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International

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## Stocks Slump as Selloff Deepens

- The global equity rout extended on today as first Asian and then European markets tumbled, sending a gauge of world stocks toward the biggest three-day slide since 2015.
- U.S. futures fluctuated before falling, while Treasuries steadied and the dollar edged lower.
- What began with rising bond yields has become a selloff across global equity markets, as investors fret the return of inflation and higher interest rates that could erode profitability for companies already trading at elevated valuations.
- The probability of a rate hike in March 2018 is 77.3%.

### Fed Fund Rate Future Implied Probability

Meeting	Hike Prob	Cut Prob	1.25-1.5	1.5-1.75	1.75-2	2-2.25	2.25-2.5	2.5-2.75	2.75-3
03/21/2018	77.3%	0.0%	22.7%	77.3%	0.0%	0.0%	0.0%	0.0%	0.0%
05/02/2018	78.4%	0.0%	21.6%	74.6%	3.8%	0.0%	0.0%	0.0%	0.0%
06/13/2018	91.3%	0.0%	8.7%	42.9%	46.2%	2.3%	0.0%	0.0%	0.0%
08/01/2018	92.3%	0.0%	7.7%	39.1%	45.8%	7.1%	0.3%	0.0%	0.0%
09/26/2018	95.1%	0.0%	4.9%	27.8%	43.4%	21.1%	2.7%	0.1%	0.0%
11/08/2018	95.8%	0.0%	4.2%	24.6%	41.2%	24.1%	5.3%	0.5%	0.0%
12/19/2018	97.1%	0.0%	2.9%	18.4%	36.1%	29.4%	11.1%	1.9%	0.1%
01/30/2019	97.3%	0.0%	2.7%	17.1%	34.7%	29.9%	12.5%	2.7%	0.3%

Source: Bloomberg

- U.S. stock-index futures were volatile in early London trading after three days of losses that culminated in the worst-ever point plunge for the Dow Jones Industrial Average.
- Today futures on S&P 500 extend losses, now down as much as 2.3% in morning trading in Asia, Dow Jones futures is down as much 186.00 or 0.78%.

## Intraday S&P Futures



Source: Bloomberg

- The Chicago Board Options Exchange Volatility (CBOE) Index, which reflects a market estimate of future volatility, climbed 32%, extending its highest level since August 2015.

## CBOE Index



Source: Bloomberg

- The market rout came amid U.S. wage data on Friday that pointed to quickening inflation, which would lead to higher rates and, in turn, rising borrowing costs for companies.



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