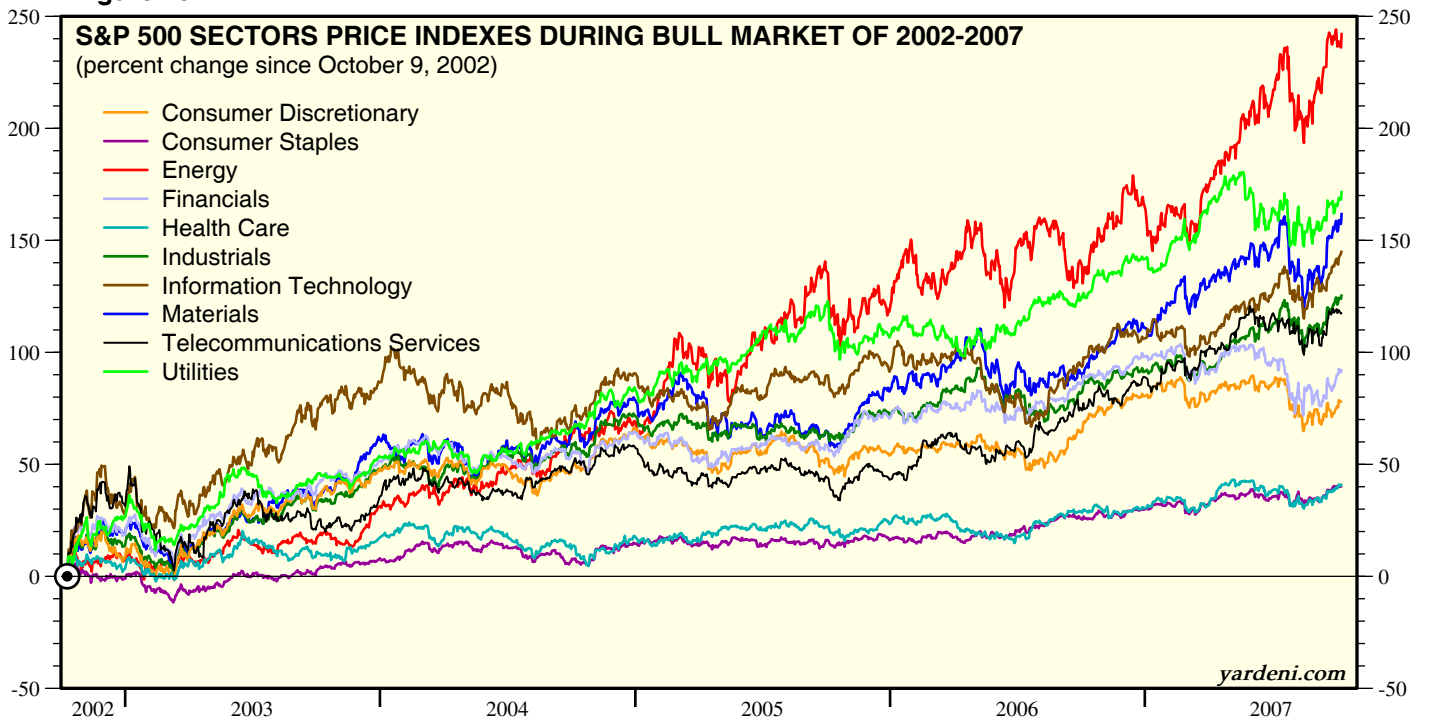
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Figure 19.



Source: Standard & Poor's.

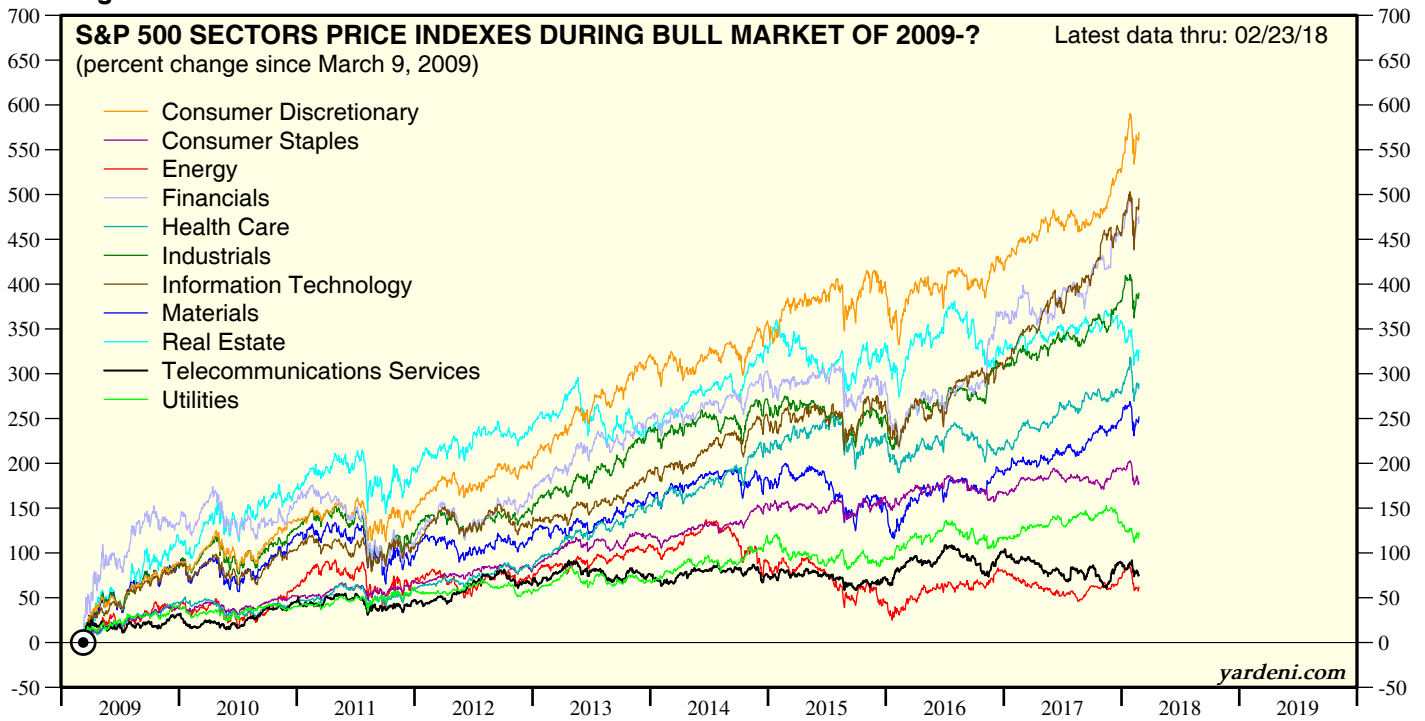
Figure 20.



Source: Standard & Poor's.

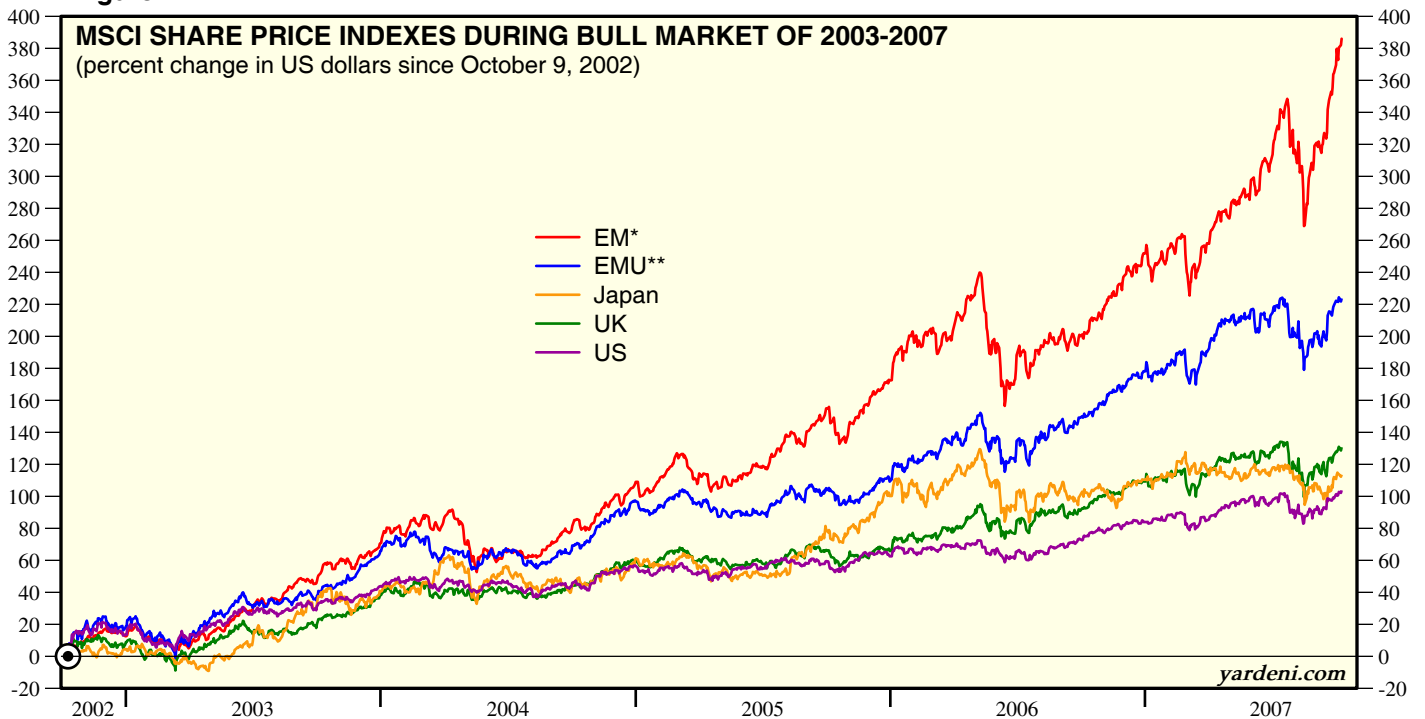
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Figure 21.



Source: Standard & Poor's.

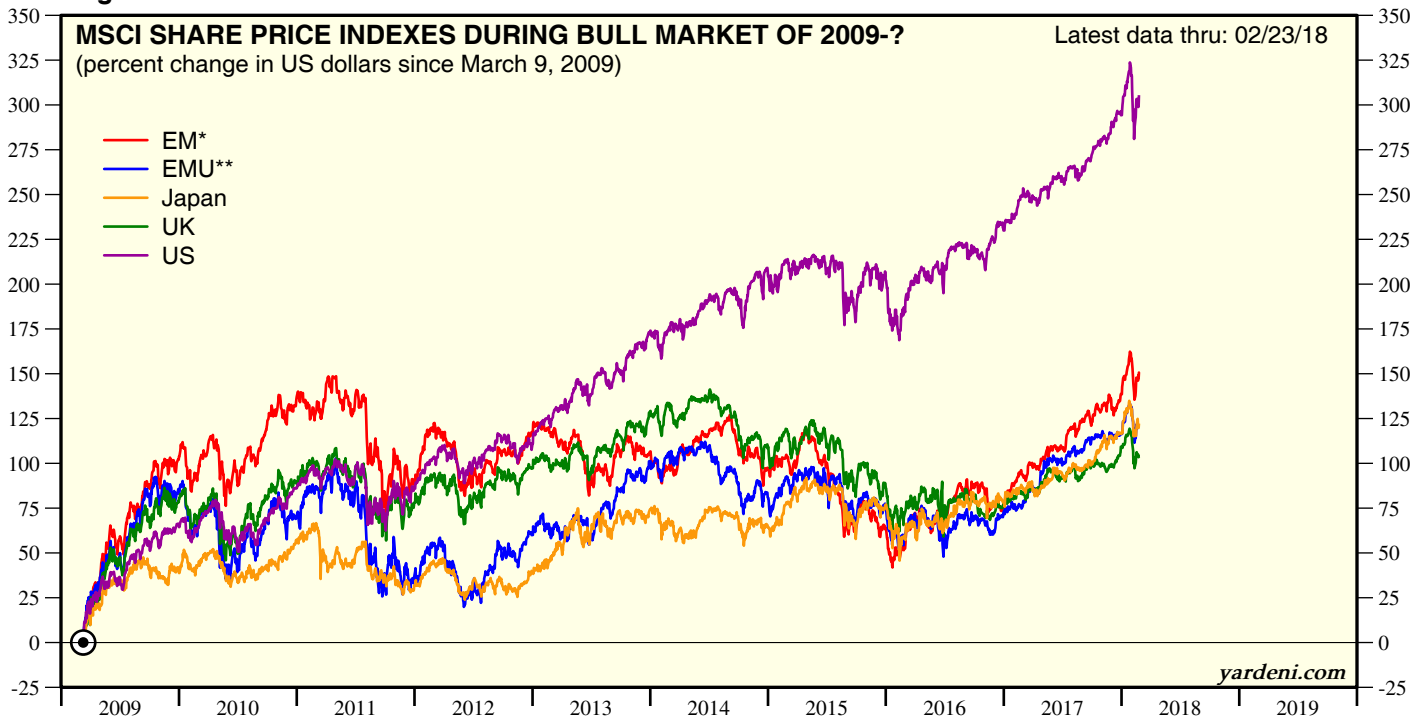
Figure 22.



* EM = Emerging Markets. ** EMU = European Monetary Union.
Source: MSCI.

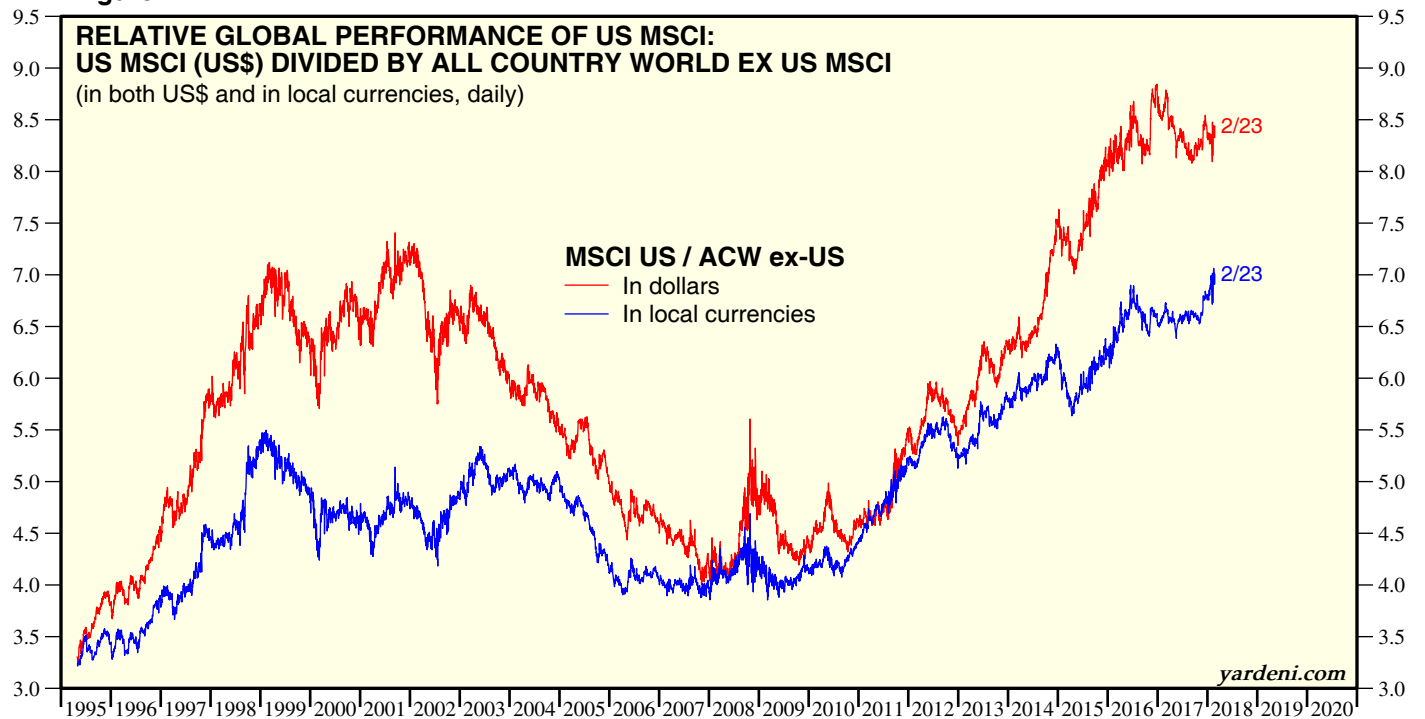
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Figure 23.



* EM = Emerging Markets. ** EMU = European Monetary Union.
Source: MSCI.

