Survey: Market Risk Premium and Risk-Free Rate used for 54 countries in 2025

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ABSTRACT

This paper contains the statistics of a survey about the Risk-Free Rate (**R_F**) and the Market Risk Premium (**MRP**) used in 2025 for **54 countries**. We got answers for 103 countries, but we only report the results for 54 countries with more than 6 answers.

The paper also contains the links to previous years surveys, from 2008 to 2024.

JEL Classification: G12, G31, M21

Keywords: equity premium; required equity premium; expected equity premium; risk-free rate

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1. Market Risk Premium (MRP), Risk Free Rate (R_F) and Km [R_F + MRP] used in 2025 in 54 countries

We sent a short email (see exhibit 1) in April, 2025 to more than 14,000 email addresses of finance and economics professors, analysts and managers of companies obtained from previous correspondence, papers and webs of companies and universities. We asked about the Risk-Free Rate (**R_F**) and the Market Risk Premium (**MRP**) **used *"to calculate the required return to equity in different countries"***.

By May 14, 2025, we had received 1,547 emails. 152 persons answered that they do not use MRP (see table 1), most of them use Km (required return to equity) but do not use MRP nor RF. The remaining emails had specific Risk-Free Rates and MRPs used in 2025 for one or more countries.[1] We would like to sincerely thank everyone who took the time to answer us.

Table 1. MRP and R_F used in 2025: 1,547 emails

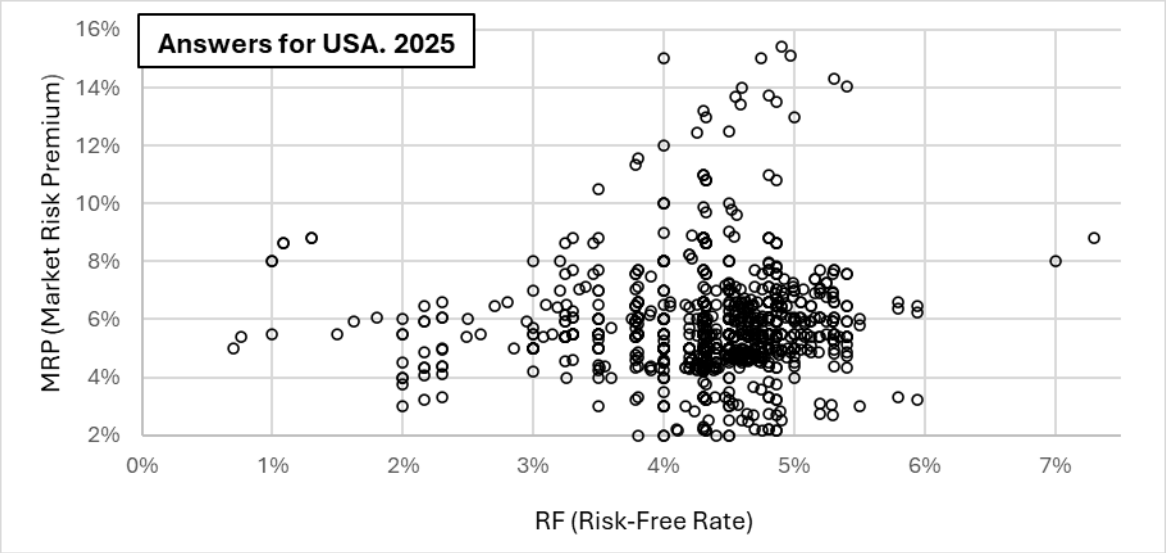
	Total
Answers reported (MRP figures)	**2,749**
Answers for countries with less than 6 answera	**167**
Outliers	**37**
"I can't provide you those figures: now are confidential"	**82**
Only MRP or RF (not both)	**45**
"We do not use MRP"	**152**

Table 2 contains the statistics of the **MRP** used in 2025 **for 54 countries**. We got answers for 103 countries, but we only report the results for 54 countries with more than 6 answers.

Table 3 contains the statistics of the Risk-Free Rate (**RF**) used in 2025 in the 54 countries[2] and **Table 4** contains the average of **Km** (required return to equity: Km = Risk-Free Rate + MRP).

Figure 1 is a graphic representation of the answers (MRP and RF) we got for USA.

