

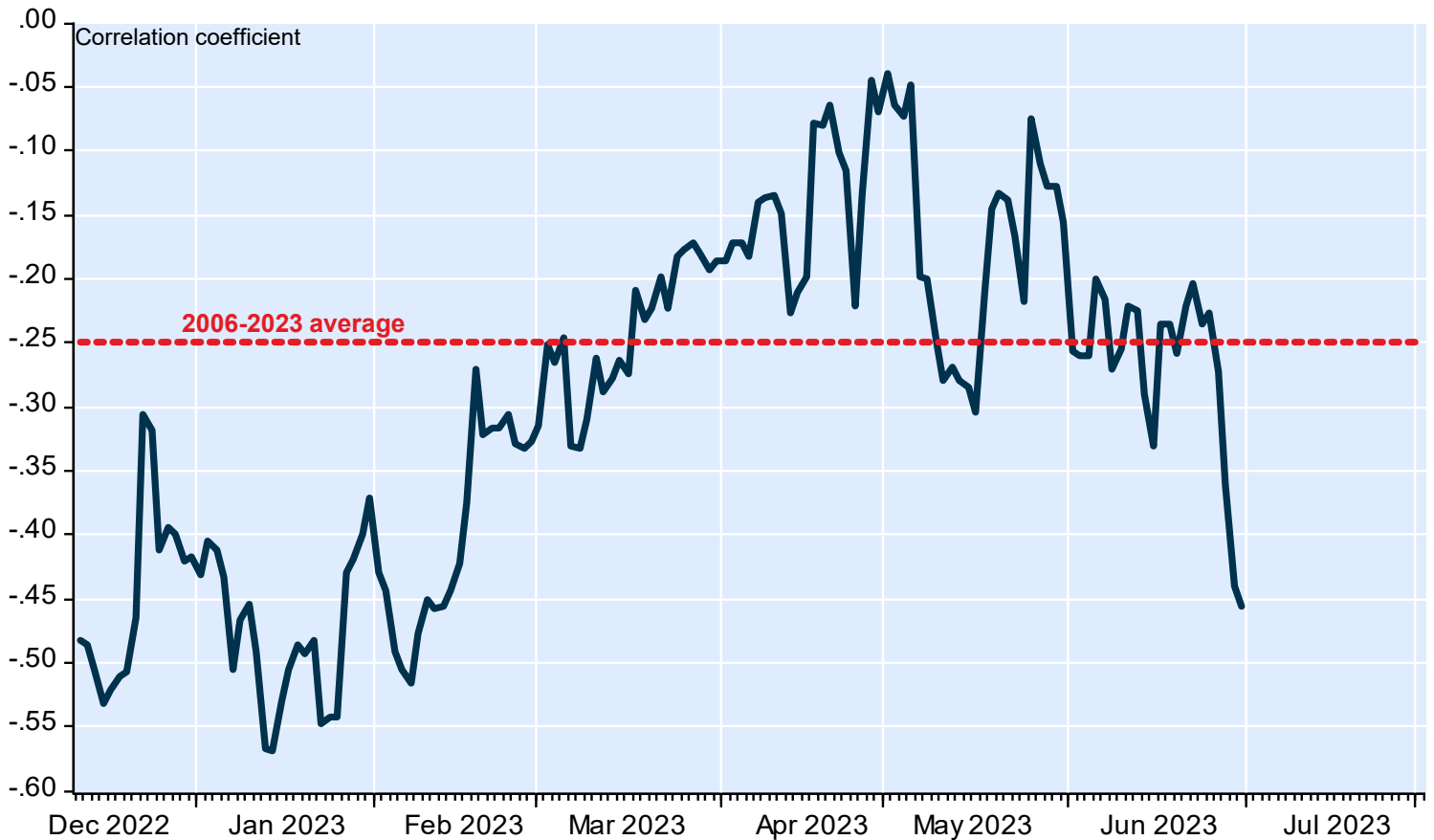
Market Watch

By Stéfane Marion

The recent bout of USD weakness has coincided with a risk-on sentiment in financial markets, led by a broad-based rally in global equity markets. As today's Hot Chart shows, the 30-day negative correlation between daily changes in the S&P 500 and the USD broad dollar index is nearly double its average since 2006 (-0.45 vs. -0.25). Under these circumstances, we believe that a correction in equity markets is likely to have a disproportionate impact on the USD (see our upcoming *Forex* for more details).

USD: Unusually strong correlation with stock market

30-day moving correlation between daily changes in the S&P 500 and USD broad-dollar index



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