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

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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.

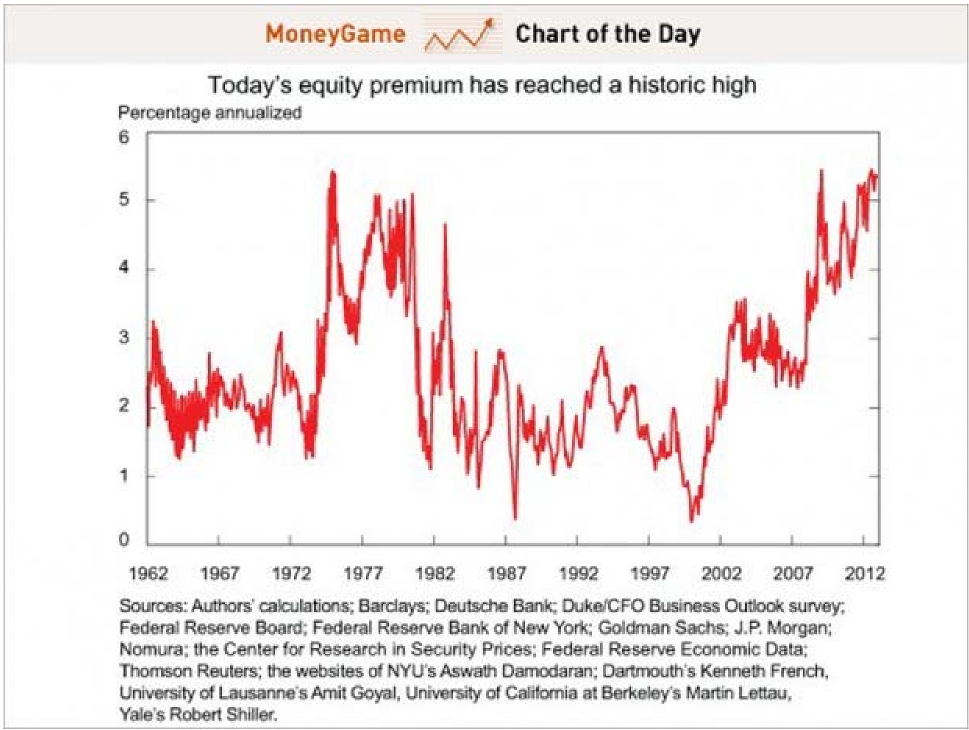
"The equity risk premium is the key to investing and valuation," says legendary NYU finance professor Aswath Damodaran,

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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