

S&P Dow Jones Indices

A Division of **S&P Global**

Index Dashboard: Dispersion, Volatility & Correlation

31 August 2019

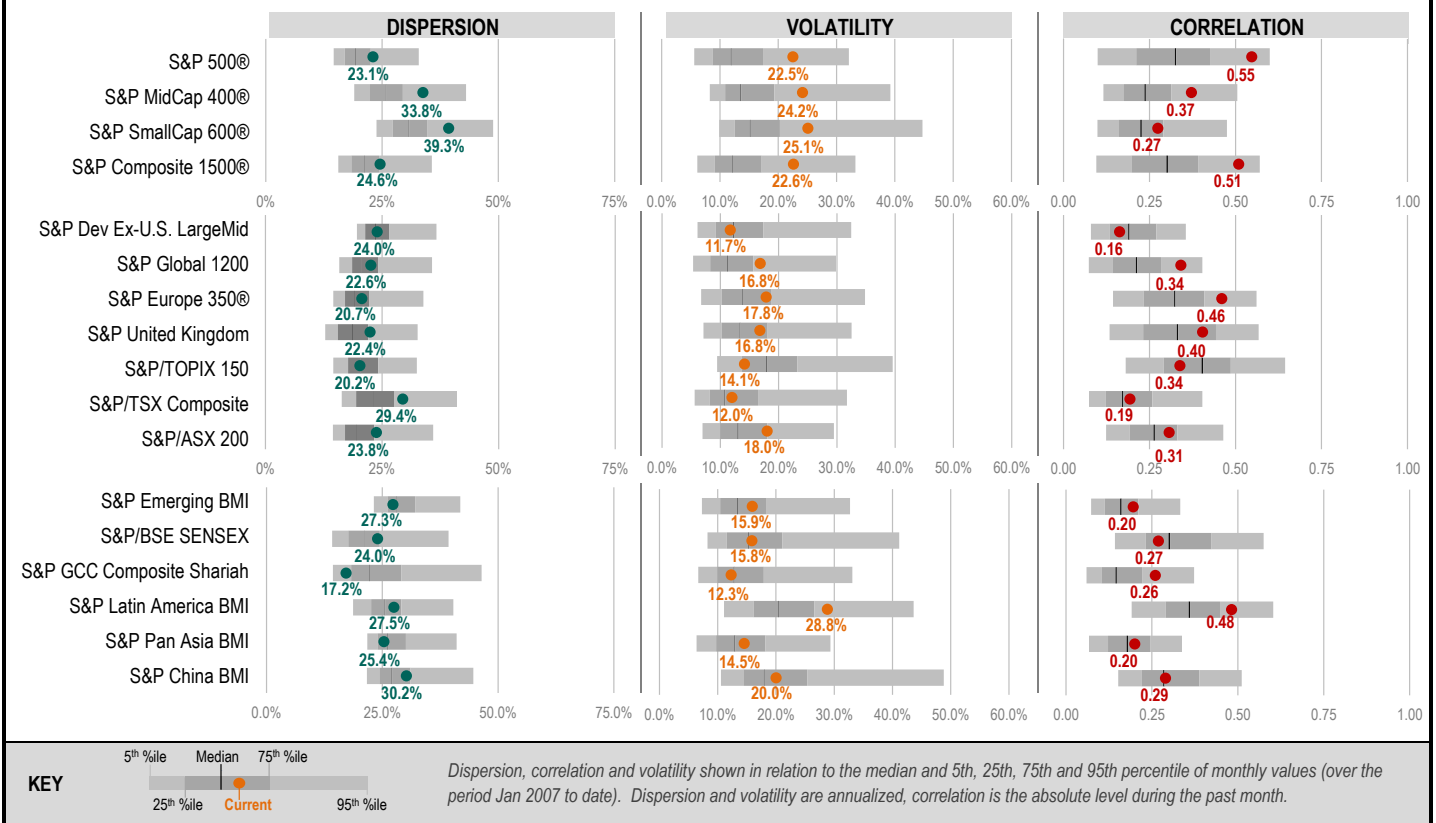
COMMENTARY

Seasonally underpopulated trading desks and an unseasonably high news flow produced a spike in volatility and correlations this month, particularly in U.S. equities, where S&P 500 constituent average 1-month correlations were the highest since December.

