

S&P Dow Jones Indices

A Division of **S&P Global**

Index Dashboard: Dispersion, Volatility & Correlation

31 October 2019

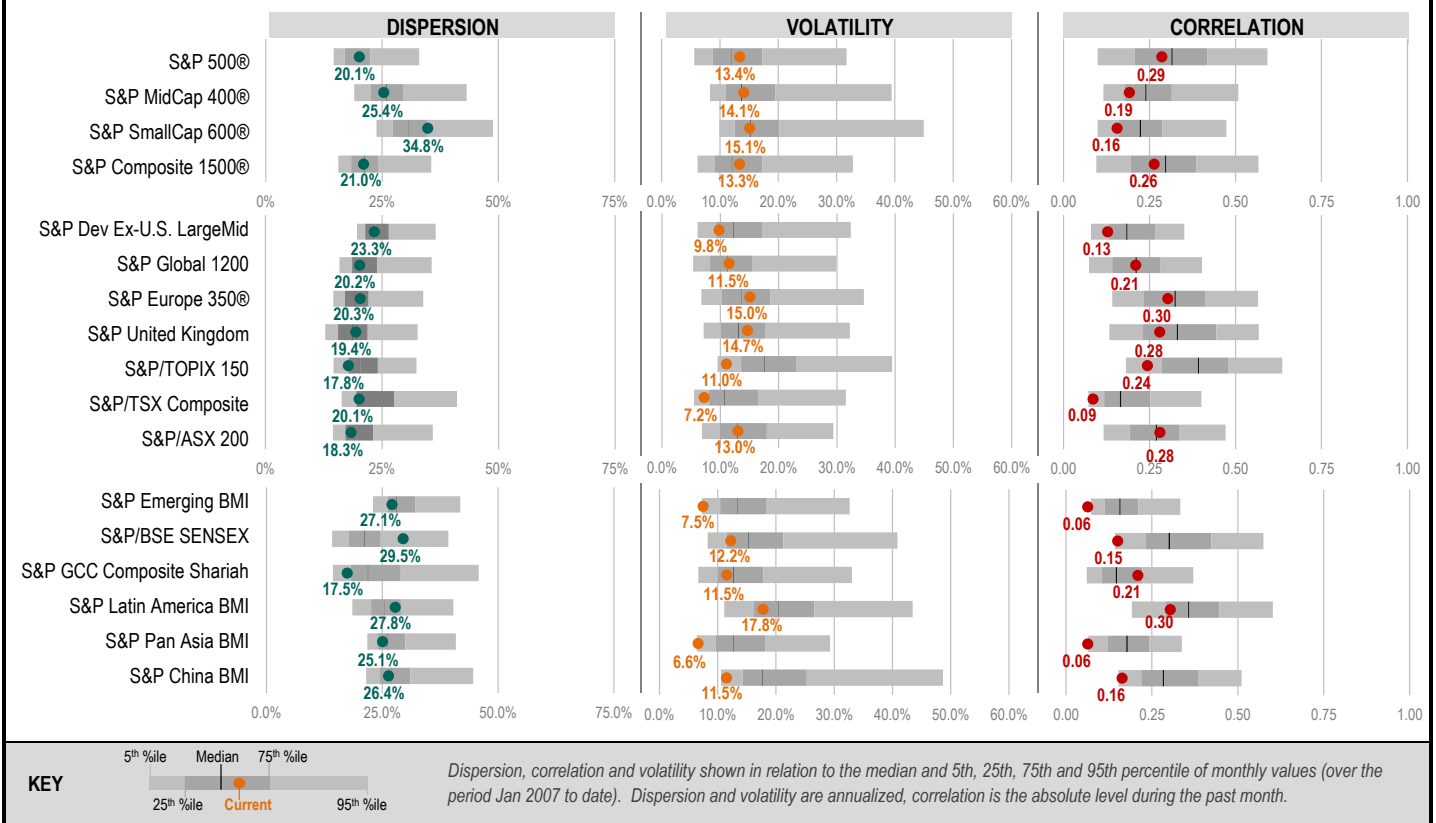
COMMENTARY

Reactions to third quarter earnings often raise U.S. equity dispersion in October, and last month was no exception to this rule, as S&P 500® dispersion, volatility, and correlation all rose. The impact may have been moderated since reported earnings performance generally exceeded expectations.

