

# Understanding the Stock Market

Steve Stack, Portfolio Manager

# NYSE History

- U.S Capital Markets – 1624, Dutch founded New Amsterdam
- NYSE 1792 – Buttonwood Agreement
- 1817 – constitution adopted creating New York Stock & Exchange Board.

# ALL UNITED STATES STOCK EXCHANGES

## NYSE (1792) Euronext (merged in 2007)

- NYSE Arca (Pacific Exchange)
- AMEX (acquired in 2008)

## National Association of Securities Dealers Automated Quotation System (NASDAQ)

Boston Stock Exchange (BSE): made up of the Boston Equities Exchange (BEX) and the Boston Options Exchange (BOX) and was acquired by Nasdaq in 2007

CBOE Options Exchange (CBOE)

Chicago Board of Trade (CBOT): owned and run by CME Group Inc.

Chicago Mercantile Exchange (CME): owned and controlled by CME Group Inc.

Chicago Stock Exchange (CHX)

International Securities Exchange (ISE): includes ISE Options Exchange and the ISE Stock Exchange

Miami Stock Exchange (MS4X)

National Stock Exchange (NSX)

Philadelphia Stock Exchange (PHLX)

# How does a company get listed?

## To be listed on the New York Stock Exchange:

- A company must have 400 shareholders
- 1.1 million shares outstanding
- \$40 mm in Market Value of Publicly Held Shares
- Minimum Share Price of \$4
- Average Monthly Trading Volume (100,000)



# Multi-Factor Model

Screen Name Value screen  
 Refine By <Countries, Sectors, etc.> Group By Securities Show Hi/Lo As of 05/12/2023

Overview Returns Valuation Estimates Actuals Credit Technicals Custom Results

Add Column 92 Fields  
 Group By None 94 Stats... 848 Securities

Ticker	SMS↑	BEST EPS BF12M	BEST Curr EV/BEST EBITDA BF12M	BEST PEG Ratio BF12M	P/B LF	BEST Div Yld BF12M	RSI: Period=14:I:L (-1;0;-1)	BEST Curr EV / BEST SL BF12M	BEST P/E BF12M
Median	416.81	4.30	11.30	1.56	2.51	2.57	46.92	2.59	15.60
101) X	US 79.63	3.24	3.06	-0.27	0.58	0.87	29.47	0.35	6.55
102) NOV	US 128.13	1.46	7.26	0.21	1.39	1.33	27.45	0.88	10.34
103) CLF	US 138.06	1.98	4.80	-1.97	1.25	--	34.41	0.58	7.37
104) DXC	US 141.88	3.91	3.91	0.75	1.31	0.91	38.94	0.63	5.83
105) JBLU	US 151.94	0.81	4.24	0.08	0.71	--	44.73	0.49	8.42
106) PARA	US 154.38	1.05	9.86	-3.17	0.66	2.55	25.19	0.82	14.47
107) GM	US 155.00	6.48	2.74	-8.96	0.73	1.65	42.69	0.28	5.04
108) MOS	US 163.88	5.21	4.89	0.39	1.28	2.57	23.80	1.18	6.90
109) LUV	US 167.00	3.06	3.89	0.20	1.88	2.29	35.23	0.54	9.47
110) LUMN	US 171.69	0.31	4.70	-0.61	0.24	--	48.11	1.51	7.58
111) ACI	US 177.19	2.79	6.42	-13.17	--	2.37	40.01	0.35	7.31
112) HPE	US 179.50	2.11	4.90	0.98	1.05	3.39	33.60	0.94	6.54
113) SWN	US 180.81	0.91	3.37	1.30	0.88	--	42.30	1.46	5.20
114) PARAA	US 181.94	1.05	9.86	-3.62	0.66	--	24.34	0.82	16.53
115) FOX	US 187.25	3.11	6.33	1.05	1.69	1.93	33.83	1.25	9.10
116) DISH	US 189.56	0.79	12.20	-0.66	0.27	--	29.35	1.62	7.63
117) BWA	US 189.75	5.27	5.38	0.64	1.55	1.61	37.39	0.78	8.41
118) M	US 190.38	3.78	3.88	0.33	1.53	4.48	31.13	0.40	3.96