Figure 1. Answers for USA. R_F and MRP used in 2025



[1] We considered 37 of them as outliers because they provided a very small MRP (below 2%)

[2] Fernandez, P. (2020), "'Normalized' Risk-Free Rate: Fiction or Science Fiction?" Available at: https://ssrn.com/abstract=3708863

Table 2. Market Risk Premium (MRP) used for 54 countries in 2025

MRP	Number of Answers	Average	Median	MAX	min
USA	1079	5.5%	5.0%	15.0%	2.0%
Spain 2025	396	5.9%	6.0%	15.0%	2.0%
Argentina	11	16.4%	19.2%	22.0%	7.5%
Australia	27	6.3%	6.0%	10.0%	2.0%
Austria	31	5.7%	5.5%	9.0%	4.3%
Belgium	36	5.7%	5.2%	9.0%	4.3%
Bolivia	7	17.0%	17.9%	21.0%	13.0%
Brazil	44	7.9%	7.6%	21.0%	3.0%
Canada	57	5.6%	5.5%	8.0%	2.0%
Chile	14	6.6%	5.9%	15.0%	2.2%
China	19	5.6%	6.0%	8.0%	2.3%
Colombia	13	9.4%	8.9%	15.0%	5.5%
Czech Republic	16	6.3%	6.4%	8.0%	4.5%
Denmark	17	5.1%	5.4%	6.2%	3.2%
Dominican Rep.	6	10.2%	9.9%	12.7%	9.1%
Ecuador	13	13.9%	13.9%	17.7%	10.0%
Egypt	9	14.5%	14.5%	18.0%	11.0%
Finland	12	5.7%	5.4%	9.0%	4.3%
France	68	5.1%	5.1%	8.0%	2.1%
Germany	206	5.4%	5.2%	9.0%	2.0%
Greece	23	7.4%	7.5%	9.3%	5.5%
India	15	7.1%	7.0%	15.0%	3.5%
Ireland	19	4.7%	4.8%	7.7%	2.0%
Israel	17	5.8%	6.0%	8.0%	4.3%
Italy	71	6.0%	6.0%	8.0%	3.5%
Japan	36	5.1%	5.7%	6.2%	2.8%
Kenya	7	10.7%	11.0%	14.3%	6.9%
Korea, (South)	9	5.6%	5.5%	7.0%	4.0%
Lithuania	17	5.8%	5.5%	9.0%	4.3%
Luxembourg	29	4.7%	4.6%	7.7%	2.0%
Malaysia	7	6.4%	6.2%	8.0%	5.0%
Mexico	34	6.8%	6.7%	15.0%	2.2%
Netherlands	23	5.3%	5.0%	6.7%	4.3%
New Zealand	7	6.2%	6.2%	7.5%	4.3%
Nigeria	6	12.1%	12.5%	15.0%	7.0%
Norway	16	5.2%	5.0%	7.0%	4.3%
Pakistan	6	13.2%	14.5%	16.4%	6.0%
Peru	18	5.5%	6.2%	7.0%	2.0%
Phillipines	9	7.2%	7.0%	9.0%	6.0%
Poland	27	5.5%	5.5%	5.9%	5.0%
Portugal	28	5.6%	6.0%	7.0%	3.0%
Romania	15	7.1%	7.0%	11.0%	5.0%
Russia	17	12.0%	12.3%	16.0%	8.4%
Saudi Arabia	15	8.7%	9.0%	12.0%	5.1%
Singapore	9	4.8%	4.7%	6.0%	4.3%
South Africa	18	7.4%	7.3%	9.4%	6.0%
Sweden	28	5.6%	5.0%	8.0%	4.3%
Switzerland	34	4.2%	4.4%	5.0%	3.0%
Taiwan	14	5.9%	5.1%	8.0%	4.6%
Thailand	6	6.5%	6.5%	8.0%	5.0%
United Kingdom	68	5.4%	5.1%	12.0%	2.0%
Uruguay	8	7.7%	7.6%	9.0%	6.5%
Venezuela	6	28.0%	28.0%	32.0%	23.0%
Vietnam	6	8.2%	7.9%	11.0%	6.5%