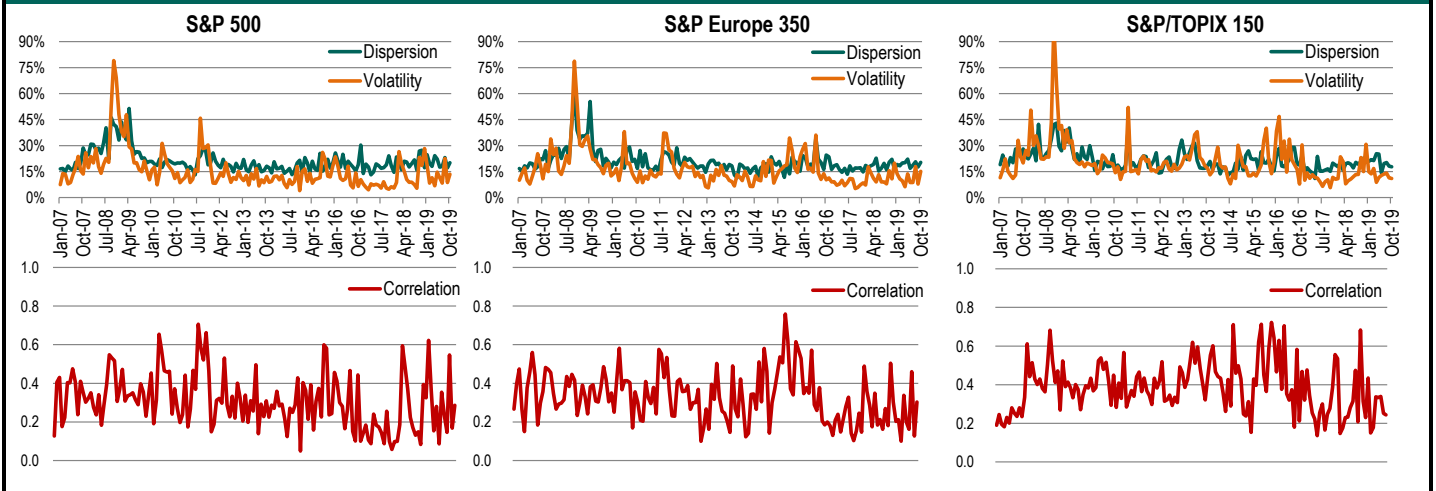
With central banks cutting rates worldwide, the realized volatility of many global equity benchmarks was well below average this month. Volatility was particularly low in the S&P Emerging BMI, where pairwise constituent correlations were in the bottom percentile of monthly observations since 2007.

Each of our reported risk measures for the S&P United Kingdom and S&P Europe 350® rose, driven by growing concerns of an economic slowdown and another extended "Brexit" deadline.

GLOBAL DASHBOARD



MAJOR BENCHMARKS JAN 2007 TO DATE



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

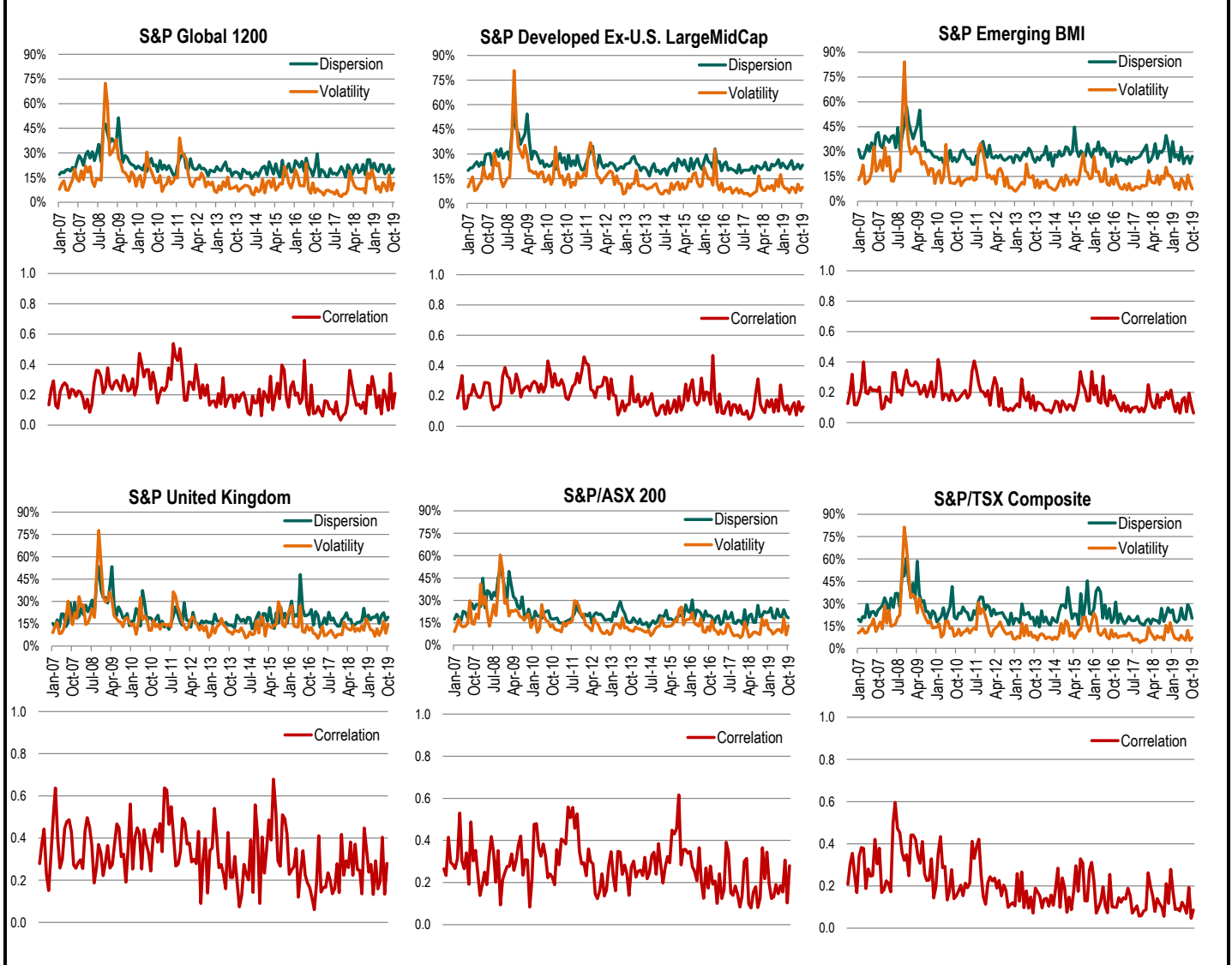
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October 31, 2019

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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