With the S&P 500 at an all-time high, many stock market pundits have grown increasingly cautious. However, the savviest experts are reiterating their bullishness, and they are all pointing to one metric: the equity risk premium.

"The equity risk premium is the key to investing and valuation," says **legendary NYU finance professor Aswath Damodaran**.

The equity risk premium can be defined simply as the expected return on a broad stock market index in excess of the long-term risk-free rate, which is often measured by a government bond yield.

Markets spiked this morning when influential hedge fund manager **David Tepper held up a chart of the equity risk premium** as he presented his uber-bullish case for stocks during a **CNBC appearance**.

**Blogger** extraordinaire **Barry Ritholtz** and stock market legend **Laszlo Birinyi** each pointed us to Tepper’s **exact chart** last week. Birinyi confident **we'll see the S&P 500 pass 1,700 this year**, and 1,900 relatively soon.

Jim O'Neill, the now retired economist from **Goldman Sachs**, has long been bullish on stocks thanks to the equity risk premium. In the **final slide of his final presentation**, O'Neill argued, "Current ERP levels continue to indicate that equity markets are still quite attractive in many parts of the world.”
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