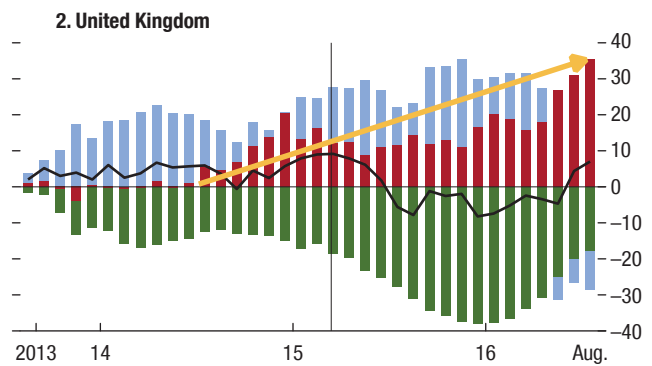
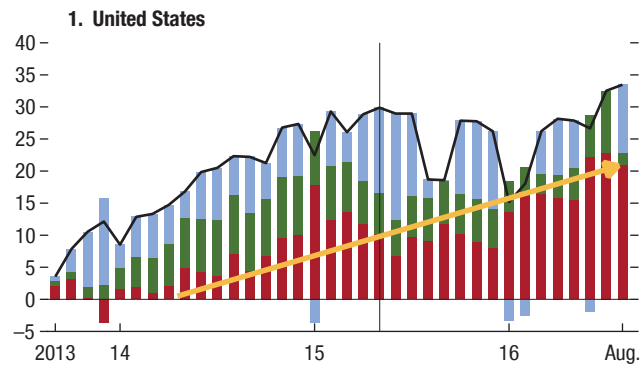


**Figure 1.4. Decomposition of Equity Market Performance**  
*(Percent contribution to cumulative return since September 2013)*

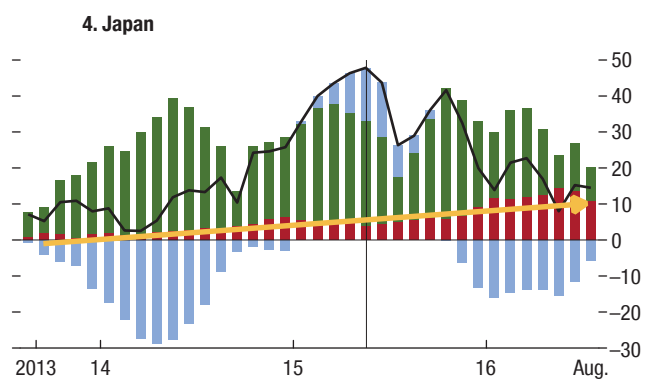
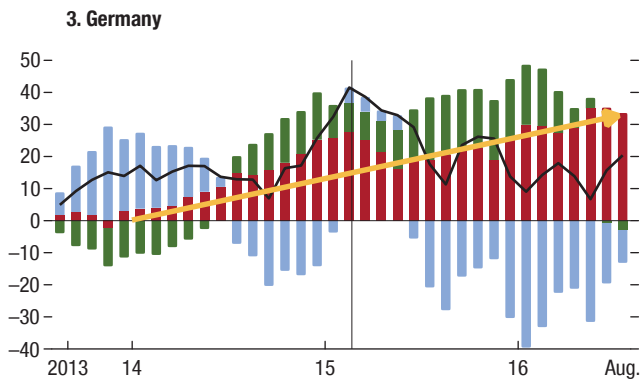
Equity risk premiums   Earnings (current and projected)   Risk-free rate   Price return

Equity valuations are increasingly supported by low yields ...

... as earnings weaken ...



... and equity risks premiums rise.



Sources: Deutsche Bundesbank; European Central Bank; Haver Analytics; Thomson Reuters I/B/E/S; and IMF staff calculations.  
 Note: Based on a standard three-stage dividend discount model.