

Macro Roundup Article

Headline: [Stock-Bond Correlations](#)

Article Link: <https://mailchi.mp/verdadcap/stock-bond-correlations?e=7b209e1099>

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Tweet: .@GregObenshain notes that for the first time in 30 years the trailing 3yr correlation between stocks and long-term government bonds turned positive. Regimes in which the correlation btw stocks and bonds were high have been good for equities and oil.

Summary: For the past 30 years, the correlation between stocks and bonds has been negative. But last year, the trailing three-year correlation turned positive for the first time since November 2000. We classify regimes by the standard deviation of the trailing stock-bond correlation, measured with a 30-day half-life, with an absolute deviation of 0.5 or greater needed to mark a positive or negative correlation regime. While the effect is not the strongest, it shows that neutral and positive-correlation environments tend to be good for equities and oil, while Treasuries and gold benefit from negative-correlation environments.

Primary Topic: Financial Markets

Topics: Factoid, Financial Markets, GDP, Inflation, Op-Ed/Blog Post

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