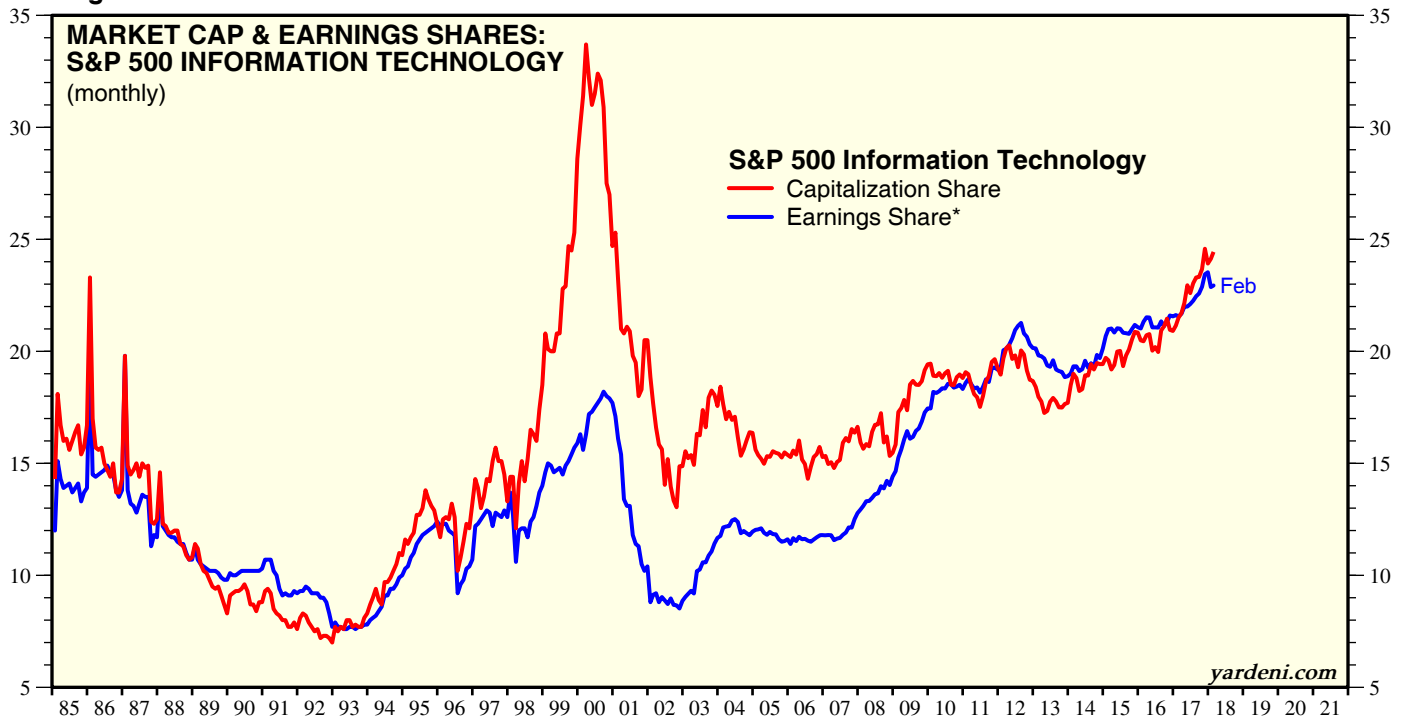
Figure 24.



Source: MSCI.

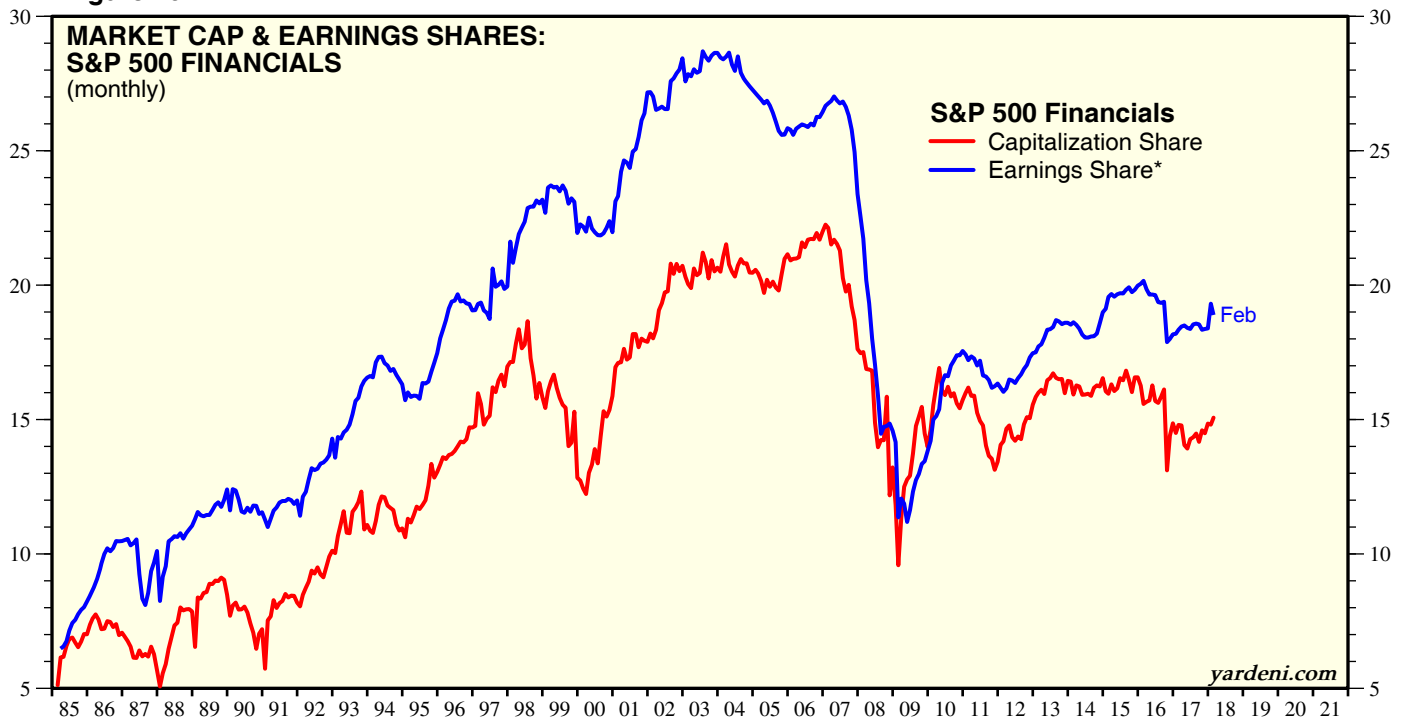
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Figure 25.



* Using consensus year-ahead forward earnings forecasts.
Source: Thomson Reuters I/B/E/S.

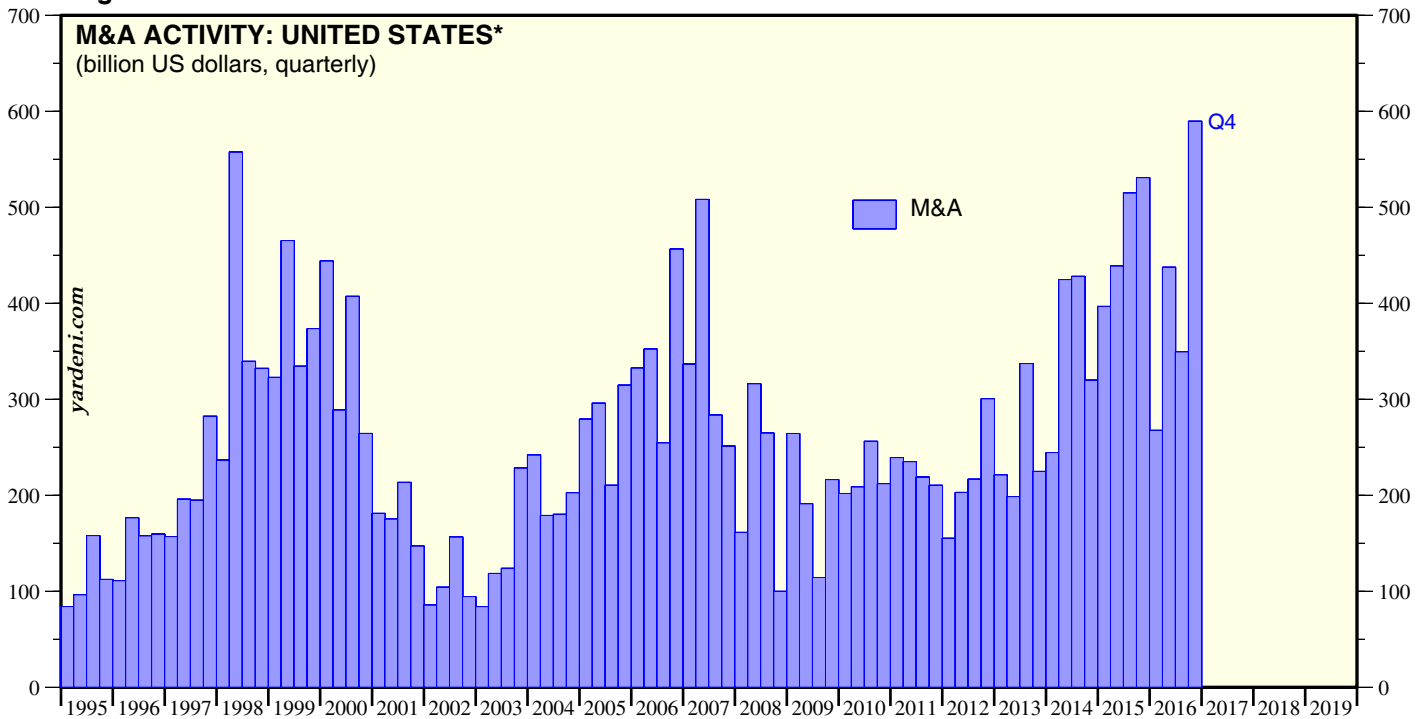
Figure 26.



* Using consensus year-ahead forward earnings forecasts.
Source: Thomson Reuters I/B/E/S.

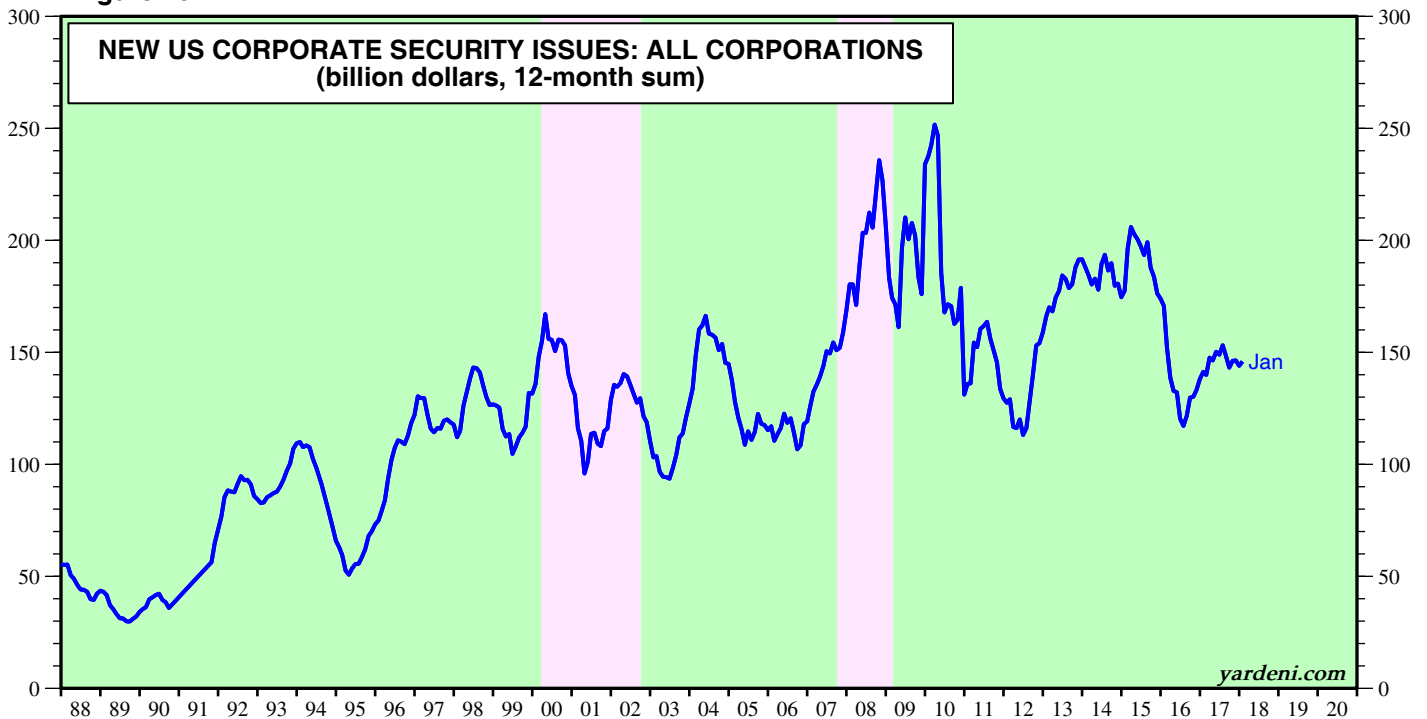
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Figure 27.



* Excludes spinoffs.
Source: Dealogic.

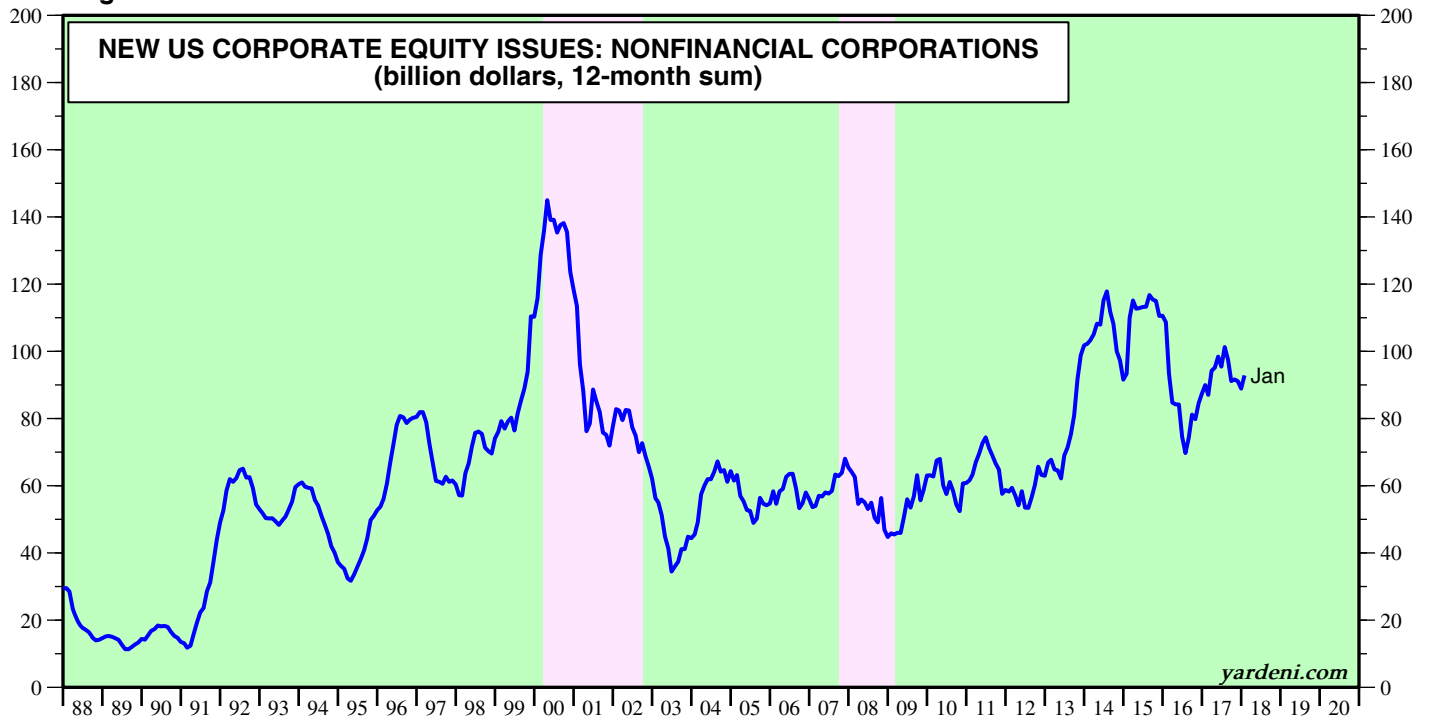
Figure 28.



Note: Shaded green areas denote S&P 500 bull markets, while red areas are bear market declines of 20% or more.
Source: Federal Reserve Board.

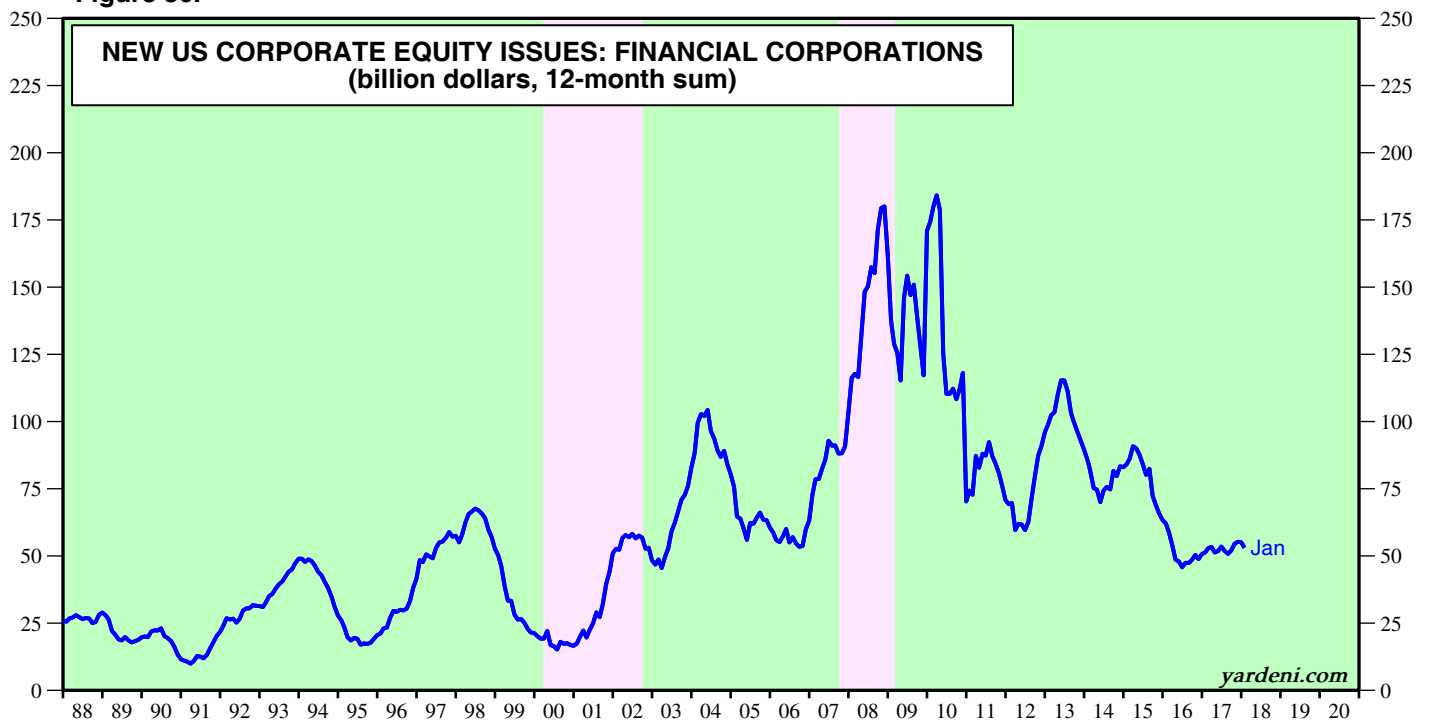
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Figure 29.