Table 3. Risk Free Rate (R_F) used for 54 countries in 2025

R_F	Number of Answers	**Average**	Median	MAX	min
USA	1079	4.1%	4.3%	7.0%	0.7%
Spain 2025	396	3.3%	3.2%	7.0%	1.5%
Argentina	11	8.9%	9.5%	12.0%	4.2%
Australia	27	4.2%	4.4%	5.0%	2.2%
Austria	31	3.4%	3.0%	5.0%	2.8%
Belgium	36	3.4%	3.1%	5.0%	2.5%
Bolivia	7	16.0%	16.0%	18.0%	14.0%
Brazil	44	10.9%	12.0%	15.0%	3.5%
Canada	57	3.3%	3.5%	4.0%	2.0%
Chile	14	5.2%	5.4%	6.8%	2.6%
China	19	2.3%	2.0%	4.1%	1.6%
Colombia	13	6.3%	4.4%	11.6%	1.7%
Czech Republic	16	4.6%	4.4%	6.0%	4.0%
Denmark	17	2.4%	2.3%	3.5%	2.0%
Dominican Rep.	6	6.1%	6.9%	7.0%	4.4%
Ecuador	13	7.6%	8.0%	10.2%	4.0%
Egypt	9	24.6%	25.0%	28.2%	20.0%
Finland	12	3.3%	3.0%	5.0%	2.5%
France	68	3.3%	3.2%	5.0%	2.5%
Germany	206	2.7%	2.6%	5.0%	1.0%
Greece	23	3.5%	3.5%	4.0%	3.3%
India	15	6.8%	6.5%	9.0%	6.0%
Ireland	19	2.5%	2.4%	2.8%	2.2%
Israel	17	4.2%	4.2%	5.0%	3.5%
Italy	71	3.4%	3.6%	5.0%	2.5%
Japan	36	1.6%	1.4%	3.8%	0.5%
Kenya	7	13.8%	13.7%	15.0%	13.0%
Korea, (South)	9	3.3%	3.0%	4.3%	2.6%
Lithuania	17	3.5%	3.4%	5.0%	3.0%
Luxembourg	29	2.5%	2.5%	3.0%	2.4%
Malaysia	7	4.7%	4.8%	6.0%	3.7%
Mexico	34	8.0%	9.0%	10.4%	1.5%
Netherlands	23	2.8%	2.7%	3.5%	2.0%
New Zealand	7	4.3%	4.5%	4.7%	3.8%
Nigeria	6	15.5%	15.0%	19.8%	12.0%
Norway	16	3.8%	4.0%	4.5%	2.0%
Pakistan	6	12.5%	12.5%	14.0%	11.0%
Peru	18	6.1%	6.6%	7.0%	4.0%
Phillipines	9	6.3%	6.2%	7.0%	5.8%
Poland	27	5.4%	5.3%	5.7%	5.2%
Portugal	28	3.2%	3.2%	4.0%	2.0%
Romania	15	6.5%	7.0%	7.5%	3.0%
Russia	17	14.2%	15.3%	16.0%	10.0%
Saudi Arabia	15	6.0%	6.0%	7.0%	5.0%
Singapore	9	3.1%	2.8%	4.0%	2.5%
South Africa	18	10.5%	10.7%	11.3%	9.5%
Sweden	28	3.0%	3.0%	5.0%	2.4%
Switzerland	34	2.4%	2.7%	3.0%	0.5%
Taiwan	14	1.8%	1.6%	2.6%	1.6%
Thailand	6	2.6%	2.5%	3.5%	2.0%
United Kingdom	68	4.1%	4.4%	5.3%	2.0%
Uruguay	8	7.8%	7.5%	9.8%	6.5%
Venezuela	6	14.0%	14.0%	18.0%	10.0%
Vietnam	6	3.4%	3.2%	4.4%	3.0%

Table 4. Km [Required return to equity (market): R_F + MRP)] used for 54 countries in 2025

