

In Touch



BNP Paribas Asset Management' update for journalists

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FLASH NOTE

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CHRONICLE OF A CORRECTION FORETOLD

Is anyone surprised?

At the close of equity markets on Monday, 5 February, the broad US S&P 500 index had fallen by 7% from its record high on 26 January and indications on Tuesday pointed to further declines.

Investors have been anticipating a correction in equity markets for at least a year. Market volatility as measured by the VIX index had been below 11 for most of 2017.

The 6% rally in large-cap US equities from the beginning of 2018 had always seemed excessive, particularly as it followed on what had been excellent returns over the preceding 12 months.

So, why has a correction happened now, and what does it portend?



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BNP Paribas Asset Management



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