Note: Shaded green areas denote S&P 500 bull markets, while red areas are bear market declines of 20% or more.
Source: Federal Reserve Board.

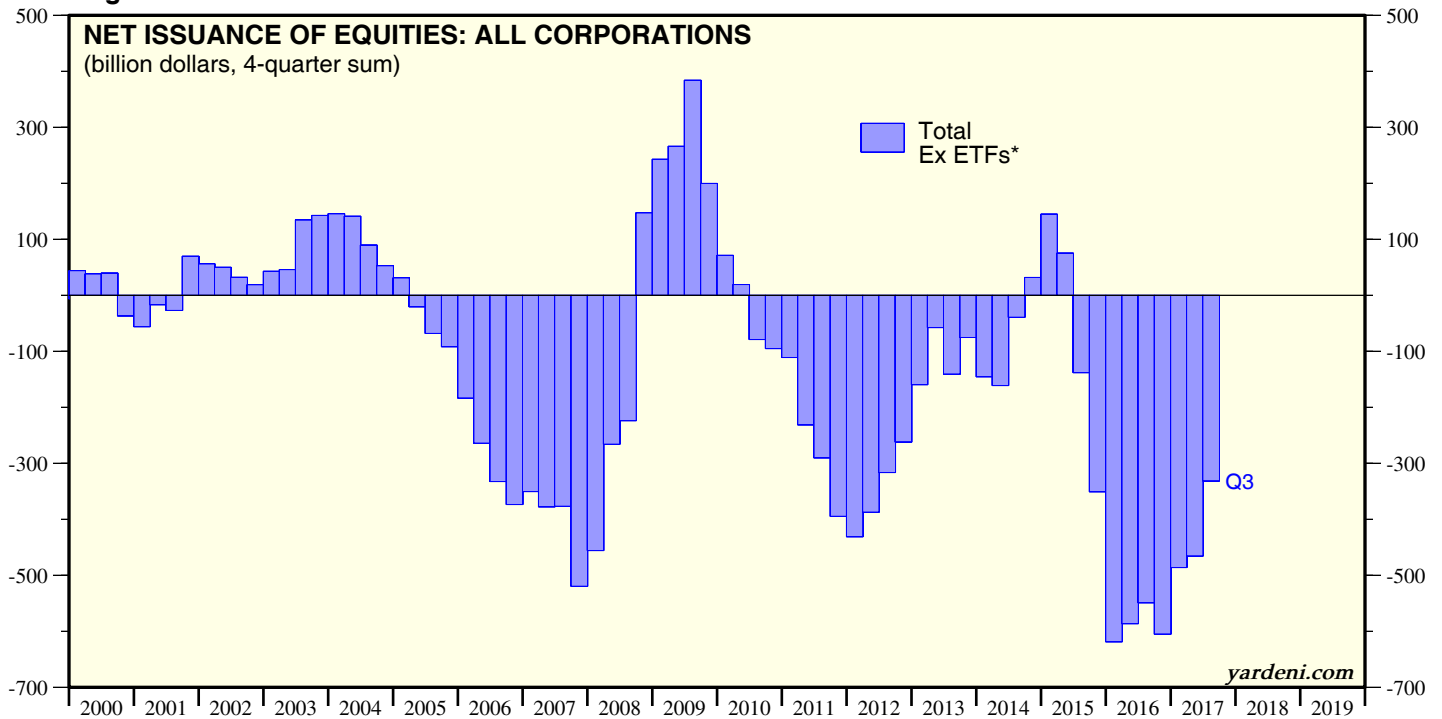
Figure 30.



Note: Shaded green areas denote S&P 500 bull markets, while red areas are bear market declines of 20% or more.
Source: Federal Reserve Board.

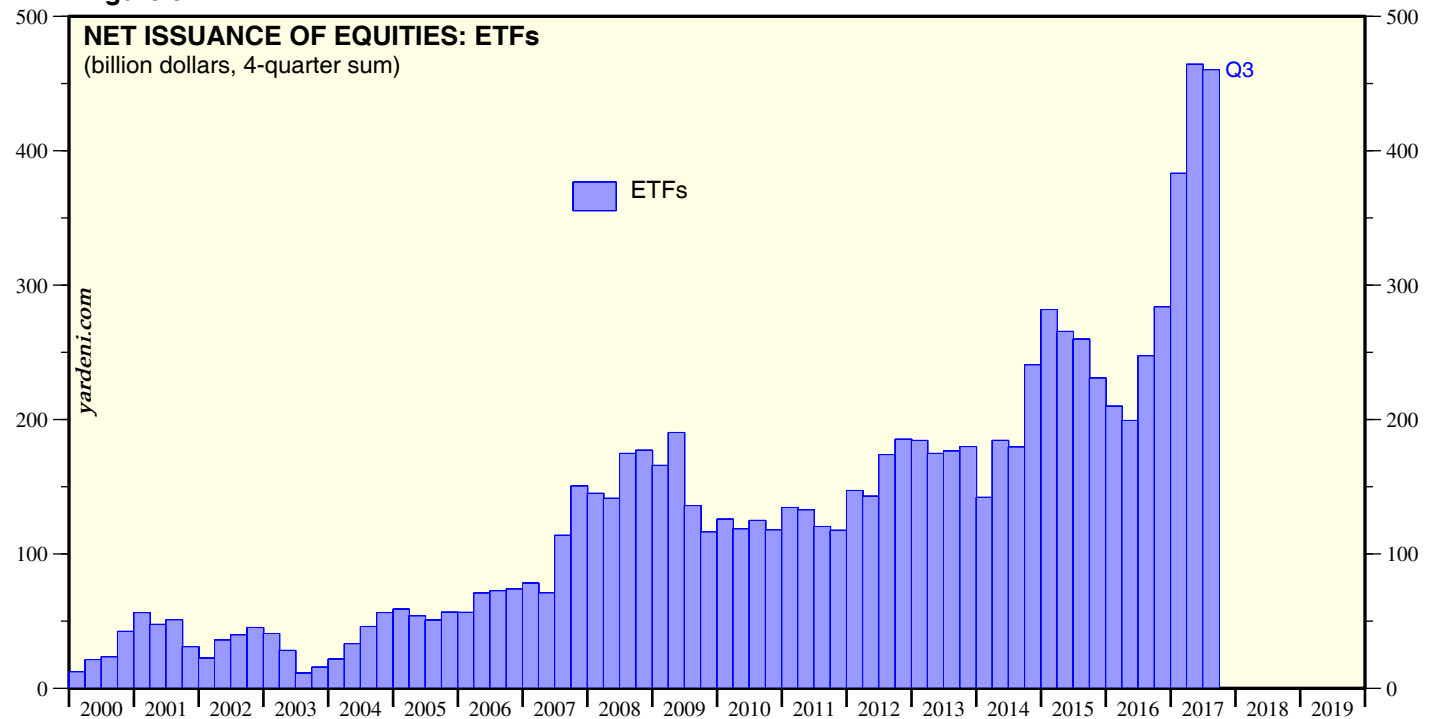
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Figure 31.



* Excluding net issuance of equities by all ETFs including those investing in debt.
Source: Federal Reserve Board Financial Accounts of the United States Table F.223 line 1 minus line 8.

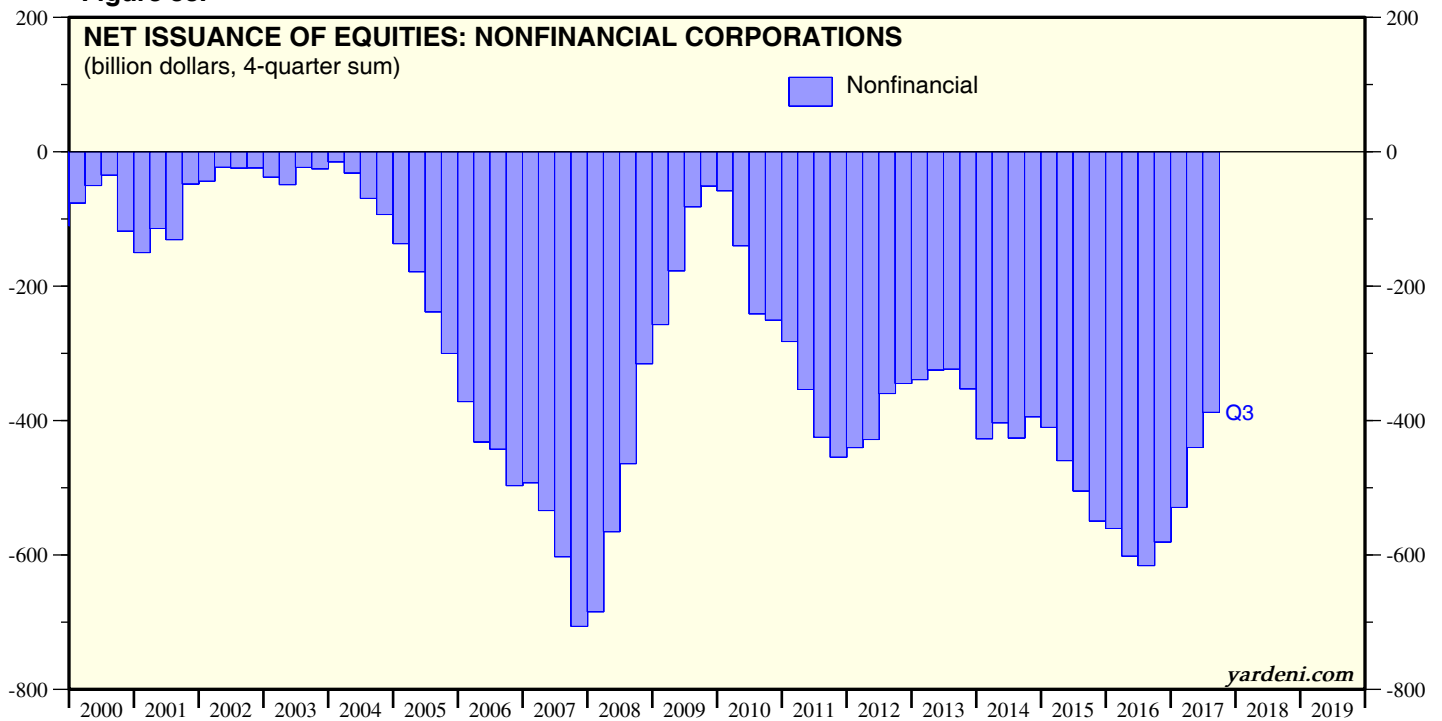
Figure 32.



Source: Federal Reserve Board Financial Accounts of the United States.

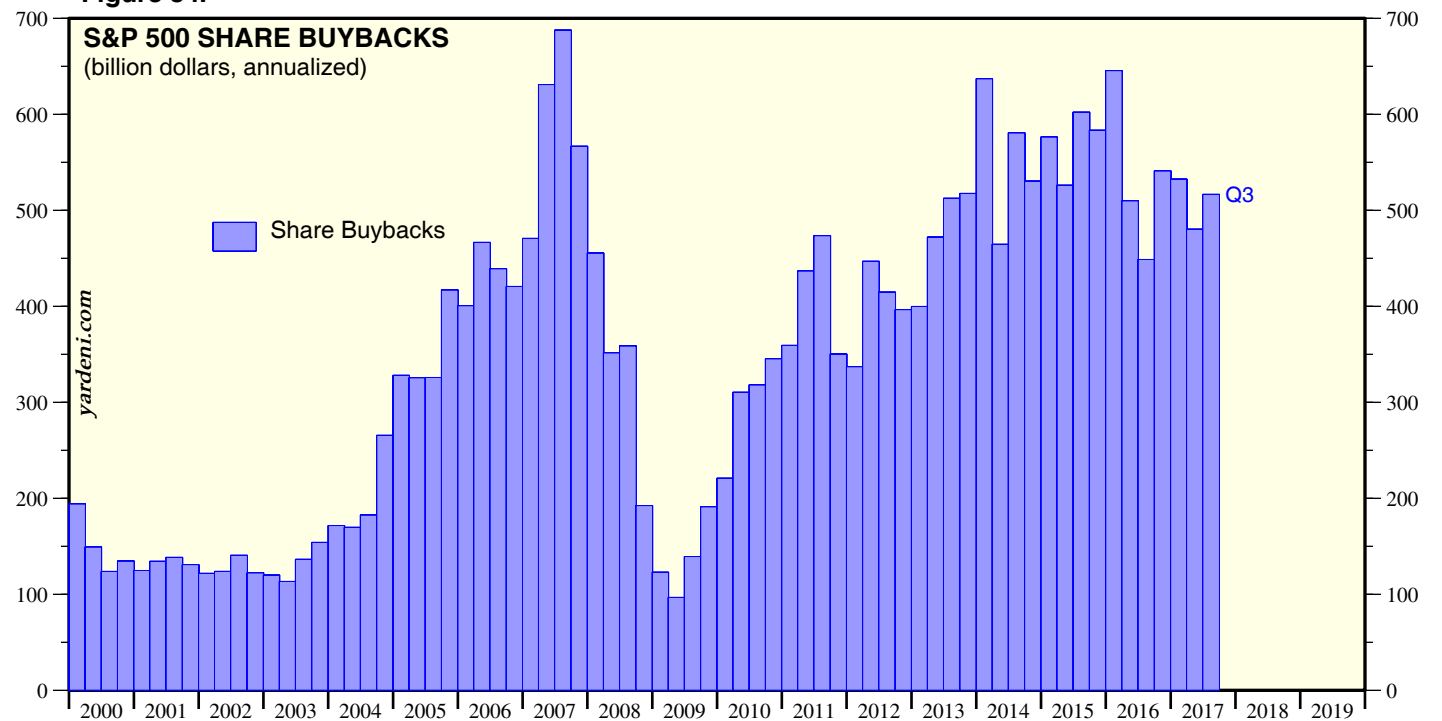
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Figure 33.



Source: Source: Federal Reserve Board Financial Accounts of the United States Table F.223 line 2.

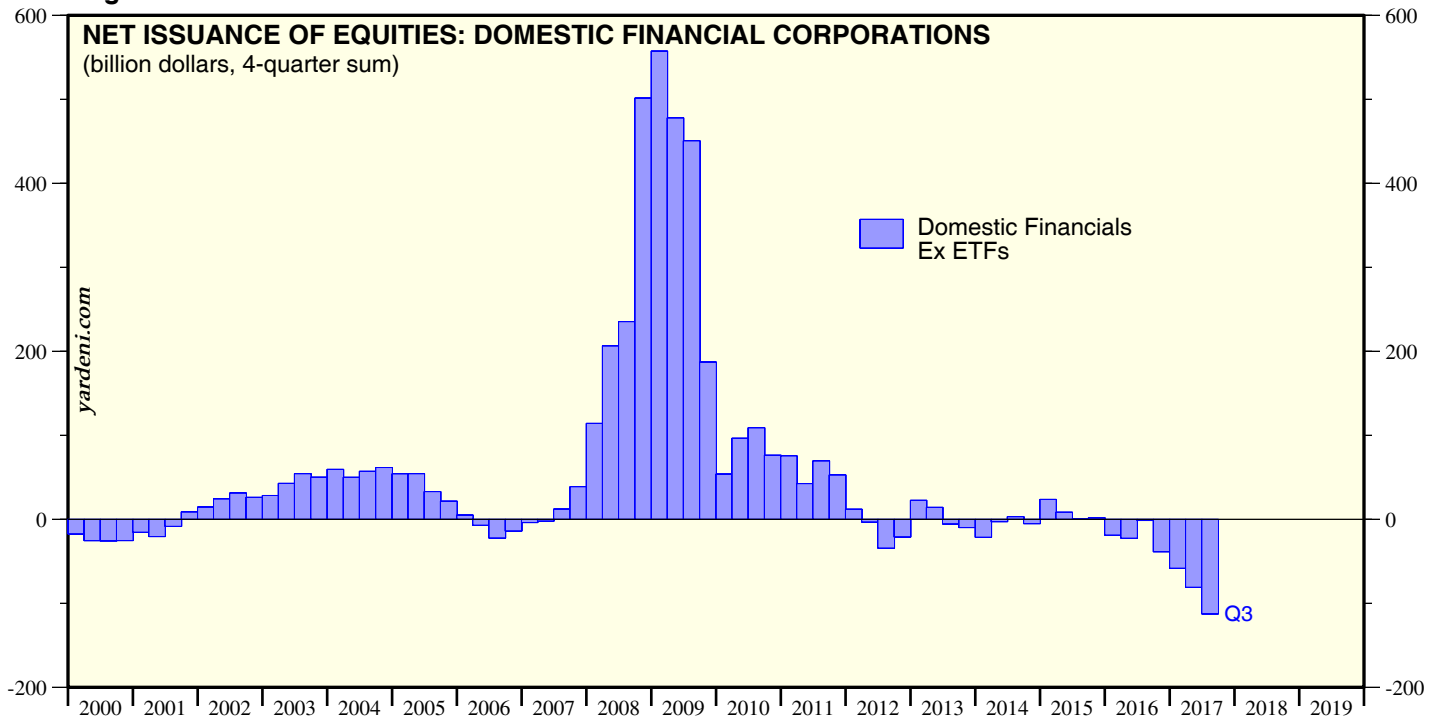
Figure 34.



Source: Standard & Poor's.

