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Ex-ante risk premia at the N.Y.S.E.: analysis of experts' beliefs at the micro level

The risk premium is defined as the spread between the expected return of an equity (or of a portfolio) and the riskless rate. The expected return of industrial stocks at the NYSE (S&P400 industrial index) is deduced from surveys driven by J. Livingston on a panel of experts for 6-month and 12-month ahead horizons, while the riskless rate is given by zero coupon bonds with maturities corresponding to the time horizons of stock price expectations. According to this approach, it becomes possible to compute about 3000 individual values of *ex-ante* risk premia over the period 1952-1993. This study shows that the values of these premia seem rather realistic, that the distance to market is as a discriminant criteria, and that the risk premia are depending on common and individual factors.