

1 Q. Reference: CA-NP-103/4

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3 **Mr. Coyne provided the risk premium data. Can he provide, as requested, the**
4 **actual underlying data, that is, the rate of return series for debt and equity each**
5 **year with the debt return series, the actual return, as well as the yield at the start of**
6 **the year?**

7

8 A. The underlying data for the U.S. are provided in Attachment A of this response. This
9 includes the total return on large company stocks, the income only return on long-term
10 government bonds, the resulting market risk premium, and the yield on the long-term
11 government bonds in January of each year from 1926-2014.

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13 Duff and Phelps 2015 International Valuation Handbook, which is the source of the
14 Canadian equity risk premium data, does not provide the same level of detail regarding
15 the underlying data used compute the market risk premium. Therefore, in his response to
16 Request for Information CA-NP-103, Mr. Coyne provided the pages from the Duff and
17 Phelps book which show the equity risk premium for Canada for the relevant time period.

Underlying Data

	Large Co Stock Total Return Table A-1	Income Only Returns LT Govt Table A-7	Market Risk Premium	LT Govt Bond Yield (Jan) Table A-9
1926	11.62%	3.73%	7.89%	3.74%
1927	37.49%	3.41%	34.08%	3.51%
1928	43.61%	3.22%	40.39%	3.21%
1929	-8.42%	3.47%	-11.89%	3.49%
1930	-24.90%	3.32%	-28.22%	3.47%
1931	-43.34%	3.33%	-46.67%	3.43%
1932	-8.19%	3.69%	-11.88%	3.90%
1933	53.99%	3.12%	50.87%	3.08%
1934	-1.44%	3.18%	-4.62%	3.21%
1935	47.67%	2.81%	44.86%	2.81%
1936	33.92%	2.77%	31.15%	2.85%
1937	-35.03%	2.66%	-37.69%	2.58%
1938	31.12%	2.64%	28.48%	2.71%
1939	0.41%	2.40%	-1.99%	2.49%
1940	-9.78%	2.23%	-12.01%	2.29%
1941	-11.59%	1.94%	-13.53%	2.13%
1942	20.34%	2.46%	17.88%	2.47%
1943	25.90%	2.44%	23.46%	2.45%
1944	19.75%	2.46%	17.29%	2.48%
1945	36.44%	2.34%	34.10%	2.40%
1946	-8.07%	2.04%	-10.11%	1.99%
1947	5.71%	2.13%	3.58%	2.14%
1948	5.50%	2.40%	3.10%	2.43%
1949	18.79%	2.25%	16.54%	2.33%
1950	31.71%	2.12%	29.59%	2.15%
1951	24.02%	2.38%	21.64%	2.21%
1952	18.37%	2.66%	15.71%	2.68%
1953	-0.99%	2.84%	-3.83%	2.79%
1954	52.62%	2.79%	49.83%	2.91%
1955	31.56%	2.75%	28.81%	2.86%
1956	6.56%	2.99%	3.57%	2.92%
1957	-10.78%	3.44%	-14.22%	3.28%
1958	43.36%	3.27%	40.09%	3.30%
1959	11.96%	4.01%	7.95%	4.08%
1960	0.47%	4.26%	-3.79%	4.41%
1961	26.89%	3.83%	23.06%	4.04%
1962	-8.73%	4.00%	-12.73%	4.19%
1963	22.80%	3.89%	18.91%	3.98%
1964	16.48%	4.15%	12.33%	4.21%
1965	12.45%	4.20%	8.25%	4.22%
1966	-10.06%	4.49%	-14.55%	4.58%
1967	23.98%	4.59%	19.39%	4.48%
1968	11.06%	5.50%	5.56%	5.36%
1969	-8.50%	5.95%	-14.45%	6.17%
1970	4.01%	6.74%	-2.73%	6.93%
1971	14.31%	6.32%	7.99%	6.12%
1972	18.98%	5.87%	13.11%	6.06%
1973	-14.66%	6.51%	-21.17%	6.85%
1974	-26.47%	7.27%	-33.74%	7.40%
1975	37.20%	7.99%	29.21%	7.96%
1976	23.84%	7.89%	15.95%	8.02%
1977	-7.18%	7.14%	-14.32%	7.64%
1978	6.56%	7.90%	-1.34%	8.16%
1979	18.44%	8.86%	9.58%	8.86%
1980	32.50%	9.97%	22.53%	11.14%
1981	-4.92%	11.55%	-16.47%	12.11%
1982	21.55%	13.50%	8.05%	14.15%
1983	22.56%	10.38%	12.18%	11.13%
1984	6.27%	11.74%	-5.47%	11.80%
1985	31.73%	11.25%	20.48%	11.27%
1986	18.67%	8.98%	9.69%	9.58%
1987	5.25%	7.92%	-2.67%	7.78%
1988	16.61%	8.97%	7.64%	8.52%
1989	31.69%	8.81%	22.88%	9.03%
1990	-3.11%	8.19%	-11.30%	8.65%
1991	30.47%	8.22%	22.25%	8.37%
1992	7.62%	7.26%	0.36%	7.76%
1993	10.08%	7.17%	2.91%	7.25%
1994	1.32%	6.59%	-5.27%	6.37%
1995	37.58%	7.60%	29.98%	7.80%
1996	22.96%	6.18%	16.78%	6.09%
1997	33.36%	6.64%	26.72%	6.89%
1998	28.58%	5.83%	22.75%	5.89%
1999	21.04%	5.57%	15.47%	5.36%
2000	-9.10%	6.50%	-15.60%	6.66%
2001	-11.89%	5.53%	-17.42%	5.62%
2002	-22.10%	5.59%	-27.69%	5.69%
2003	28.68%	4.80%	23.88%	4.95%
2004	10.88%	5.02%	5.86%	4.99%
2005	4.91%	4.69%	0.22%	4.65%
2006	15.79%	4.68%	11.11%	4.74%
2007	5.49%	4.86%	0.63%	5.02%
2008	-37.00%	4.45%	-41.45%	4.36%
2009	26.46%	3.47%	22.99%	3.94%
2010	15.06%	4.25%	10.81%	4.41%
2011	2.11%	3.81%	-1.70%	4.32%
2012	16.00%	2.40%	13.60%	2.49%
2013	32.39%	2.86%	29.53%	2.86%
2014	13.69%	3.12%	10.57%	3.35%
Avg	12.08%	5.07%	7.01%	

Source: 2015 Ibbotson S&P Classic Yearbook