



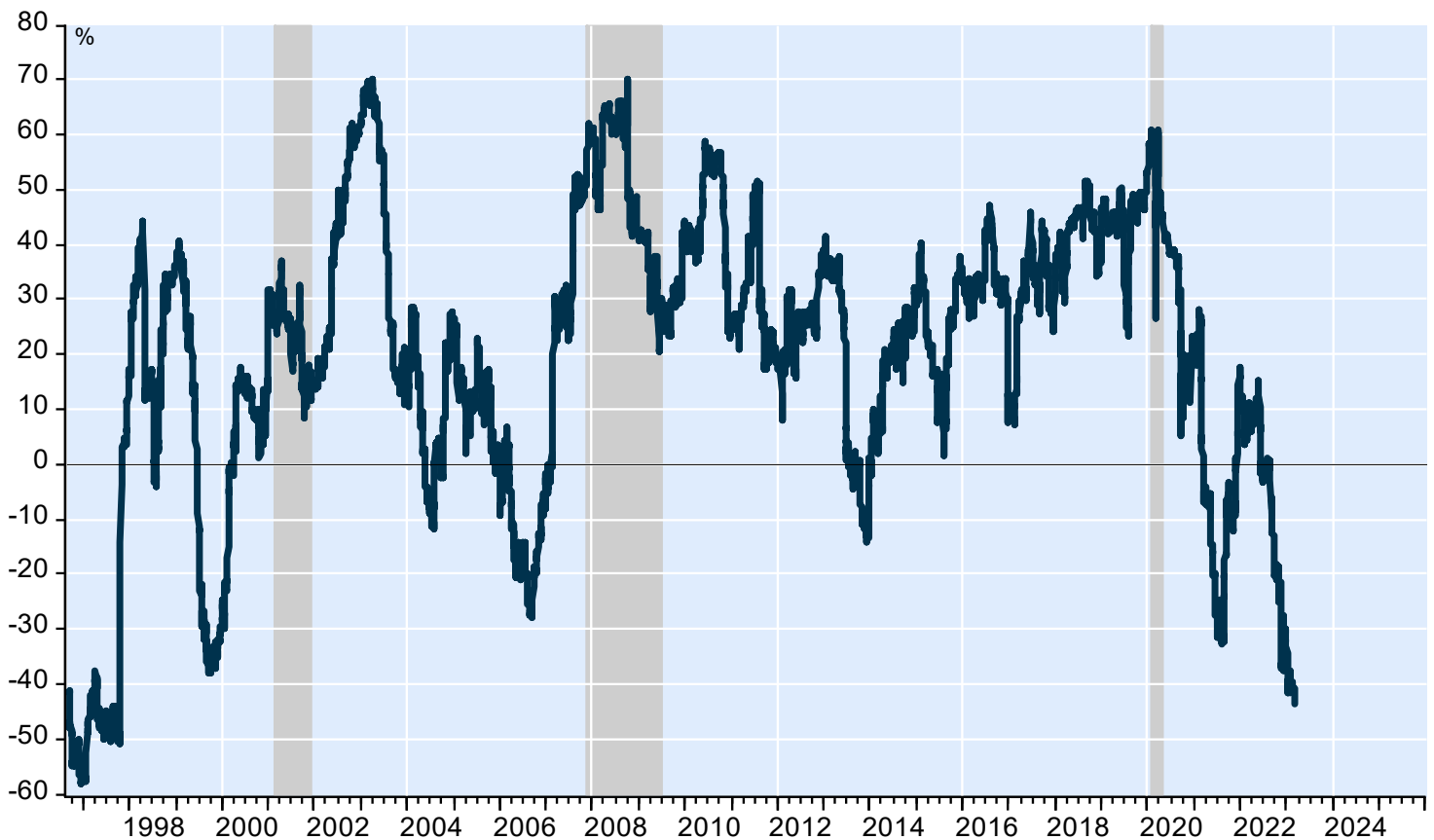
## Market Watch

By Stéfane Marion & Alexandra Ducharme

The resilience of inflation seen in most parts of the world over the past month sets the stage for a more aggressive stance by central banks. With rate cut expectations pushed back, two-year Treasury yields are hitting new cyclical highs in many countries. That's not good news for stock markets. As today's Hot Chart shows, the correlation between the S&P 500 and the two-year Treasury yield is the most negative in a generation.

### S&P 500: Extreme correlation between rates and the stock market

26-weeks moving correlation between S&P 500 and 2-year Treasury yields



NBF Economics and Strategy (data via Refinitiv)

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