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Global Equity Valuation Dispersion: Evidence from P/E Benchmarks, Percentile Positioning, and Trend Margins

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Abstract

This study provides a descriptive cross-country assessment of equity market valuation dispersion using price-to-earnings (P/E) indicators combined with historical benchmarks, percentile-based positioning, and trend context. Rather than treating P/E ratios as return-predictive signals, the study adopts a diagnostic orientation that organizes platform-reported valuation information into comparable market profiles. Country-level indicators were obtained from WorldPEratio.com (as-of [insert extraction date]), including current trailing P/E ratios, historical average P/E benchmarks (5-year, 10-year, and 20-year), relative valuation percentiles, and Trend Margin (TM, %) defined as the deviation from the 200-day simple moving average. The analysis (a) classifies markets using the platform's valuation labels, (b) compares current valuations to historical averages to identify benchmark-relative elevation or discount, (c) identifies valuation extremes using percentile positioning, and (d) maps valuation tiers to magnitude-based TM regimes to describe valuation–trend configurations. Results show substantial dispersion and asymmetry across markets: elevated valuation positioning is concentrated in a subset of markets, while deep benchmark-relative undervaluation is less common. Valuation conclusions also vary by benchmark horizon, indicating sensitivity to the chosen historical reference window. Finally, valuation and trend do not align uniformly: some discounted markets exhibit strong positive trend regimes, while a small number of low-valuation cases remain below long-run trend. The study contributes an audit-traceable, layered descriptive structure for cross-country valuation comparison while avoiding predictive claims and investment recommendations.

Keywords: *Price-to-earnings ratio; equity market valuation; cross-country analysis; historical valuation benchmarks; valuation dispersion; percentile ranking; trend margin; global equity markets; valuation–trend alignment*

1. Introduction

Equity valuation metrics have long occupied a central role in financial economics, investment strategy, and market analysis. Among these, the price-to-earnings (P/E) ratio remains one of the most widely used indicators for assessing whether equity markets are relatively expensive or cheap. Despite its popularity, however, the empirical literature has produced mixed and often context-dependent findings regarding the ability of P/E ratios to predict future market direction, magnitude of returns, or turning points in equity cycles. This ambiguity has intensified in recent years as global markets have exhibited persistent valuation dispersion across countries, regions, and development stages.

The renewed interest in valuation-based signals is driven by two parallel developments. First, prolonged periods of ultra-low interest rates, quantitative easing, and heightened macro-financial uncertainty have weakened traditional discounting mechanisms and distorted relative valuations across markets. Second, the rise of global exchange-traded funds (ETFs) and cross-border capital mobility has accentuated valuation differentials between developed, emerging, and frontier markets, raising questions about whether such differences reflect fundamentals, structural risk premia, or behavioral overshooting.

Within this context, researchers have increasingly moved beyond raw or point-in-time P/E ratios, exploring smoothed, adjusted, or historically benchmarked valuation measures such as cyclically adjusted P/E (CAPE), earnings-to-price ratios (E/P), and standardized deviations from long-term averages. These approaches aim to address the inherent noise in earnings data and to capture the mean-reverting nature of valuation cycles over longer horizons. Yet, while evidence suggests that valuation matters, particularly at multi-year horizons, there remains limited consensus on the strength, consistency, and economic relevance of

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P/E-based signals across countries and institutional settings.

This literature review synthesizes recent empirical findings to address five foundational questions: (1) whether P/E ratios predict market direction and returns; (2) whether historical or smoothed P/E benchmarks improve predictive power; (3) whether persistent regional valuation regimes exist; (4) whether extreme valuation deviations reflect macro-financial risk conditions; and (5) whether institutional and political risk factors systematically explain cross-country valuation discounts or premia. By consolidating these strands of evidence, the review establishes a clear conceptual and empirical foundation for examining valuation anomalies in a global, cross-country context.

Research Objectives

In light of persistent debates in the literature regarding the usefulness and limitations of price-to-earnings (P/E) ratios as valuation indicators, particularly in cross-country settings, this study adopts a descriptive and comparative approach to examining equity market valuation conditions across selected countries. Rather than treating P/E ratios as predictive signals, the study situates current valuation levels within historical benchmarks, relative cross-country distributions, and prevailing market trend conditions. By integrating categorical valuation assessments, historical average comparisons, percentile-based positioning, and trend-margin context, the research aims to organize heterogeneous valuation information into a coherent analytical structure that facilitates cross-market comparison while remaining consistent with the recognized constraints of single-metric valuation analysis.

General Objective

To develop a structured, descriptive cross-country profile of equity market valuation conditions using P/E-based metrics, historical benchmark comparisons, percentile-based relative positioning, and trend-margin context relative to the 200-day moving average.

Specific Objectives:

a. To describe cross-country equity market valuation categories as reported by WorldPEratio across available benchmark horizons.
b. To compare current P/E ratios with historical average P/E benchmarks over 5-year, 10-year, and 20-year reference horizons in order to document benchmark-relative valuation deviations within each market.
c. To determine the relative valuation positioning of equity markets using percentile rankings (current and benchmark-horizon percentiles) to identify valuation extremes and horizon sensitivity in cross-country comparison.
d. To examine valuation–trend alignment patterns by integrating relative valuation tiers with magnitude-based trend-margin regimes to classify descriptive configurations of market valuation and trend intensity at the time of observation.
e. To present a descriptive valuation–trend framework that organizes cross-country market conditions into interpretable profiles without implying predictive validity or investment recommendations.

2. Review of Related Literature

2.1 *P/E Ratios as Predictors of Future Market Returns*

The most direct question in valuation research concerns whether current P/E ratios can predict future market returns. The consensus across recent studies is that simple or trailing P/E ratios exhibit limited and unstable predictive power, particularly over short- to medium-term horizons. Evidence from multiple markets indicates that raw P/E levels are often weakly correlated—or not correlated at all—with subsequent index returns over horizons ranging from six months to three years.

Kenourgios et al. (2021), examining the Greek stock market, find that the plain market P/E ratio shows little to no statistically meaningful relationship with future returns across 1- to 10-year horizons, with only a marginal short-term effect detected at the one-year horizon. Similarly, Park (2021) reports that while U.S. P/E ratios are inversely related to future equity premiums, the magnitude of mispricing implied by P/E deviations is too small and noisy to support reliable market timing, especially at business-cycle frequencies. These findings suggest that aggregate P/E ratios alone are insufficient as short-term directional indicators.

Broader cross-country evidence reinforces this conclusion. Pietraszewski (2022) shows that in Central and Eastern European markets, trailing one-year P/E ratios perform poorly as predictors of 1- to 3-year index returns. Across studies, the consensus is clear: the predictive content of raw P/E ratios is weak, unstable, and highly sensitive to horizon and market structure.

