

Macro Roundup Article

Headline: [Data Update 2: A Stock Comeback - Winning the Expectations Game!](#)

Article

Link: <https://aswathdamodaran.substack.com/p/data-update-2-a-stock-comeback-winning>

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Tweet: In 2023, American stocks accounted for \$9.5T of \$14T increase in global market capitalization. Going into 2024, the S&P; 500 is priced to earn 8.5% and has an ERP of 4.6%. @AswathDamodaran

Summary: At the start of 2024, the lifting of fear has led to higher prices, a more upbeat forecast of earnings and an expected return of 8.48%, and an equity risk premium of 4.60%. I do compute this expected return and the equity risk premium at the start of each month, and the last 24 months have been a roller coaster ride. To the question of whether 8.48% is a reasonable expectation for an annual return for US stocks, and 4.60% a sufficient equity risk premium, I looked at the historical estimates for these numbers going back to 1960.

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Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Op-Ed/Blog Post, Weekly

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