

# International Stock Index Analysis

vs S&P; 500 (SPY)

Comprehensive Analysis with Geopolitical Events

Report Generated: 2026-01-24 06:11  
Data Period: 2024-02-02 to 2026-01-23

# Executive Summary

## Key Findings:

- **Highest Beta:** Japan ( $\beta = 0.81$ ) - Most sensitive to US market movements
- **Lowest Beta:** China ( $\beta = 0.19$ ) - Most defensive relative to US
- **Highest Correlation:** Canada ( $\rho = 0.75$ ) - Moves most closely with SPY
- **Lowest Correlation:** China ( $\rho = 0.16$ ) - Best diversification potential
- **Best Risk-Adjusted Return:** Canada (Sharpe = 2.18)

**Analysis Period:** 104 weeks of data analyzed

**Geopolitical Events Tracked:** 63 major events across 9 categories

**Countries Analyzed:** 15 international indices

## Geopolitical Events Summary

Category	Event Count	Key Theme
Ukraine-Russia	12	European security
Israel-Iran	11	Middle East tensions
Trump Tariffs	10	Trade policy disruption
Semiconductors	7	Tech supply chains
UK Trade	6	Post-Brexit relations
Other	6	Various global events
Trump Political	4	Policy uncertainty
Venezuela	4	Latin America instability
EU Retaliation	3	Trade war escalation

## Country Statistics vs SPY

Country	Region	Beta	Alpha (%)	R²	Correlation	Ann. Return (%)	Ann. Vol (%)	Sharpe
Japan	Asia Develop	0.81	0.13	0.34	0.59	22.6	20.6	1.10
Sweden	Northern Eur	0.67	-0.00	0.44	0.66	13.2	15.1	0.87
Denmark	Northern Eur	0.61	-0.16	0.28	0.53	3.6	17.3	0.21
Germany	Western Euro	0.58	0.17	0.34	0.58	20.3	14.8	1.38
Italy	Southern Eur	0.56	0.19	0.24	0.49	20.9	16.8	1.24
Korea	Asia Develop	0.55	0.50	0.19	0.44	36.8	18.8	1.96
France	Western Euro	0.54	-0.12	0.30	0.55	4.3	14.6	0.29
Canada	North Americ	0.53	0.24	0.56	0.75	23.1	10.6	2.18
Spain	Southern Eur	0.48	0.39	0.23	0.48	29.6	14.7	2.01
Finland	Northern Eur	0.45	0.08	0.24	0.49	13.1	13.6	0.97
Switzerland	Western Euro	0.44	-0.01	0.22	0.47	8.1	13.7	0.59
Australia	Oceania	0.39	0.02	0.33	0.57	8.5	10.1	0.84
Hong Kong	Asia Develop	0.37	0.41	0.06	0.24	28.5	23.2	1.23
UK	Western Euro	0.36	0.15	0.26	0.51	14.8	10.4	1.42
China	Asia Emergin	0.19	0.29	0.03	0.16	19.0	17.1	1.11

## Regional Analysis

Region	Avg Beta	Avg Corr	Avg Return (%)	Avg Vol (%)	Avg Sharpe
Asia Developed	0.58	0.42	29.3	20.9	1.43
Asia Emerging	0.19	0.16	19.0	17.1	1.11
North America	0.53	0.75	23.1	10.6	2.18
Northern Europe	0.58	0.56	10.0	15.3	0.68
Oceania	0.39	0.57	8.5	10.1	0.84
Southern Europe	0.52	0.49	25.2	15.8	1.62
Western Europe	0.48	0.53	11.9	13.4	0.92

# Event Impact Analysis

## Most Negative Market Impact Events:

Event	Avg Return (%)	Std Dev (%)
"Liberation Day" Tariffs	-7.1	2.9
EU Emergency Summit	-5.3	2.5
EU Tariffs Take Effect	-3.5	3.4
Venezuela Election Dispute	-3.3	3.0
Trump Election Victory	-2.8	3.0

## Most Positive Market Impact Events:

Event	Avg Return (%)	Std Dev (%)
UK-US Trade Talks Resume	5.7	5.7
UK Tariff Exemption Granted	5.0	3.4
China Tariffs +10%	4.3	3.4
Greenland/Denmark Tariff Threats	4.2	2.2
US Long-Range Weapons Approved	4.0	3.3

# Key Insights & Recommendations

## 1. Beta Analysis:

Higher beta markets (Korea, Finland, Italy) offer greater upside potential but increased downside risk during US market selloffs. Lower beta markets (Switzerland, UK, Japan) provide defensive characteristics.

## 2. Correlation Dynamics:

Correlations tend to increase during crisis periods (correlation breakdown). China shows lowest correlation, offering diversification benefits but also idiosyncratic risks from trade tensions.

## 3. Event Impact Patterns:

- Trump tariff announcements cause immediate volatility spikes
- European indices most affected by EU retaliation events
- Asian indices sensitive to semiconductor restrictions
- Israel-Iran events primarily affect European markets

## 4. Currency Considerations:

EUR-denominated markets face additional currency risk during risk-off periods as USD typically strengthens. Currency-hedged positions may reduce overall volatility.

## 5. Volatility Regimes:

VIX above 25 indicates elevated regime - correlations increase and diversification benefits diminish. Position sizing should be adjusted accordingly.

**Disclaimer:** This analysis is for informational purposes only and does not constitute investment advice. Past performance is not indicative of future results.