At the cross-sectional level, where P/E ratios are used to rank stocks or sectors within a market, evidence is somewhat stronger but still limited. Goswami (2021) finds that in India, P/E ratios exhibit some predictive power for cross-sectional returns; however, their explanatory strength is consistently dominated by cash-flow-to-price ratios and momentum factors. Similarly, Arshad (2021) reports that forecasted earnings-to-price ratios and return on equity significantly explain future returns in the Shanghai market, though the overall explanatory power of these models remains modest, as reflected in low R^2 values.

These results indicate that while valuation metrics matter, P/E ratios rarely function as dominant standalone predictors. Instead, they operate as part of broader multifactor frameworks, where profitability, earnings forecasts, and momentum exert stronger influence on realized returns.

2.2 Historical and Smoothed P/E Benchmarks: Mean Reversion and Horizon Dependence

A major theme emerging from recent literature is the superior performance of smoothed or long-horizon valuation measures relative to raw P/E ratios. The cyclically adjusted P/E (CAPE), which averages earnings over extended periods, has demonstrated more consistent and economically meaningful predictive power, particularly over long horizons.

Kenourgios et al. (2021) provide strong evidence that CAPE inversely predicts 5- and 10-year returns in Greece, even when the standard P/E fails to do so. Pietraszewski (2022) corroborates these findings across Central and Eastern European markets, showing that CAPE and forward P/E ratios significantly forecast cumulative returns over 3- to 10-year horizons, while trailing P/E remains largely ineffective.

At the multi-country level, Catanho and Saville (2022) demonstrate that traditional CAPE outperforms interest-rate-adjusted variants in predicting long-term returns, reinforcing the view that valuation-based predictability is fundamentally long-horizon and mean-reverting in nature. Chan (2023) further supports this conclusion by highlighting that valuation signals gain strength as the forecast horizon lengthens.

The consensus across studies is that valuation-based predictability is highly horizon-dependent.

Trailing P/E ratios exhibit weak or insignificant relationships with returns over 6- to 12-month horizons, modest effects over three years, and stronger inverse relationships over five to ten years. This pattern reflects the slow adjustment of market prices to valuation extremes and the dominance of sentiment, liquidity, and macro shocks in the short run.

Importantly, even where CAPE and long-horizon P/E measures demonstrate statistical significance, their economic magnitude remains moderate. Park (2021) cautions that valuation mispricing implied by P/E ratios is often insufficient to support active market timing strategies, underscoring the distinction between statistical predictability and practical investability.

An extension of historical P/E analysis involves examining deviations of current valuations from long-term averages, often expressed as z-scores or standardized metrics. While direct empirical evidence linking P/E z-scores to future market returns remains limited, related research provides indirect support for the role of valuation deviations in signaling mean reversion.

Dai et al. (2021) propose a model selection strategy that incorporates the distance between current returns and historical averages, combined with mean reversion and extreme value theory. Their results demonstrate improved predictability and economic gains for investors, suggesting that extreme deviations from historical norms identify risk intervals where reversals are more likely. Although this study does not test P/E z-scores explicitly, its framework supports the theoretical relevance of valuation deviations as indicators of future adjustment.

At the same time, the literature emphasizes the limitations of relying on valuation deviations in isolation. Htun et al. (2023) highlight that predictive accuracy improves substantially when valuation measures are combined with multiple market and macro features. This finding implies that P/E deviations alone may be insufficient predictors, reinforcing the need for integrated valuation-risk frameworks.

Consequently, while the concept of valuation deviation aligns strongly with mean reversion theory, empirical confirmation of P/E z-scores as standalone predictors remains sparse, creating a clear gap in the literature.

A further question concerns whether certain countries or regions are persistently “high-P/E” or “low-P/E” markets independent of fundamentals.

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The consensus from the provided literature is that direct evidence for persistent structural valuation regimes is limited.

Berkman and Malloch (2021), analyzing international markets during the COVID-19 pandemic, show that changes in short-term discount rates significantly influenced valuations across countries. Their findings suggest that valuation differences are largely driven by time-varying risk premia and discount rates, rather than fixed regional characteristics. Similarly, Bai et al. (2024) argue that cross-country valuation differences are primarily explained by variations in economic development, growth prospects, and risk factors rather than by persistent structural regimes.

These findings imply that while valuation dispersion across regions is observable, it cannot be conclusively attributed to structural or permanent valuation regimes once fundamentals are accounted for. Instead, regional valuation patterns appear to be contingent on macroeconomic conditions, financial cycles, and global risk pricing.

2.5 Macro-Financial Risk Conditions and Extreme Valuation Deviations

The literature provides strong consensus that extreme valuation discounts and premia are closely associated with macro-financial risk conditions. Zhu et al. (2024) show that macroeconomic variables such as inflation, production, yields, and credit conditions predict stock returns beyond firm-level fundamentals, indicating that macro risk exposures are directly priced into valuations.

Similarly, Karydas and Xepapadeas (2022) and Campiglio et al. (2022) demonstrate that climate-related risks and tail macroeconomic events increase uncertainty and risk premia, contributing to extreme valuation outcomes. Abuzayed and Al-Fayoumi (2021) further document that systemic risk spillovers, such as oil price volatility during crisis periods, amplify tail risks in equity markets.

Currency risk premiums also play a critical role. Nucera et al. (2023) show that exchange-rate volatility, uncertainty, and liquidity conditions significantly influence risk premiums, reinforcing the link between macro-financial instability and valuation extremes. Li (2024) further emphasizes that inflation dynamics and interest-rate regimes operate through multiple channels to affect asset prices.

Collectively, these studies confirm that extreme valuation deviations reflect underlying macro-financial risk environments, rather than isolated market mispricing.

2.6 Institutional and Political Risk as Drivers of Valuation Discounts

Institutional and political risk factors represent another key dimension of cross-country valuation differences. Franc-Dąbrowska et al. (2021) find that political and regulatory risks are associated with higher costs of capital, particularly in sectors sensitive to policy uncertainty. Weak governance, poor rule of law, and elevated corruption perceptions exacerbate information asymmetries and raise required returns, leading to lower equity valuations.

Jacobs et al. (2023) extend this argument by highlighting how valuation practices themselves are embedded within political and power dynamics, which can perpetuate valuation disparities across countries. Although direct empirical tests linking political risk indices to P/E discounts are limited in the provided studies, the theoretical linkage between institutional quality, risk perception, and valuation is well supported.

Overall, the consensus indicates that institutional and political risks contribute meaningfully to persistent valuation discounts through their impact on investor confidence and capital costs.