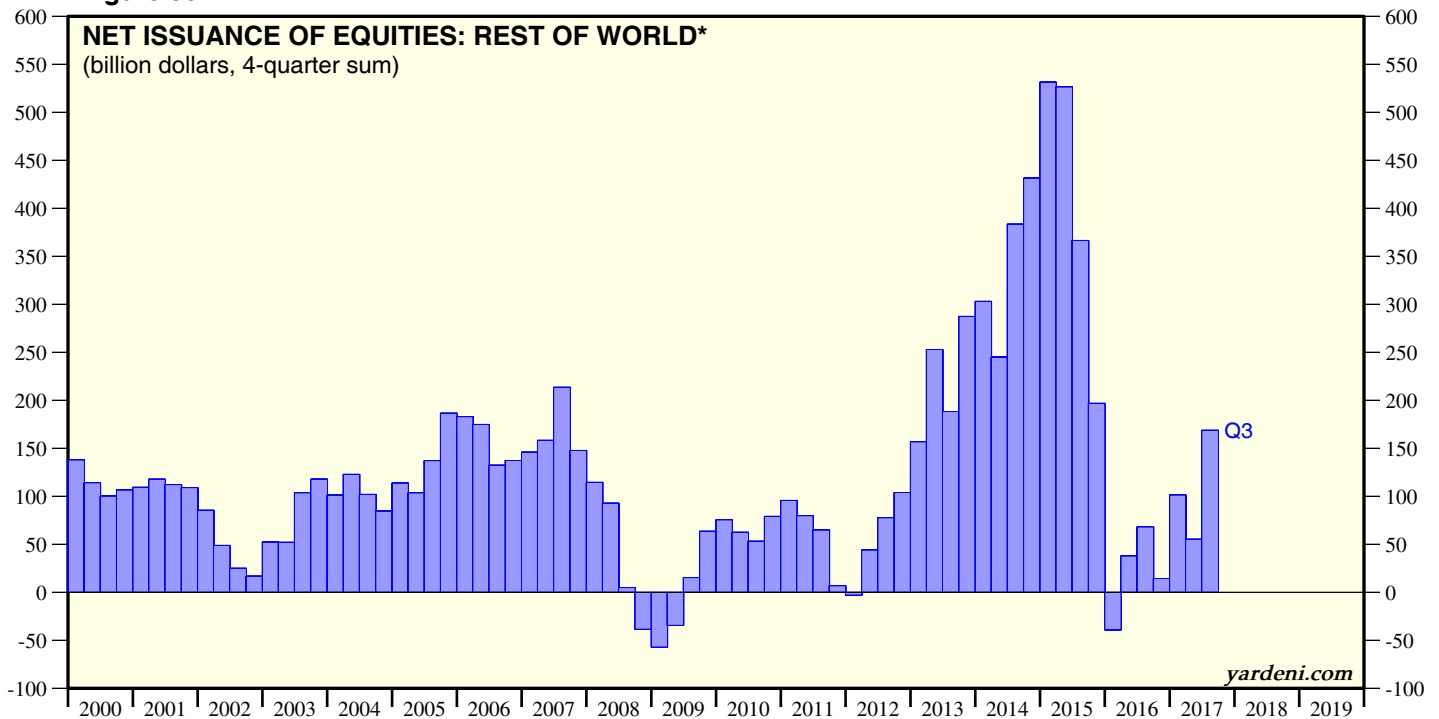
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Figure 35.



Source: Federal Reserve Board Financial Accounts of the United States Table F.223 line 3 minus line 8.

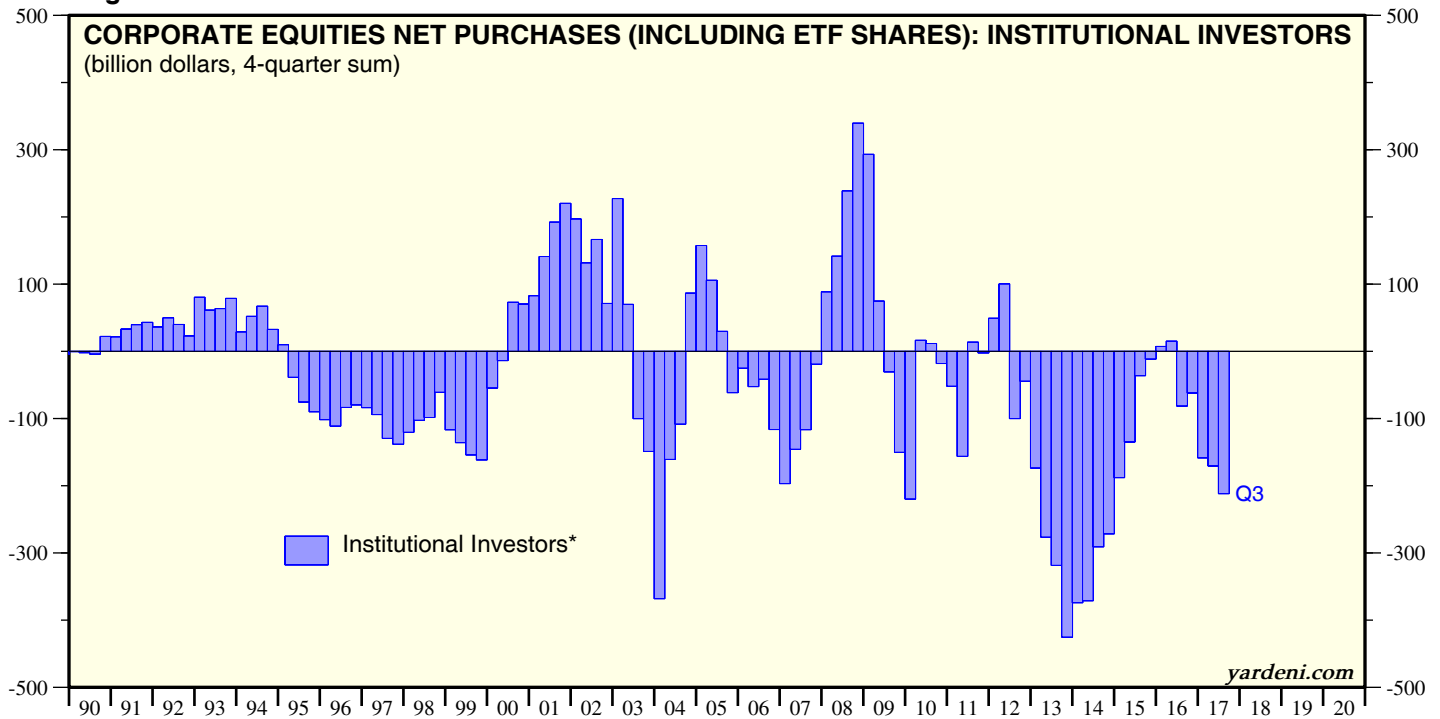
Figure 36.



* Net purchases of foreign corporate equities and investment fund shares by US residents; includes American Depositary Receipts (ADRs).
Source: Federal Reserve Board Financial Accounts of the United States Table F.223 line 14.

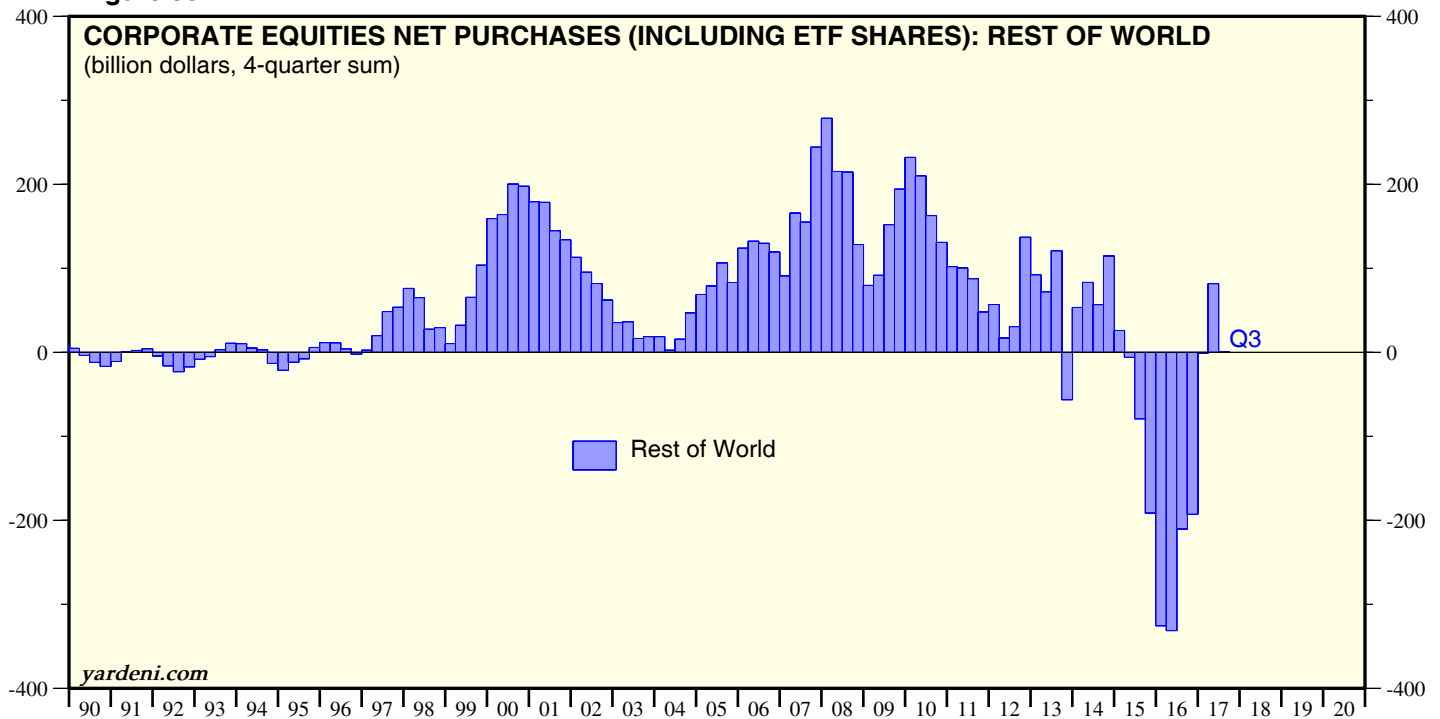
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Figure 37.



* Includes property-casualty insurance companies, life insurance companies, private pension funds, state and local retirement funds, and federal government retirement funds.
Source: Federal Reserve Board Financial Accounts of the United States Table F.223 sum of lines 22, 23, 24, 25, and 26.

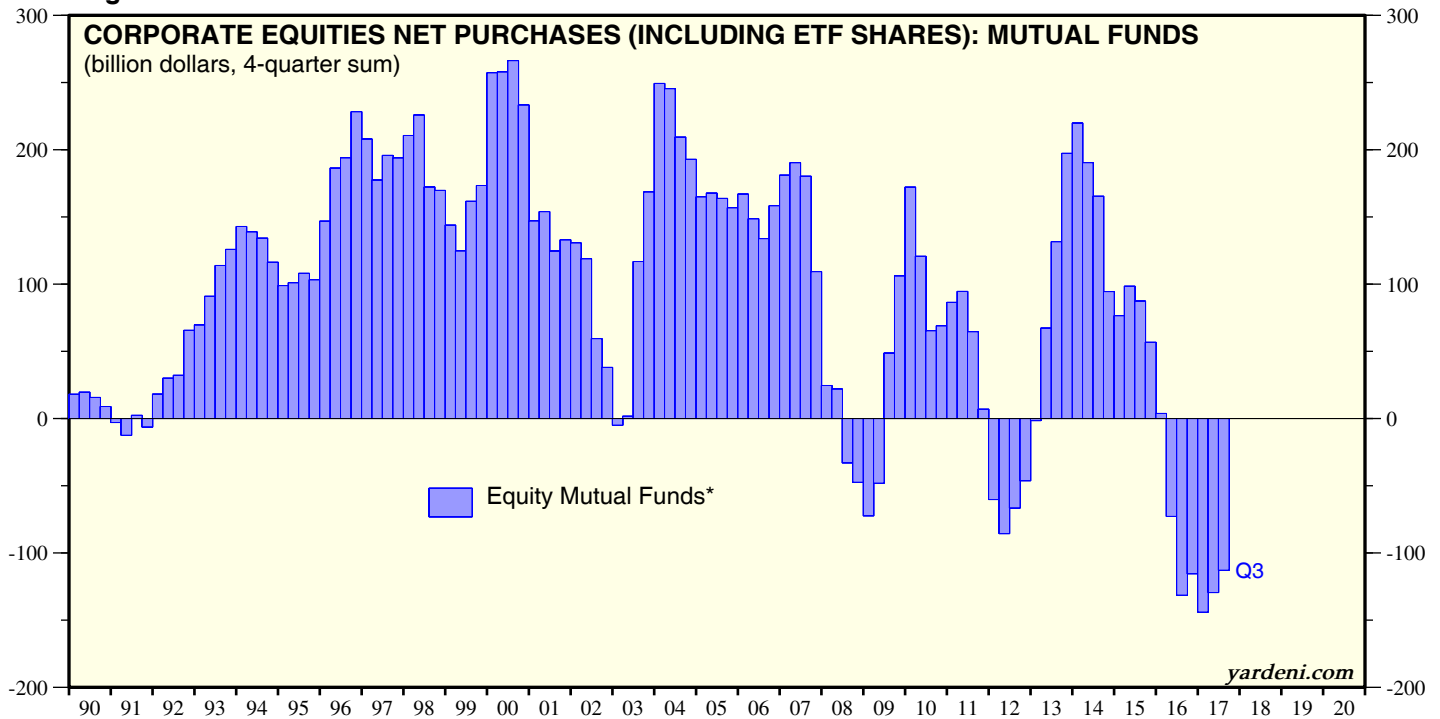
Figure 38.



Source: Federal Reserve Board Financial Accounts of the United States Table F.223 Line 32.

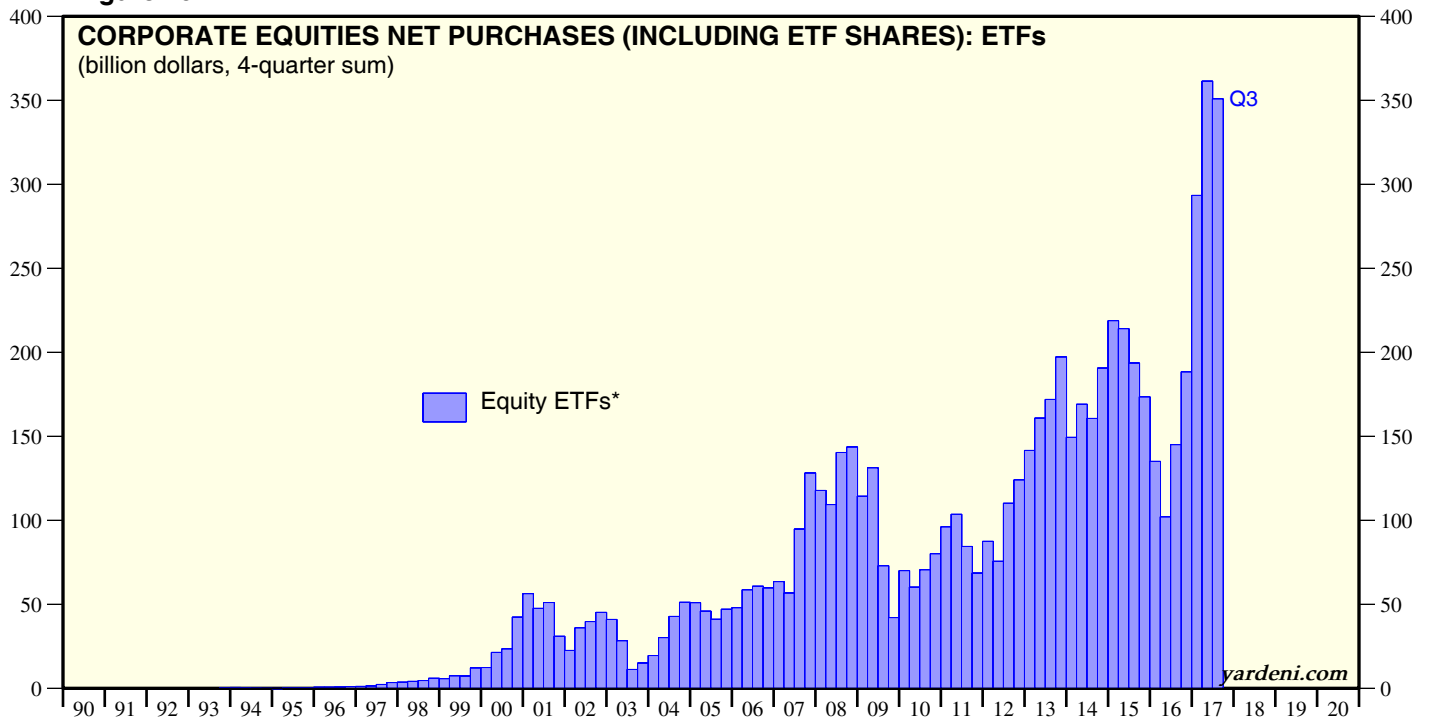
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Figure 39.



* Includes purchases by both equity funds and hybrid funds that invest in a mix of equity and debt securities.
Source: Federal Reserve Board Financial Accounts of the United States Table F.223 Line 27.

Figure 40.



* Includes purchases by both equity funds and hybrid funds that invest in a mix of equity and debt securities.
Source: Federal Reserve Board Financial Accounts of the United States Table F.223 line 29.

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Figure 41.

