

S&P Dow Jones Indices

A Division of **S&P Global**

Index Dashboard: Dispersion, Volatility & Correlation

30 June 2018

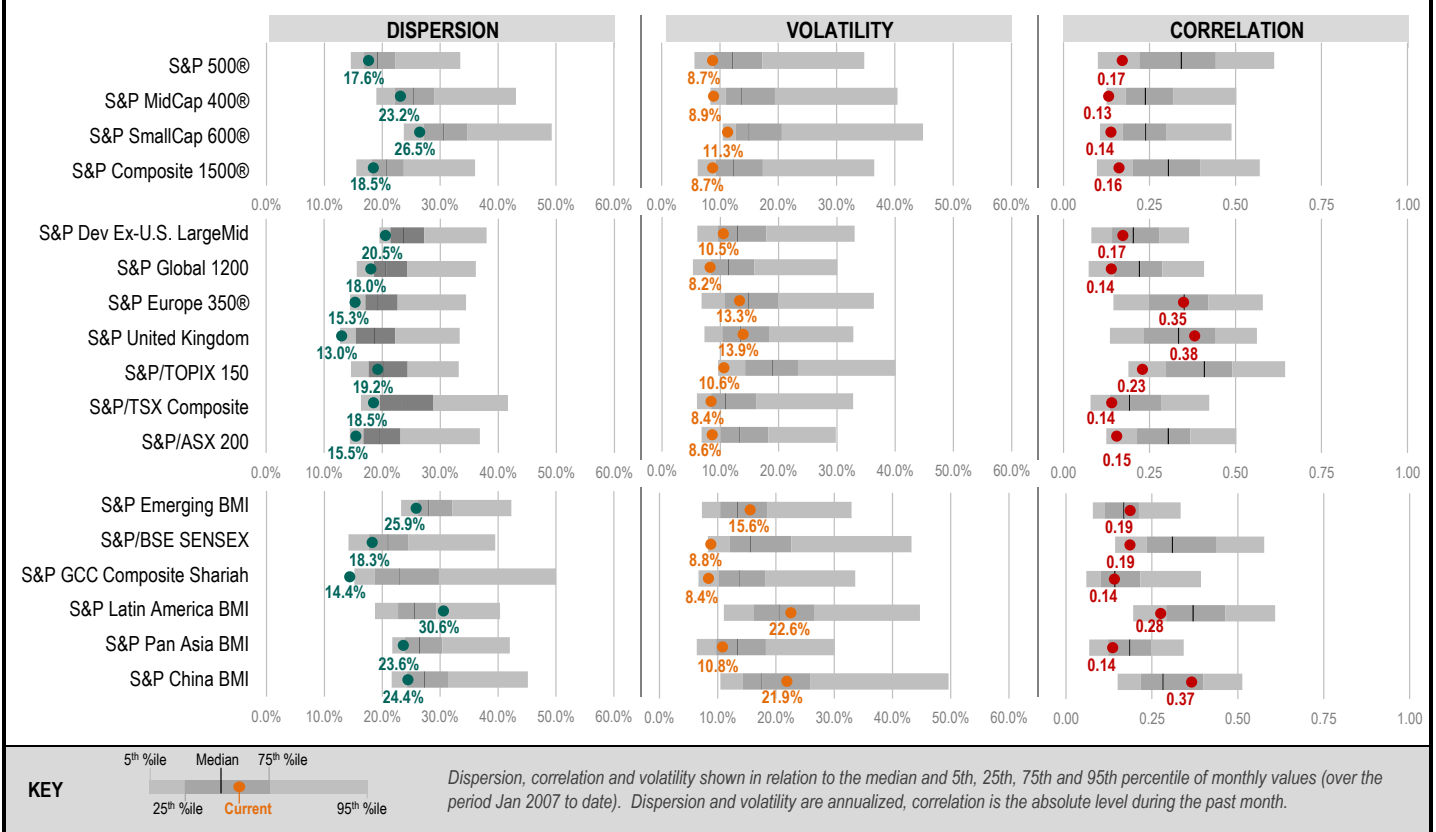
COMMENTARY

In an unequivocal attenuation of risk, our volatility, dispersion, and correlation statistics for the S&P 500 all declined in June. Each measure was below its historical average for the large-cap benchmark, similarly for the S&P MidCap 400 and S&P SmallCap 600.