2.7 Synthesis and Research Gap

The reviewed literature establishes several points of consensus. First, simple P/E ratios have limited predictive power, particularly over short horizons. Second, smoothed and historical valuation measures, such as CAPE, exhibit stronger and more consistent relationships with long-term returns. Third, while valuation deviations and mean reversion are theoretically compelling, direct empirical tests of P/E z-scores remain scarce. Fourth, valuation extremes are closely linked to macro-financial risk conditions. Finally, institutional and political risks play a significant role in shaping cross-country valuation differences.

Taken together, these findings reveal a clear research gap: the lack of comprehensive, cross-country analysis using standardized P/E deviations to examine valuation anomalies within a global risk and institutional framework. Addressing this gap offers a meaningful opportunity to advance

understanding of valuation dynamics in international equity markets.

3. Methodology

3.1 Research Design

This study employs a descriptive–comparative cross-country research design to examine global equity market valuation dispersion using the price-to-earnings (P/E) ratio and related historically benchmarked valuation indicators. The study is diagnostic rather than predictive: it does not estimate return-prediction models or attempt short-term market timing. Instead, it organizes cross-country valuation information into interpretable structures based on (a) categorical valuation evaluations reported by the data source, (b) comparisons between current P/E ratios and historical average benchmarks, (c) percentile-based relative positioning, and (d) a trend-margin indicator relative to a long-run moving average.

3.2 Data Source and Sample

All market-level valuation and trend data were obtained from WorldPEratio.com, which reports country-level equity valuation metrics, typically using representative equity market proxies (often ETF-based country proxies or closely tracked market indices, as defined by the platform). Data were extracted from WorldPEratio.com on December 19, 2025. Because platform-reported valuation and trend indicators may update as underlying data refresh, all results in this paper should be interpreted as an as-of snapshot corresponding to the stated extraction date.

For each country available in the database at the time of extraction, the study collected the following variables:

a) Current trailing P/E ratio
b) Valuation evaluation labels relative to historical benchmarks (e.g., cheap, undervalued, fair, overvalued, expensive) across reference horizons
c) Historical average P/E ratios for 5-year, 10-year, and 20-year horizons
d) Relative valuation percentile positions (current and horizon-referenced percentile rankings as reported/derived from the platform outputs)
e) Trend Margin (TM, %) defined as the percentage deviation of price from the 200-day simple moving average (SMA-200)

The analytical sample is therefore limited to countries for which WorldPEratio provides sufficient data continuity to compute or report the benchmark horizons used. Consequently, some economies are not included due to limitations in data continuity, index composition breaks, or incomplete long-horizon earnings/valuation series. The sample should be interpreted as a data-available cross-country set rather than a comprehensive census of all global equity markets.

3.3 Measures and Operational Definitions

3.3.1 Valuation evaluation categories

WorldPEratio reports categorical valuation evaluations (e.g., cheap/undervalued /fair/overvalued/expensive) for each country, typically by comparing current valuation levels to historical benchmark distributions. In this study, these evaluations are treated as descriptive labels that summarize a market's valuation condition relative to its own historical reference horizon. These labels underpin Table 1 and Section 4.1.

3.3.2 Historical benchmark comparison

To contextualize the valuation evaluations, the study separately analyzes historical average P/E ratios over 5-, 10-, and 20-year horizons and compares them with the current P/E ratio. This benchmark comparison provides a within-country view of whether current valuation is elevated or discounted relative to the market's own longer-run norm. These values underpin Table 2 and Section 4.2.

3.3.3 Relative valuation positioning via percentile ranks

To enable cross-country comparability beyond absolute P/E levels, valuation is expressed as relative positioning using percentile ranks. Percentile values allow identification of markets located in the upper and lower tails of the valuation distribution and allow a standardized comparison across countries. Percentile positioning is reported for the current valuation and for benchmark-horizon contexts (5-, 10-, 20-year) as presented in Table 3 and interpreted in Section 4.3.

Percentile rankings are interpreted as the market's relative position within the platform's cross-country valuation distribution at the extraction date. Because the platform's reference set and computation rules are external to this study, percentile values are treated as reported indicators and are used for descriptive comparison rather than for statistical inference.

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3.3.4 Trend Margin relative to SMA-200 and trend-regime bands

Trend conditions are represented using the Trend Margin (TM, %) relative to the 200-day SMA, as reported by WorldPEratio. Because the distribution of TM values in the sample is predominantly positive and a binary sign-based trend indicator (positive vs negative) would provide limited discrimination, the study uses magnitude-based trend regimes:

a. Below-trend: TM < 0
b. Neutral: 0.00 to 4.99
c. Mild uptrend: 5.00 to 9.99
d. Strong uptrend: 10.00 to 15.99
e. Extended uptrend: ≥ 16.00

The regime bands above are author-defined descriptive groupings applied to the platform-reported TM (%) values to improve interpretability; they do not represent technical trading rules or validated thresholds for forecasting. These bands are used to describe trend intensity and to support valuation–trend alignment interpretation in Table 4 and Section 4.4.

3.4 Valuation–Trend Alignment Framework

The study integrates relative valuation positioning and trend regimes as a descriptive alignment framework. Importantly, this framework is not treated as a predictive decision matrix; rather, it is used to organize cross-country observations into interpretable combinations of valuation extremity and trend intensity (e.g., discounted markets that are trending strongly versus discounted markets that remain below trend; premium-priced markets with modest trend versus premium-priced markets that are trend-extended). This approach aligns with the literature's caution that valuation metrics—especially when used in isolation—should be treated primarily as diagnostic indicators.

3.5 Analytical Procedures

The analysis proceeds in four sequential steps aligned with Tables 1–4:

a. Categorical valuation profiling (Table 1): Summarize the distribution of valuation evaluation labels across countries and benchmark horizons to document cross-country valuation dispersion and label consistency.
b. Benchmark-relative valuation comparison (Table 2): Compare current P/E ratios to 5-, 10-, and 20-year historical average P/E ratios to describe within-country valuation deviations across horizons.
c. Standardized cross-country positioning (Table 3): Use percentile ranks to identify upper- and lower-tail valuation markets and evaluate horizon sensitivity in percentile positioning.
d. Valuation–trend alignment (Table 4): Combine valuation-tier grouping (based on percentile positioning) with magnitude-based TM trend regimes to characterize cross-country alignment patterns.

No regression models, causal estimations, or return-forecasting tests are performed. The empirical contribution is therefore the structured descriptive integration of benchmarked valuation information and trend context into an interpretable cross-country profile.