Km = R_F + MRP	Number of Answers	Average	Median	MAX	min
USA	1079	9.6%	9.5%	19.8%	5.0%
Spain 2025	396	9.2%	9.3%	19.0%	5.0%
Argentina	11	25.3%	25.7%	34.0%	15.8%
Australia	27	10.5%	10.0%	15.0%	4.2%
Austria	31	9.1%	9.0%	12.0%	7.8%
Belgium	36	9.1%	9.0%	12.0%	7.6%
Bolivia	7	33.0%	32.9%	36.0%	30.0%
Brazil	44	18.8%	19.3%	35.3%	7.8%
Canada	57	8.9%	8.5%	12.0%	5.5%
Chile	14	11.7%	11.2%	19.0%	7.8%
China	19	7.9%	8.3%	10.0%	4.2%
Colombia	13	15.6%	13.3%	25.0%	7.2%
Czech Republic	16	10.9%	10.9%	13.0%	9.2%
Denmark	17	7.5%	7.8%	9.5%	5.3%
Dominican Rep.	6	16.3%	16.2%	19.6%	14.3%
Ecuador	13	21.4%	21.0%	25.7%	18.0%
Egypt	9	39.1%	39.3%	45.0%	34.0%
Finland	12	9.1%	8.8%	12.0%	7.7%
France	68	8.4%	8.3%	11.5%	5.8%
Germany	206	8.1%	8.0%	12.0%	4.5%
Greece	23	10.9%	10.8%	13.0%	9.0%
India	15	13.9%	13.8%	21.0%	10.0%
Ireland	19	7.2%	7.1%	10.1%	4.5%
Israel	17	10.0%	10.0%	11.8%	7.8%
Italy	71	9.5%	9.6%	13.0%	7.0%
Japan	36	6.7%	6.8%	9.3%	3.3%
Kenya	7	24.5%	25.0%	27.6%	21.0%
Korea, (South)	9	8.8%	9.0%	10.6%	7.0%
Lithuania	17	9.3%	9.1%	12.0%	7.8%
Luxembourg	29	7.2%	7.3%	10.1%	4.5%
Malaysia	7	11.1%	10.7%	13.0%	9.6%
Mexico	34	14.9%	15.1%	24.0%	8.5%
Netherlands	23	8.1%	7.7%	10.2%	7.0%
New Zealand	7	10.5%	10.3%	12.1%	8.9%
Nigeria	6	27.5%	28.0%	34.1%	19.0%
Norway	16	9.0%	9.0%	10.5%	6.5%
Pakistan	6	25.7%	26.0%	30.0%	18.5%
Peru	18	11.6%	11.6%	13.6%	8.0%
Phillipines	9	13.4%	13.1%	14.8%	12.0%
Poland	27	10.8%	10.7%	11.2%	10.7%
Portugal	28	8.8%	8.9%	10.3%	6.5%
Romania	15	13.6%	13.9%	14.8%	12.0%
Russia	17	26.2%	25.3%	31.2%	23.8%
Saudi Arabia	15	14.7%	16.0%	18.0%	10.1%
Singapore	9	7.9%	7.9%	9.0%	6.8%
South Africa	18	17.9%	17.5%	20.7%	16.0%
Sweden	28	8.6%	8.0%	11.0%	6.7%
Switzerland	34	6.6%	6.5%	8.0%	4.8%
Taiwan	14	7.7%	7.0%	9.6%	6.2%
Thailand	6	9.1%	9.5%	11.5%	7.0%
United Kingdom	68	9.6%	9.6%	16.0%	5.1%
Uruguay	8	15.5%	15.0%	18.5%	13.5%
Venezuela	6	42.0%	41.9%	46.0%	39.0%
Vietnam	6	11.6%	11.3%	14.0%	10.5%

2. Changes from 2015 to 2018, 2019, 2020, 2021, 2022 and 2023

Tables 5 and 6 compare the results of the 2023 survey with the results of the surveys published in 2015, 2018, 2019, 2020, 2021 and 2022.

Table 5. Km [Required return to equity (market): RF + MRP)]
Averages of the surveys of 2023, 2022, 2021, 2020, 2019, 2018 and 2015

	average Km (RF + MRP)						
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2015**
USA	9,5	8,3	7,3	7,5	8,3	8,2	7,9
Spain	10,1	8,8	7,4	7,6	8,1	8,8	8,1
Argentina	57,7	58,3	41,6	29,6	25,0	23,2	35,5
Australia	10,0	9,7	9,0	10,3	9,3	9,7	9,1
Austria	9,5	7,6	6,5	7,1	7,4	8,2	8,5
Belgium	10,2	7,2	6,5	7,1	7,4	7,8	6,8
Brazil	21,5	20,1	14,2	12,7	15,4	15,7	16,5
Canada	9,5	8,5	7,5	7,5	8,3	8,7	8,2
Chile	11,8	13,1	10,2	10,2	10,5	10,2	10,4
China	12,8	12,6	9,0	9,8	11,5	10,1	12,6
Colombia	20,6	16,5	13,8	14,5	13,9	15,4	12,1
Czech Rep.	10,9	10,1	7,8	8,2	8,7	8,5	7,4
Denmark	9,0	7,2	6,5	7,0	7,2	7,6	6,8
Finland	9,4	7,0	6,5	7,5	7,3	7,6	6,9
France	9,0	7,6	6,6	7,0	7,2	7,5	7,1
Germany	8,2	6,9	6,4	6,6	6,8	6,7	6,6
Greece	15,0	8,2	7,8	19,1	19,7	20,6	29,3
Hungary	16,7	11,6	10,4	10,5	11,9	11,5	9,4
India	15,5	12,5	12,9	11,8	14,8	14,7	15,8
Indonesia	14,9	13,2	12,9	13,9	16,2	15,6	16,4
Ireland	9,6	7,3	6,6	7,9	7,4	8,1	6,8
Israel	10,8	8,7	6,8	7,8	8,4	7,7	6,1
Italy	11,1	7,7	7,0	7,5	7,9	8,4	6,9
Japan	7,1	6,4	5,7	7,1	7,2	6,0	6,5
Korea (South)	9,3	9,7	8,3	8,1	9,1	8,8	8,5
Mexico	16,0	14,8	12,2	13,7	15,4	15,3	12,3
Netherlands	8,7	7,5	6,7	7,5	7,3	7,5	7,7
New Zealand	10,9	9,5	8,0	8,6	8,9	8,9	9,5
Norway	9,2	7,5	7,2	7,0	7,4	8,1	6,9
Peru	14,9	13,3	11,1	10,7	13,1	12,6	11,2
Poland	13,4	9,7	8,2	9,0	9,7	9,4	7,9
Portugal	11,6	7,8	8,2	8,7	10,1	10,4	7,3
Russia	27,6	20,0	13,8	13,7	16,8	16,5	17,1
South Africa	18,1	16,4	15,1	14,6	16,4	14,5	15,9
Sweden	7,5	7,4	8,4	7,1	7,4	8,9	6,5
Switzerland	7,4	7,2	5,3	7,0	7,3	8,0	6,5
Thailand	11,1	10,1	9,5	10,2	11,3	12,4	16,0
Turkey	32,7	33,6	27,2	21,2	20,8	18,0	17,1
UK	9,8	8,5	6,9	6,9	8,3	7,5	7,3
Uruguay	17,7	12,7	11,3	15,2	12,8	13,6	10,7
Venezuela	64,3	58,8	60,2	34,5	36,3	28,6	23,1