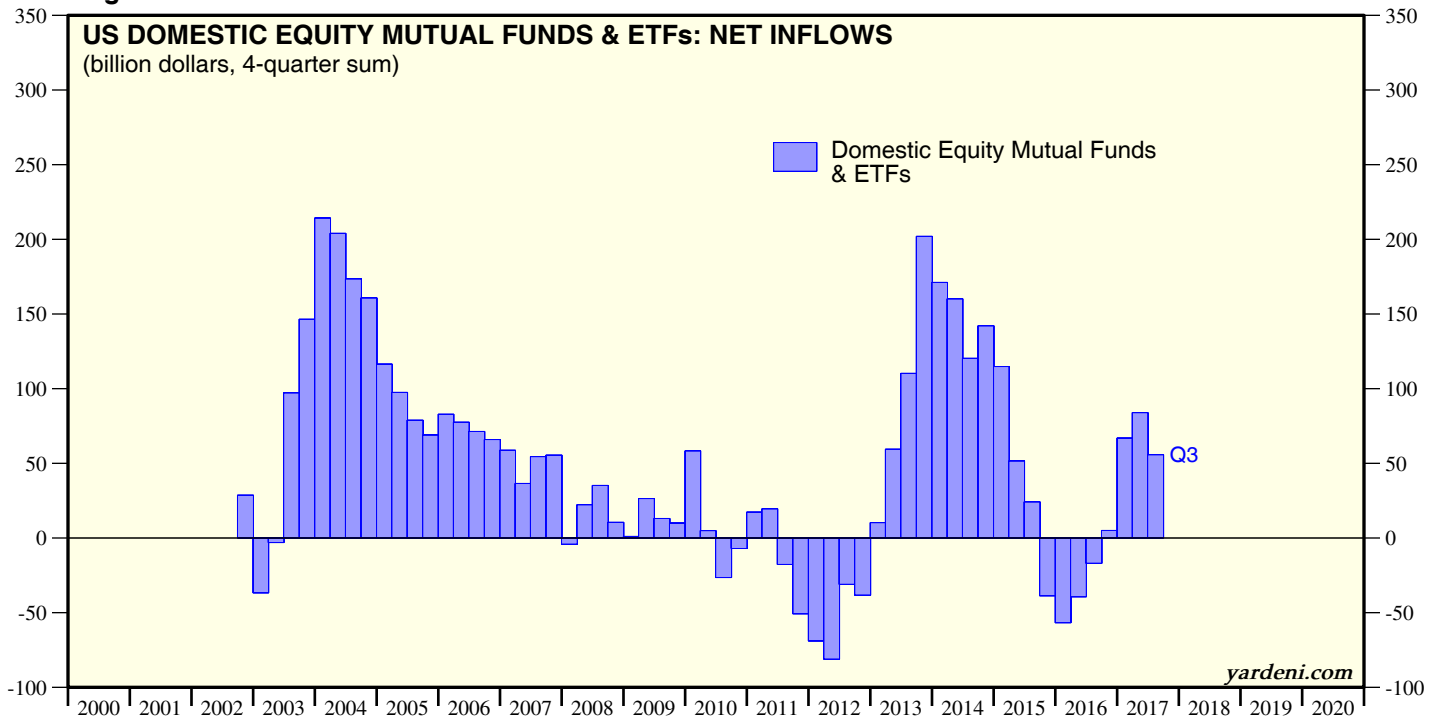
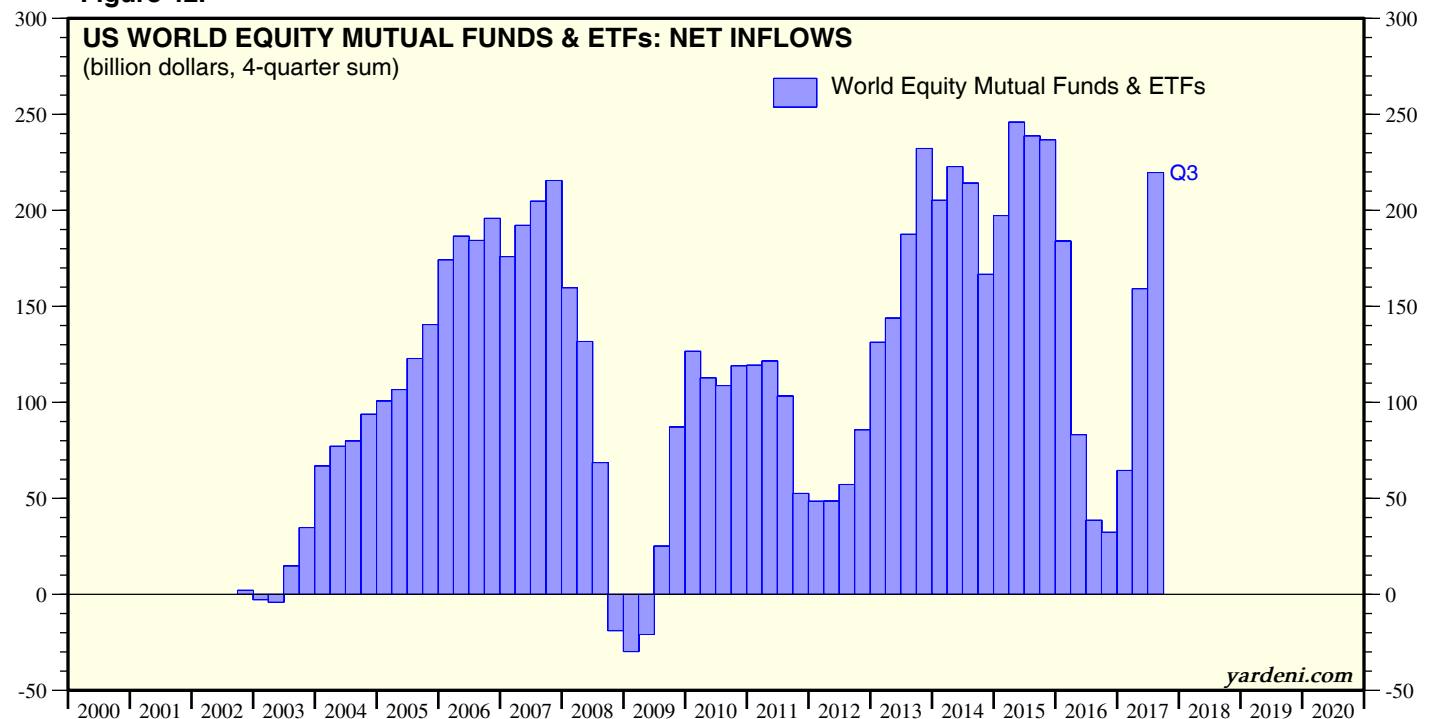
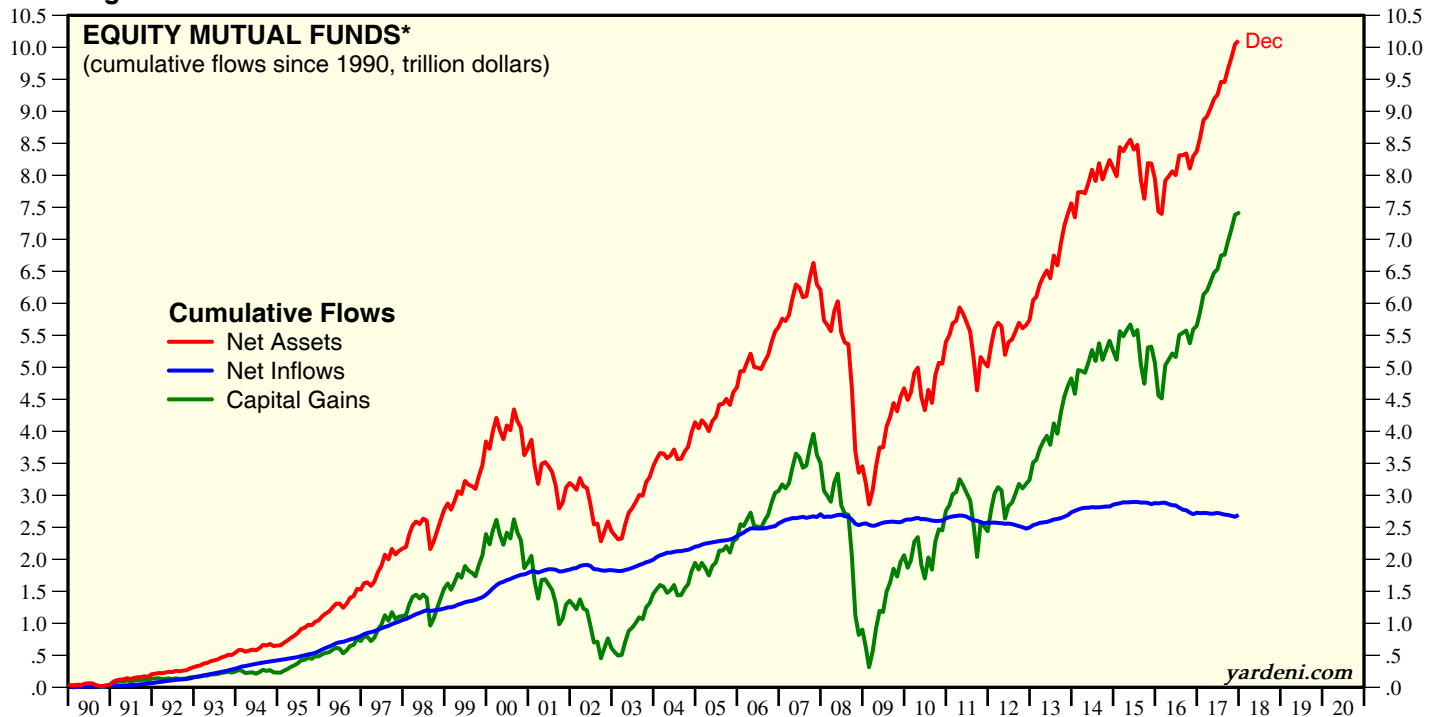


Figure 42.



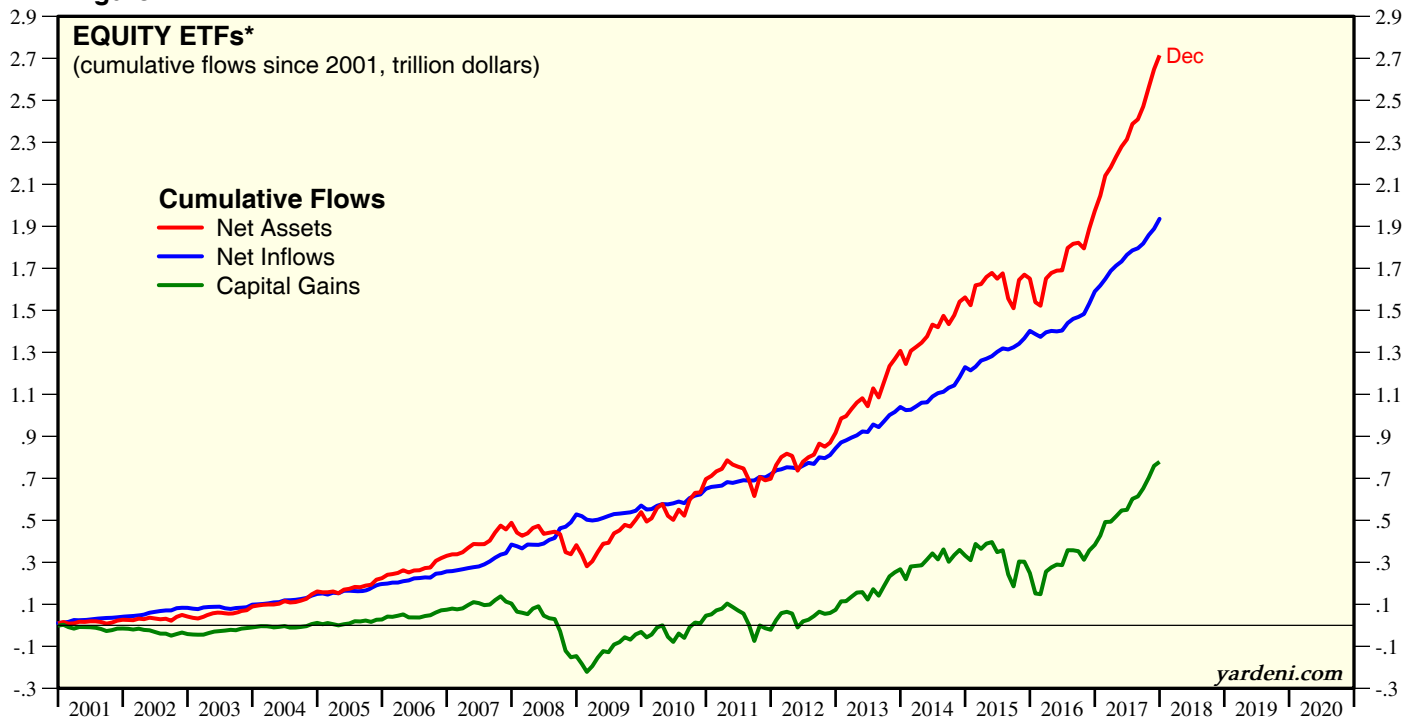
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Figure 43.



* Excludes equities purchased by hybrid funds that invest in a mix of equity and debt securities.
Source: Investment Company Institute.

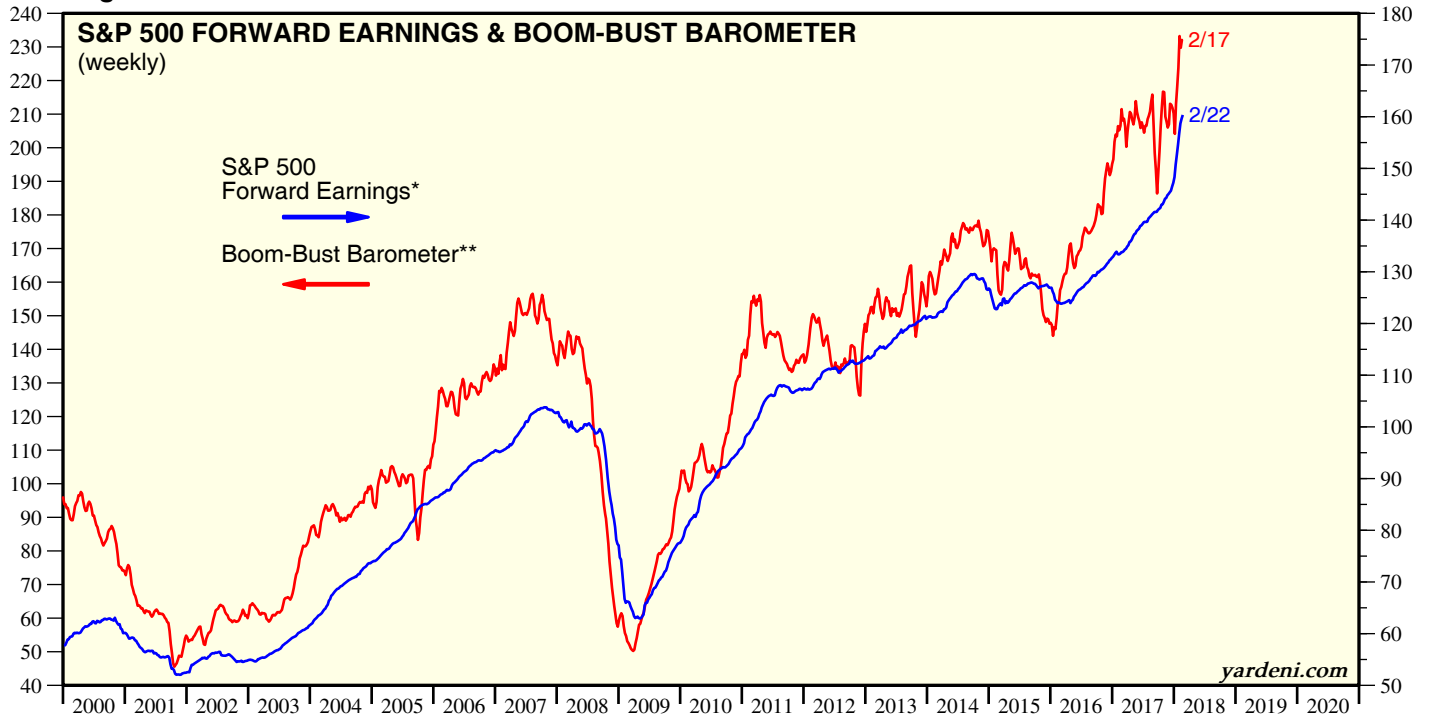
Figure 44.



* Excludes equities purchased by hybrid funds that invest in a mix of equity and debt securities.
Source: Investment Company Institute.

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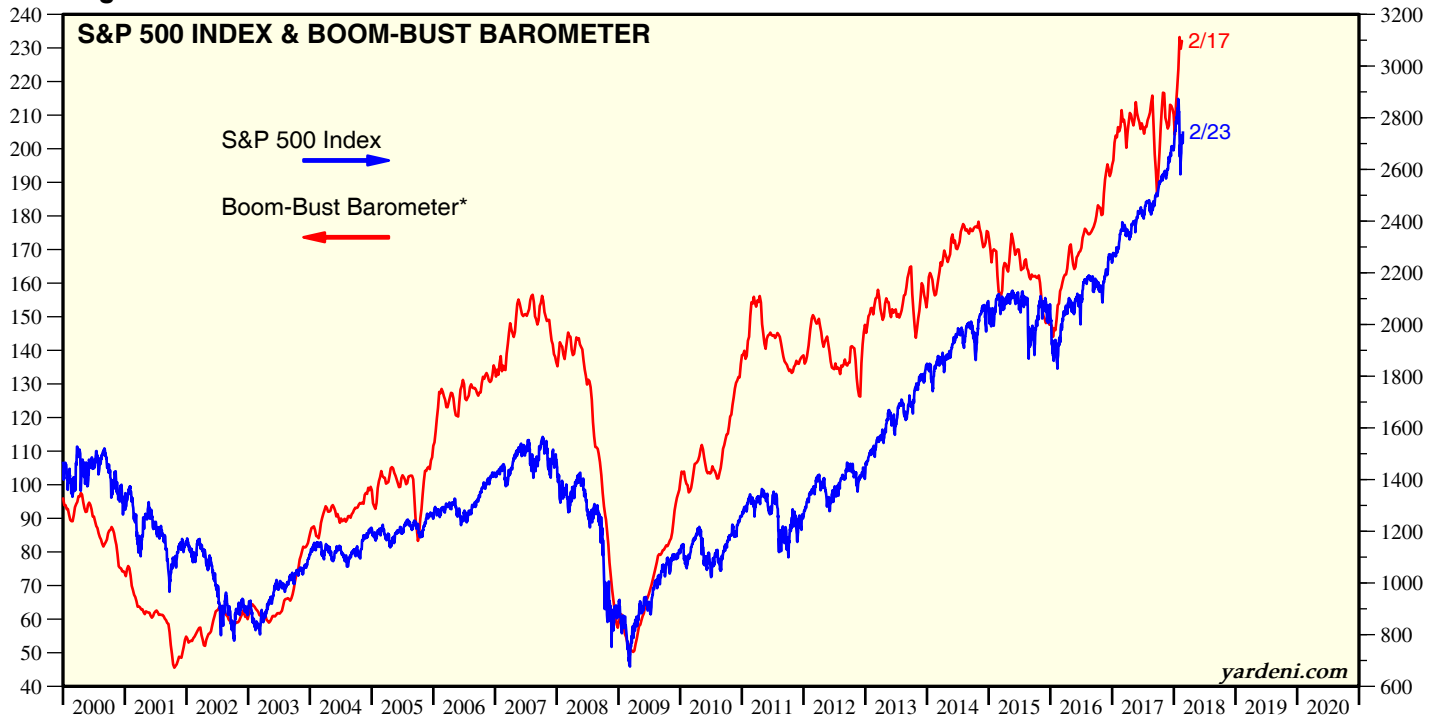
Figure 45.



