

S&P Dow Jones Indices

A Division of **S&P Global**

Index Dashboard: Dispersion, Volatility & Correlation

31 January 2020

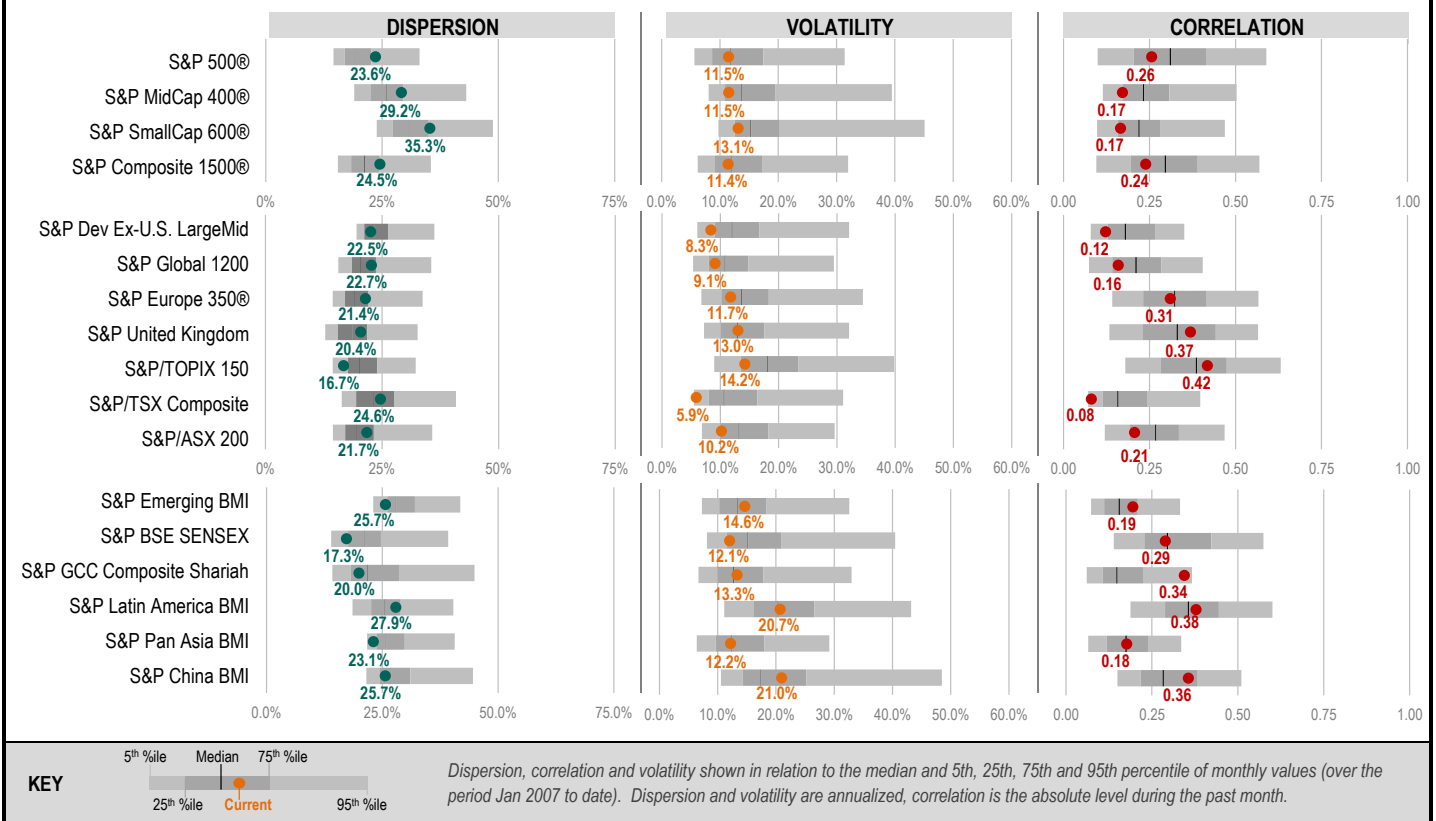
COMMENTARY

A month-end sell off saw the S&P 500 record its first daily loss of more than one percent since last October, but index volatility over the month remained close to its historical average. Earnings season helped to make dispersion slightly higher than usual, while correlations were lower.

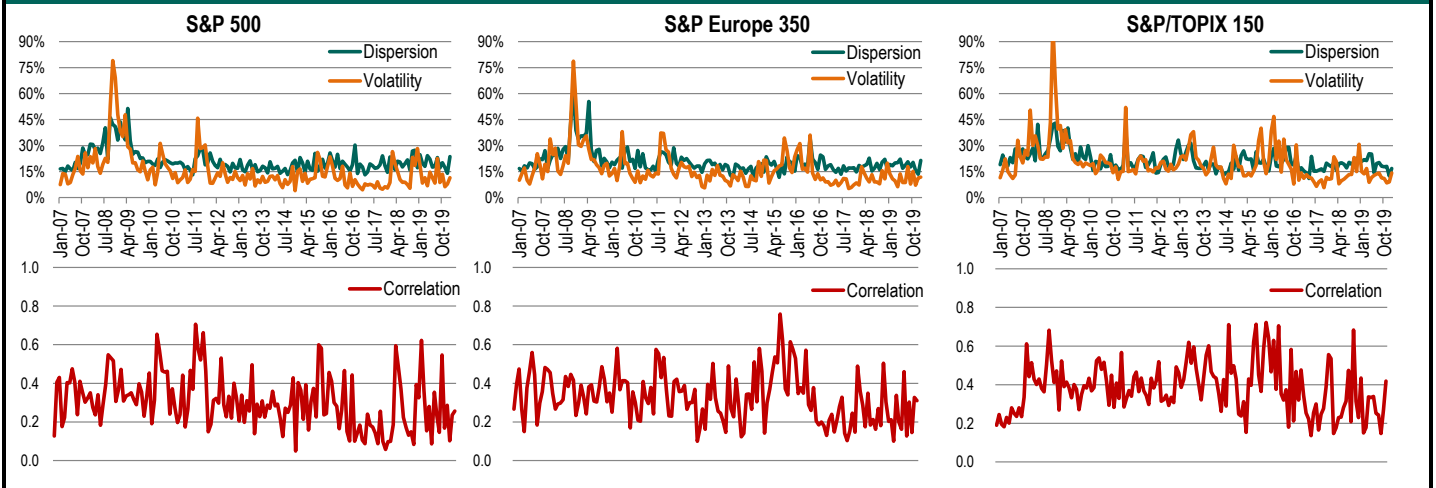
Sectoral differences played a large part in driving global equity dispersion this month, particularly in U.S. small and midcaps. In both the S&P MidCap 400 and S&P SmallCap 600, more than 24 percentage points separated the monthly performances of the Utilities and Energy sectors.