Table 6. Market Risk Premium (MRP) and Risk Free Rate (RF) (%)
Averages of the surveys of 2023, 2022, 2021, 2020, 2019, 2018 and 2015

	Av. 2023		Av. 2022		Av. 2021		Av. 2020		Av. 2019		Av. 2018		Av. 2015	
	RF	MRP	RF	MRP	RF	MRP	RF	MRP	RF	MRP	RF	MRP	RF	MRP
USA	3,8	5,7	2,7	5,6	1,8	5,5	1,9	5,6	2,7	5,6	2,8	5,4	2,4	5,5
Spain	3,5	6,6	2,1	6,7	1,0	6,4	1,3	6,3	1,7	6,4	2,1	6,7	2,2	5,9
Argentina	29,6	28,1	28,4	29,9	24,2	17,4	12,3	17,3	10,1	14,9	9,3	13,9	12,6	22,9
Australia	3,8	6,2	3,4	6,3	2,6	6,4	2,4	7,9	2,8	6,5	3,1	6,6	3,1	6,0
Austria	2,7	6,8	1,8	5,8	0,6	5,9	0,9	6,2	1,3	6,1	2,0	6,2	2,8	5,7
Belgium	3,8	6,4	1,4	5,8	0,6	5,9	0,9	6,2	1,2	6,2	1,6	6,2	1,3	5,5
Brazil	12,2	9,3	10,3	9,8	6,5	7,7	4,8	7,9	7,2	8,2	7,3	8,4	9,0	7,5
Canada	3,5	6,0	2,8	5,7	1,9	5,6	1,8	5,7	2,5	5,8	2,9	5,8	2,3	5,9
Chile	4,9	6,9	5,7	7,4	3,9	6,3	3,6	6,6	4,2	6,3	4,1	6,1	3,9	6,5
China	4,2	8,6	3,9	8,7	2,8	6,2	3,1	6,7	4,0	7,5	3,8	6,3	4,5	8,1
Colombia	11,6	9,0	9,8	6,7	6,9	6,9	6,3	8,2	6,2	7,7	6,7	8,7	3,8	8,3
Czech Rep.	4,3	6,6	4,1	6,0	2,0	5,8	1,8	6,4	2,4	6,3	2,6	5,9	1,8	5,6
Denmark	2,9	6,2	1,4	5,8	0,7	5,8	0,9	6,1	1,2	6,0	1,6	6,0	1,3	5,5
Finland	3,2	6,2	1,4	5,6	0,6	5,9	1,0	6,5	1,1	6,2	1,7	5,9	1,2	5,7
France	3,0	6,0	1,3	6,3	0,8	5,8	0,8	6,2	1,2	6,0	1,6	5,9	1,5	5,6
Germany	2,5	5,7	1,2	5,7	0,6	5,8	0,8	5,8	1,1	5,7	1,4	5,3	1,3	5,3
Greece	4,1	10,9	1,6	6,6	0,9	6,9	6,4	12,7	4,3	15,4	4,8	15,8	15,0	14,3
Hungary	8,3	8,4	4,9	6,7	3,3	7,1	3,1	7,4	4,0	7,9	3,6	7,9	0,6	8,8
India	7,1	8,5	5,6	6,9	5,6	7,3	4,8	7,0	6,5	8,3	6,8	7,9	7,4	8,4
Indonesia	6,9	8,0	5,5	7,7	5,9	7,0	6,3	7,6	7,2	9,0	6,8	8,8	7,5	8,9
Ireland	2,9	6,7	1,5	5,8	0,7	5,9	1,3	6,6	1,4	6,0	1,6	6,5	1,3	5,5
Israel	3,9	6,9	2,7	6,0	1,1	5,7	1,5	6,3	2,0	6,4	1,9	5,8	0,9	5,2
Italy	4,0	7,1	1,7	6,0	1,0	6,0	1,3	6,2	1,6	6,3	2,3	6,1	1,5	5,4
Japan	1,1	6,1	0,5	5,9	0,5	5,2	0,9	6,2	1,1	6,1	0,3	5,7	0,7	5,8
Korea (South)	2,9	6,4	3,7	6,0	2,4	5,9	2,0	6,1	2,5	6,6	2,4	6,4	2,3	6,2
Mexico	8,3	7,7	7,4	7,4	5,8	6,4	5,4	8,3	7,1	8,3	6,8	8,5	4,3	8,0
Netherlands	3,0	5,6	1,3	6,2	0,9	5,8	1,6	5,9	1,3	6,0	1,7	5,8	1,8	5,9
New Zealand	4,7	6,3	3,8	5,7	2,0	6,0	2,4	6,2	3,0	5,9	3,1	5,8	2,9	6,6
Norway	3,4	5,8	1,7	5,8	1,8	5,4	1,2	5,8	1,4	6,0	2,4	5,7	1,4	5,5
Peru	6,5	8,4	6,4	6,9	4,3	6,8	3,7	7,0	5,6	7,5	5,3	7,3	4,0	7,2
Poland	6,1	7,2	4,0	5,7	2,7	5,5	2,4	6,6	3,1	6,6	3,4	6,0	2,7	5,2
Portugal	3,4	8,2	1,6	6,2	1,4	6,8	1,6	7,1	2,6	7,5	3,2	7,2	1,6	5,7
Russia	9,4	18,2	5,8	14,2	5,7	8,1	5,9	7,8	8,3	8,5	7,8	8,7	7,4	9,7
South Africa	9,4	8,7	9,1	7,3	8,1	7,0	6,7	7,9	8,0	8,4	7,6	6,9	8,2	7,7
Sweden	1,9	5,7	1,4	6,0	0,9	7,5	1,0	6,1	1,3	6,1	1,8	7,1	1,1	5,4
Switzerland	1,7	5,6	1,4	5,8	0,1	5,2	0,9	6,1	1,1	6,2	1,1	6,9	1,1	5,4
Thailand	3,0	8,1	3,1	7,0	2,2	7,3	4,5	5,7	3,1	8,2	3,5	8,9	8,7	7,3
Turkey	14,4	18,3	22,6	11,0	17,7	9,5	10,9	10,3	11,2	9,6	10,3	7,7	7,8	9,3
UK	3,9	6,0	2,4	6,1	1,3	5,6	1,1	5,8	2,1	6,2	2,0	5,5	2,1	5,2
Uruguay	8,3	9,3	5,4	7,3	4,2	7,1	6,1	9,1	4,4	8,4	5,3	8,3	3,6	7,1
Venezuela	34,8	29,5	32,7	26,1	40,4	19,8	11,4	23,1	12,6	23,7	11,7	16,9	3,5	19,6

