Layman's Primer

on

Stock Investment

Hassan El Shamsy

Layman's Primer on Stock Investment

Copyright © 2001 Hassan El Shamsy
All rights reserved.

Universal Publishers / uPUBLISH.com
USA • 2001

revision b, 07-15-01

ISBN: 1-58112-697-2

www.upublish.com/books/shamsy.htm

Library of Congress Card Number: 2001086833

TABLE OF CONTENTS

Acknowledgements	viii
Foreword	ix
Foreword to the First Revision	xii
Chapter 1 Investing and Methodolog	**1**
1.1 Introduction	2
1.2 Investment Scheme	3
1.3 Comparative Returns from various Investment Schemes	9
1.4 Rationale of Stock Investment	10
1.5 Sources of Information	12
1.6 Stock Brokers	16
1.7 Criteria for Selecting a Broker	18
1.8 How to Place a Trading Order	22
1.9 Keeping Records	27
Summary of Chapter 1	31
Chapter 2 Fundamentals and Fundamental Analysis	**33**
Fundamentals	**34**
2.1 Introduction	34
2.2 Stock Share Price	34
2.3 The 52-Week High and Low Stock Prices	37
2.4 Earnings Per Share	39
2.5 The Price/Earnings Ratio	42
2.6 Sales Per Share	44
2.7 Price Per Sales	45
2.8 Debt-to-Equity Ratio	46
2.9 Debt	48

	2.10 Long Term Debt to Total Capital	49
	2.11 The Price-to-Book Ratio	50
	2.12 Cash Flow Per Share	51
	2.13 Capital Spending Per Share	52
	2.14 Inventory	52
	2.15 Accounts Payable	54
	2.16 Accounts Receivable	55
	2.17 Return	55
	2.18 Dividends Per Share	57
	2.19 Yield (Dividends)	58
	2.20 Current Ratio	58
	2.21 The PEG Ratio	59
	2.22 Common Shares Outstanding	60
	2.23 Market Capitalisation	60
	2.24 Institutional Holdings	62
	2.25 Stock Splits	63
	Fundamental Analysis	65
	2.26 What is Fundamental Analysis?	65
	2.27 Sources of Information	66
	2.28 Approaches to Fundamental Analysis	67
	2.29 Starting From Scratch (Part 1)	68
	2.30 Starting From Scratch (Part 2)	72
	2.31 Profile Review	73
	2.32 Detailed Review	82
	2.33 Conclusion	96
	Summary of Chapter 2	97
Chapter 3	**Technical Analysis**	**99**
	3.1 Introduction	100
	3.2 Construction of a Chart	101
	3.3 Market Trends and Patterns	103
	3.4 Indicators	124
	3.5 Gauging the Market	143
	3.6 A Word of Caution	153
	Summary of Chapter 3	155
Chapter 4	**Risks**	**157**
	4.1 What is Risk?	158

4.2 How Do We Measure Risk? 159
4.3 Factors Affecting Risk 161
4.4 Political Factors 162
4.5 Economic Factors 164
4.6 Market Factors 167
4.7 Company Factors 172
Summary of Chapter 4 186

Chapter 5 Legal and Ethical Aspects 188

5.1 Introduction 189
5.2 Basic Investment Principles 190
5.3 Who Enforces Federal Securities Laws 191
5.4 Securities Act of 1933 191
5.5 Securities Exchange Act of 1934 193
5.6 Public Utility Holding Company Act of 1935 195
5.7 Investment Company Act of 1940 196
5.8 Investment Advisers Act of 1940 197
5.9 Reporting Improper or Fraudulent Actions 198
5.10 Ethics and Fraud 200
5.11 The “Pump and Dump” Scam 201
5.12 The “Short and Distort” Scam 208
5.13 Securities Fraud and Violations 211
5.14 Criminal Elements Infiltrating the Market 213
5.15 Pressure Sales 215
5.16 Investing In Initial Public Offerings 217
5.17 Company Audit Scandals 218
Summary of Chapter 5 221