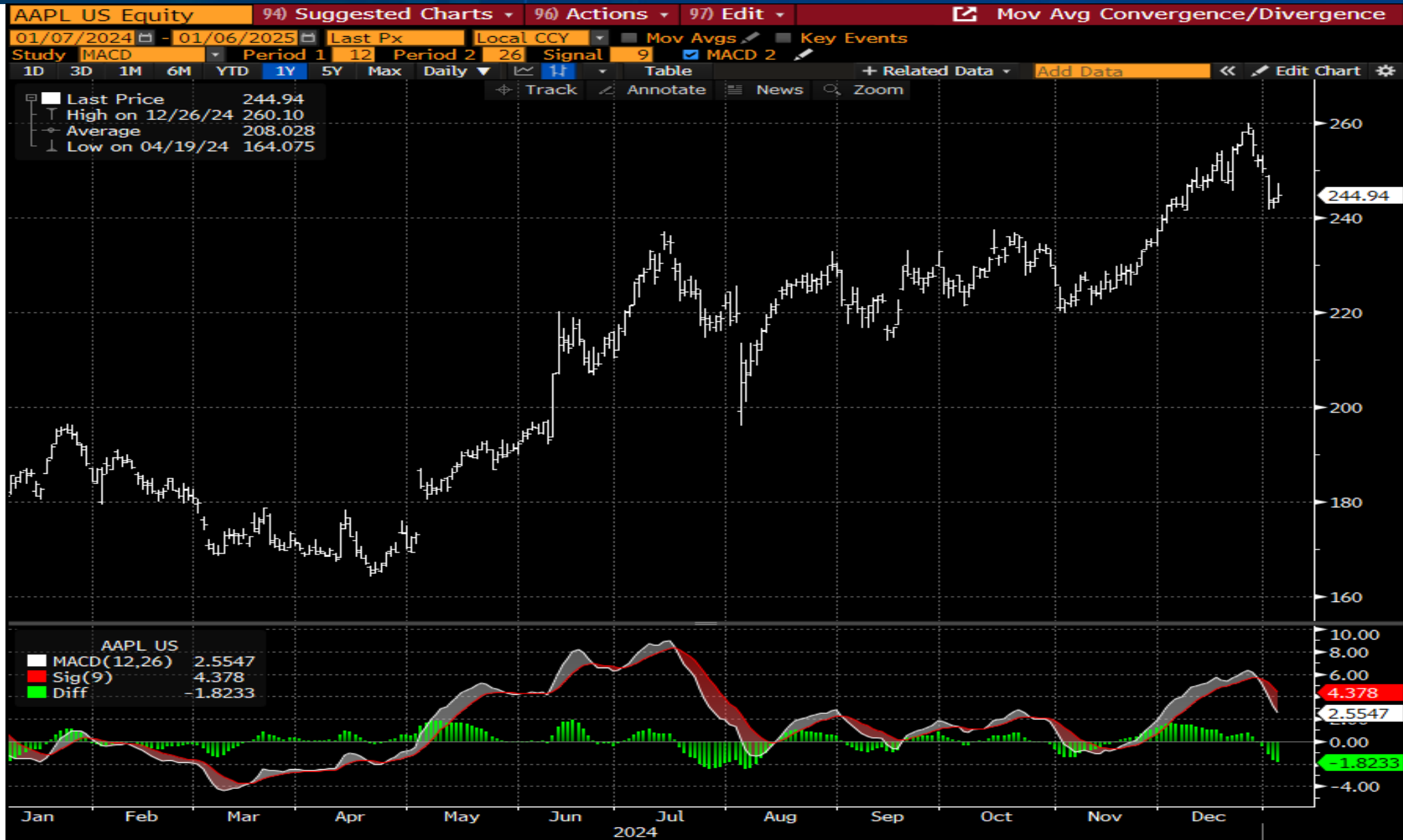
# Technical Analysis



# Technical Analysis



# Technical Analysis





# Fundamental Analysis

## Fundamental Analysis

Analysts typically study, in order:

- The overall state of the economy
- The strength of the specific industry
- The financial performance of the company issuing the stock

This ensures they arrive at a fair market value for the stock.