3.6 Scope and Methodological Limitations

Three constraints guide interpretation. First, the analysis relies on a single valuation metric family (P/E and historically benchmarked variants) as provided by the data source; results should not be interpreted as comprehensive valuation judgments. Second, because inputs are platform-reported country-level metrics, differences in index composition, sector weightings, accounting environments, and earnings cyclicality may affect comparability even under standardized presentation. Third, the trend indicator (TM vs SMA-200) is a snapshot measure and is used to contextualize valuation positioning rather than to infer future returns. Accordingly, findings should be interpreted as descriptive market diagnostics rather than investment recommendations or predictive claims.

4. Results and Discussion

4.1 Cross-Country Patterns in Equity Market Valuation

Table 1 presents a cross-country snapshot of equity market valuation conditions using current price-to-earnings (P/E) ratios, historical valuation benchmarks over 5-year, 10-year, and 20-year

horizons, and a simple trend indicator based on deviation from the 200-day moving average. The table provides the foundational empirical evidence for identifying valuation dispersion, persistence, and heterogeneity across global equity markets.

Table 1. Cross-Country Equity Market Valuation Indicators Based on P/E Ratios and Historical Benchmarks

Country	P/E Ratio	P/E Evaluation			TM (%)*
		5 years	10 years	20 years	
New Zealand	29.57	Fair	Fair	Overvalued	-0.24
United States	27.93	Expensive	Expensive	Expensive	9.69
India	24.70	Overvalued	Overvalued	Expensive	1.59
Switzerland	23.33	Overvalued	Expensive	Expensive	8.64
Sweden	20.41	Overvalued	Expensive	Expensive	6.13
Canada	20.14	Expensive	Expensive	Expensive	14.63
Australia	20.02	Overvalued	Expensive	Expensive	0.27
United Kingdom	19.52	Expensive	Expensive	Expensive	7.86
Vietnam	19.36	Overvalued			18.39
France	19.04	Overvalued	Expensive	Expensive	5.05
Belgium	18.46	Fair	Fair	Overvalued	8.70
Taiwan	18.36	Overvalued	Expensive	Expensive	6.72
Germany	18.26	Expensive	Expensive	Expensive	3.23
Hong Kong	18.01	Expensive	Expensive	Expensive	7.44
Israel	17.28	Expensive	Expensive	Expensive	21.70
Netherlands	16.89	Fair	Fair	Overvalued	5.59
Argentina	16.49	Expensive	Expensive	Expensive	9.51
Japan	16.21	Fair	Overvalued	Overvalued	5.69
Singapore	16.13	Overvalued	Expensive	Expensive	1.52
Malaysia	15.13	Overvalued	Fair	Fair	9.90
Denmark	15.01	Fair	Undervalued	Fair	2.33
South Africa	14.90	Expensive	Overvalued	Overvalued	19.27
Ireland	14.57	Fair	Fair	Fair	11.84
Chile	14.55	Overvalued	Fair	Fair	20.56
Thailand	14.51	Undervalued	Undervalued	Fair	5.94
Austria	14.26	Expensive	Expensive	Expensive	17.91
Peru	14.01	Fair	Fair	Overvalued	34.74
Norway	13.84	Overvalued	Fair	Overvalued	3.99
Spain	13.63	Overvalued	Overvalued	Overvalued	17.49
Italy	13.45	Overvalued	Overvalued	Overvalued	11.59
Mexico	13.28	Fair	Fair	Fair	12.18
Indonesia	12.91	Fair	Fair	Fair	4.97
South Korea	12.87	Expensive	Expensive	Expensive	24.96
Turkey	12.60	Expensive	Expensive	Expensive	4.99
Poland	12.31	Overvalued	Fair	Fair	10.23
Qatar	11.68	Fair			-0.85
Greece	11.19	Fair	Fair	Fair	14.34
China	10.75	Fair	Fair	Fair	2.37
Brazil	10.17	Overvalued	Fair	Fair	8.47
Philippines	9.28	Undervalued	Cheap	Cheap	-4.84
Colombia	9.25	Overvalued	Fair	Undervalued	19.09

*Trend Margin vs. 200-day SMA (%)

Source: WorldPEratio.com as of December 19, 2025

4.1.1 Dispersion in Current P/E Ratios Across Countries

The results reveal substantial variation in current P/E ratios across countries, underscoring pronounced cross-country valuation dispersion. Current P/E ratios range from single-digit levels (e.g., the Philippines at 9.28) to upper-20s levels (e.g., the United States at 27.93 and New Zealand at 29.57). This wide range indicates that global equity markets are priced very differently at the same point in time, even when measured using a consistent valuation metric.

Importantly, high P/E ratios are not confined to a single geographic region. Several developed markets—including the United States, Switzerland, the United Kingdom, and Canada—exhibit elevated P/E ratios, while a number of emerging and frontier markets display markedly lower valuation levels. This pattern confirms that valuation dispersion is systemic rather than idiosyncratic, reflecting global differences in investor expectations, perceived risk, and discount rates.

4.1.2 Historical Benchmarking and Valuation Consistency

When current P/E ratios are evaluated relative to historical benchmarks, clearer valuation regimes emerge. Table 1 shows that a subset of countries is classified as overvalued or expensive across all historical horizons, indicating persistent valuation premia. For example, the United States, Switzerland, the United Kingdom, Canada, Sweden, Taiwan, and Hong Kong are consistently assessed as "Expensive" or "Overvalued" over 5-year, 10-year, and 20-year benchmarks. This consistency suggests that elevated valuations in these markets are not short-term anomalies but rather reflect sustained pricing patterns relative to their own histories.

In contrast, other markets display persistent valuation discounts. The Philippines is classified as Undervalued or Cheap across all historical horizons, indicating a prolonged deviation below its historical valuation norms. Thailand and Indonesia also exhibit undervaluation across multiple horizons, although less uniformly. Such persistence suggests that valuation discounts in these markets are structural or long-lasting rather than temporary fluctuations.

A third group of countries demonstrates horizon-dependent valuation classifications, shifting between "Fair," "Overvalued," or "Undervalued" depending on the benchmark period considered. Examples include Japan, Malaysia, Chile, and Spain. This pattern indicates valuation instability, where recent pricing diverges from longer-term historical norms, reflecting transitional or cyclical valuation states.

4.1.3 Valuation Extremes and Rarity of Deep Discounts

The table further indicates that deep valuation extremes are relatively rare. Only a small number of markets are classified as "Cheap" across long historical horizons, while a larger proportion of markets cluster around "Fair" or "Overvalued" classifications. This asymmetry implies that persistent deep undervaluation is an uncommon condition in global equity markets, thereby elevating the analytical relevance of markets that do exhibit such characteristics.

Conversely, valuation premia appear more prevalent among developed markets, suggesting that sustained investor confidence, strong institutional

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frameworks, or lower perceived risk may support higher valuation multiples over extended periods.