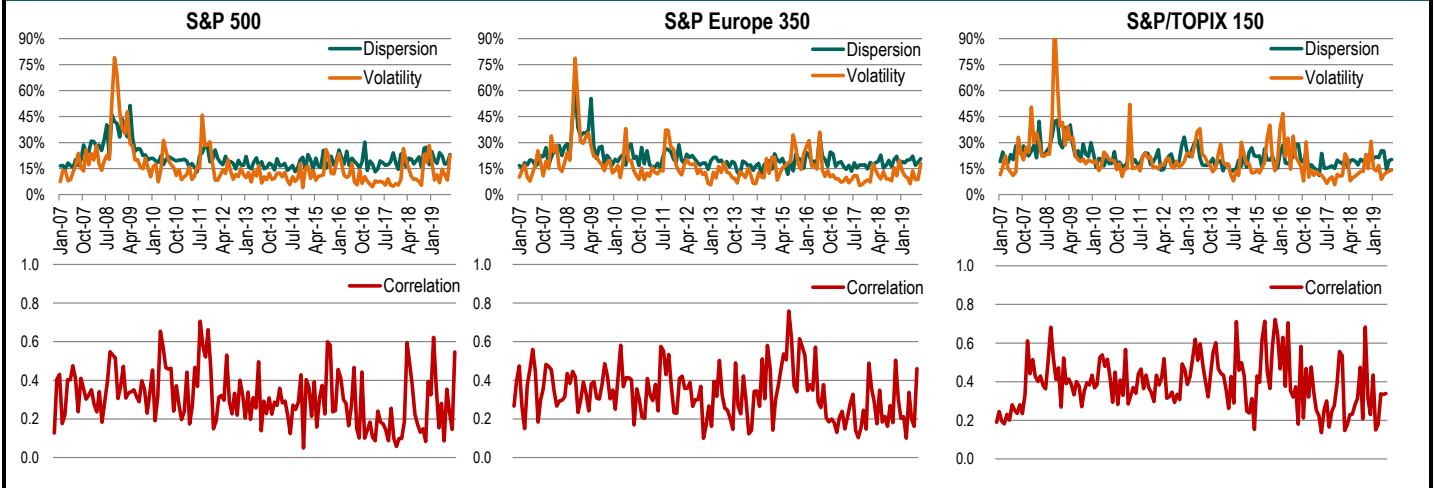
The recent trend of higher dispersion in the S&P MidCap 400 and the S&P SmallCap 600 extended through August, but in U.S. large caps, and more broadly, dispersion remained moderate as stocks took their cues from macro drivers.

Volatility returned to Latin America, with a once-in-a-lifetime daily collapse of 38% in the S&P Merval - a 15 standard deviation event – reminding investors of potential tail risks.

GLOBAL DASHBOARD



MAJOR BENCHMARKS JAN 2007 TO DATE



Source: S&P Dow Jones Indices as of August 31, 2019.

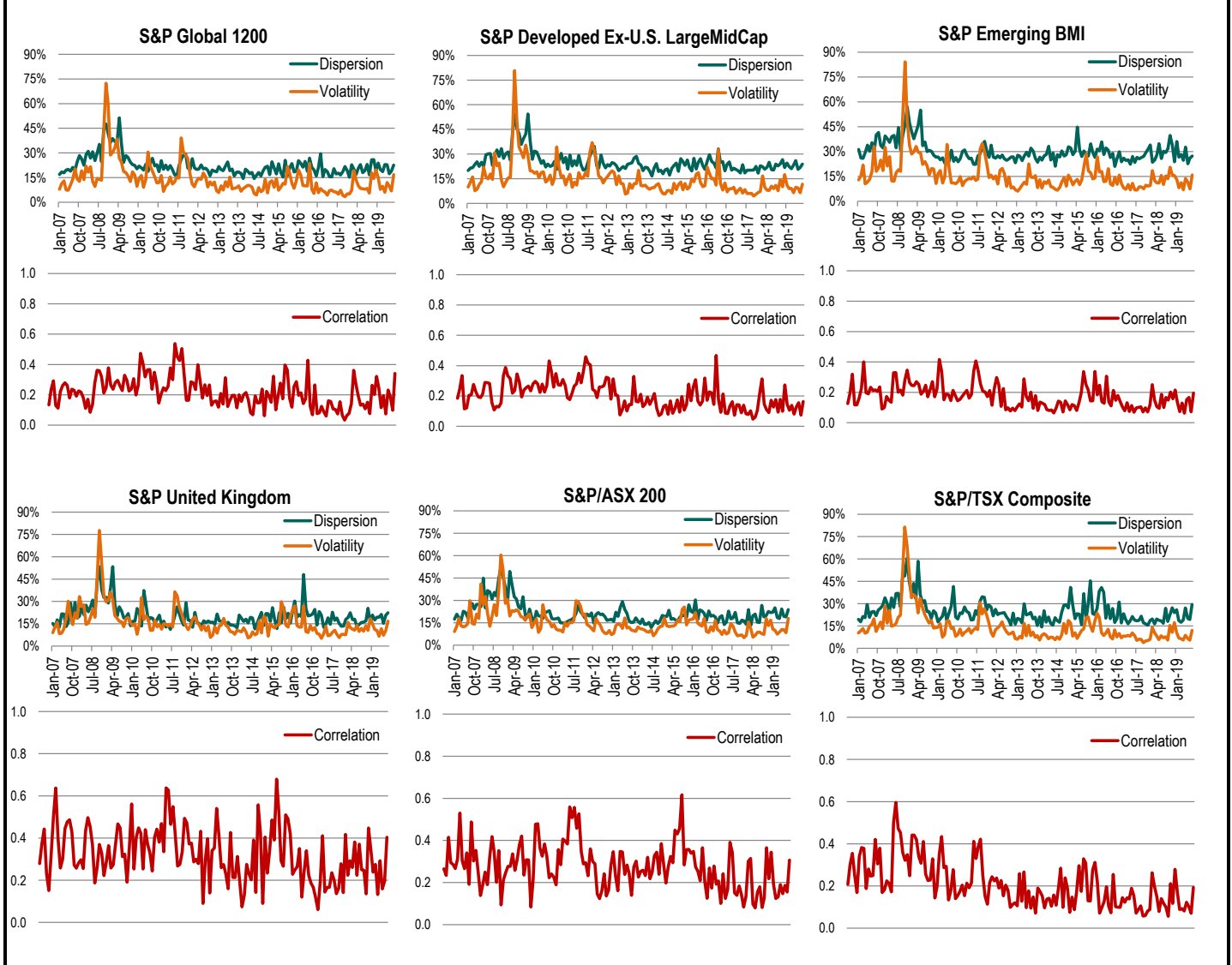
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August 31, 2019

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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