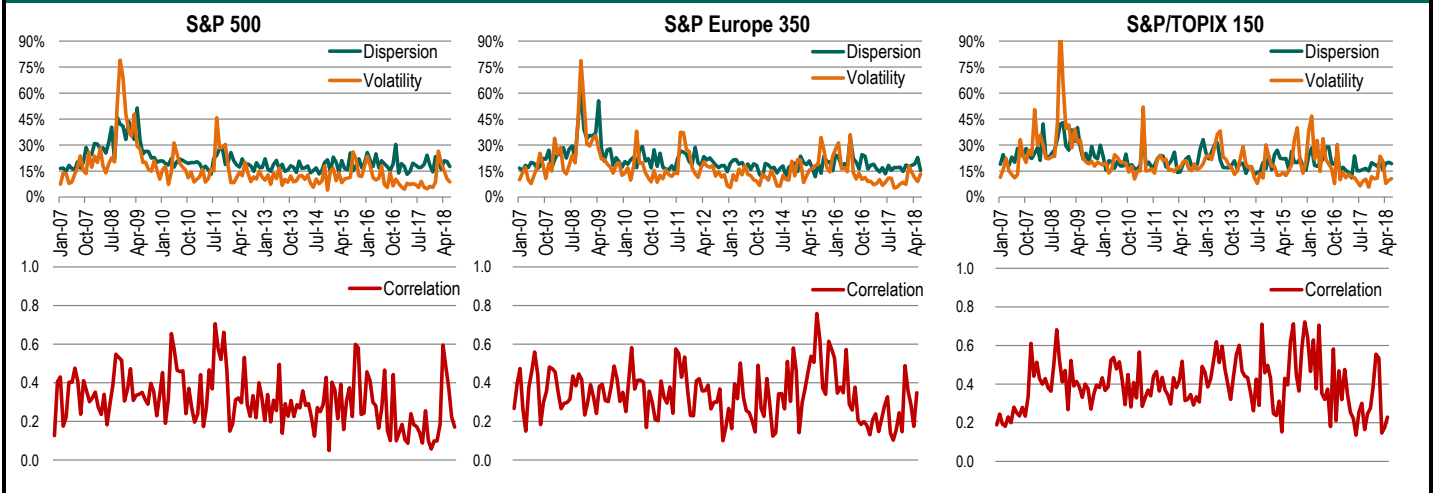
On the other hand, risk was on the rise in Europe – driven in particular by rising correlations and volatility in the U.K.'s equity markets. June's reading of an average 0.38 correlation among constituents of the S&P United Kingdom BMI was the third-highest since the "Brexit" referendum. Uncertainty over the fate of the coalition government in Germany also gave markets cause for concern heading in to month end; a dispute over immigration law triggered a resignation threat from the interior minister.

The highest dispersion and volatility figures in June's report were provided by Latin America, where a good month in the Mexican bourses failed to offset continued high volatility and declines in Brazil.

