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CHART OF THE DAY: Tepper, Birinyi, Damodaran, O'Neill, Ritholtz All Love This Bullish Stock Market Metric



[Sam Ro](#)

May 14, 2013, 12:36 PM

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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.

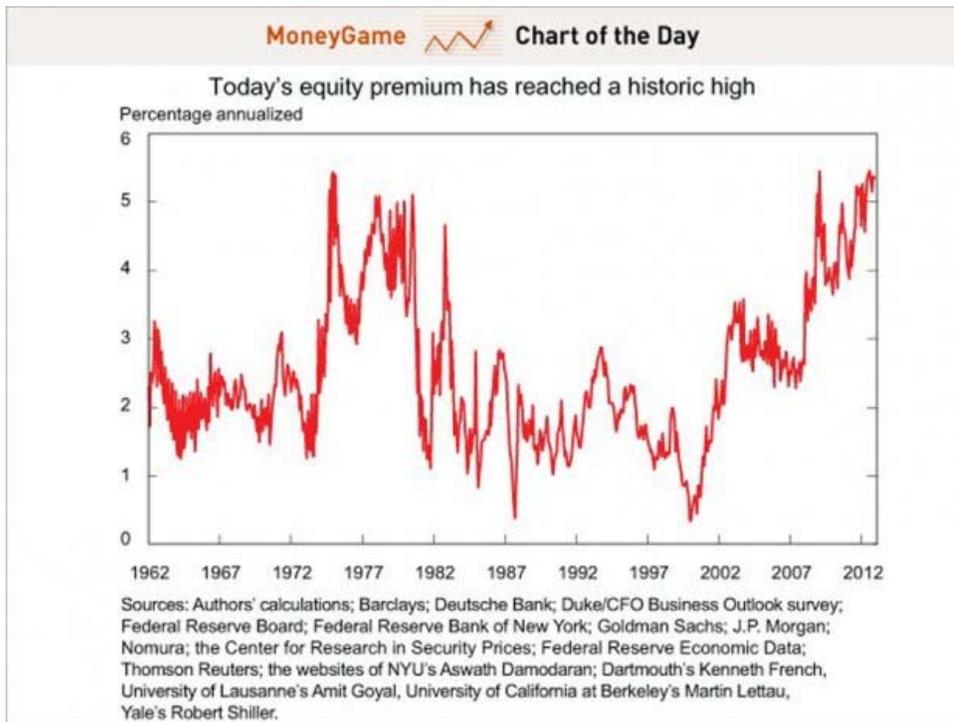
"The equity risk premium is the key to investing and valuation," says [legendary NYU finance professor Aswath Damodaran](#),

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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