Gain information from:

- 1) 10Q (quarterly filing)
- 2) 10K (annual filing)
- 3) 8K (event filing)

# How do you analyze a stock?

## Fundamental Analysis

- 1) Company's Revenues
- 2) Company's Earnings
- 3) Forward Growth Estimates
- 4) Return of Equity
- 5) Profit Margins
- 6) Free Cash Flow

# Mutual Funds/ETF's

- 1) Basket of Stocks or Bonds
- 2) Domestic Funds
- 3) Foreign Funds
- 4) Share Classes
- 5) Fees
- 6) Trade

# Mutual Funds/ETF's

RANK	SYMBOL	FUND NAME
1	<a href="#"><u>VSMPX</u></a>	<a href="#"><u>Vanguard Total Stock Market Index Fund;Institutional Plus</u></a>
2	<a href="#"><u>FXAIX</u></a>	<a href="#"><u>Fidelity 500 Index Fund</u></a>
3	<a href="#"><u>VFIAX</u></a>	<a href="#"><u>Vanguard 500 Index Fund;Admiral</u></a>
4	<a href="#"><u>VTSAI</u></a>	<a href="#"><u>Vanguard Total Stock Market Index Fund;Admiral</u></a>
5	<a href="#"><u>VMFXX</u></a>	<a href="#"><u>Vanguard Federal Money Market Fund;Investor</u></a>
6	<a href="#"><u>SPAXX</u></a>	<a href="#"><u>Fidelity Government Money Market Fund</u></a>
7	<a href="#"><u>FDRXX</u></a>	<a href="#"><u>Fidelity Government Cash Reserves</u></a>
8	<a href="#"><u>VGTSX</u></a>	<a href="#"><u>Vanguard Total International Stock Index Fund;Investor</u></a>
9	<a href="#"><u>FGTXX</u></a>	<a href="#"><u>Goldman Sachs FS Government Fund;Institutional</u></a>
10	<a href="#"><u>SWVXX</u></a>	<a href="#"><u>Schwab Value Advantage Money Fund;Investor</u></a>
11	<a href="#"><u>VFFSX</u></a>	<a href="#"><u>Vanguard 500 Index Fund;Institutional Select</u></a>
12	<a href="#"><u>VIIIX</u></a>	<a href="#"><u>Vanguard Institutional Index Fund;Inst Plus</u></a>
13	<a href="#"><u>OGVXX</u></a>	<a href="#"><u>JPMorgan US Government Money Market Fund;Capital</u></a>
14	<a href="#"><u>FRGXX</u></a>	<a href="#"><u>Fidelity Instl Government Portfolio;Institutional</u></a>
15	<a href="#"><u>VTBNX</u></a>	<a href="#"><u>Vanguard Total Bond Market II Index Fund;Institutional</u></a>

