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## Record spread since 2009

1 message

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# Worth Charting

The day-to-day, week-over-week relative outperformance of the Dow Jones Industrial Average to the S&P 500 Index, has reached an extreme reading.

By our work, it's right to put on an DIA/SPY pair trade: short the SPDR Dow Jones Industrial Average ETF/ long the SPDR S&P 500 ETF.

The correlation between the DJIA and SPX is very high, as all will know. Indeed, the 1-month and 3-month correlation between the two indices is higher than 0.90, the 6-month correlation is higher than 0.90, as is the 1-year correlation, the 3-year correlation, the 5-year and the 10-year correlation.

And yet, the current 1-month performance spread between the two indices is the widest as at any time since the 2009 Financial Crisis low (see table below).

	September 29 Close	October 28 Close	Point Change	% Change
Dow Jones Industrial Average	29225.61	32861.80	3636.19	12.44%
S&P 500 Index	3640.37	3901.06	260.69	7.16%
DOW/SPX spread				<b>5.28%</b>

Our thinking here, sell DIA, buy SPY.

## DIA's performance to SPY... identical chart 1 of 4:

Ratio chart



## DIA's performance to SPY... identical ratio chart 2 of 4:

Ratio chart with 150-day moving average...



### DIA's performance to SPY... identical chart 3 of 4:

Ratio chart with 150-day moving average... the **most extreme reading** since the 2009 Financial Crisis Low



### DIA's performance to SPY... identical chart 4 of 4:

Ratio chart with 150-day moving average... the **most extreme reading** since the 2009 Financial Crisis Low



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