4.1.4 Interaction Between Valuation and Market Trend

The inclusion of the trend margin relative to the 200-day moving average provides additional context for interpreting valuation conditions. Several high-valuation markets also exhibit positive trend margins, indicating that elevated valuations coexist with upward price momentum. In contrast, some undervalued markets—most notably the Philippines—are positioned below their 200-day moving averages, signaling negative momentum despite low valuations.

This interaction highlights that valuation and trend do not necessarily move together. Cheap markets are not automatically experiencing recoveries, and expensive markets may continue to attract capital inflows. The divergence between valuation and trend reinforces the importance of treating valuation measures as diagnostic indicators rather than short-term predictive tools.

4.2 Valuation Regime Classification Across Historical Horizons

Using the historical average price-to-earnings (P/E) ratios reported in Table 2, this section examines how current equity market valuations compare with their own longer-term valuation benchmarks. The analysis focuses on three reference horizons—five years, ten years, and twenty years—allowing for an assessment of whether observed valuation levels reflect short-term deviations, medium-term re-rating, or longer-term structural shifts.

Across the sample, current P/E ratios exhibit substantial divergence from historical averages, with notable variation depending on both country and benchmark horizon. In a large number of developed markets, current valuations exceed historical averages consistently across all three reference periods. For instance, the United States, Switzerland, Sweden, Canada, Australia, and the United Kingdom all display current P/E ratios that are materially higher than their five-year, ten-year, and twenty-year historical averages. The persistence of this gap across benchmark horizons suggests that elevated valuations in these markets are not merely cyclical relative to recent history but remain high even when evaluated against longer-term norms.

Table 2. Current and Historical Average P/E Ratios Across Reference Horizons

Country	P/E Ratio	Historical P/E		
		5 years	10 years	20 years
New Zealand	29.57	27.31	27.06	20.99
United States	27.93	22.34	19.68	16.58
India	24.70	23.05	20.52	17.9
Switzerland	23.33	19.43	18.04	15.76
Sweden	20.41	16.35	15.99	14.82
Canada	20.14	15.57	15.15	14.37
Australia	20.02	17.08	16.36	14.77
United Kingdom	19.52	12.97	13.3	12.28
Vietnam	19.36	15.83	-	-
France	19.04	16.48	15.29	13.31
Belgium	18.46	16.19	16.86	14.78
Taiwan	18.36	15.93	14.8	13.95
Germany	18.26	14.04	13.51	12.42
Hong Kong	18.01	15.42	15.16	15.2
Israel	17.28	11.83	11.27	10.98
Netherlands	16.89	18.27	16.84	14.26
Argentina	16.49	12.38	12.3	10.59
Japan	16.21	14.86	14.19	14.44
Singapore	16.13	13.59	13.16	13.36
Malaysia	15.13	14.29	15.06	14.67
Denmark	15.01	17.16	18.24	16.54
South Africa	14.90	10.49	12.09	11.86
Ireland	14.57	15.5	15.63	16.15
Chile	14.55	10.14	13.1	14.58
Thailand	14.51	17.87	17.59	15.78
Austria	14.26	8.35	9.59	9.94
Peru	14.01	12.1	12.69	12.32
Norway	13.84	10.8	12.58	11.55
Spain	13.63	11.3	11.81	11.54
Italy	13.45	10.61	11.41	11.16
Mexico	13.28	12.54	13.75	14.26
Indonesia	12.91	13.06	14.23	13.64
South Korea	12.87	10.45	10.14	9.88
Turkey	12.60	5.79	6.41	7.94
Poland	12.31	10.16	11	11.46
Qatar	11.68	13.29	-	-
Greece	11.19	9.56	11.28	11.03
China	10.75	10.45	11.14	11.03
Brazil	10.17	7.97	9.96	9.93
Philippines	9.28	13.12	15.12	15.24
Colombia	9.25	7.29	9.51	12.53

Source: WorldPEratio.com as of December 19, 2025

A similar pattern is observed in several European and advanced Asian markets, including Germany, Hong Kong, Israel, Singapore, and South Korea. In these cases, current P/E ratios exceed historical averages regardless of whether the comparison is made against short-term or long-term benchmarks. While the magnitude of deviation differs across markets, the direction of deviation

remains stable, indicating that valuation assessments for these countries are largely insensitive to the choice of historical horizon.

By contrast, a smaller subset of markets exhibits current P/E ratios that are broadly aligned with, or below, historical averages. The Philippines presents the clearest example of benchmark-relative undervaluation. Its current P/E ratio is substantially lower than its five-year, ten-year, and twenty-year historical averages, indicating a pronounced discount relative to its own valuation history. This pattern suggests that the market's low valuation is not an artifact of recent earnings fluctuations but reflects a deeper deviation from long-run pricing norms. Colombia and, depending on the benchmark horizon, Thailand show similar though less pronounced benchmark-relative discounts.

Several markets demonstrate sensitivity to the selected historical benchmark. Japan and Malaysia, for example, display current P/E ratios that exceed five-year averages while remaining closer to ten-year and twenty-year benchmarks. This divergence indicates that valuation assessments based on shorter historical windows may capture cyclical peaks or troughs that are less apparent when longer horizons are considered. Such cases highlight the importance of using multiple reference periods when evaluating relative valuation, particularly in markets characterized by pronounced earnings cyclicality.

Overall, the benchmark comparison in Table 2 reveals two broad patterns. First, a majority of developed equity markets currently trade at valuation levels above their own historical averages across multiple horizons, suggesting widespread benchmark-relative elevation. Second, sustained benchmark-relative undervaluation is comparatively rare and concentrated in a limited number of emerging markets. These findings underscore the value of historical average P/E ratios as a contextual tool for valuation analysis, complementing categorical classifications and setting the stage for standardized, cross-country comparisons of valuation extremity in the subsequent section.

4.3 Cross-Country Relative Valuation Positioning Based on P/E Percentile Rankings

Table 3 reports the relative P/E position (percentile ranking) of each country's equity market across four perspectives: the current valuation percentile and the percentile positions implied when the current P/E is evaluated against the 5-year, 10-year, and 20-year historical reference distributions. Unlike benchmark-level comparisons in Table 2, percentile positioning provides a standardized cross-country view of valuation extremity, enabling identification of markets that are priced at the upper or lower tails of the global valuation distribution.

4.3.1 Current Relative Valuation Extremes

A clear upper tail is observed in the current valuation distribution. New Zealand (99.82), the United States (99.47), India (96.80), and Switzerland (93.98) occupy the top percentile band, indicating that their current market valuations are among the most elevated in the cross-country sample. These values suggest that these markets sit near the extreme end of the global valuation distribution rather than merely being "high" in absolute P/E terms.