* Time-weighted average of consensus estimates for the current year and next year.

** CRB raw industrials spot price index (weekly average) divided by weekly initial unemployment claims, showing four-week moving average.
Source: Commodity Research Bureau, Bureau of Labor Statistics, and Thomson Reuters I/B/E/S.

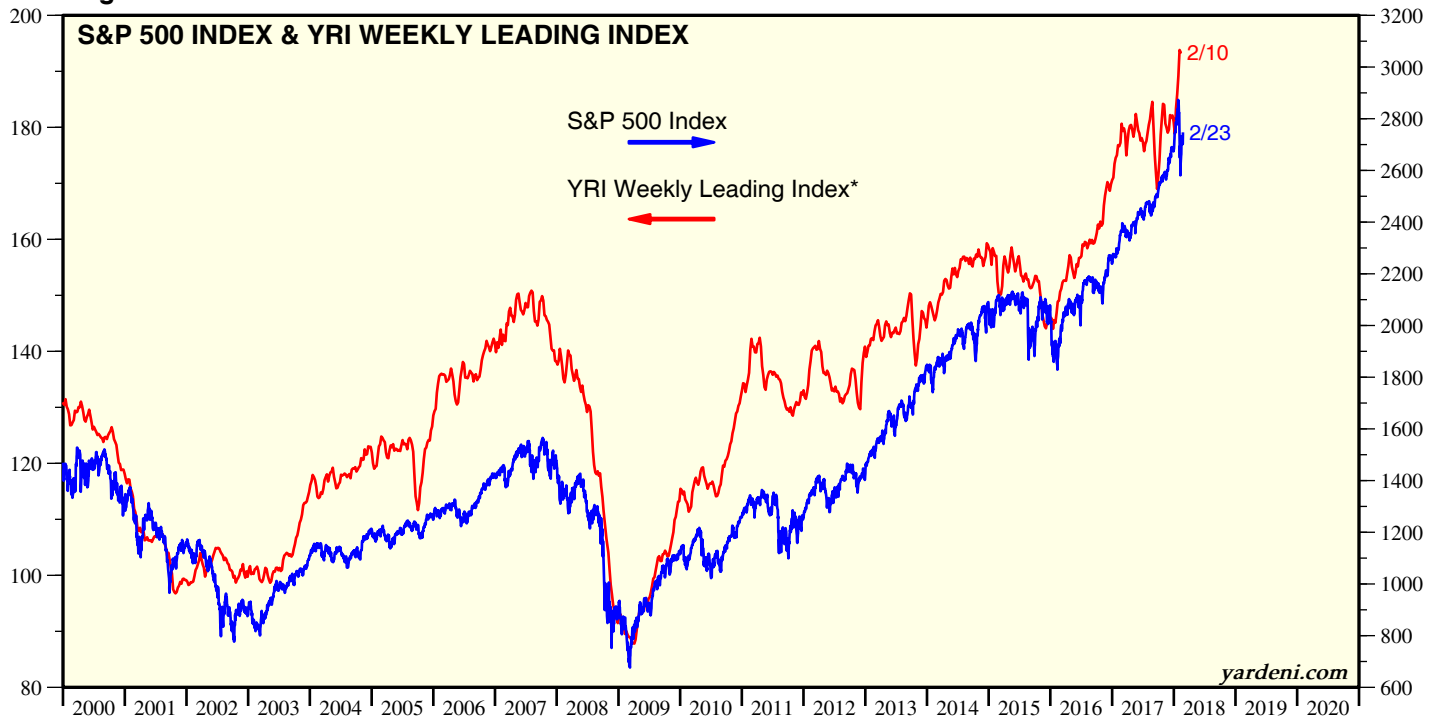
Figure 46.



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

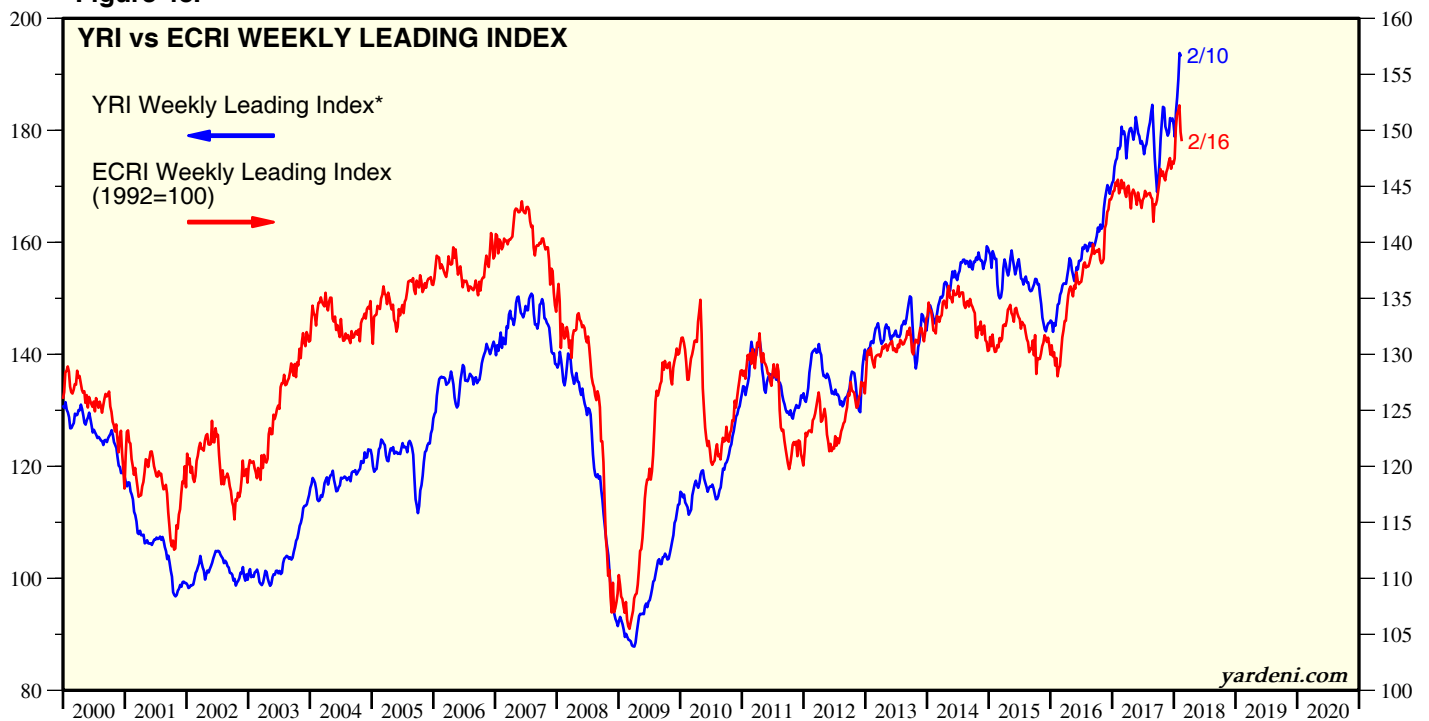
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Figure 47.



* Average of Consumer Comfort Index (which is a four-week average) and the four-week average of Boom-Bust Barometer, which is CRB raw industrials spot price index (weekly average) divided by weekly initial unemployment claims.
 Source: Bloomberg, Commodity Research Bureau, Bureau of Labor Statistics, and Standard & Poor's.

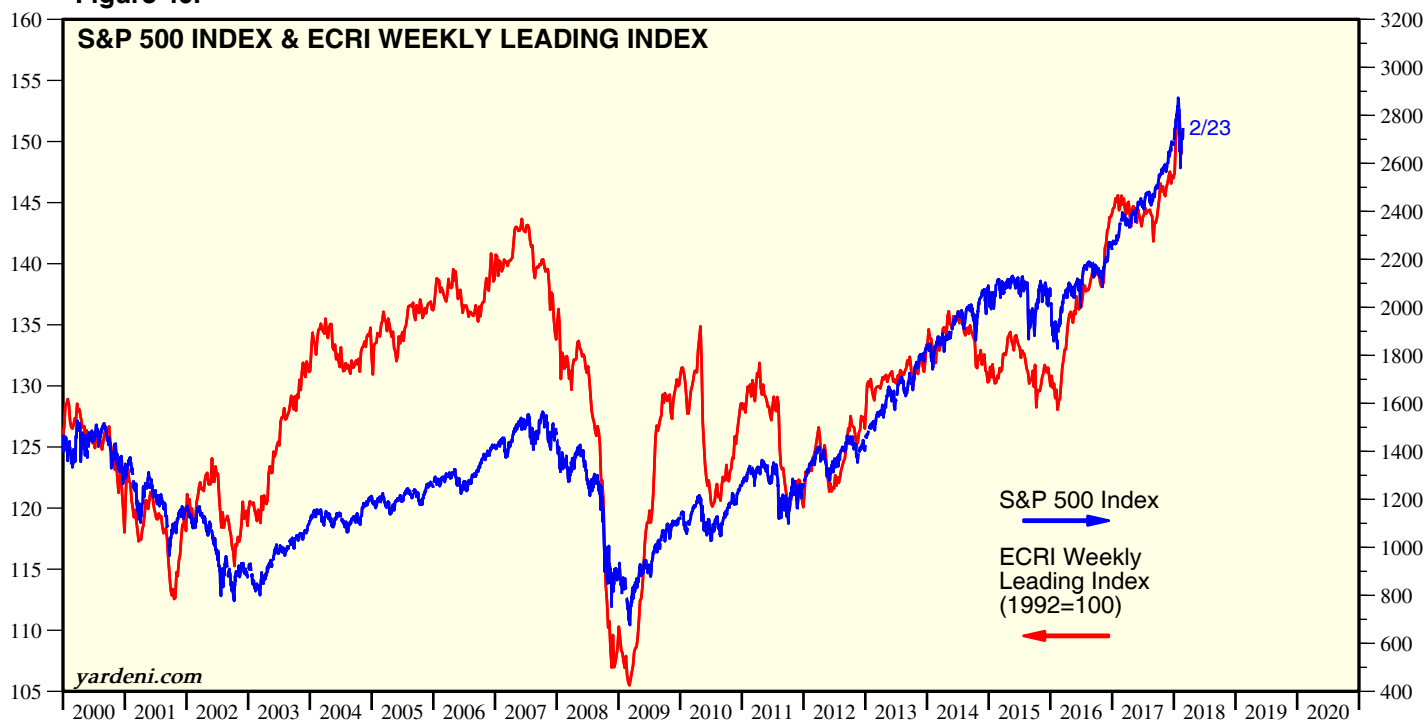
Figure 48.



* Average of Consumer Comfort Index (which is a four-week average) and the four-week average of Boom-Bust Barometer, which is CRB raw industrials spot price index (weekly average) divided by weekly initial unemployment claims.
 Source: Bloomberg, Commodity Research Bureau, Bureau of Labor Statistics, and Economic Cycle Research Institute (ECRI).

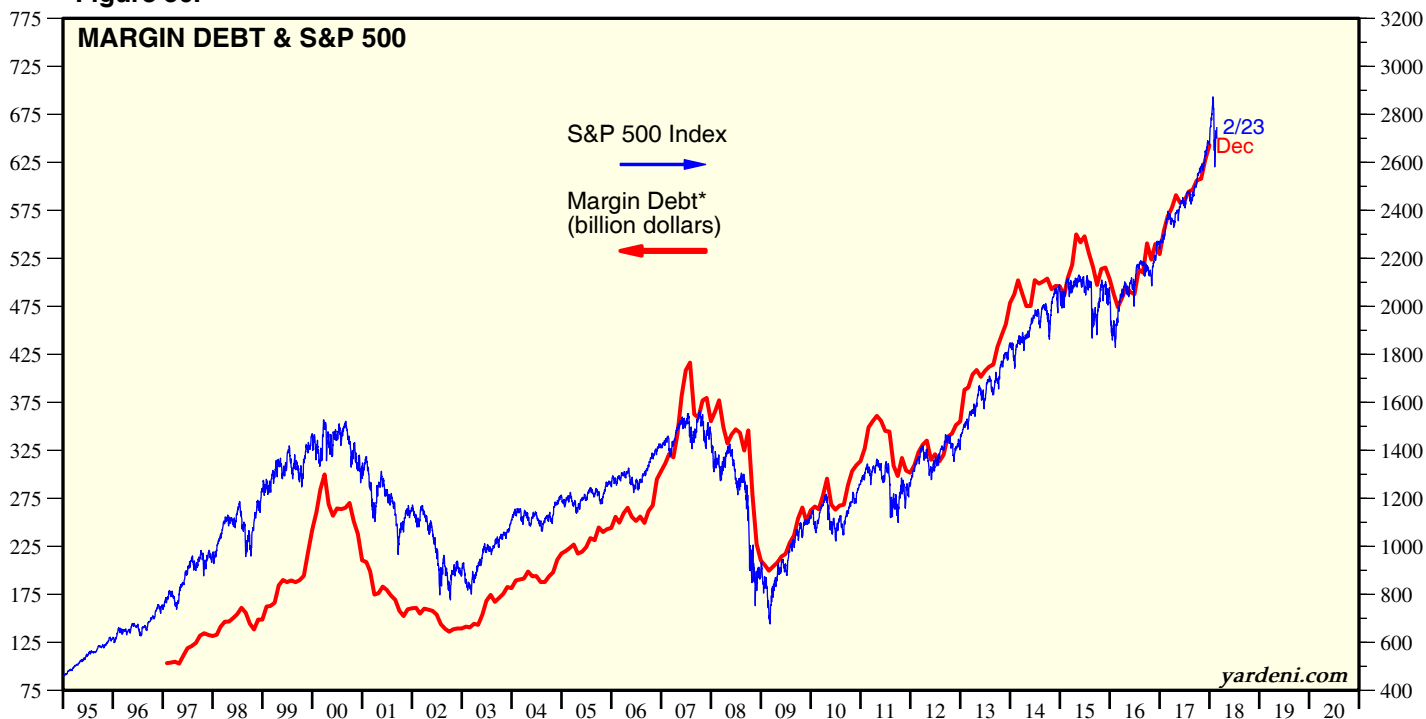
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Figure 49.



Source: Standard & Poor's and Economic Cycle Research Institute (ECRI).

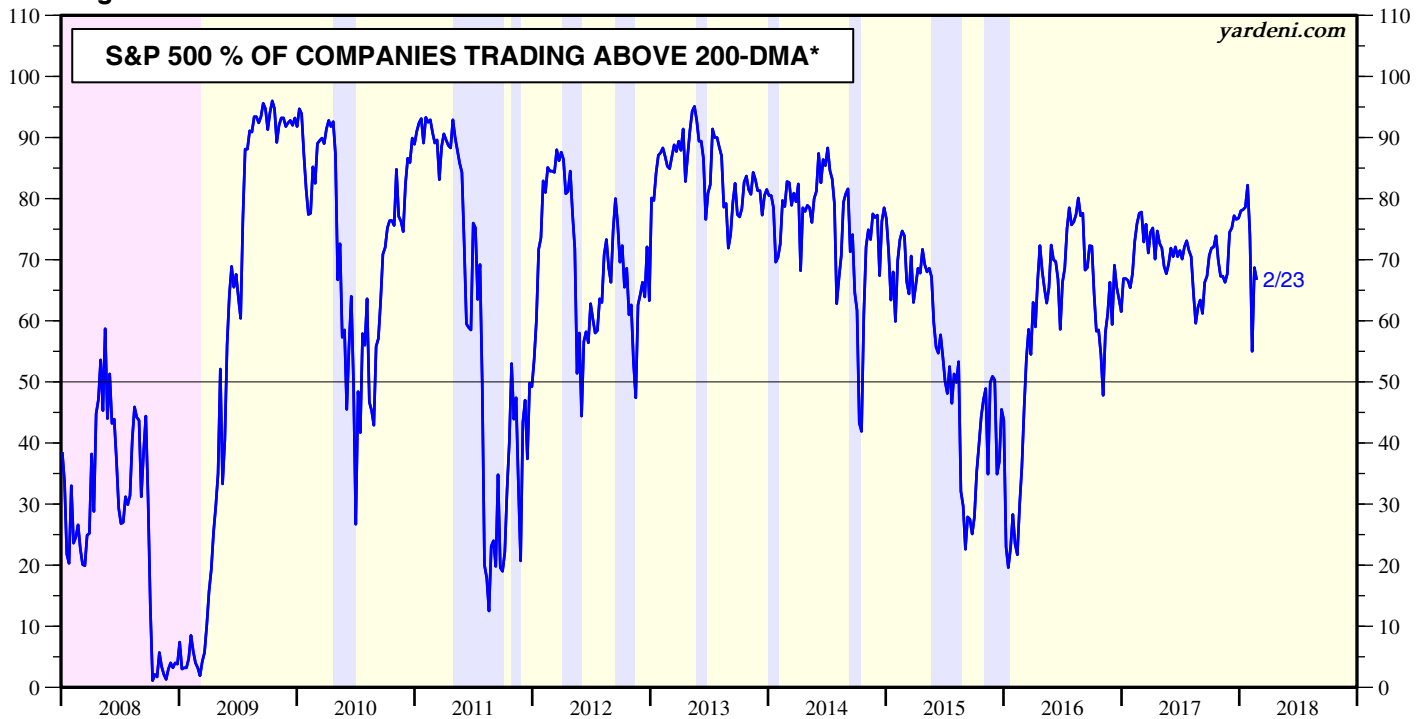
Figure 50.