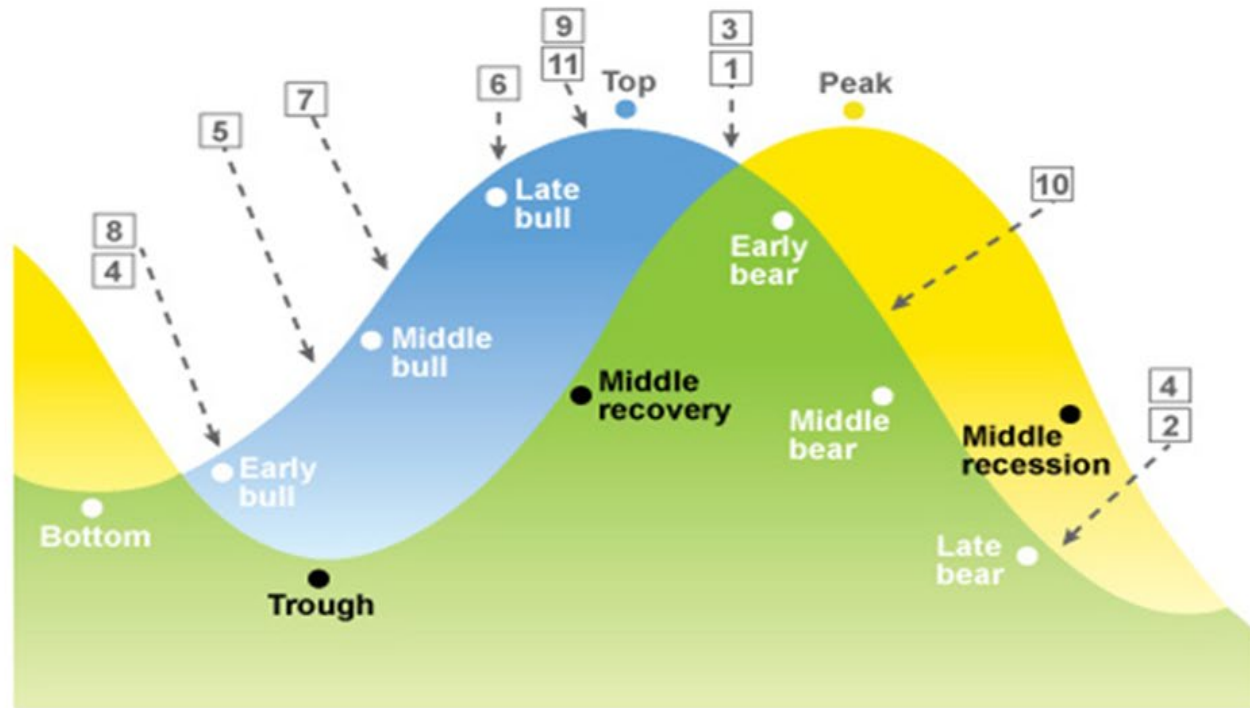


# Mutual Funds/ETF's

Symbol	Name
SPY	SPDR S&P 500 ETF Trust
IVV	iShares Core S&P 500 ETF
VOO	Vanguard S&P 500 ETF
VTI	Vanguard Total Stock Market ETF
QQQ	Invesco QQQ Trust Series I
VEA	Vanguard FTSE Developed Markets ETF
VUG	Vanguard Growth ETF
IEFA	iShares Core MSCI EAFE ETF
VTV	Vanguard Value ETF
AGG	iShares Core U.S. Aggregate Bond ETF
BND	Vanguard Total Bond Market ETF
IWF	iShares Russell 1000 Growth ETF
IJH	iShares Core S&P Mid-Cap ETF
IEMG	iShares Core MSCI Emerging Markets ETF
IJR	iShares Core S&P Small-Cap ETF

# Sectors & Cycles

## Business Cycle and Relative Stock Performance



**Key**

● Economic Cycle

● Stock Market Cycle

1 Consumer Non-Cyclicals

2 Consumer Cyclical (durable & non)

3 Health Care

4 Financials

5 Technology

6 Basic Industry

7 Capital Goods

8 Transportation

9 Energy

10 Utilities

11 Precious metal

Source: Stovall, Sam. The S&P Guide to Sector Investing. New York: McGraw-Hill, 1995.

## 2024 S&P 500 Returns:

1. Comm Services: 40.2
2. Technology: 36.6
3. Financials: 30.6
4. Discretionary: 30.1
5. S&P 500: 25.0
6. Utilities: 23.4
7. Industrials: 17.5
8. Staples: 14.9
9. Energy: 5.7
10. Real Estate: 5.2
11. Health Care: 2.6
12. Materials: 0.0