Table 3. Relative Valuation Position of Equity Markets Based on P/E Percentile Rankings

Country	Relative P/E Position (Percentile)			
	Current	5 years	10 years	20 years
New Zealand	99.82	99.90	99.98	99.84
United States	99.47	97.35	93.41	89.06
India	96.80	98.21	95.87	95.95
Switzerland	93.98	89.72	85.54	81.85
Sweden	82.04	71.11	69.20	70.63
Canada	80.46	64.69	60.75	64.31
Australia	79.73	76.57	72.65	69.95
United Kingdom	76.52	41.24	40.86	32.66
Vietnam	75.43	66.89		
France	73.19	72.13	62.20	48.12
Belgium	68.87	69.84	76.99	70.09
Taiwan	68.09	67.72	57.04	58.04
Germany	67.31	50.99	43.09	34.66
Hong Kong	65.32	63.40	60.85	75.52
Israel	59.29	31.42	21.64	16.93
Netherlands	55.96	84.10	76.82	62.70
Argentina	52.51	36.04	30.72	13.37
Japan	50.07	58.46	50.45	65.33
Singapore	49.38	46.86	39.38	48.90
Malaysia	40.77	53.28	59.80	68.58
Denmark	39.76	77.13	86.75	88.76
South Africa	38.84	21.41	28.74	26.99
Ireland	36.11	64.09	65.67	85.58
Chile	35.95	19.13	38.75	67.32
Thailand	35.62	81.77	82.57	82.05
Austria	33.61	9.94	10.71	8.65
Peru	31.65	33.66	34.55	33.23
Norway	30.34	23.55	33.45	23.14
Spain	28.76	27.23	26.20	23.02
Italy	27.44	22.22	22.78	18.77
Mexico	26.22	37.43	45.67	62.70
Indonesia	23.66	42.05	50.88	53.26
South Korea	23.39	21.14	13.74	8.28
Turkey	21.63	3.04	1.75	1.60
Poland	19.82	19.26	19.55	22.08
Qatar	16.23	44.13		
Greece	13.74	15.71	21.72	17.43
China	11.74	21.14	20.62	17.43
Brazil	9.44	8.50	12.69	8.58
Philippines	6.58	42.59	60.43	76.01
Colombia	6.49	6.31	10.32	36.26

Source: Calculated from WorldPEratio.com as of December 19, 2025

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Volume I, Issue 2, December 2025
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At the opposite tail, the Philippines (6.58), Colombia (6.49), and Brazil (9.44) fall within the lowest decile of current valuation positioning. This indicates that these markets are priced at deep relative discounts compared with the global cross-country set. The clustering of these markets at the extreme lower tail suggests that low valuation positioning is not evenly distributed across countries but concentrated within a limited set of markets.

Beyond the extremes, a broad middle range of markets appears between approximately the 20th and 70th percentiles, indicating that many equity markets exhibit neither pronounced premium pricing nor extreme discount positioning when viewed cross-sectionally.

4.3.2 Horizon Sensitivity of Relative Valuation Positioning

A key empirical contribution of Table 3 is the visibility of horizon sensitivity, where a country's percentile position differs substantially depending on whether current valuation is evaluated relative to 5-year, 10-year, or 20-year reference periods.

Some markets demonstrate stable high-percentile positioning across horizons. The United States and India remain in upper percentile ranges even when evaluated against longer historical references, suggesting that their valuation elevation is not confined to recent history. Switzerland similarly remains high across horizons, reinforcing the interpretation of sustained premium positioning.

In contrast, several markets exhibit pronounced shifts across horizons. The United Kingdom is instructive: while the current percentile is relatively high (76.52), the 5-year, 10-year, and 20-year percentile positions fall sharply (41.24, 40.86, and 32.66, respectively). This pattern suggests that the market's current valuation stands high in the cross-country distribution today, but relative-to-history positioning is materially more moderate—implying that its present valuation may not be extreme when judged against its longer-run historical distribution.

A similar horizon-dependent pattern can be observed for some emerging markets. Thailand, for example, exhibits a relatively low current percentile (35.62) but very high percentile positioning under historical references (81.77, 82.57, 82.05). This indicates that while Thailand may not be high-priced in the global cross-section today, its current valuation is nevertheless positioned high relative to its own historical distribution, as represented by the longer benchmark horizons.

These horizon-sensitive patterns are analytically important because they imply that market valuation conclusions can differ substantially depending on whether the emphasis is placed on cross-country relative valuation today (current percentile) or relative-to-history valuation context (historical percentiles).

4.3.3 Evidence of Structural Discount vs Structural Premium Candidates

Table 3 also helps distinguish markets that may be interpreted as structurally discounted or structurally premium-priced in the cross-country distribution.

On the discount side, the Philippines demonstrates a particularly striking configuration: it is positioned at the extreme lower tail in current relative valuation (6.58), while its historical percentile positions rise substantially (42.59 for 5 years, 60.43 for 10 years, and 76.01 for 20 years). This configuration suggests that the market's present valuation is exceptionally low relative to global peers, while the longer historical references imply that the current valuation sits far below what would be typical for the market's longer-run valuation environment. In interpretive terms, this pattern is consistent with a market that has shifted into a deep discount regime relative both to peers and to its historical positioning.

On the premium side, markets such as the United States and India remain in high percentile bands across the current and historical reference columns, suggesting that their valuation positioning reflects sustained premium pricing rather than temporary cross-sectional elevation.

4.3.4 Summary Implication for Subsequent Analysis

Overall, Table 3 demonstrates that global equity markets differ not only in absolute P/E ratios, but also—more importantly for cross-country analysis—in their relative positioning within the valuation distribution. The percentile ranking framework makes valuation extremity explicit, identifies upper- and lower-tail markets, and highlights benchmark-horizon sensitivity in valuation interpretation. These results provide a robust basis for the next step of analysis, where valuation extremity can be examined alongside market trend indicators to evaluate whether discounted or premium-priced markets are

simultaneously exhibiting improving or weakening market dynamics.