GLOBAL DASHBOARD



MAJOR BENCHMARKS JAN 2007 TO DATE



Source: S&P Dow Jones Indices as of June 30, 2018

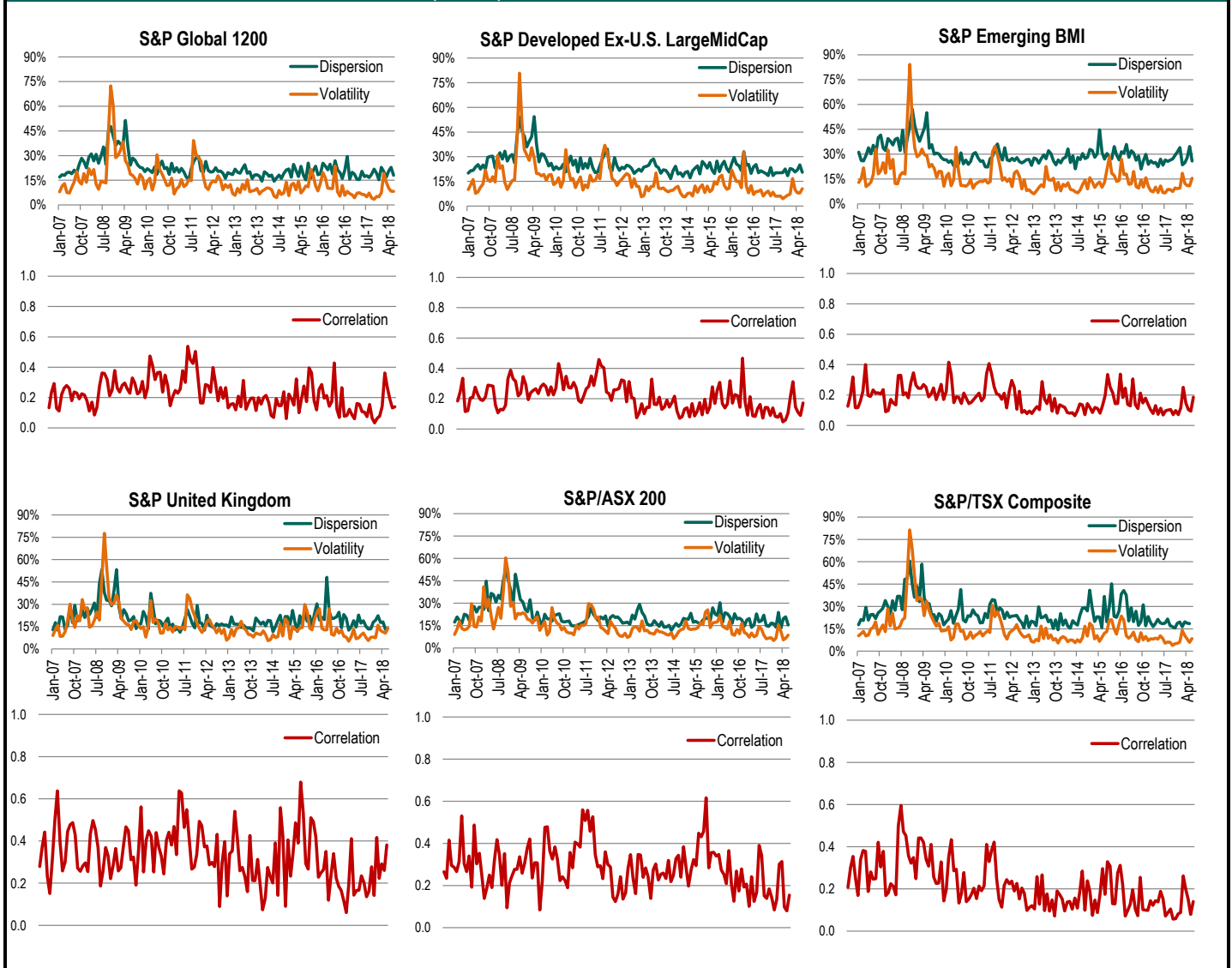
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June 30, 2018

MAJOR BENCHMARKS JAN 2007 TO DATE (cont'd)



NOTES

Definitions

Dispersion for each index is the annualized, index-weighted standard deviation of the index constituents' full-month total returns. See "[Dispersion: Measuring Market Opportunity](#)" for a formal definition of dispersion and more information on its uses.

Correlation for each index measures the correlation among the daily returns of the index constituents during the month, calculated via the ratio of index variance to the index-weighted average constituent variance. See "[At the Intersection of Diversification, Volatility and Correlation](#)" for a more detailed explanation of the calculation.

Volatility for each index is the annualized standard deviation of daily index price returns during the month. See "[The Landscape of Risk](#)" for details on the relationship of correlation, volatility and dispersion.

Historical Measurement Periods

The time period over which the median and percentiles of dispersion and correlation are measured begins with January, 2007 and ends with the current month except in the case of the S&P GCC Composite Shariah (which has a history to April, 2007).

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Charts and graphs are provided for illustrative purposes. Past performance is not an indication or guarantee of future results. The charts and graphs may reflect hypothetical historical performance. All information presented prior to the launch date is back-tested. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index(es) was officially launched. However, it should be noted that the historic calculations of an Economic Index may change from month to month based on revisions to the underlying economic data used in the calculation of the index. Complete index methodology details are available at www.spdji.com. It is not possible to invest directly in any index.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency on their products. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which a given index is set at a fixed value for calculation purposes. The Launch Date designates the date upon which the values of a given index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via S&P Dow Jones Indices's public website or its datafeed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the index's public release date.

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