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Macro Roundup Article

Headline: Equity Risk Premiums: Determinants, Estimation, and Implications

Article Link: https://twitter.com/aswathdamodaran/status/1774083871195230592?s=61&t;=LITfyHNi9xqoVdOjJZMoEg

Author(s)	Aswath Damodaran
Publication	Social Science Research Network
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Tweet: .@AswathDamodaran estimates the current equity risk premium for the S&P; 500 at 4.23%, the lowest level since 2008; the expected return on stocks is 8.6%.

Summary: As the market climbs, the implied ERP for the S&P 500 drops to 4.23%, its lowest value since 2008. As a forward-looking price of risk, the ERP drives everything in markets. I have a review that I do on ERP, and my fifteenth annual update is now available. The paper is verbose (155 pages) and not riveting reading, but it does include everything I know about equity risk premiums and their estimation.

Related Articles: Magnificent 7. Or is it Magnificent 2? and Five Easy Pieces and Long-Term Shareholder Returns: Evidence From 64,000 Global Stocks

Primary Topic: Business Cycle

Topics: Business Cycle, Database, Financial Markets, GDP, Op-Ed/Blog Post

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