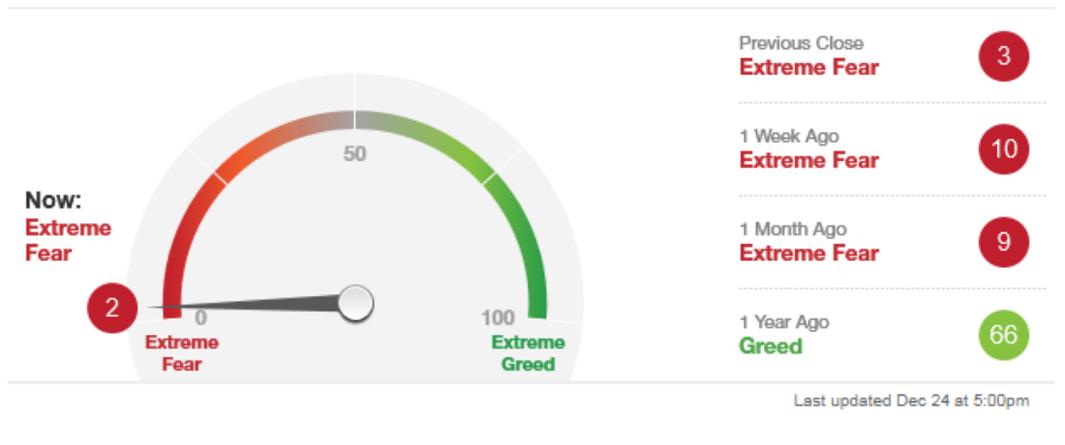


Equity Market Perspective: December 26, 2018

Fear & Greed Index

What emotion is driving the market now?



Much of the potential risk has already been priced into equity markets

Equity markets are exhibiting every indication of panic and fear. The above chart combines a series of seven longstanding sentiment indicators into a 0 to 100 score. The current score is the polar-opposite of where it was twelve months ago. Further supporting data can be found in last week's options market, which saw enormous put buying volume at each open. Since January 2000, only five weeks have witnessed this degree of put buying volume, a further indication of panic.

While negative sentiment is a reassuring measure of risk being priced into the market, it does not give a good indication of an exact market bottom, nor speak to the timing of a market turn to the upside. The S&P is currently stumbling between support levels. On a technical basis, once support is established, the relief rally could be significant.

Sources: Sundial Capital Research: sentimenttrader.com, CNN Money: money.cnn.com/data/fear-and-greed/