

S&P Dow Jones Indices

A Division of **S&P Global**

Index Dashboard: Dispersion, Volatility & Correlation

30 June 2019

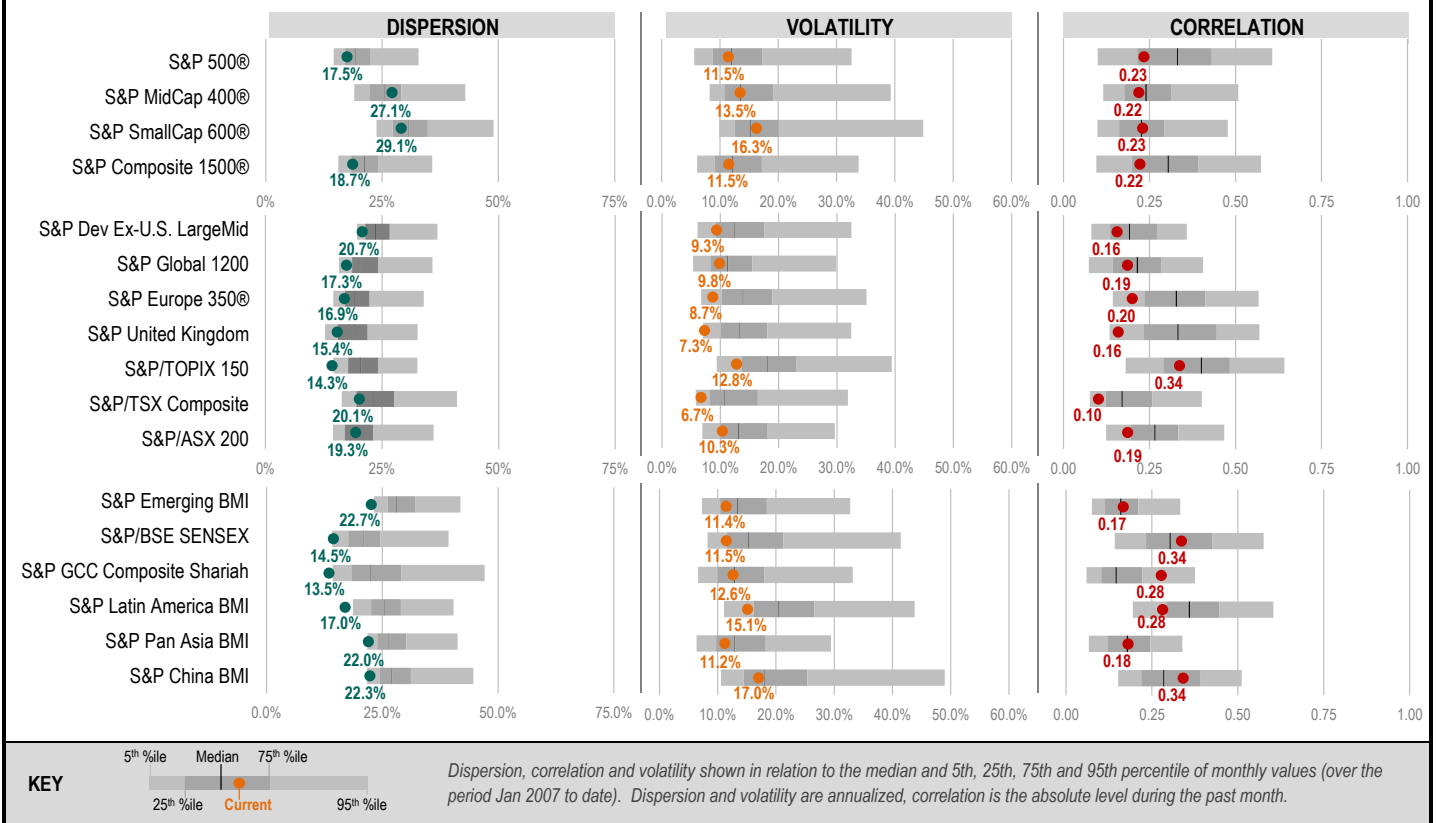
COMMENTARY

Changes in central bank policy have historically sent equity correlations higher, but despite a dovish change in tone on both sides of the Atlantic, our dashboard shows fairly typical levels of dispersion, correlation and volatility in the major equity benchmarks.

