

MONEY IN MOTION

June 2, 2023

Playing For Mean Reversion

- The underperformance of the Equal-Weight S&P 500 Index to the actual S&P 500 Index has reached extreme readings, as all will know.
- The RSP/SPY ratio charts in this report – depicting the relative performance of the Invesco S&P 500 Equal Weight ETF (RSP) to the SPDR S&P 500 ETF (SPDR) – show the current spread to be exactly as wide as it was at the Financial Crisis low and the Covid low.
- Either we are at a moment in time that is as bad as the Financial Crisis and Covid, or we are not. And, if we are not, then, by definition, it is right to play for mean reversion, making the bet that the Equal-Weight SPX will come to life relative to the actual SPX.
- And, independent of the above, forgetting about whether the current environment is comparable to/as bad as the Financial Crisis or Covid, from a trader's point of view, there are, from time to time, moments when divergence is so extreme, between any two securities, that it is simply right to play for mean reversion, to make a bet, to put on a trade...

Trade well,

-Carter

Carter Braxton Worth

Kimberly Simon



Ratio Chart: RSP/ SPY

Depicting the Equal-Weight Index's relative performance to the actual S&P 500 Index
<< Invesco S&P 500 Equal Weight ETF's relative performance to SPDR S&P 500 ETF >>

with 150-day Moving Average
extreme reading



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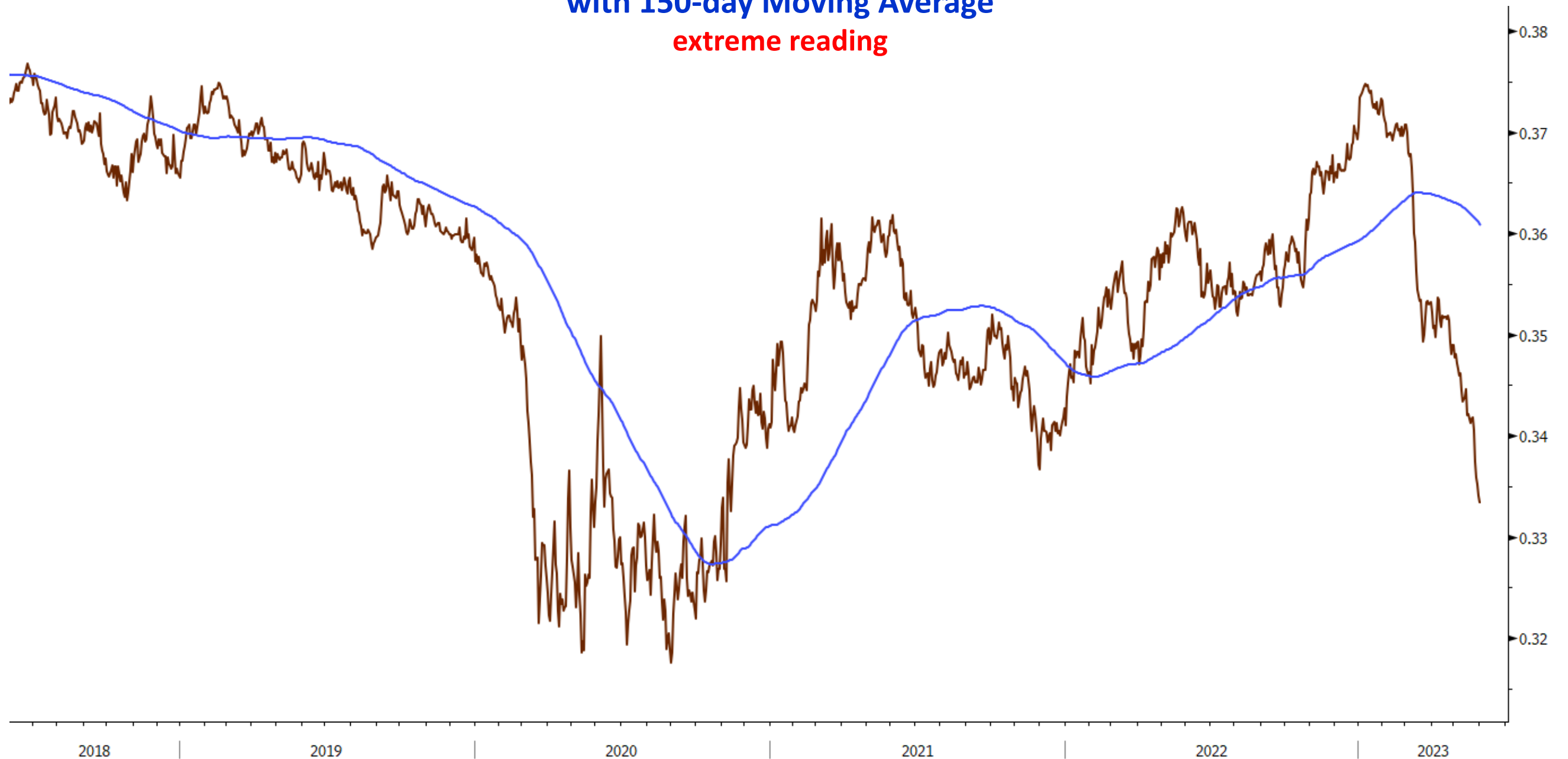
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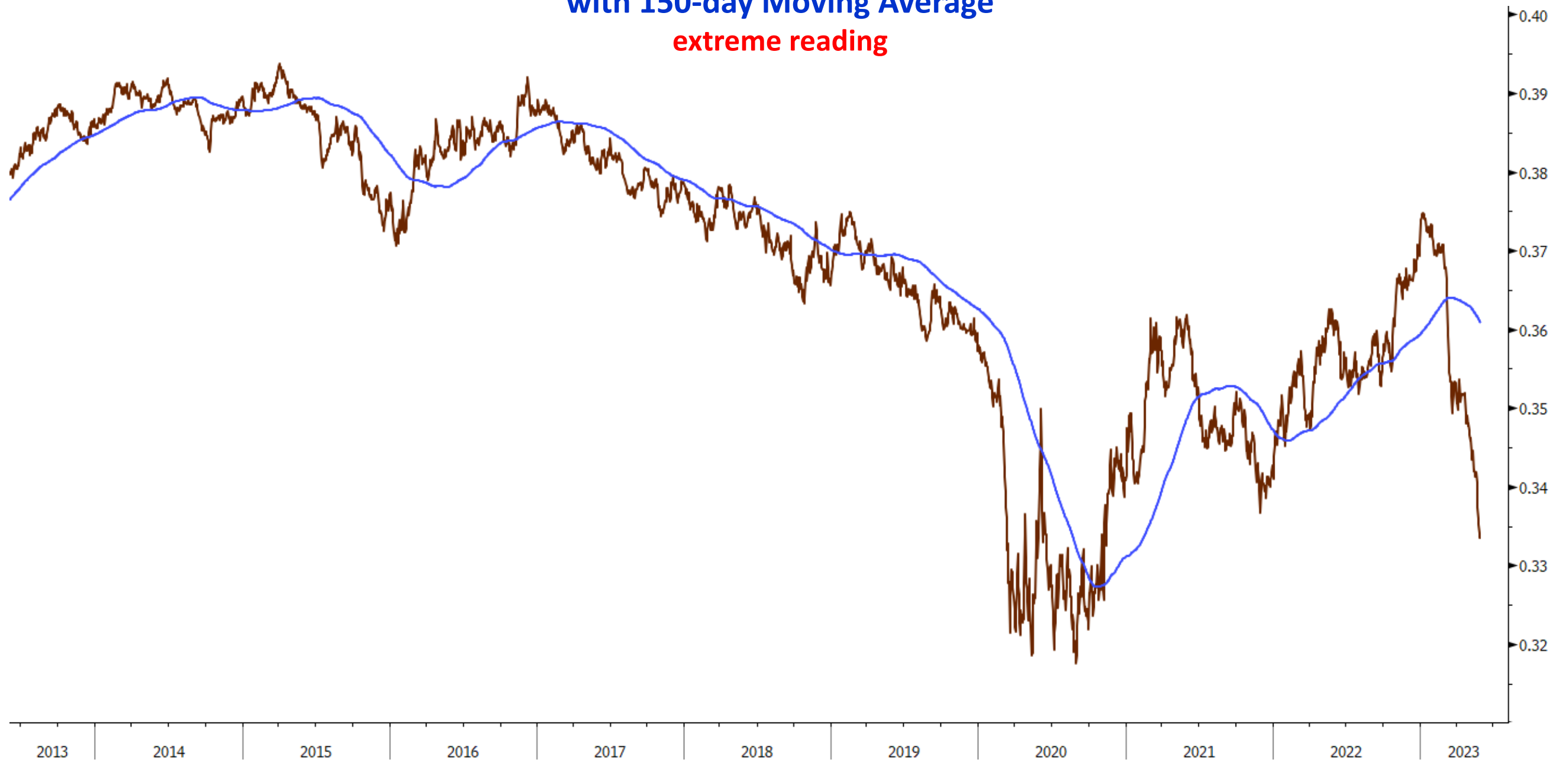
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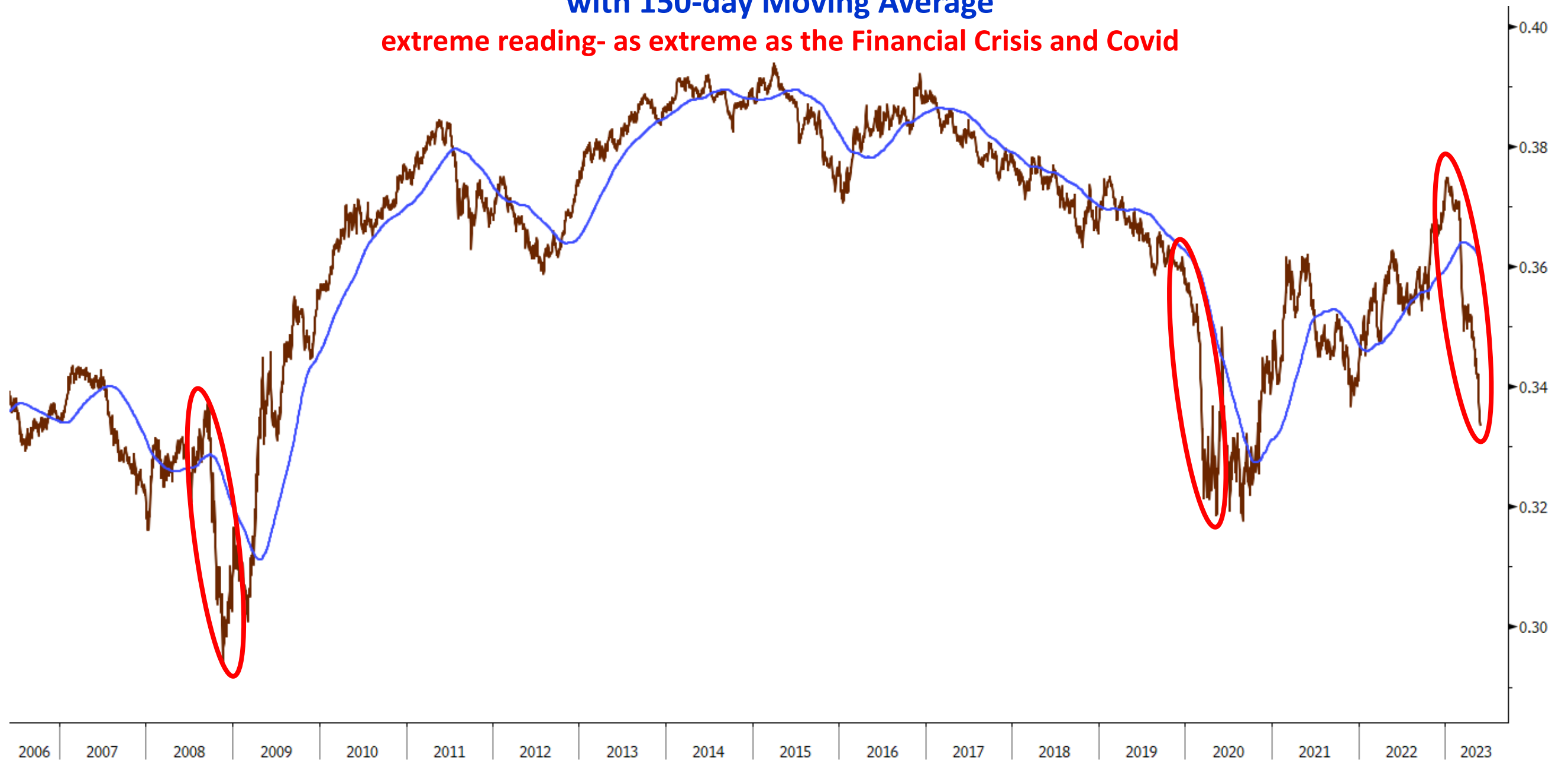