3. Previous surveys

2008	http://ssrn.com/abstract=1344209
2010	http://ssrn.com/abstract=1606563; http://ssrn.com/abstract=1609563
2011	http://ssrn.com/abstract=1822182; http://ssrn.com/abstract=1805852
2012	http://ssrn.com/abstract=2084213
2013	http://ssrn.com/abstract=914160
2014	http://ssrn.com/abstract=1609563
2015	https://ssrn.com/abstract=2598104
2016	https://ssrn.com/abstract=2776636
2017	https://ssrn.com/abstract=2954142
2018	https://ssrn.com/abstract=3155709
2019	https://ssrn.com/abstract=3358901
2020	https://ssrn.com/abstract=3560869

2021	https://ssrn.com/abstract=3861152
2022	https://ssrn.com/abstract=3803990
2023	https://ssrn.com/abstract=4407839
2024	https://ssrn.com/abstract=4754347

Welch (2000) performed two surveys with finance professors in 1997 and 1998, asking them what they thought the Expected MRP would be over the next 30 years. He obtained 226 replies, ranging from 1% to 15%, with an average arithmetic EEP of 7% above T-Bonds.[3] Welch (2001) presented the results of a survey of 510 finance and economics professors performed in August 2001 and the consensus for the 30-year arithmetic EEP was 5.5%, much lower than just 3 years earlier. In an update published in 2008 Welch reports that the MRP "used in class" in December 2007 by about 400 finance professors was on average 5.89%, and 90% of the professors used equity premiums between 4% and 8.5%.

