

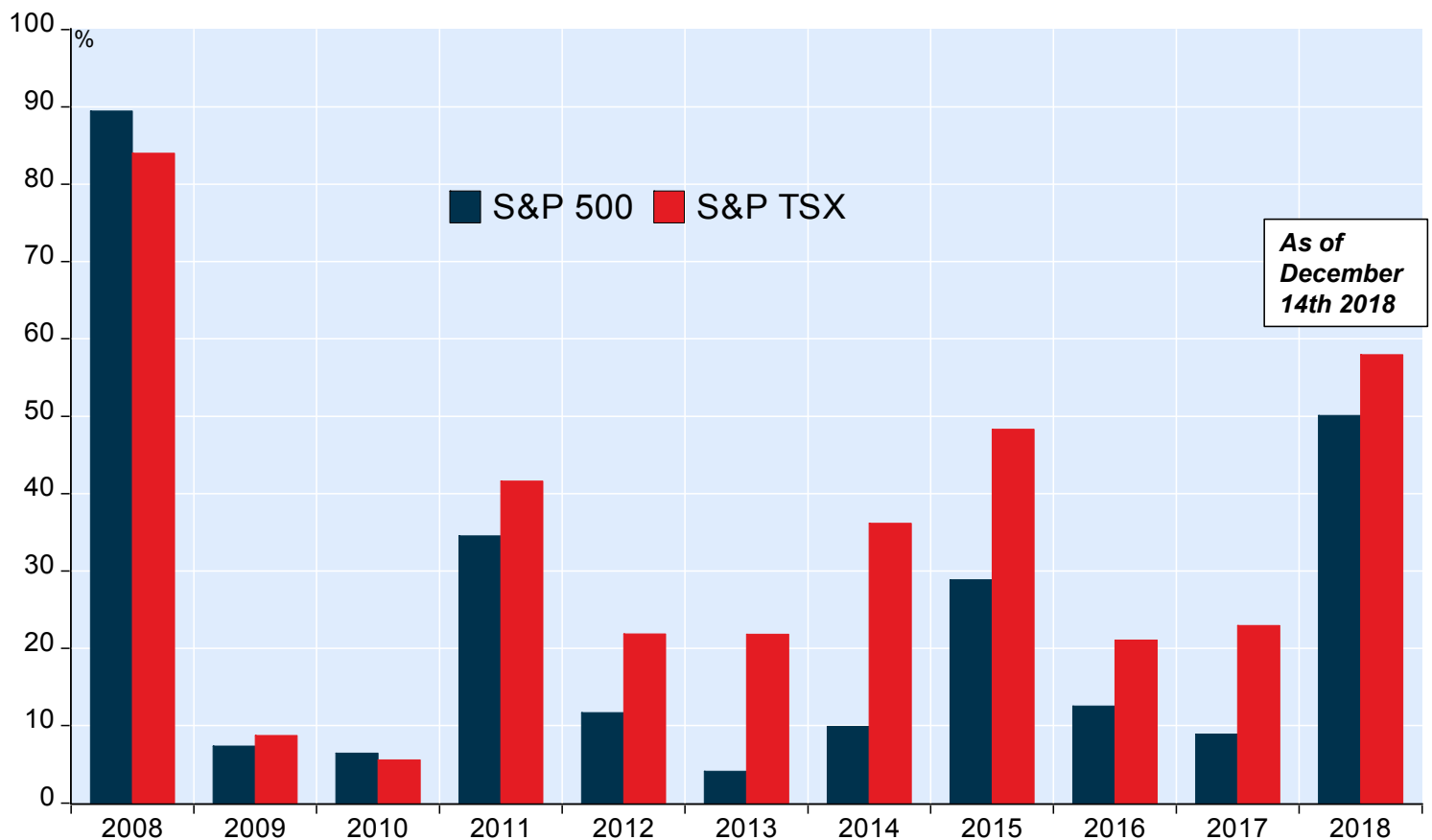
## Market Watch

By Matthieu Arseneau

2018 is set to leave investors with a bitter taste. Indeed, with only a handful of trading days left, the S&P 500 is down 2.8% on the year, the worst annual performance in a decade. Since the peak recorded last September, the U.S. benchmark is down more than 11%. The diffusion is particularly bad this year with 50% of companies showing a retracement of 20% or more since their respective peaks (the definition of a “bear market”). The situation is even worse for the S&P TSX with 58% of companies in bear market territory. As today’s *Hot Chart* shows, this is the worst diffusion in a decade for both indices. There is scope for a rebound in the coming days, but we need the Federal Reserve to acknowledge the deterioration in financial conditions and reassure investors with a dovish statement on Wednesday.

### Equity markets: The worst diffusion in a decade

Share of companies in bear market at year end vs. year high (worse than 20% decline)



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NBF Economics and Strategy (data via Refinitiv)

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