

# Survey and Market-based Evidence of Industry-dependence in Analysts' Preferences Between the Dividend Yield and Price-earnings Ratio Valuation Models

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First published: 03 March 2003

<https://doi.org/10.1111/1468-5957.00261>

## Abstract

Prior research has shown that analysts' preferred valuation models are the price-earnings (PE) ratio and the dividend yield. This paper presents strong evidence that the relative importance of these two models varies according to stock market sector. Companies in the services, industrials and consumer goods sectors are shown to be 'PE-valued' while financials and utilities companies are shown to be 'yield-valued'. These findings are derived from survey research and then tested in a market-based model. This use of independent, mutually reinforcing research methods contributes to the robustness of the findings.

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