

Unveiling the Dynamic of Stock Indexes

with **PU Prime**

Live Market Insights
Webinar Series



Highlights

- 01 What is Stock Indexes
- 02 Advantages versus Disadvantages of Stock Index
- 03 Factors that affecting Stock Indexes
- 04 Fundamental and Technical Analysis



What is **Stock Indices?**



What is Stock Indices?

1

Definition:

A stock index is a measurement of the performance of a group of selected stocks, representing a specific market or sector.

2

Example:

S&P 500, NASDAQ 100, Dow Jones Industrial Average.

3

Stock Index vs. Individual Stocks:

- **Stock Index:** Reflects the performance of multiple stocks.
- **Individual Stocks:** Represents ownership in a single company.

4

Stock Index vs. Bonds:

- **Stock Index:** Tends to be more volatile with higher potential returns.
- **Bonds:** Generally offer lower risk and steady returns.

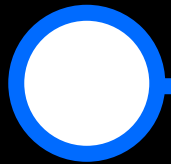
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Stock Index vs. Commodities

- **Stock Index:** Linked to the performance of companies.
- **Commodities:** Prices are influenced by supply and demand of physical goods (e.g., oil, gold).

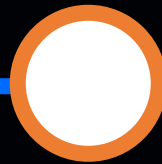
US Stock Index

Different US Stock Indexes, serves as a gauge for different aspects of the U.S. stock market. The Dow focuses on a select group of large, established companies, NASDAQ emphasizes technology and growth-oriented firms, while the S&P 500 provides a broader representation of the overall U.S. market.



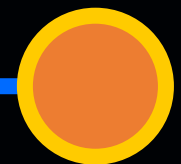
Dow Jones

- Time-tested index since 1896
- Birthed by Charles Dow's vision
- Price-weighted for a unique perspective
- Key companies included: Apple, Microsoft, Boeing



Nasdaq

- Born in 1971
- Haven for growth-oriented Companies
- Tech-heavy Indexes
- Market Cap-weighted methodology
- Key companies included: Amazon, Google and Tesla



S&P 500

- Heartbeat of 500 large-cap US companies
- Diverse tapestry spanning various sectors
- Invest in S&P 500 similar with invest in all companies in the US region

China A50 & HK50

1

China A50 Index

Coverage: Top 50 largest companies listed on the Shanghai and Shenzhen stock exchanges.

Industries: Financials, consumer goods, healthcare, technology, and industrials.

2

HK50 (Hang Seng Index)

Coverage: 50 largest companies listed in Hong Kong.

Industries: Finance, real estate, telecommunications, utilities, and technology.

3

Recent Performance

China A50: Experiencing volatility due to regulatory shifts, global economic challenges, and domestic economic policy adjustments

HK50: Displaying resilience amid global market fluctuations, with performance influenced by geopolitical tensions and international trade dynamics.



Broad Market Exposure: Riding the waves of overall market trends



Diversification: Your shield against market turbulence



Low Cost & Time Saving

Advantages



Market Volatility:
Embracing the
dance of highs
and lows



**Limited Potential for
Outperformance**



Difficulties

Disadvantages

Key Factors **that Affect Stock Indices**

US Treasury Yields & Interest Rate Decisions versus Equity Performances

Borrowing Costs & Economic Stimulus



Discounting Future Cash Flows



Substitutions with Fixed-income & Forex

- **Explanation:** Low-interest rates set by central banks reduce the cost of borrowing for businesses and individuals, encouraging investment and spending.
 - **Impact on Stock Indexes:** Low rates stimulate economic growth, leading to increased corporate profits and higher stock prices in indexes like the S&P 500.
- **Explanation:** Low interest rates result in a lower discount rate for future earnings, making projected cash flows more valuable in today's terms.
 - **Impact on Stock Indexes:** Lower discount rates contribute to higher stock valuations, especially benefiting sectors sensitive to interest rates, such as technology and growth stocks.
- **Explanation:** Low interest rates make currencies & fixed-income instrument less attractive, potentially shifting investor preferences toward the stocks
 - **Impact on Stock Indexes:** Low interest rates may lead to demand on stocks, causing increment in stock prices and indexes.

Federal Reserve

Rate Cut Expectations (September)

-25 / -50 bps ?