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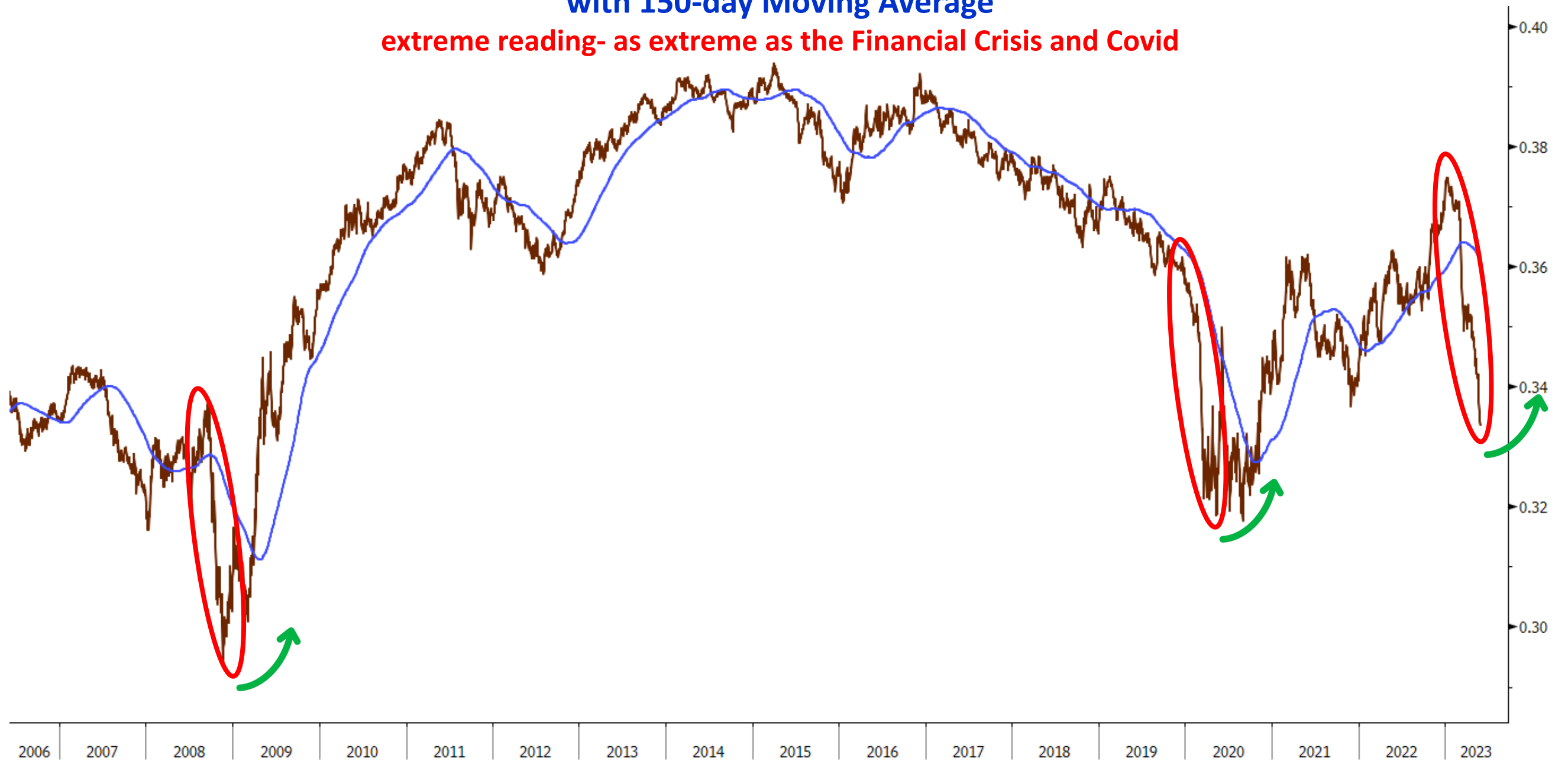


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