4.4 Relative Valuation and Trend-Margin Alignment

Table 4. Relative Valuation Categories and Trend-Margin Regimes Across Equity Markets

Country	Current Valuation	Trend Regime (TM vs 200-day SMA)
New Zealand	High	Below-trend
United States	High	Mild Uptrend
India	High	Neutral
Switzerland	High	Mild Uptrend
Sweden	High	Mild Uptrend
Canada	High	Strong Uptrend
Australia	High	Neutral
United Kingdom	Mid	Mild Uptrend
Vietnam	Mid	Extended Uptrend
France	Mid	Mild Uptrend
Belgium	Mid	Mild Uptrend
Taiwan	Mid	Mild Uptrend
Germany	Mid	Neutral
Hong Kong	Mid	Mild Uptrend
Israel	Mid	Extended Uptrend
Netherlands	Mid	Mild Uptrend
Argentina	Mid	Mild Uptrend
Japan	Mid	Mild Uptrend
Singapore	Mid	Neutral
Malaysia	Mid	Mild Uptrend
Denmark	Mid	Neutral
South Africa	Mid	Extended Uptrend
Ireland	Mid	Strong Uptrend
Chile	Mid	Extended Uptrend
Thailand	Mid	Mild Uptrend
Austria	Mid	Extended Uptrend
Peru	Mid	Extended Uptrend
Norway	Mid	Neutral
Spain	Mid	Extended Uptrend
Italy	Mid	Strong Uptrend
Mexico	Mid	Strong Uptrend
Indonesia	Mid	Neutral
South Korea	Mid	Extended Uptrend
Turkey	Mid	Neutral
Poland	Low	Strong Uptrend
Qatar	Low	Below-trend
Greece	Low	Strong Uptrend
China	Low	Neutral
Brazil	Low	Mild Uptrend
Philippines	Low	Below-trend
Colombia	Low	Extended Uptrend

Note. Trend regimes are based on TM (%) relative to SMA-200: Below-trend (TM < 0), Neutral (0–4.99), Mild uptrend (5.00–9.99), Strong uptrend (10.00–15.99), Extended uptrend (≥16.00).

Interpretation guide: mild/strong/extended uptrend correspond to increasing degrees of bullish extension relative to the SMA-200 baseline.

Building on the relative valuation percentiles reported in Table 3 and the trend-margin regime classification derived from distance relative to the 200-day moving average, this section examines how current valuation positioning aligns with prevailing market trend conditions. Rather than relying on a binary trend indicator, markets were grouped into graduated trend regimes ranging from below-trend conditions to extended bullish extensions, allowing for a more discriminating assessment of valuation–trend alignment.

4.4.1 High-Valuation Markets and Trend Conditions

Markets classified as having high current valuation generally exhibit positive trend conditions, although the strength of the trend varies. The United States, India, Switzerland, Sweden, and Canada are all positioned within mild to strong uptrend regimes, indicating that elevated valuation levels are broadly supported by positive price momentum. However, these markets are not uniformly trend-extended; several remain within early or moderate bullish phases rather than extreme extensions.

New Zealand represents a notable exception within the high-valuation group, exhibiting a slightly below-trend position despite high relative valuation. This configuration reflects a valuation premium that is not currently reinforced by market momentum, distinguishing it from other high-valuation markets where trend direction remains positive.

Overall, high-valuation markets tend to cluster in positive trend regimes, suggesting that premium pricing is frequently accompanied by supportive market sentiment, though not necessarily by extreme trend extension.

4.4.2 Mid-Valuation Markets and Dispersion of Trend Regimes

Markets in the mid-valuation range display the greatest dispersion in trend conditions. A substantial number of these markets—including France, Belgium, Taiwan, Hong Kong, Argentina, Japan, and Malaysia—are characterized by mild uptrend regimes, indicating early or moderate bullish momentum without pronounced extension.

At the same time, several mid-valuation markets occupy extended uptrend regimes, including Vietnam, Israel, South Africa, Chile, Austria, Peru, Spain, and South Korea. In these cases, strong or very bullish trend conditions coexist with valuation positions that remain within the middle of the cross-country distribution. This configuration suggests that strong price momentum is not confined to the most highly valued markets and may emerge even where valuation positioning is not extreme.

Conversely, a number of mid-valuation markets—such as Germany, Singapore, Denmark, Norway, Indonesia, and Turkey—remain in neutral

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or sideways trend regimes, reflecting valuation conditions that are neither strongly supported nor contradicted by prevailing price momentum.

4.4.3 Low-Valuation Markets and Trend Divergence

Low-valuation markets exhibit the most heterogeneous alignment between valuation and trend. Poland and Greece stand out as low-valuation markets experiencing strong bullish trends, indicating that discounted valuation positioning may coexist with marked positive momentum. Colombia also falls within this category, combining low relative valuation with an extended uptrend regime.

In contrast, the Philippines and Qatar are the only markets in the sample exhibiting both low valuation and below-trend conditions, placing them in a discounted but weak trend configuration. This combination distinguishes these markets from other low-valuation cases where price momentum is positive.

Brazil occupies an intermediate position within the low-valuation group, characterized by early or moderate bullishness rather than strong or extended trend conditions.

4.4.4 Summary Pattern of Valuation–Trend Alignment

Taken together, the results indicate that valuation extremity and trend strength do not move uniformly across markets. High valuation is frequently—but not universally—associated with positive momentum, while low valuation does not necessarily imply weak trend conditions. Several discounted markets exhibit strong or extended bullish trends, whereas some premium-priced markets remain only modestly bullish or, in rare cases, slightly below trend.

This heterogeneity underscores the analytical value of combining relative valuation positioning with magnitude-based trend regimes. Rather than yielding a simple dichotomy between "overvalued" and "undervalued" markets, the joint framework reveals multiple valuation–trend configurations, providing a richer descriptive portrait of global equity market conditions at the time of observation.

4.5 Discussion

This study set out to organize cross-country equity market valuation information into a structured descriptive framework using P/E-based indicators, historical benchmarks, percentile-based relative positioning, and trend-margin context. The results highlight substantial heterogeneity in valuation conditions across markets and demonstrate that meaningful differences persist depending on whether valuation is examined through categorical labels, benchmark-relative comparisons, or standardized cross-country positioning.

Cross-Country Valuation Asymmetry and Concentration

One of the most salient findings is the pronounced asymmetry in cross-country valuation positioning. Across all three valuation representations—categorical evaluations, benchmark-relative comparisons, and percentile rankings—a large share of developed equity markets cluster at the upper end of the valuation distribution. This pattern is especially visible in the percentile analysis, where a relatively small group of markets occupies the highest deciles, while deep relative undervaluation is confined to a limited number of cases.

This asymmetry is consistent with observations in the literature that global equity valuations are increasingly shaped by capital concentration, index composition effects, and sustained investor preference for large, liquid, and institutionally stable markets. Importantly, the findings do not imply mispricing in a predictive sense; rather, they document how valuation dispersion is unevenly distributed across markets at a given point in time. The rarity of extreme undervaluation suggests that cross-country valuation differences are not symmetric and that "cheap" markets, as defined by relative positioning, are structurally less common than premium-priced markets.

Benchmark Sensitivity and Horizon Dependence

The comparison of current P/E ratios with historical average benchmarks reveals that valuation assessments are sensitive to the choice of reference horizon. In several markets, current valuations appear elevated relative to shorter historical windows while remaining closer to longer-term averages. This horizon dependence underscores the risk of relying on a single historical benchmark when evaluating market valuation conditions.

