

STUDYING THE EQUITY PRIME RISK OF THE PORTUGUESE CAPITAL MARKET IN THE THREE LAST DECADES

José Rodrigues da Costa; Maria Eugénia Mata

ABSTRACT:

Many studies have estimated the cost of capital in many countries, although they were focused on the UK and the USA for a long time. The American economic success may have induced higher returns to investment all over the world, thanks to openness and competition in financial markets. Some years ago three professors of the London Business School published a large study as a book, involving 16 countries (including Spain) and covering the whole twentieth century (Dimson, E., Marsh, P., e Staunton, M., "The Triumph of the Optimists: 101 Years of Global Investment Returns", 2002).

The purpose of this project is to present the methodology to accomplish the same kind of analysis to estimate the equity prime risk in Portugal for the last three decades.