Johnson et al (2007) report the results of a survey of 116 finance professors in North America done in March 2007: 90% of the professors believed the Expected MRP during the next 30 years to range from 3% to 7%.

Graham and Harvey (2007) indicate that U.S. CFOs reduced their average EEP from 4.65% in September 2000 to 2.93% by September 2006 (st. dev. of the 465 responses = 2.47%). In the 2008 survey, they report an average EEP of 3.80%, ranging from 3.1% to 11.5% at the tenth percentile at each end of the spectrum. They show that average EEP changes through time. Goldman Sachs (O'Neill, Wilson and Masih 2002) conducted a survey of its global clients in July 2002 and the average long-run EEP was 3.9%, with most responses between 3.5% and 4.5%.

Ilmanen (2003) argues that surveys tend to be optimistic: *"survey-based expected returns may tell us more about hoped-for returns than about required returns".* Damodaran (2008) points out that *"the risk premiums in academic surveys indicate how far removed most academics are from the real world of valuation and corporate finance and how much of their own thinking is framed by the historical risk premiums... The risk premiums that are presented in classroom settings are not only much higher than the risk premiums in practice but also contradict other academic research".*

Table 4 of Fernandez et al (2011a) shows the evolution of the Market Risk Premium used for the USA in 2011, 2010, 2009 and 2008 according to previous surveys (Fernandez et al, 2009, 2010a and 2010b).

The magazine *Pensions and Investments* (12/1/1998) carried out a survey among professionals working for institutional investors: the average EEP was 3%. Shiller[4] publishes and updates an index of investor sentiment since the crash of 1987. While neither survey provides a direct measure of the equity risk premium, they yield a broad measure of where investors or professors expect stock prices to go in the near future. The 2004 survey of the Securities Industry Association (SIA) found that the median EEP of 1500 U.S. investors was about 8.3%. Merrill Lynch surveys more than 300 institutional investors globally in July 2008: the average EEP was 3.5%.

A main difference of this survey with previous ones is that this survey asks about the **Required** MRP, while most surveys are interested in the **Expected** MRP.

4. Expected and Required Equity Premium: different concepts

Fernandez and F. Acín (2015) claim and show that Expected Return and Required Return are two very different concepts. Fernandez (2007, 2009b) claims that the term "equity premium" is used to designate four different concepts:

1. **Historical** equity premium (HEP): historical differential return of the stock market over treasuries.

[3] At that time, the most recent Ibbotson Associates Yearbook reported an arithmetic HEP versus T-bills of 8.9% (1926–1997).

[4] See http://icf.som.yale.edu/Confidence.Index

2. **Expected** equity premium (EEP): expected differential return of the stock market over treasuries.
3. **Required** equity premium (REP): incremental return of a diversified portfolio (the market) over the risk-free rate required by an investor. It is used for calculating the required return to equity.
4. **Implied** equity premium (IEP): the required equity premium that arises from assuming that the market price is correct.

The four concepts (HEP, REP, EEP and IEP) designate different realities. The **HEP** is easy to calculate and is equal for all investors, provided they use the same time frame, the same market index, the same risk-free instrument and the same average (arithmetic or geometric). But the **EEP,** the **REP** and the **IEP** may be different for different investors and are not observable.

The **HEP** is the historical average differential return of the market portfolio over the risk-free debt. The most widely cited sources are Ibbotson Associates and Dimson *et al*. (2007).

Numerous papers and books assert or imply that there is a "market" EEP. However, it is obvious that investors and professors do not share "homogeneous expectations" and have different assessments of the **EEP**. As Brealey et al. (2005, page 154) affirm, *"Do not trust anyone who claims to know what returns investors expect".*

The **REP** is the answer to the following question: What incremental return do I require for investing in a diversified portfolio of shares over the risk-free rate? It is a crucial parameter because the REP is the key to determining the company's required return to equity and the WACC. Different companies may use, and in fact do use, different **REPs**.

The **IEP** is the implicit REP used in the valuation of a stock (or market index) that matches the current market price. The most widely used model to calculate the IEP is the dividend discount model: the current price per share (P_0) is the present value of expected dividends discounted at the required rate of return (Ke). If d_1 is the dividend per share expected to be received in year 1, and g the expected long term growth rate in dividends per share,

$P_0 = d_1 / (Ke - g)$, which implies: $IEP = d_1/P_0 + g - R_F$ (1)

The estimates of the IEP depend on the particular assumption made for the expected growth (g). Even if market prices are correct for all investors, there is not an IEP common for all investors: there are many pairs (IEP, g) that accomplish equation (1). Even if equation (1) holds for every investor, there are many *required* returns (as many as expected growths, g) in the market. Many papers in the financial literature report different estimates of the IEP with great dispersion, as for example, Claus and Thomas (2001, IEP = 3%), Harris and Marston (2001, IEP = 7.14%) and Ritter and Warr (2002, IEP = 12% in 1980 and -2% in 1999). There is no a common **IEP** for all investors.