* Debit balances in margin accounts at broker/dealers.
Source: Financial Industry Regulatory Authority and Standard & Poor's.

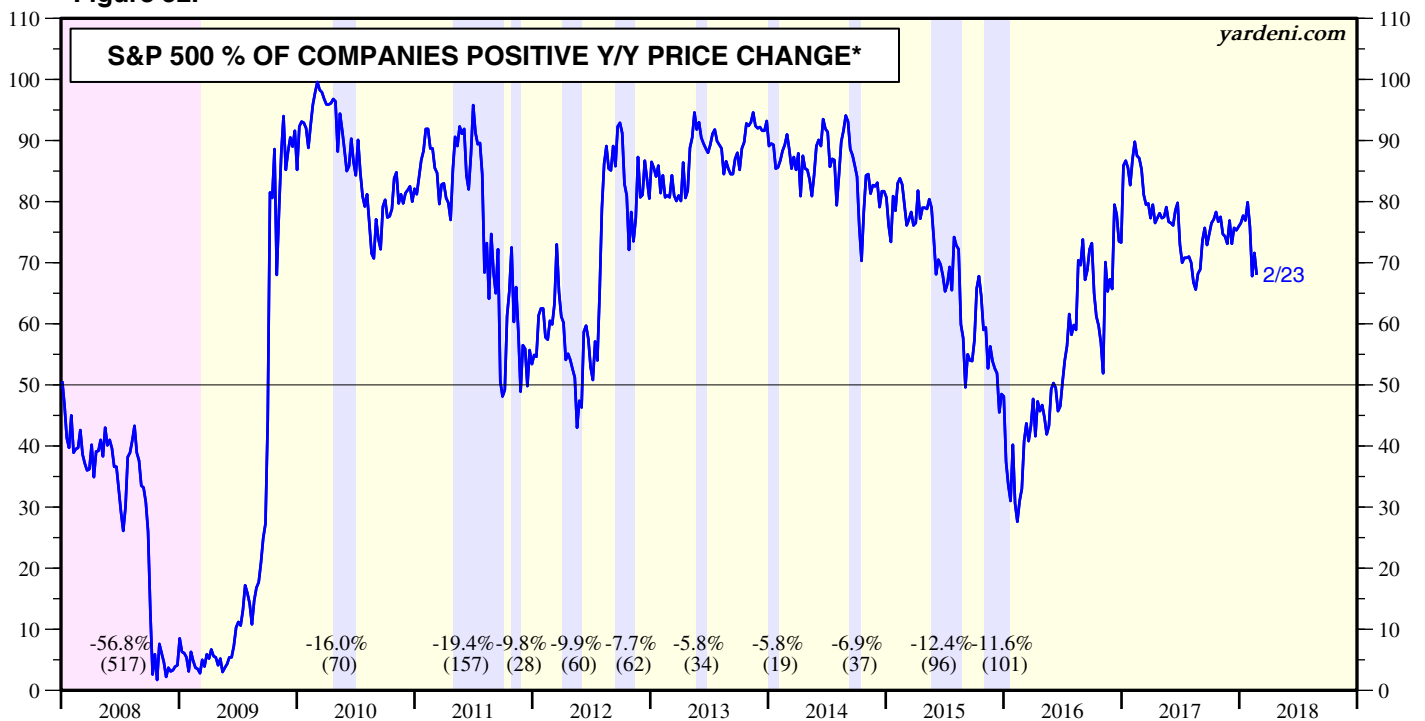
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Figure 51.



* Using end of week price data to calculate equivalent 10-wma and 40-wma to approximate their 50-dma and 200-dma.
 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: Thomson Reuters I/B/E/S.

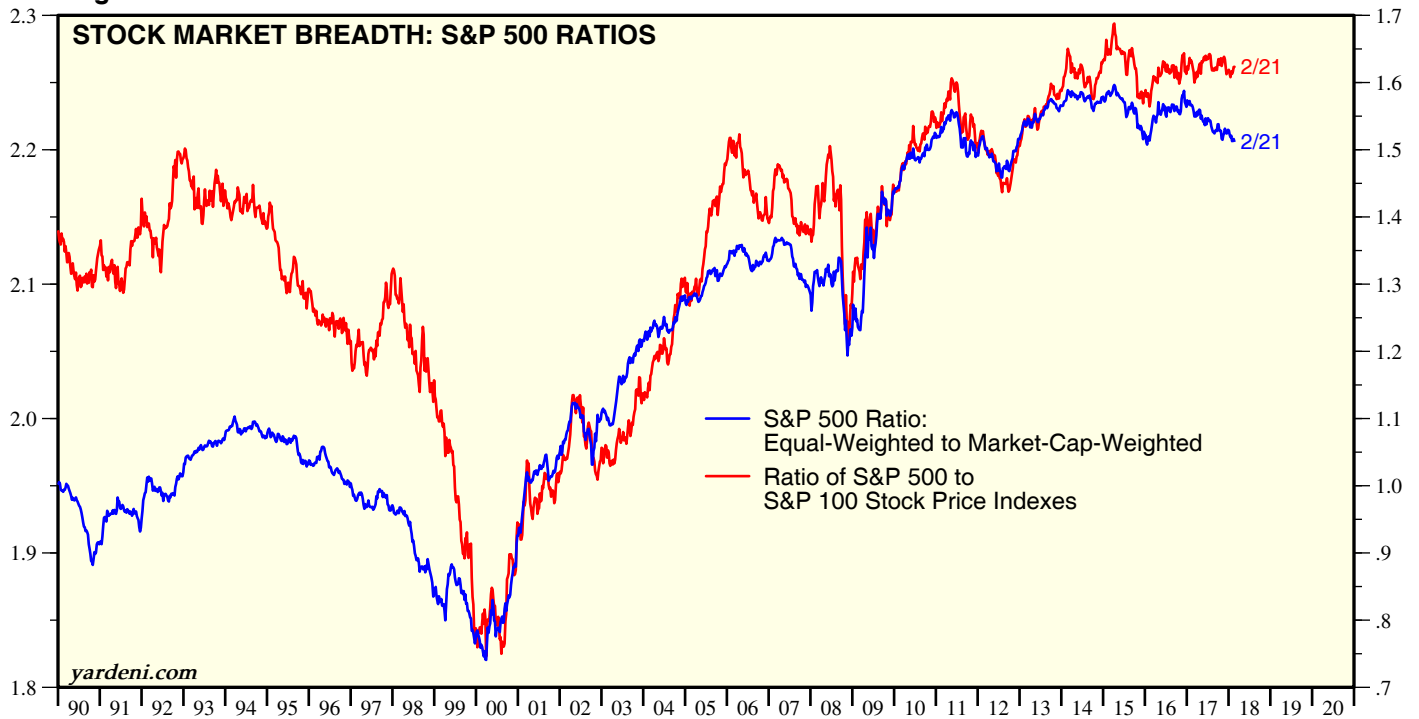
Figure 52.



* Using end of week price data to calculate year-over-year price change.
 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: Thomson Reuters I/B/E/S.

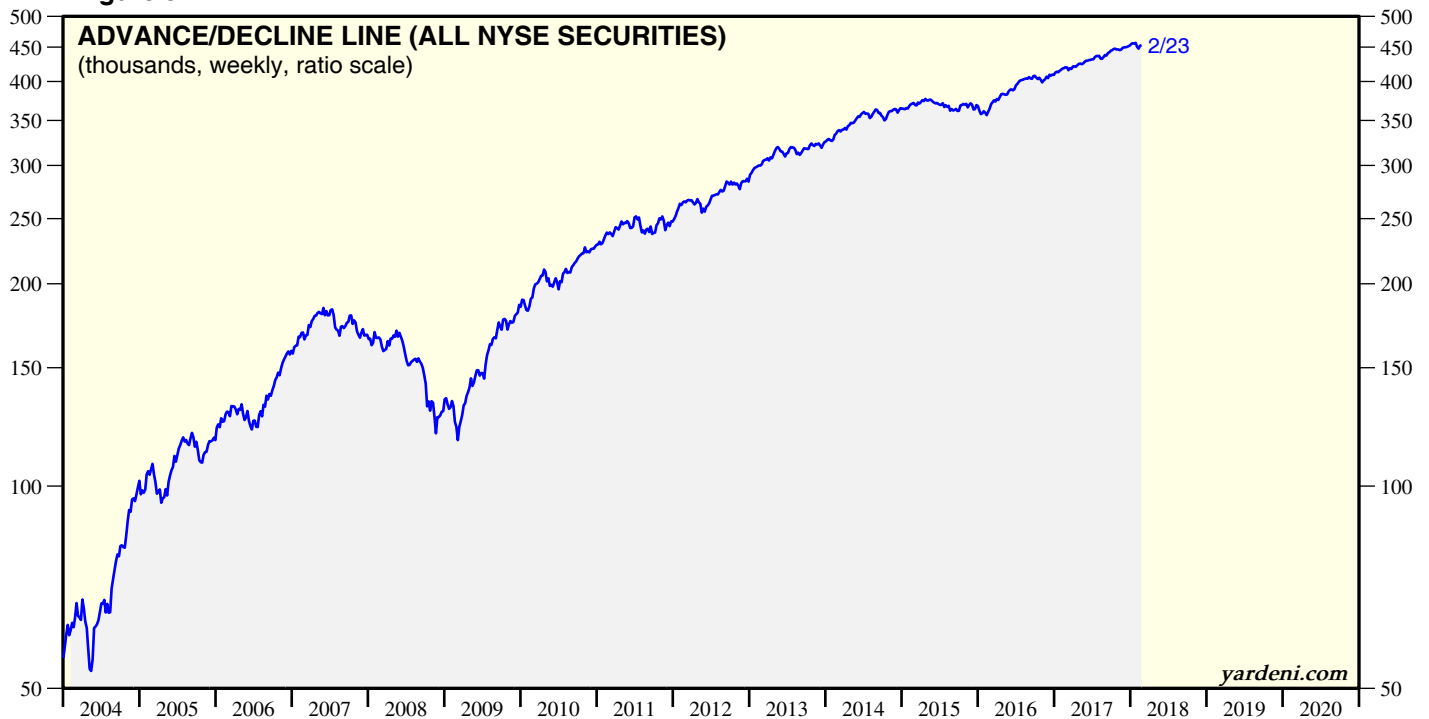
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Figure 53.



Source: Standard & Poor's.

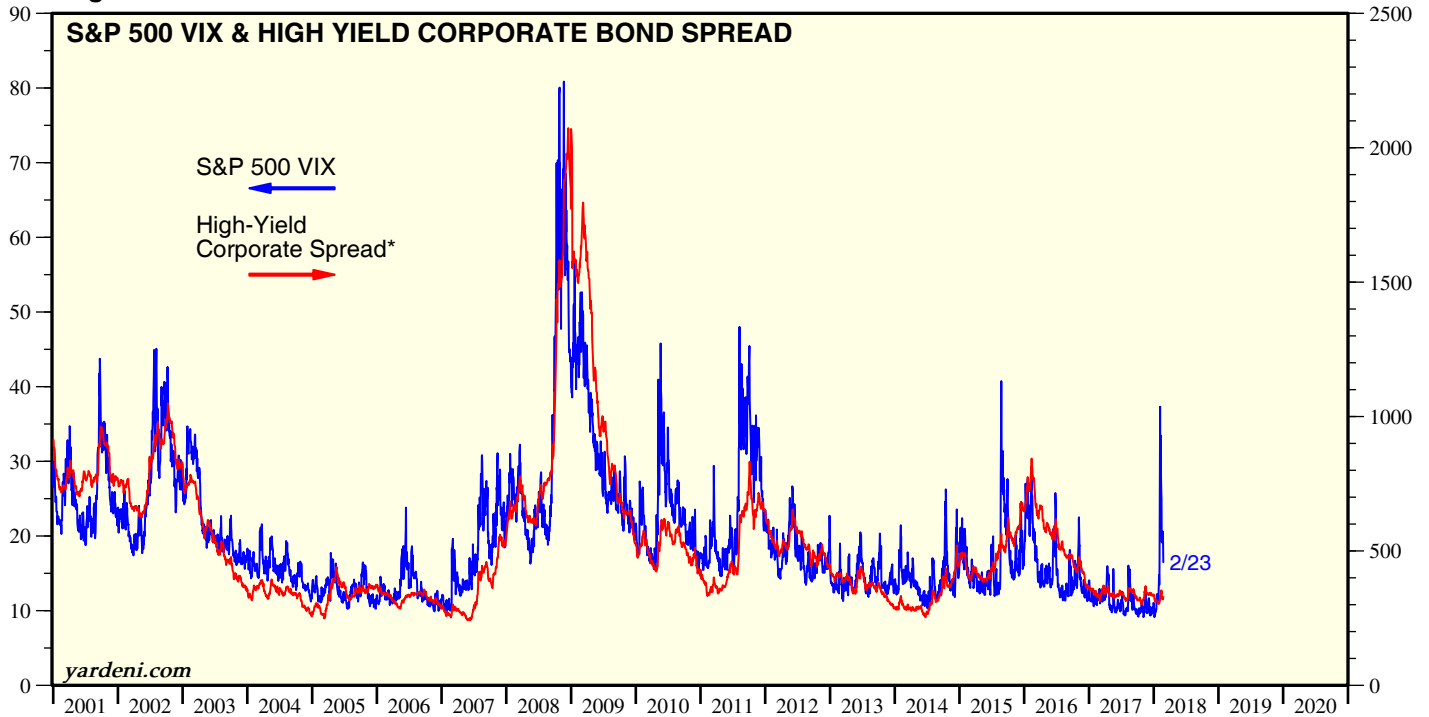
Figure 54.



Source: The Wall Street Journal.

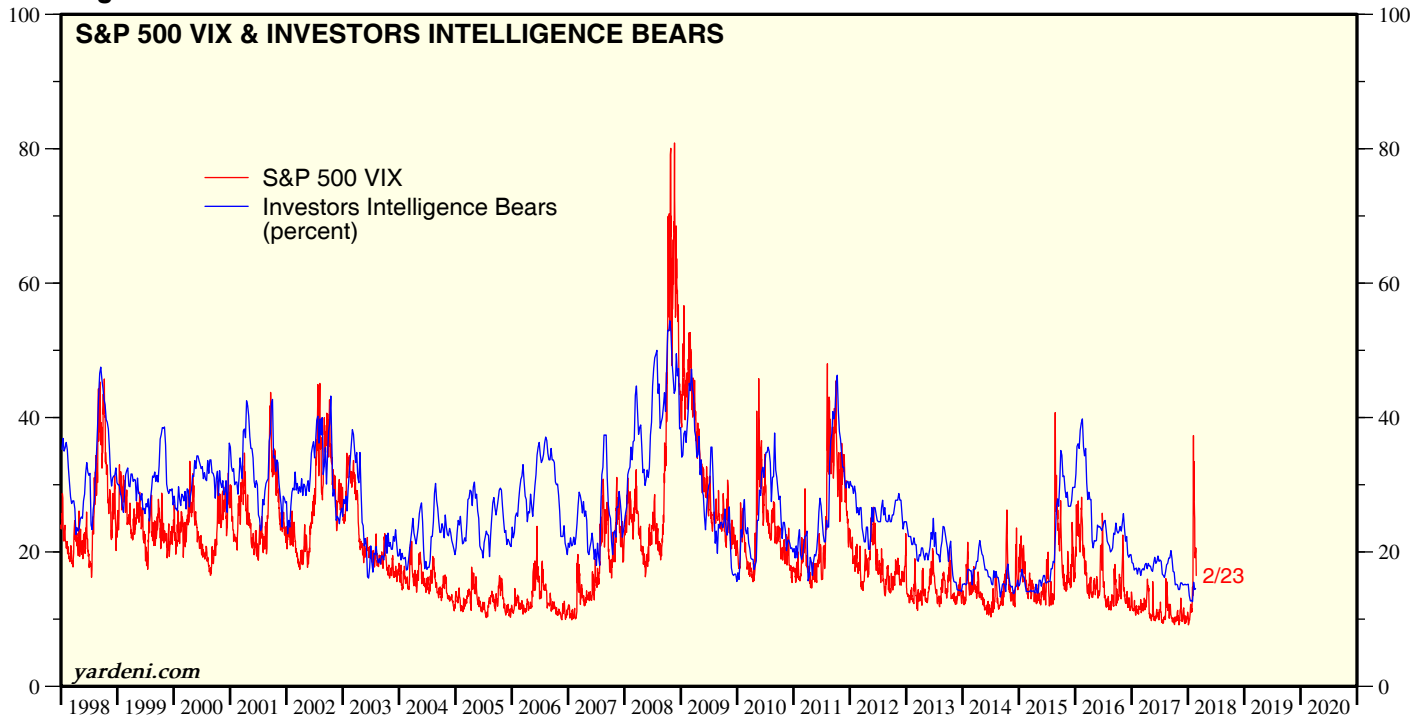
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Figure 55.



* US high-yield corporate bond yield less US Treasury 10-year bond yield (basis points).
 Source: Chicago Board Options Exchange, Bank of America Merrill Lynch, and Federal Reserve Board.

