

Analyzing Historical PEs

A very important step in the SSG is forecasting a high and low PE for five years into the future. This is done in part 4A of the SSG. To assist us in this forecast, part 3 of the SSG lists historical PEs for the last five years.

When we click on the PE box in part 4A

We get a dialog box like this one here

The screenshot shows a software interface with a table of financial metrics. A red arrow points from the text 'When we click on the PE box in part 4A' to a box containing '17.5' and '16.0'. Another red arrow points from the text 'We get a dialog box like this one here' to a dialog box titled 'Judgment - Average High/Low P/E'. The dialog box contains two input fields: 'Estimated Future High P/E Ratio' with the value '16.0' and 'Estimated Future Low P/E Ratio' with the value '11.0'. At the bottom of the dialog box are buttons for 'Reset', 'Ok', 'Cancel', and a help icon.

While having the last five years' high and low PE are helpful, there may be times when you want to look at the last ten years data of PEs.

You can get the ten-year data [you must be in the dialog box shown in upper right] by using the command

ALT- X

You can also take out any outliers, just as you can in the part 3, five-year list.

The screenshot shows a dialog box titled 'Estimate Average PEs'. It contains a table with two columns: 'High PE' and 'Low PE'. The rows list years from 1993 to 2002, followed by an 'Average' row. At the bottom right of the dialog box are 'Cancel' and 'Use' buttons.

	High PE	Low PE
1993	51.7	16.9
1994	38.2	16.6
1995	32.1	13.5
1996	28.1	14.6
1997	21.7	12.3
1998	15.6	9.7
1999	17.5	10.1
2000	15.6	8.5
2001	19.8	10.3
2002	19.0	13.0
Average:	25.9	12.6