Correlations rose across the S&P Emerging BMI as concerns grew for a slowdown in Asia caused by a new coronavirus. China's markets were closed over the final days of the month, but opened February with steep declines.

GLOBAL DASHBOARD



MAJOR BENCHMARKS JAN 2007 TO DATE



Source: S&P Dow Jones Indices as of January 31, 2020.

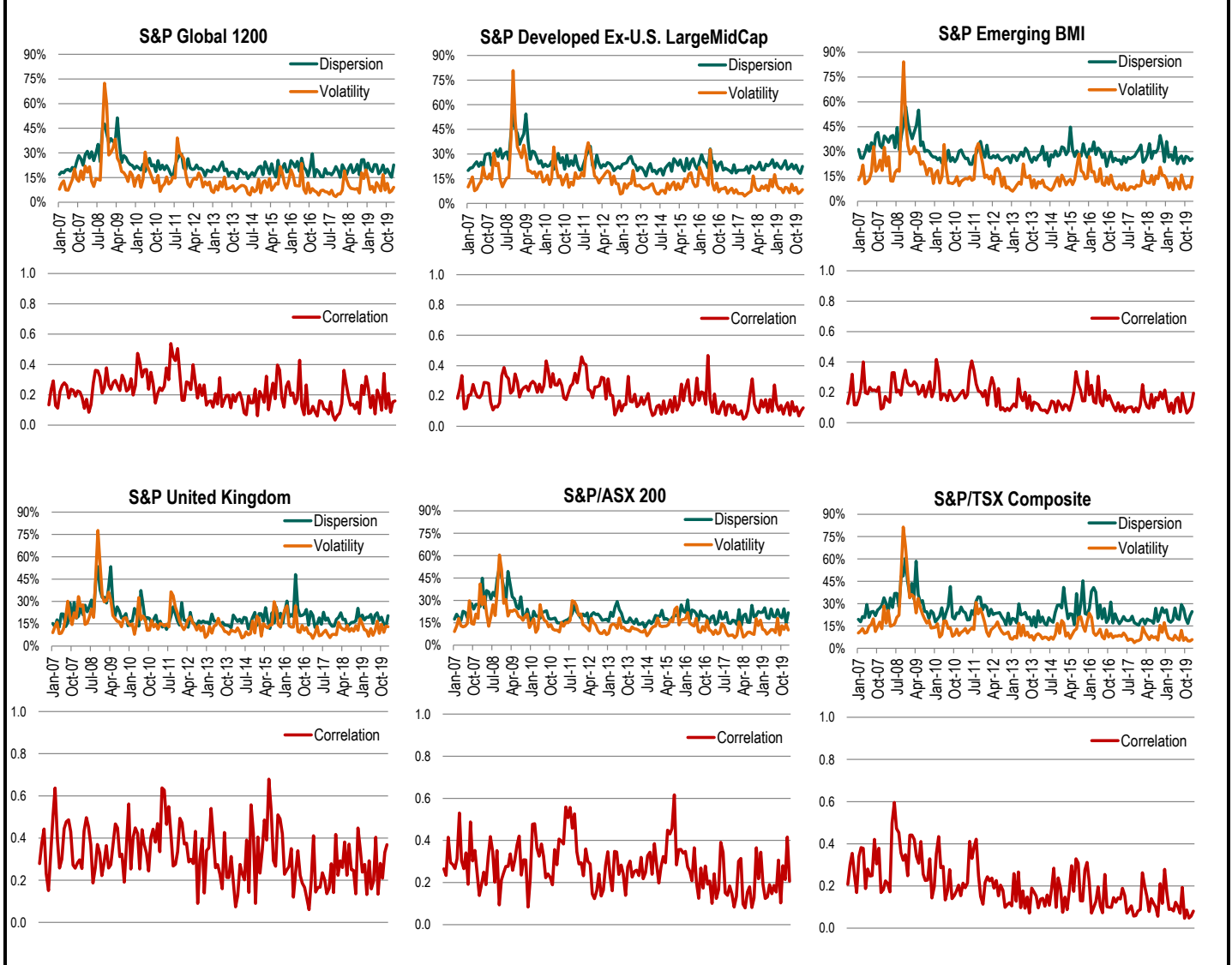
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MAJOR BENCHMARKS JAN 2007 TO DATE (cont'd)



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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