Current rate hike bets on 18th September Fed interest rate decision:

Source: CME Fedwatch Tool

-50 bps (32.5%) VS -25 bps (67.5%)



Others Factor (P/E ratio, Profit Growth)

1

P/E ratio

2

Profit Growth (financial statement performance)

3

Investors' Confidence

4

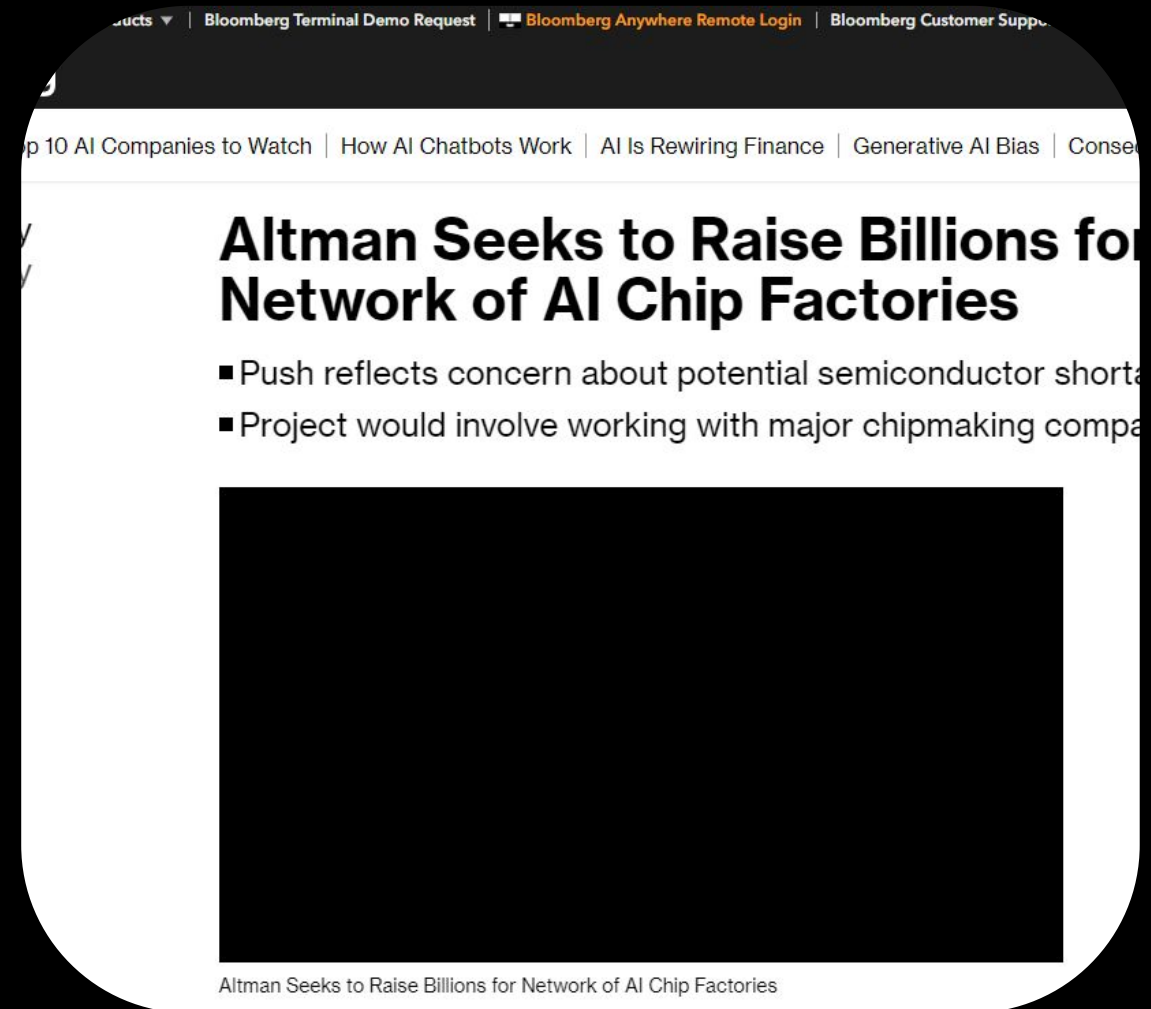
Economic Growth



Sector/Trending in 2024

Artificial Intelligence Technology

AI & Tech Heavy Indexes become hot investment



Combining Fundamental & Technical Analysis



Thank You