# Market Timing

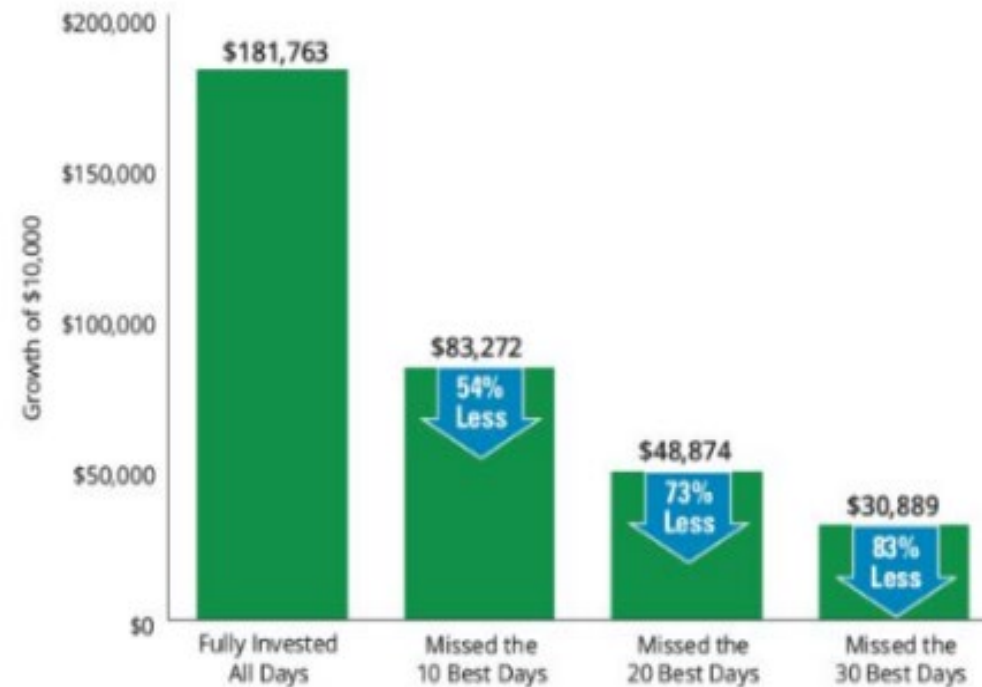
## Good Days Happen in Bad Markets

S&P 500 Index Best Days: 1994–2023

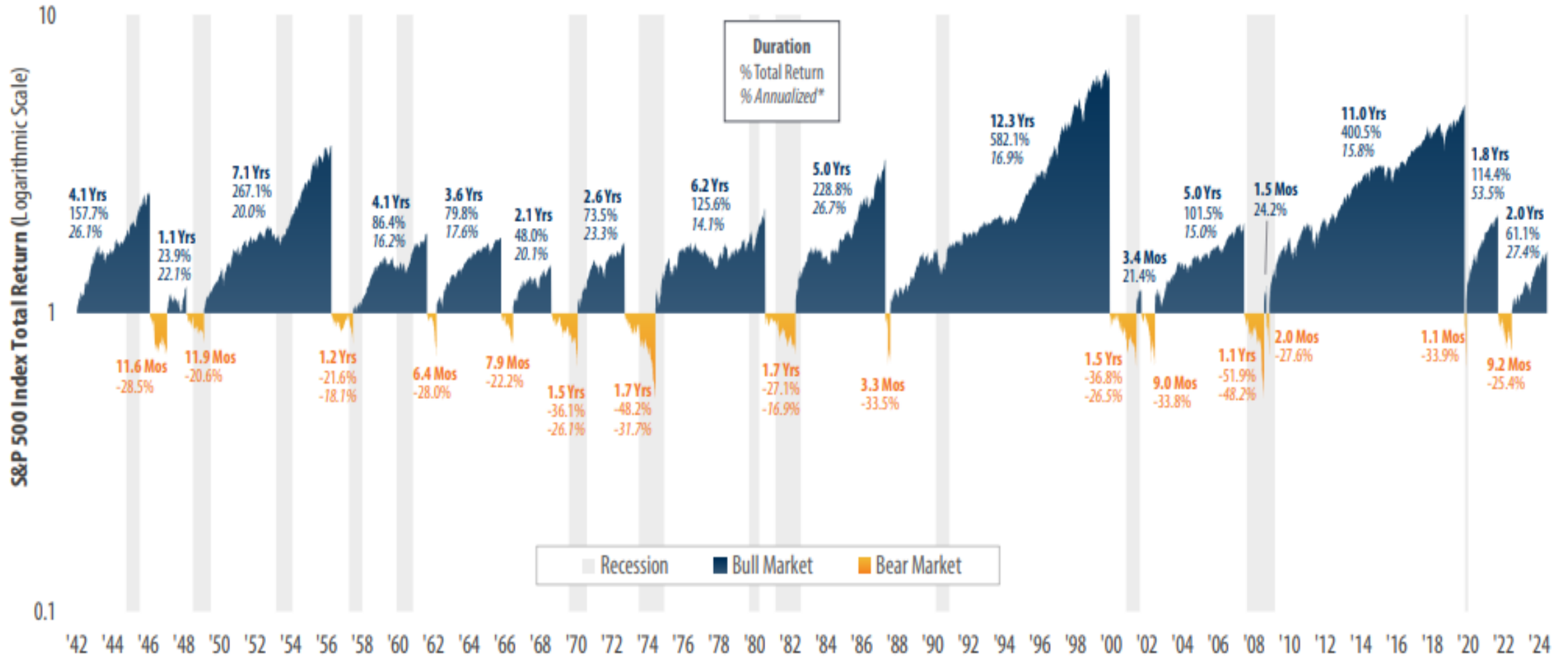


## Missing the Market's Best Days Has Been Costly

S&P 500 Index Average Annual Total Returns: 1994–2023