Conversely, some markets exhibit current valuations that deviate substantially from historical averages across all reference horizons, indicating a deeper departure from long-run valuation norms.

Such cases are analytically distinct from markets where apparent valuation elevation or discount is driven primarily by recent cyclical movements. The results therefore reinforce the value of multi-horizon benchmarking as a contextual tool, particularly in cross-country analysis where earnings volatility and structural change vary widely.

Relative Valuation Positioning and Extremes

By expressing valuation in percentile terms, the study provides a standardized view of where markets sit within the global valuation distribution. This approach highlights that some markets are not merely "high" or "low" in absolute P/E terms but are positioned at the extreme tails of the distribution. These relative extremes are more informative for cross-country comparison than raw ratios, as they account for dispersion and distributional context.

At the same time, the percentile analysis reveals that relative valuation positioning is not static across benchmark horizons. Markets may appear moderately valued in the current cross-section while occupying higher or lower percentile positions when evaluated relative to their historical distributions. This finding cautions against single-point cross-sectional conclusions and suggests that relative valuation should be interpreted as a conditional, benchmark-dependent assessment.

Valuation–Trend Alignment and Descriptive Market States

The integration of relative valuation positioning with magnitude-based trend regimes provides additional insight into how valuation conditions coexist with prevailing market dynamics. The results indicate that high valuation is frequently accompanied by positive trend conditions, though not uniformly by strong or extended trends. Similarly, low valuation does not necessarily coincide with weak price dynamics; several discounted markets exhibit strong or extended bullish trends.

These mixed configurations underscore the limited explanatory power of valuation metrics when considered in isolation. Rather than producing a simple dichotomy between "overvalued" and "undervalued" markets, the valuation–trend alignment framework reveals multiple descriptive market states, including premium-priced markets with modest momentum, discounted markets with strong recovery signals, and discounted markets that remain below long-run trends. Importantly, the framework is employed as an organizational device rather than a predictive matrix, consistent with the literature's caution regarding single-metric valuation analysis.

Implications for Cross-Country Valuation Analysis

Taken together, the findings suggest that cross-country valuation analysis benefits from a layered approach that combines categorical assessments, historical benchmarking, standardized relative positioning, and trend context. Each representation captures a different dimension of valuation, and no single measure provides a complete characterization of market conditions.

For researchers, the results highlight the usefulness of percentile-based valuation positioning and trend-margin regimes as descriptive tools for organizing heterogeneous market information. For practitioners and policy analysts, the findings emphasize the importance of contextual interpretation and the risks associated with extrapolating valuation signals without reference to historical norms or prevailing market dynamics.

Limitations and Interpretive Boundaries

The discussion should be interpreted within the study's methodological constraints. The analysis relies on P/E-based valuation metrics and platform-reported country-level indicators, which may be influenced by differences in index composition, sectoral concentration, accounting practices, and earnings cyclicality. In addition, trend-margin measures reflect a snapshot of market conditions and do not capture dynamic trend evolution over time. As such, the framework presented is descriptive rather than predictive and should not be interpreted as an investment recommendation or forecasting model.

5. Conclusions and Recommendations

5.1 Conclusions

This study examined cross-country equity market valuation conditions using a structured, descriptive framework that integrates P/E-based valuation categories, historical benchmark comparisons, percentile-based relative positioning, and magnitude-based trend-margin regimes relative to the 200-day moving average. Rather than treating valuation metrics as predictive signals, the analysis organized heterogeneous valuation information into comparable profiles that highlight dispersion, extremity, and alignment with prevailing market trends.

The findings demonstrate that global equity market valuation is characterized by pronounced asymmetry, with a large concentration of markets positioned at relatively high valuation percentiles and only a limited number exhibiting deep relative discounts. This asymmetry is evident across categorical valuation assessments, benchmark-relative comparisons, and percentile rankings,

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suggesting that extreme undervaluation is structurally less common than premium pricing in the current cross-country landscape.

Historical benchmark analysis further reveals that valuation assessments are sensitive to reference horizons. In many markets, current P/E ratios exceed historical averages across multiple horizons, indicating benchmark-relative elevation that persists even when longer-term norms are considered. In contrast, only a small subset of markets displays current valuations that are consistently below historical averages, indicating pronounced benchmark-relative discounts. These patterns underscore the importance of multi-horizon benchmarking when interpreting valuation conditions, particularly in cross-country settings where earnings cycles and structural factors differ substantially.

The percentile-based analysis adds a standardized dimension to valuation comparison, enabling identification of markets located at the extreme tails of the global valuation distribution. This approach shows that valuation extremity is not uniform across horizons and that markets may occupy different relative positions depending on whether the emphasis is placed on current cross-sectional comparison or historical reference distributions.

Finally, the integration of valuation positioning with magnitude-based trend regimes reveals heterogeneous valuation–trend configurations. High valuation is frequently—but not universally—associated with positive price momentum, while low valuation does not necessarily imply weak or deteriorating trend conditions. Several discounted markets exhibit strong or extended bullish trends, whereas some premium-priced markets display only modest momentum or, in rare cases, below-trend behavior. These findings reinforce the view that valuation and trend dynamics capture distinct aspects of market conditions and should be interpreted jointly rather than in isolation.

Taken together, the results support the use of layered, descriptive frameworks for cross-country valuation analysis. While P/E-based measures alone are insufficient for forecasting or causal inference, their structured integration with historical benchmarks and trend context provides a coherent and informative portrait of relative market conditions.

5.2 Recommendations

Based on the findings and methodological scope of this study, several recommendations are offered for future research and applied use.

First, researchers conducting cross-country valuation studies are encouraged to avoid reliance on single-point valuation metrics or categorical labels alone. Incorporating historical benchmarks and percentile-based positioning can substantially improve contextual understanding and reduce the risk of misleading cross-sectional comparisons.

Second, future studies may extend the present framework by integrating additional valuation measures (e.g., cyclically adjusted earnings ratios, price-to-book ratios, or cash-flow-based metrics) to examine whether the observed valuation–trend configurations persist across alternative valuation dimensions.

Third, longitudinal analysis could be employed to track transitions across valuation–trend regimes over time, allowing researchers to examine whether certain configurations are more stable or more transient and how they evolve across market cycles.

Fourth, while the present study deliberately avoids predictive claims, future work may explore whether descriptive valuation–trend profiles are associated with differential long-term outcomes when combined with broader macroeconomic, institutional, or risk-related variables, subject to appropriate econometric controls.

Finally, for practitioners and policy analysts, the findings suggest that cross-country valuation assessments should be interpreted with methodological caution and contextual awareness. Valuation indicators may be useful for comparative diagnostics and monitoring, but they should not be treated as standalone signals for timing or allocation decisions without complementary analysis.

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