

A Snapshot Of European Equities

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

Index	2016 Earnings Growth Rate Est.	2016 P/E Est.	2017 Earnings Growth Rate Est.	2017 P/E Est.
MSCI Europe	71.97%	15.78	14.23%	13.81
FTSE 100 (UK)	179.80%	16.82	16.64%	14.42
CAC 40 (France)	50.84%	14.88	12.62%	13.22
DAX (Germany)	72.00%	12.67	10.14%	11.50
Swiss Market (Switzerland)	59.13%	17.22	11.36%	15.46
IBEX 35 (Spain)	49.92%	15.38	27.07%	12.11
OMX Stockholm 30 (Sweden)	37.48%	15.08	9.59%	13.76
AEX (Netherlands)	68.53%	17.37	19.00%	14.60
BEL 20 (Belgium)	169.38%	14.93	5.76%	14.12
OMX Helsinki (Finland)	8.14%	17.40	15.25%	15.10

Source: Bloomberg. As of 6/6/16.

View from the Observation Deck

1. Today's blog post is an update of one we did on 2/2/16 ([click here to view](#)).
2. The 2016 earnings growth rate estimates (see chart) are in some cases much higher than they were back in February. This was due to 2015's earnings being revised lower.
3. For the 12-month period ended 4/30/16, investors funneled an estimated net \$6.6 billion into European stock funds and exchange-traded funds, according to Morningstar.
4. The European Central Bank (ECB) is expanding its asset purchase program beyond government debt to include corporate bonds along with covered bonds and asset-backed securities, according to Bloomberg.
5. The ECB has already done an effective job in helping to drive interest rates down in an effort to encourage investors to assume more risk, such as stock purchases. Bank of America Merrill Lynch reported that average yield on investment-grade company notes in euros stood at 1.002% on 6/6/16, according to Bloomberg. Historically, yields have rarely fallen below the 1.00% mark.

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 MSCI Europe Index is a free-float weighted index designed to measure the equity market performance of the developed markets in Europe. 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 capitalization 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 Index is the official index of the Spanish Continuous Market and is comprised of the 35 most liquid stocks. 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.