Figure 1.10. Correlations and Interconnectedness
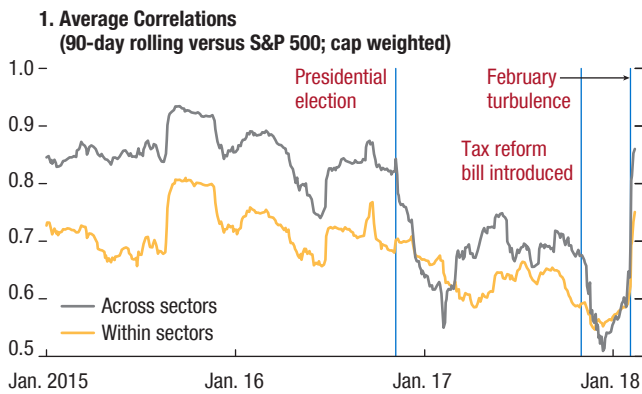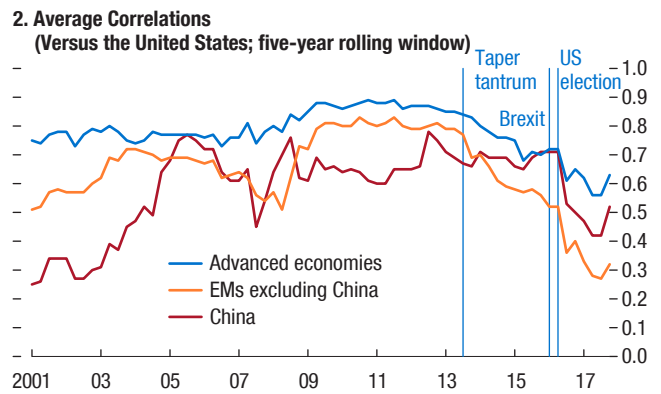
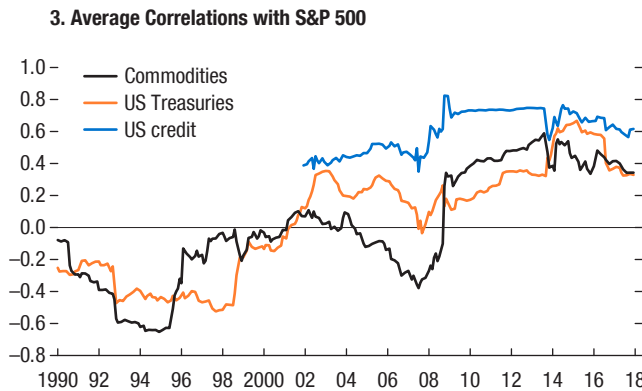In the United States, correlations between individual stocks and across sectors have picked up.

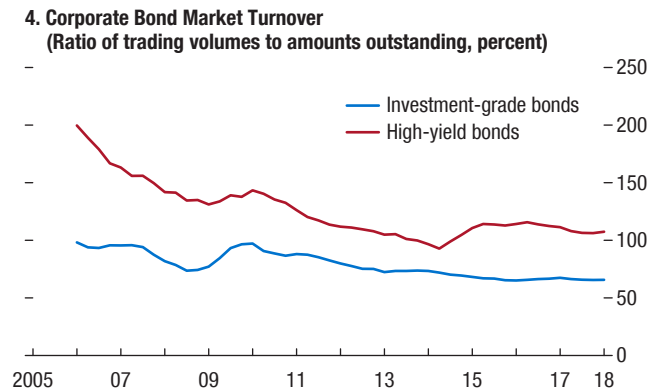**1. Average Correlations**
(90-day rolling versus S&P 500; cap weighted)

- Across sectors
- Within sectors

Presidential election

February turbulence

Tax reform bill introduced

Within the global equity market, cross-country correlations have rebounded somewhat.

2. Average Correlations
(Versus the United States; five-year rolling window)

Taper tantrum

US election

Brexit

- Advanced economies
- EMs excluding China
- China

The average correlations across major asset classes have remained relatively high ...

3. Average Correlations with S&P 500

- Commodities
- US Treasuries
- US credit

... while market turnover has been relatively low.

4. Corporate Bond Market Turnover
(Ratio of trading volumes to amounts outstanding, percent)

- Investment-grade bonds
- High-yield bonds

Sources: Bloomberg Finance L.P.; Haver Analytics; Market Axess; and IMF staff estimates.
Note: In panel 4, data are as of end-February 2018. EM = emerging market. S&P = Standard & Poor's.