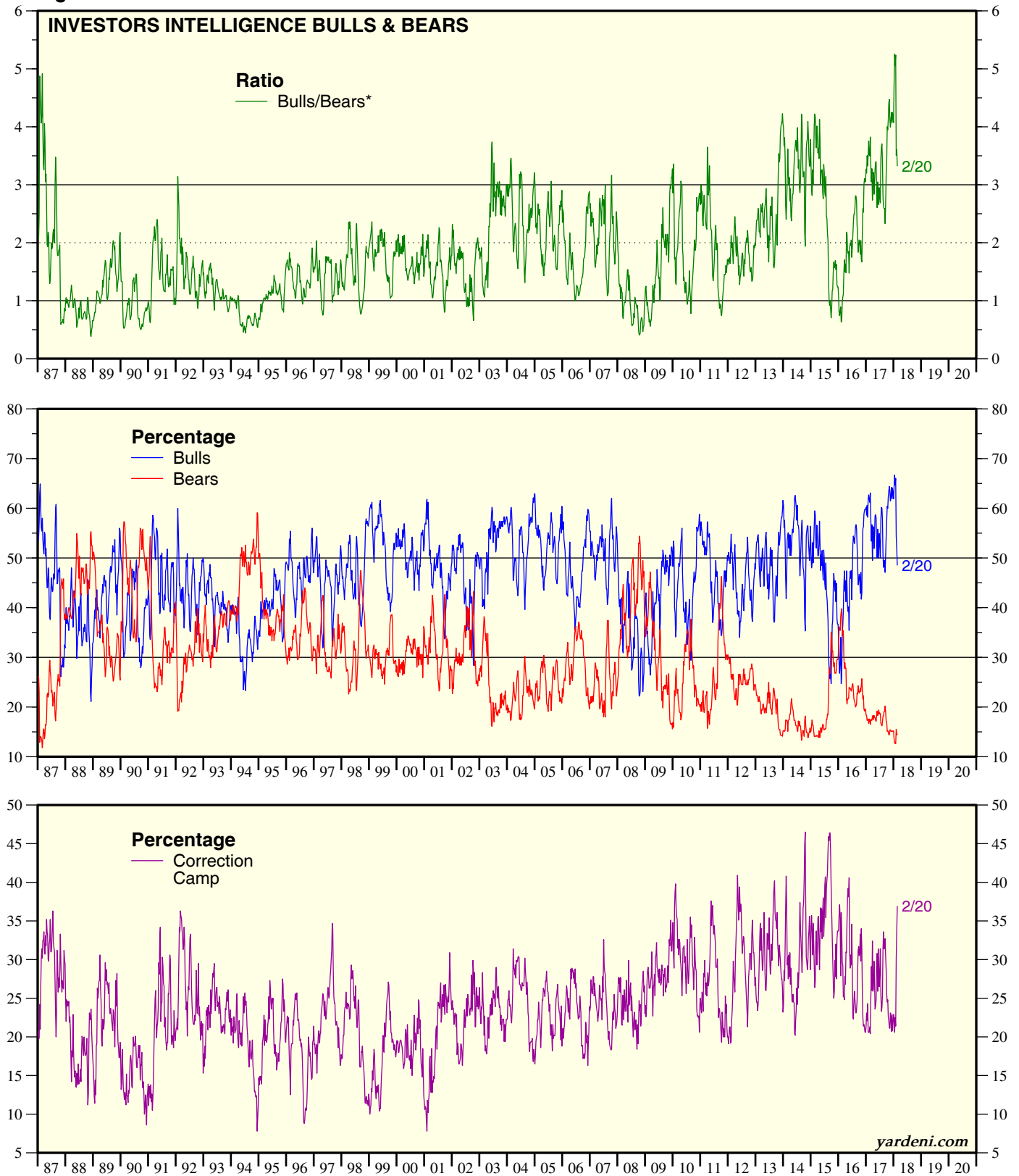
Figure 56.



Source: Investors Intelligence and Chicago Board Options Exchange.

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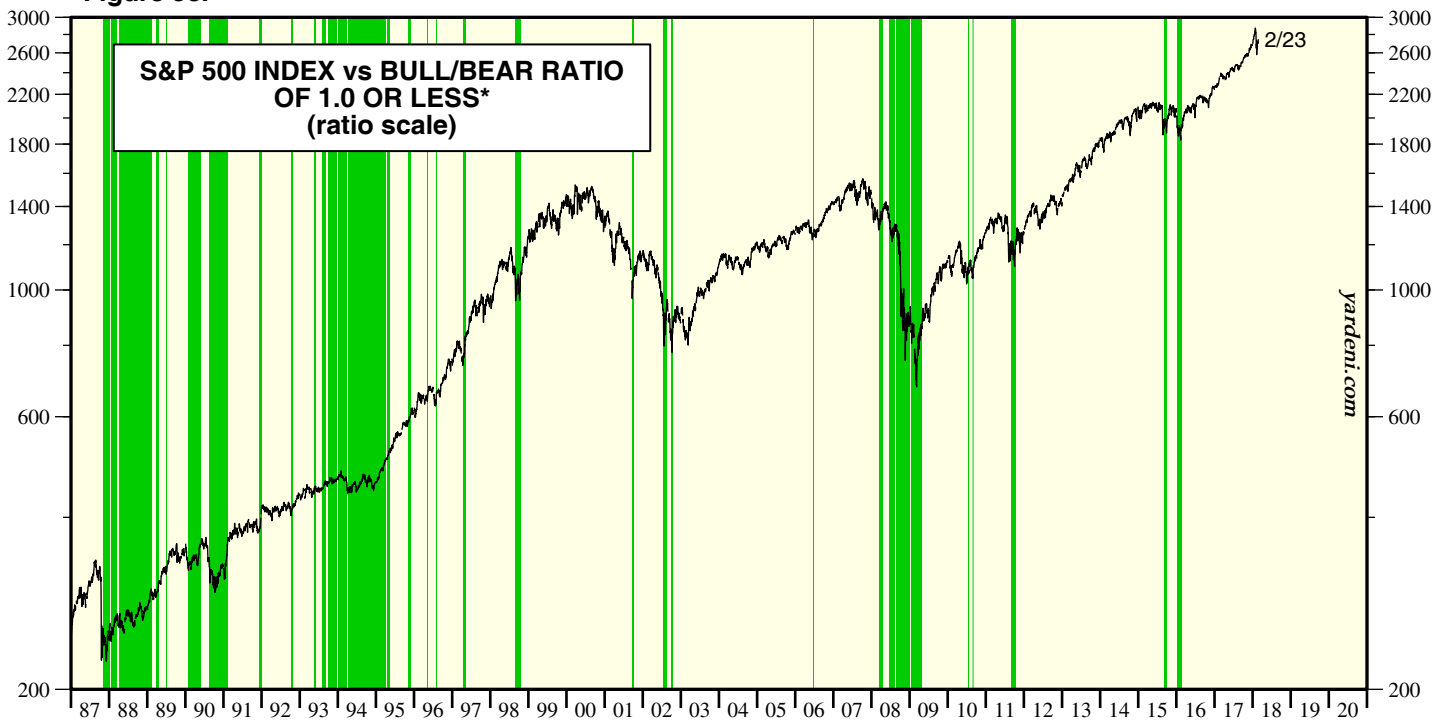
Figure 57.



Source: Investors Intelligence.

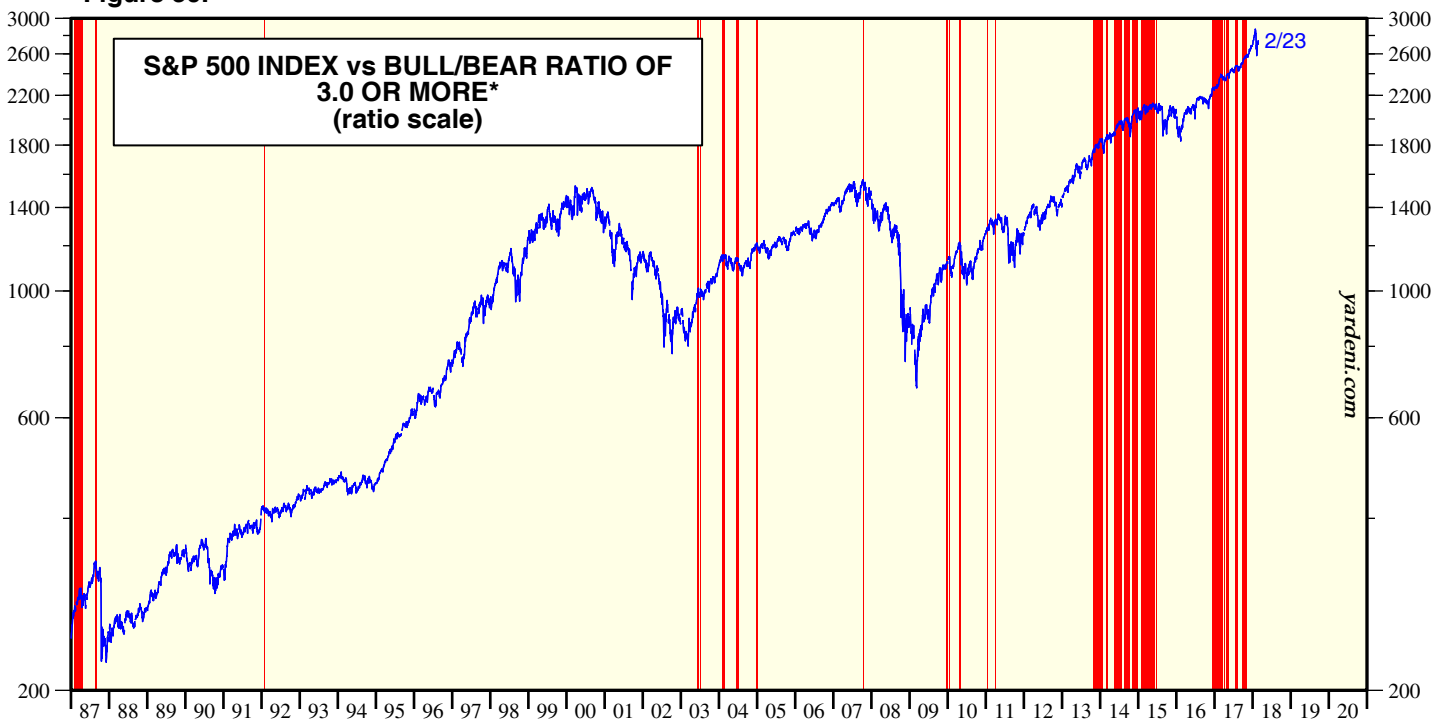
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Figure 58.



* Green shaded areas indicate Bull/Bear Ratio equal to or less than 1.0.
Source: Standard & Poor's and Investors Intelligence.

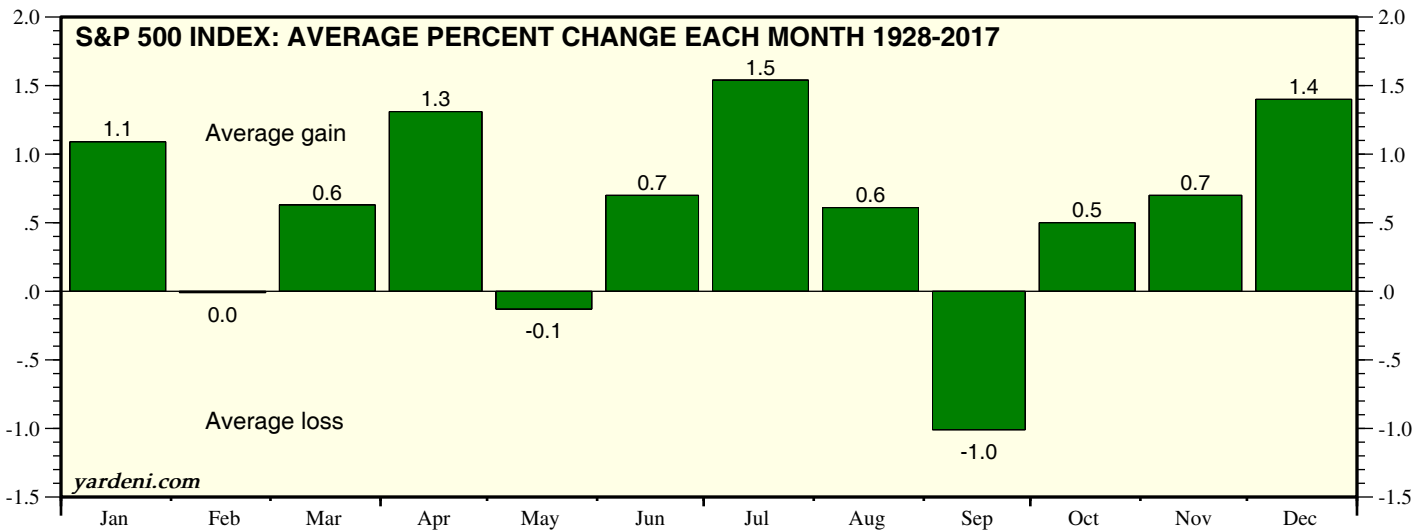
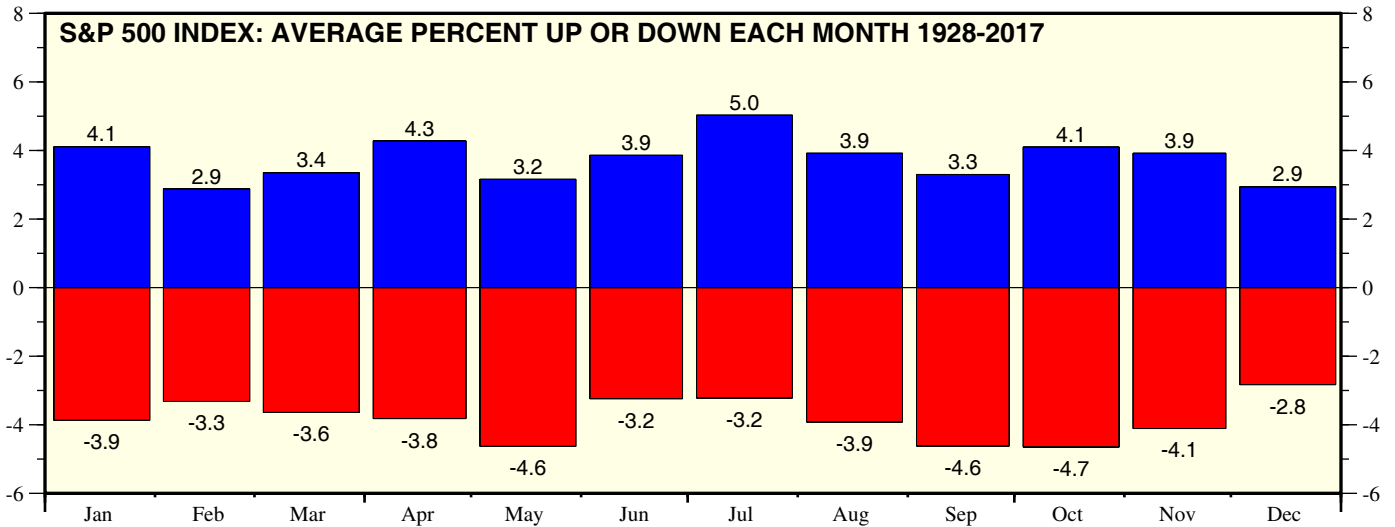
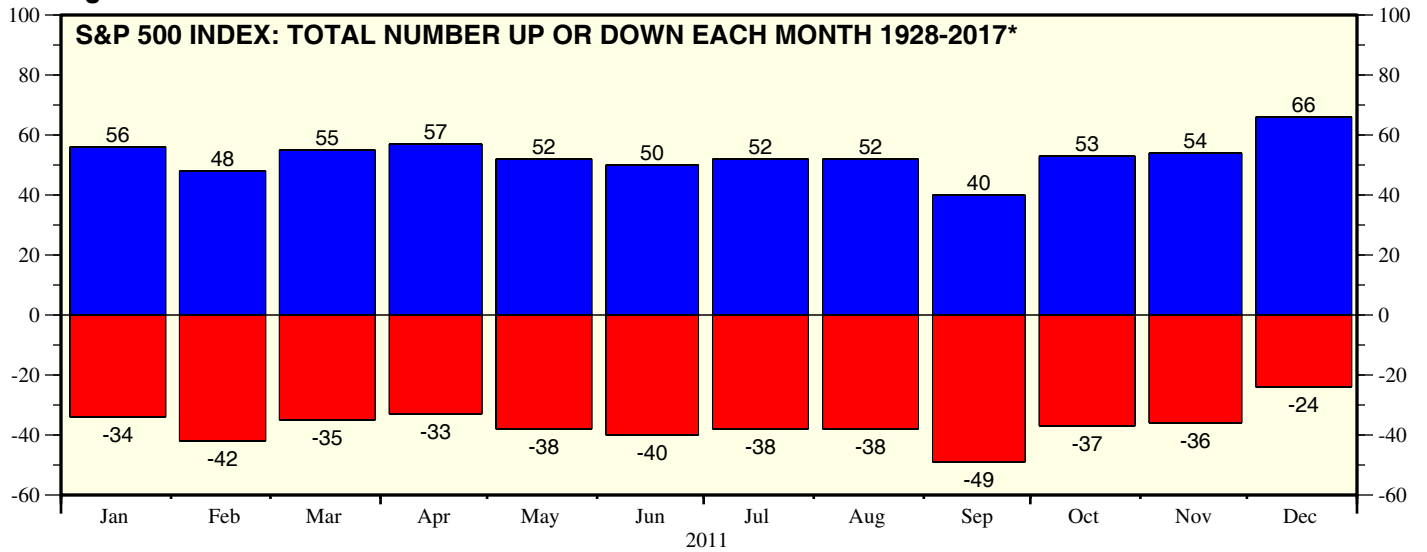
Figure 59.



* Red shaded areas indicate Bull/Bear Ratio equal to or greater than 3.0.
Source: Standard & Poor's and Investors Intelligence.

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Figure 60.



*No change (0.00%) month of September 1979. Data are through December 2017.
Source: Standard & Poor's and Haver Analytics.

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