# Bull & Bear Markets





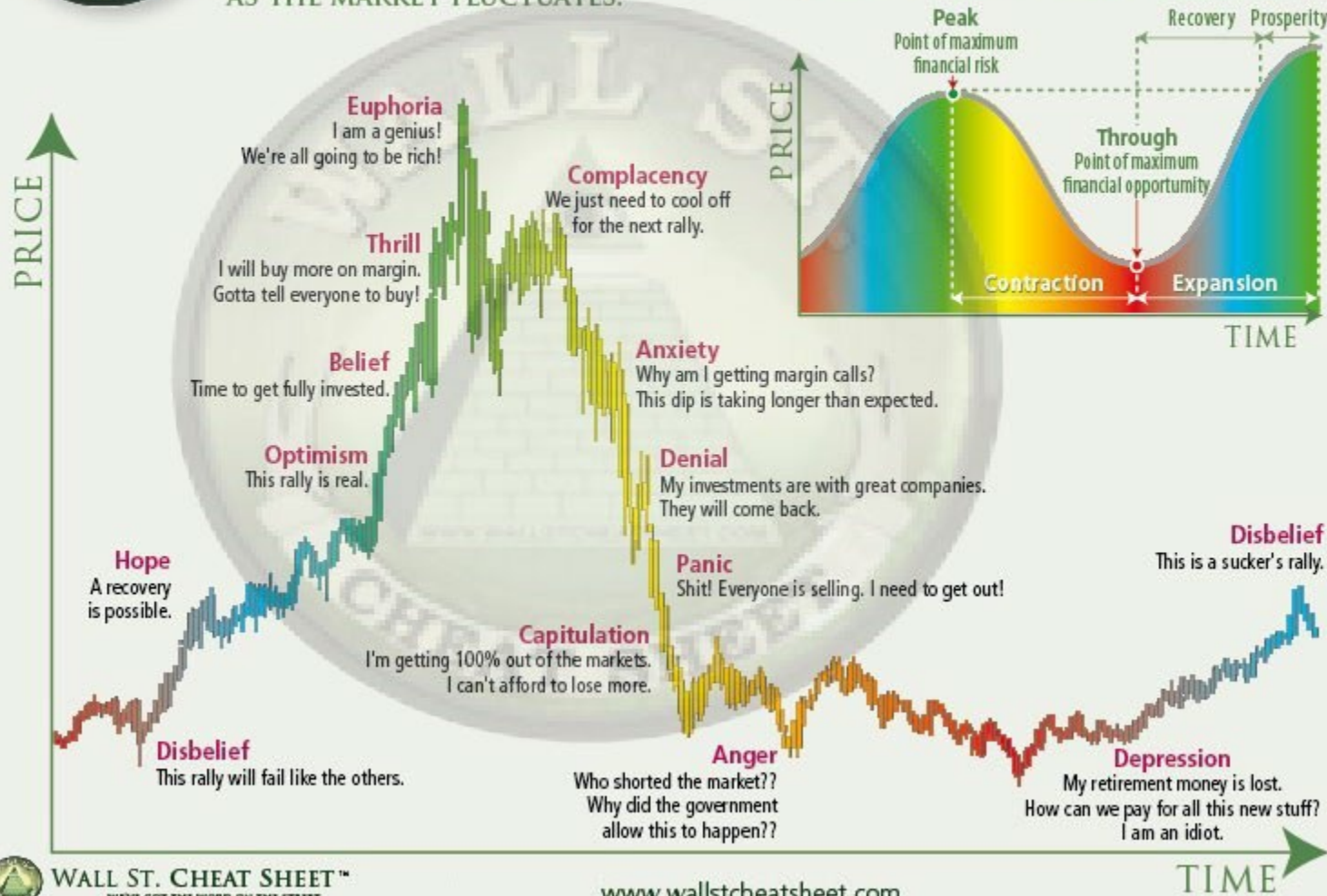


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## PSYCHOLOGY OF A MARKET CYCLE

THE FEELINGS APPEARING AS THE MARKET FLUCTUATES.

### SIMPLIFIED MARKET CYCLE



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**TIME** →