

## Macro Roundup Article

**Headline:** [Market Resilience or Investors in Denial: The Market at Mid-Year 2023](#)

**Article Link:** <https://aswathdamodaran.substack.com/p/market-resilience-or-investors-in>

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**Tweet:** The S&P; 500 equity risk premium fell back to 5% at the start of July, roughly the mean value since 2008. @AswathDamodaran

**Summary:** The S&P has had a strong first half of 2023, increasing 15.91%, the NASDAQ has delivered almost twice that return, with its tech focus. After a year for the record books, in 2022, when the expected return on stocks (the cost of equity) increased from 5.75% to 9.82%, the largest one-year increase in that number in history, we have had not just a more subdued year in 2023, but one where the expected return has come back down to 8.81%. In the process, the implied equity risk premium, which peaked at 5.94% on January 1, 2023, is back down to 5% at the start of July 2023. Even after that drop, equity risk premiums are still at roughly the average value since 2008. If the essence of a bubble is that equity risk premiums become "too low", the numbers, at least for the moment, don't seem to be signaling a bubble.

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