

[ANALYSIS-Big-name Stocks Cheaper Than During 2008-09 crisis](#)

Provided by: [Reuters News](#) By Rodrigo Campos

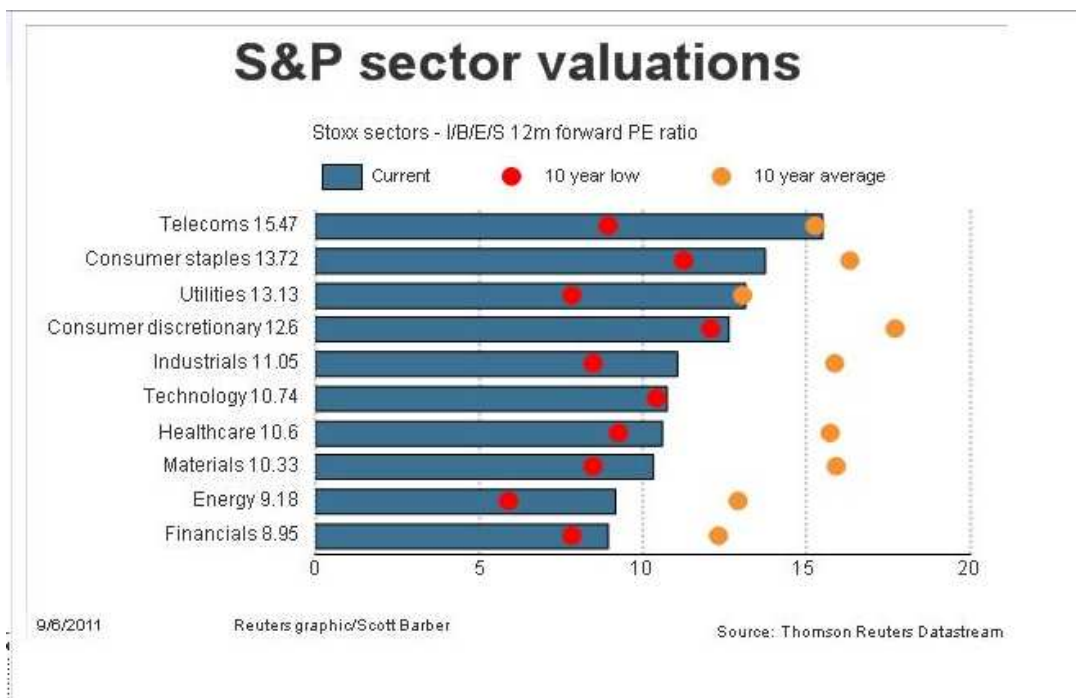
NEW YORK, Aug 31 (Reuters) - One out of every 10 companies in the S&P 500 index -- including stalwarts like Apple and JPMorgan Chase -- is now cheaper than during the 2008-2009 market melt-down.

Even as S&P 500 earnings soar past Wall Street estimates *quarter after quarter*, the lack of investor confidence has dropped the forward price-to-earnings ratio of at least 50 of the largest U.S. companies below their crisis lows, according to a screen of Thomson Reuters data.

Investors are now willing to risk less cash for every \$1 in earnings they expect to rake in for upcoming quarters than they were in 2008 or 2009.

The companies in question are not exactly obscure. Besides Apple Inc (AAPL) and JPMorgan Chase & Co (JPM), others on the list include Microsoft Corp (MSFT) and Wal-Mart Stores (WMT) illustrating the extent of investor pessimism.

"Risk aversion is so great right now that high quality U.S. common stocks are on sale," said Jack de Gan, chief investment officer at Harbor Advisory Corp in Portsmouth, New Hampshire. S&P Sector P/E comparisons:



Thomson Reuters data shows that 72 percent of the S&P 500 components beat earnings expectations in the second quarter. Estimates updated Tuesday show full-year earnings growth is seen at 14.1 percent for 2012 --just 0.2 percentage point less than the estimate on July 1, and still higher than the 13.6 percent estimate on April 1.

By sector, technology, financials and consumer discretionary shares are trading at valuations not far from their 10-year lows.

"It shows an incredible *drop in overall confidence, not only in financial markets but in the political*

environment," said Fred Dickson, chief market strategist at D.A. Davidson & Co in Lake Oswego, Oregon.

"Knowing we are going into a political election year (investors) haven't embraced what we would consider a decent, steady flow of good earnings."

Apple shares are up 350 percent since the start of 2009, while the company's forward P/E ratio has fallen to 12.29, down from 15.52 in late November 2008. Apple is one of those companies whose share price is not keeping up with its rapid growth in earnings.

Other companies on the list are not growing as rapidly. Wal-Mart has seen same-store sales fall every quarter for two years now. Hewlett-Packard Co <HPQ.N>, another Dow component on the list, is divesting its personal computer unit amid struggles, as well.

But some of the names are stronger: The second-biggest U.S. bank by assets, JPMorgan, with its stock up more than 19 percent since the start of 2009, has seen its forward P/E decline to 6.63 from 9.44 in January 2008.

"You have a company with a \$200 billion market cap like some of these are, and to make that go up you need a lot of capital inflows," said Harbor Advisory's De Gan. "We've seen the P/E on some of these stocks basically decline for 10 years; at some point it becomes ridiculous."

Daily		Annualized					
Index Name	Adjusted Market Cap (\$Million)	Index Level	Performance				
			1 Day	MTD	QTD	YTD	
TOTAL RETURNS							
S&P 500 (TR)	N/A	2,000.50	-2.52%	-3.67%	-10.76%	-5.38%	
PRICE RETURNS							
S&P 500	10,718,621.80	1,173.97	-2.53%	-3.69%	-11.11%	-6.65%	
PRICE RETURNS BY SECTOR							
Energy	1,332,958.03	489.40	-2.53%	-3.38%	-12.52%	-3.42%	
Materials	381,732.78	213.12	-2.4%	-3.67%	-13.34%	-11.06%	
Industrials	1,116,977.08	265.94	-3.06%	-4.63%	-17.37%	-11.68%	
Cons Disc	1,141,365.89	284.25	-2.76%	-4.01%	-10.58%	-3.82%	
Cons Staples	1,241,214.90	313.03	-1.33%	-1.72%	-2.99%	3.11%	
Health Care	1,279,130.05	373.98	-2.22%	-2.94%	-8.99%	2.52%	
Financials	1,485,691.27	168.53	-4%	-6.29%	-18.53%	-21.53%	
Info Tech	2,002,075.13	377.83	-2.45%	-3.51%	-8.05%	-6.61%	
Telecom Svc	335,687.05	121.14	-1.08%	-2.05%	-9.83%	-5.9%	
Utilities	401,789.62	167.99	-1.15%	-1.75%	-1.2%	5.43%	

Index Level Performance (as of 02-Sep-2011)

(Reporting by Rodrigo Campos; Editing by Leslie Adler) (C) Reuters 2011 All rights reserved. Republication or redistribution of Reuters content, including by caching, framing, or similar means, is expressly prohibited without the prior written consent of Reuters. Reuters and the Reuters sphere logo are registered trademarks and trademarks of the Reuters group of companies around the world. Reuters reprint courtesy of www.KRTT.com