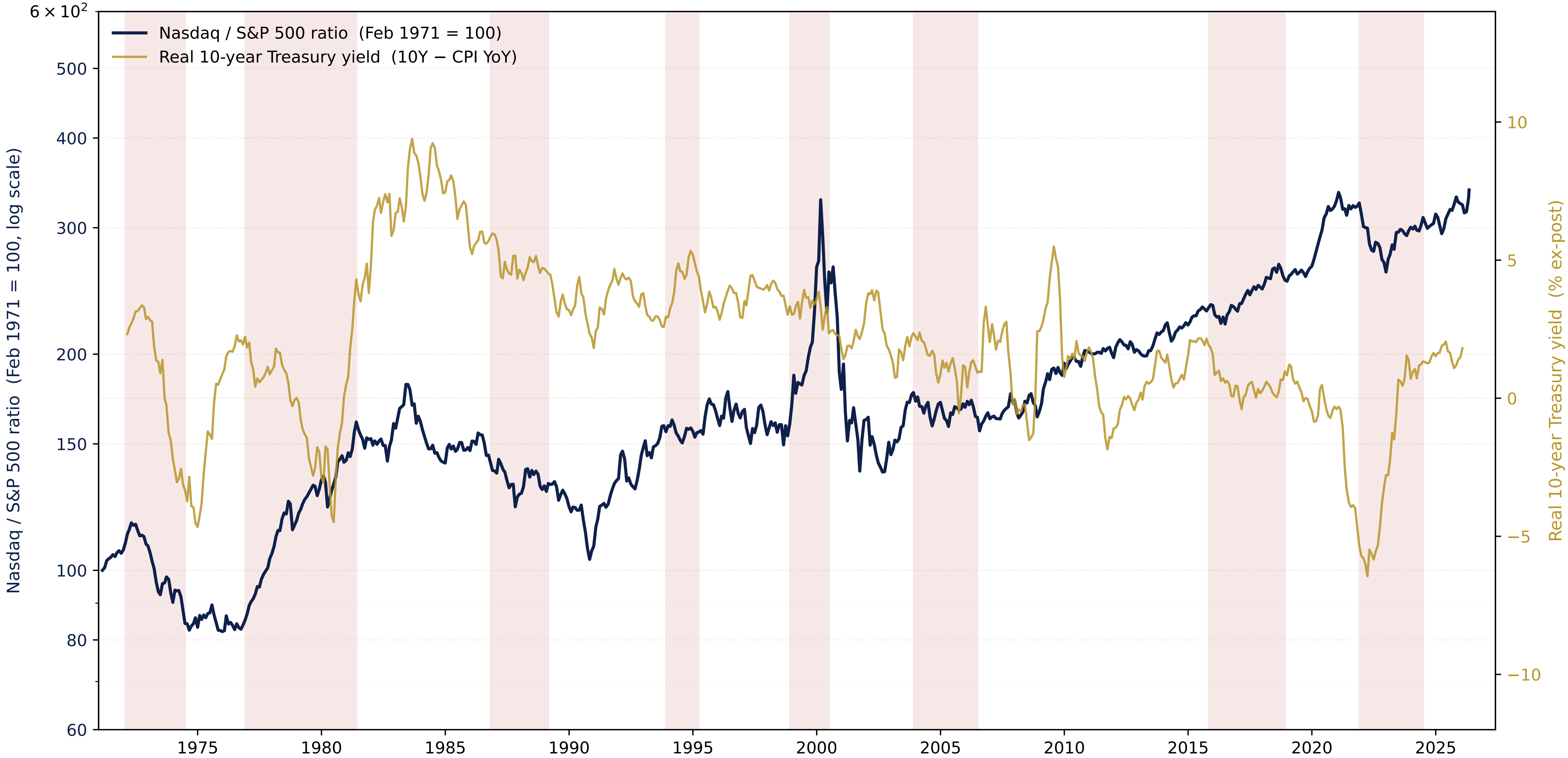
The Nasdaq/S&P 500 Ratio Tracks Real Interest Rates — But Only Since 1995

In every Nasdaq bear market since 1971, the index has fallen harder than the S&P 500 — by an average of 1.7×.



Red shading = Fed Funds tightening cycles. Ratio = Nasdaq Composite divided by S&P 500, normalized to Feb 1971 = 100.

Sources: Nasdaq OMX (NASDAQCOM via FRED), S&P Dow Jones Indices, BLS CPI, Federal Reserve 10Y CMT via FRED. Chart: Eco3min Research.

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