For a particular investor, the **EEP** is not necessary equal to the REP (unless he considers that the market price is equal to the value of the shares). Obviously, an investor will hold a diversified portfolio of shares if his EEP is higher (or equal) than his REP and will not hold it otherwise.

We can find out the REP and the EEP of an investor by asking him, although for many investors the REP is not an explicit parameter but, rather, it is implicit in the price they are prepared to pay for the shares. However, it is not possible to determine the REP for the market as a whole, because it does not exist: even if we knew the REPs of all the investors in the market, it would be meaningless to talk of a REP for the market as a whole. There is a distribution of REPs and we can only say that some percentage of investors have REPs contained in a range. The average of that distribution cannot be interpreted as the REP of the market nor as the REP of a representative investor.

Much confusion arises from not distinguishing among the four concepts that the phrase *equity premium* designates: Historical equity premium, Expected equity premium, Required equity premium and Implied equity premium. 129 of the books reviewed by Fernandez (2009b) identify Expected and Required equity premium and 82 books identify Expected and Historical equity premium.

Finance textbooks should clarify the MRP by incorporating distinguishing definitions of the four different concepts and conveying a clearer message about their sensible magnitudes.

5. Conclusion

Most previous surveys have been interested in the Expected MRP, but this survey asks about the Required MRP.

This paper contains the statistics of a survey about the Risk-Free Rate (**RF**) and the Market Risk Premium (**MRP**) used in 2025 for **54 countries**. We got answers for 103 countries, but we only report the results for countries with more than 6 answers.

This survey links with the *Equity Premium Puzzle*: Fernandez et al (2009), argue that the equity premium puzzle may be explained by the fact that many market participants (equity investors, investment banks, analysts, companies…) do not use standard theory (such as a standard representative consumer asset pricing model…) for determining their Required Equity Premium, but rather, they use historical data and advice from textbooks and finance professors. Many investors still use historical data and textbook prescriptions to estimate the required and the expected equity premium.

EXHIBIT 1. Mail sent in April 2025

Survey Market Risk Premium and Risk-Free Rate 2025

We are doing a **survey** about the **Market Risk Premium** (MRP or Equity Premium) and **Risk-Free Rate** that companies, analysts, regulators and professors use to calculate the **required return on equity** in different countries.

I would be grateful if you would kindly answer the following 2 questions. No companies, individuals or universities will be identified, and only aggregate data will be made public. I will send you the results in a month.

Best regards and thanks,

Pablo Fernandez. Professor of Finance. IESE Business School. Spain.

2 questions:

1. The Market Risk Premium that I am using in 2025
for USA is: _____%
for_____ is: _____ %
for_____ is: _____ %

2. The Risk-Free rate that I am using in 2025
for USA is: _____ %
for _____ is: _____ %
for _____ is: _____ %

EXHIBIT 2. Some webs recommended by respondents.

Equity premium: http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html
http://www.market-risk-premia.com/market-risk-premia.html
http://www.marktrisikoprämie.de/marktrisikopraemien.html

US risk free rate: http://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2015

risk free rate: http://www.basiszinskurve.de/basiszinssatz-gemaess-idw.html
http://www.econ.yale.edu/~shiller/
http://www.cfosurvey.org/pastresults.htm
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Fernandez, P., J. Aguirreamalloa and L. Corres (2011b), "The Equity Premium in Spain: Survey 2011 (in Spanish)", downloadable in http://ssrn.com/abstract=1822422

Fernandez, P., J. Aguirreamalloa and L. Corres (2011c), "Market Risk Premium Used in 56 Countries in 2011: A Survey with 6,014 Answers", downloadable in http://ssrn.com/abstract=1822182

Fernandez, P., J. Aguirreamalloa and P. Linares (2014), "Market Risk Premium and Risk Free Rate Used for 51 Countries in 2013: A Survey with 6,237 Answers", downloadable in http://ssrn.com/abstract=914160

Fernandez, P., J. Aguirreamalloa and L. Corres (2012), "Market Risk Premium Used in 82 Countries in 2012: A Survey with 7,192 Answers", downloadable in http://ssrn.com/abstract=2084213

Fernandez, P. and I. F. Acín (2015), "Expected and Required Returns: Very Different Concepts", downloadable in http://ssrn.com/abstract=2591319

Fernandez, P., P. Linares and I. F. Acín (2014), "Market Risk Premium Used in 88 Countries in 2014: A Survey with 8,228 Answers", downloadable in http://ssrn.com/abstract=2450452

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