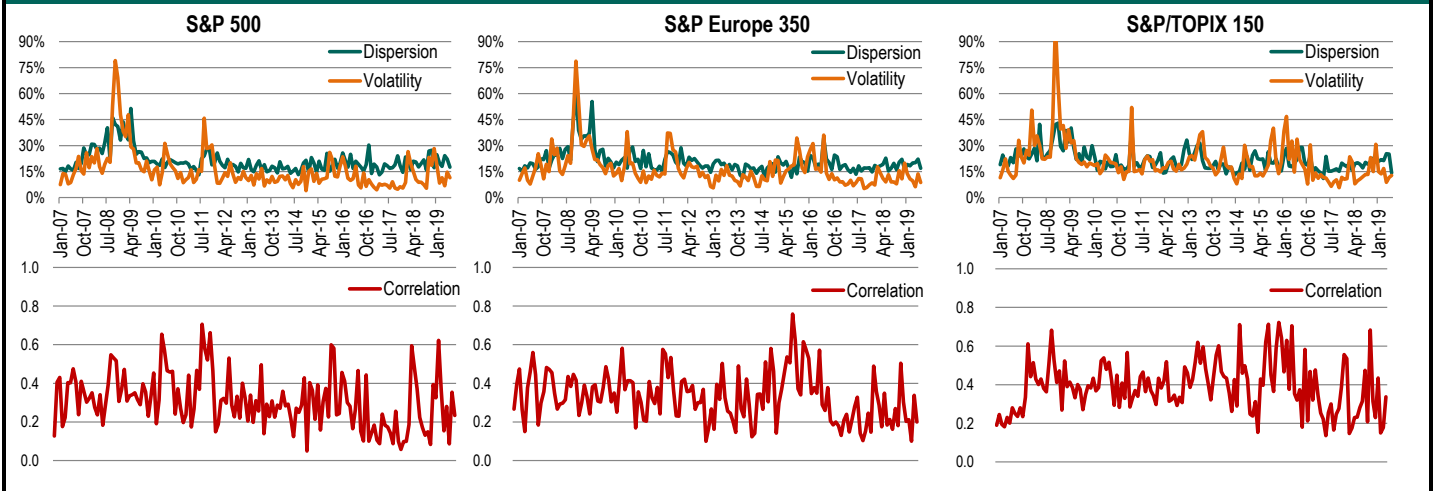
Compared to May's dashboard, dispersion in June was lower in all our reported indices. In both proportional and absolute terms, the biggest reductions in dispersion was found in the S&P/TOPIX 150, where 1-month dispersion was a third of its prior-month value.

Although dispersion declined, a mix of sectoral reactions to the ongoing U.S. / China trade negotiations, and volatility in the oil market, moderated the reduction in dispersion during a month of broader market gains.

GLOBAL DASHBOARD



MAJOR BENCHMARKS JAN 2007 TO DATE



Source: S&P Dow Jones Indices as of June 30, 2019.

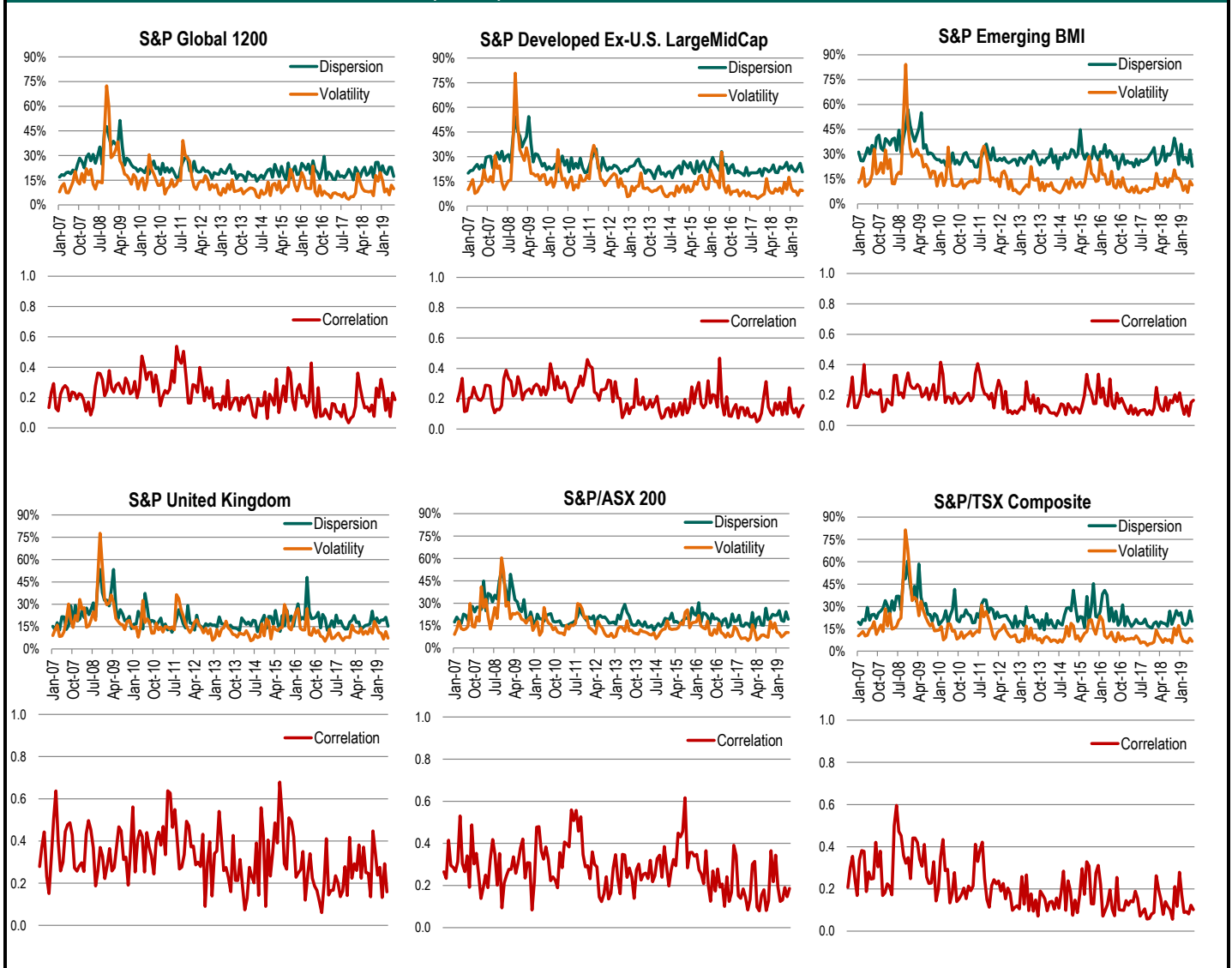
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June 30, 2019

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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