

# A Midyear Snapshot Of European Equities

## Earnings Growth Rates & Price-to-Earnings (P/E) Ratios For Top European Equity Indices

Index	2014 Earnings Growth Rate Est.	2014 P/E Est.	3-Year Avg. P/E
FTSE 100 (UK)	36.91%	14.35	15.18
CAC 40 (France)	68.72%	15.29	17.04
DAX (Germany)	32.23%	13.90	14.61
Swiss Market (Switzerland)	13.78%	16.76	17.76
IBEX 35 (Spain)	35.16%	17.37	30.14
FTSE MIB (Italy)	954.55%	16.42	236.89
OMX Stockholm 30 (Sweden)	4.41%	16.42	14.78
AEX (Netherlands)	46.84%	14.67	18.29
BEL 20 (Belgium)	220.22%	15.21	29.43
OMX Helsinki (Finland)	51.48%	17.72	28.29

Source: Bloomberg. As of 7/7/14.

### View from the Observation Deck

1. Today's blog post updates a post we did in February ([Click here to view previous post from 2/19/14.](#)) We intend to closely monitor the current bull market in European equities.
2. Real GDP growth in Europe has accelerated from 0.09% in Q2'13 to 1.41% in Q1'14. The U.S. economic recovery is running about 15 calendar quarters ahead of Europe's.
3. The MSCI Europe Index stood 15.5% below its 10-year high (set on 6/1/07) on 7/7/14, according to Bloomberg. It stood 29.2% below its 10-year high at this point a year ago.
4. The broader MSCI Europe Index has a 2014 estimated earnings growth rate of 37.76%, with an estimated 2014 P/E of 15.34, which is below its 3-year average of 16.78.
5. Benoit Coeure, a member of the European Central Bank's (ECB) executive board, stated on 7/6/14 that the ECB will keep interest rates very low for a long period of time to ensure monetary stability, according to Reuters.

*This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The FTSE 100 Index is a capitalization-weighted index of the most highly capitalized companies traded on the London Stock Exchange. The CAC 40 Index reflects the performance of the 40 largest equities listed in France, measured by free-float market capitalisation and liquidity. The DAX Index is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The SMI Index (Swiss Market) is a capitalization-weighted index of the 20 largest (represents around 85% of Swiss equity market) and most liquid stocks of the SPI (Swiss Performance Index) universe. The IBEX 35 is the official index of the Spanish Continuous Market and is comprised of the 35 most liquid stocks. The FTSE MIB Index consists of the 40 most liquid and capitalised stocks listed on the Borsa Italiana. The OMX Stockholm 30 Index is a market-weighted price index consisting of the 30 most actively traded stocks on the Stockholm Stock Exchange. The AEX-Index is a free-float adjusted market capitalization-weighted index of the leading Dutch stocks traded on the Amsterdam Exchange. The BEL 20 Index is a modified capitalization-weighted index of the 20 most capitalized and liquid Belgian stocks traded on the Brussels Stock Exchange. The OMX Helsinki Index includes all the shares listed on the Helsinki Stock Exchange. The MSCI Europe Index is a free-float weighted index designed to measure the performance of the developed equity markets in Europe.*