Chapter 6 Economic Indicators and Indices 223

Economic Indicators 224
6.1 Introduction 224
6.2 Explanation of the Economic Indicators 226
6.3 Significance of Economic Indicators 229

Indices 232
6.4 Introduction 232
6.5 The Dow Jones Industrial Average 233
6.6 The Dow Jones Transportation Average 235
6.7 The Dow Jones Utility Average 235
6.8 The NYSE Composite Index 237
6.9 The Nasdaq Composite Index 237
6.10 The Nasdaq-100 Index 238
6.11 Other Nasdaq Indices 238
6.12 The S&P 500 Index 240
6.13 Other S&P Indices 241
6.14 The Russell 2000 Index 241
6.15 The Wilshire 5000 Index 242
6.16 Confidence Index 242
Summary of Chapter 6 243

Chapter 7 Investment Strategies and Market Psychology 245
A- Investment Strategies 246
7.1 Introduction 246
7.2 Investing Capital 246
7.3 Investment Time Horizon 247
7.4 Expected Return on Investment 250
7.5 Tolerance for Risk 251
7.6 Alternative Strategies 252
7.7 The Use of Options 273
7.8 When to Buy and When to Sell 284
B- Market Psychology 298
7.9 Introduction 298
7.10 Sentiments Governing the Market 298
7.11 Market Structure 300
7.12 Effect of the Federal Reserve Board 302
7.13 Effect of the SEC 302
7.14 Effect of Publicly Traded Companies 303
7.15 Effect of Brokers 305

7.16 The Work and Effect of Market Makers 307
7.17 Effect of Institutional Investors 311
7.18 Effect of the Individual Investors 312
7.19 Market Apparent Irrationality 314
7.20 The Role of News Media 315
7.21 The Options Indicator 316
7.22 Market Signals By Major Indices 317
7.23 Investment Fatigue 318
Summary of Chapter 7 320

Chapter 8 - The Master Plan 321

8.1 Introduction 322
Module A- The Groundwork 324
Module B- The Strategy 327
Module C- The Stock Selection 331
Module D- Timing of Trades 334
Module E- The Psychology 338

Annexes 345

Annex A- Glossary of Financial and Investment Terms 347
Annex B- Selected Stock-Investment Web Sites 371
Annex C- The Meaning of the Fifth Letter in Nasdaq's Ticker Symbol 377

Acknowledgements

I have always marvelled at so much useful information being made available freely to the public by so many web sites which continue to grow in number and quality over time.

I have endeavoured to give immediate credit to my sources of information by mentioning their names when discussing or presenting specific issues to which those sources made valuable contributions. In a few other cases, however, some sources might have been omitted not by intention, but because I was not able to identify them after having spent thousands of hours researching so many issues and reviewing endless material, relevant or irrelevant to the subject of this book.

To all these sources I humbly acknowledge with gratitude their important contribution.

Special thanks and gratitude go to Dawn Roubi who had taken the trouble and time to perform a thorough job of editing this book.

Foreword

Before embarking on this book, I put down the following guiding principles which I have endeavored to adhere to throughout, namely:

1. This book is primarily intended for new individual investors who need a clear and concise guide on stock investing. If some points prove to be of interest to more advanced readers, that would be even more rewarding.
2. Many similar books are written by authors profiled as experts in the field of financial investment. This book is written by a layman, not an expert, and it, therefore, addresses the practical needs of lay investors to understand what stock investment really means and how sound investment ideas can be put to work.
3. Most writers lean towards using huge success stories of financial gurus. This book does not follow that path because each success story is unique to that person as will yours. A more constructive approach is to use "failures" as well as a powerful incentive for better and wiser investing. Successes may induce a false sense of invincibility and, accordingly, a creeping tendency to become more reckless. Failures can be very sobering experiences from which we learn much. This book contains examples of my own failures.
4. Expert writers promise their readers wealth and prosperity if they follow their investment advice. This book does not promise such a thing. It only pledges to submit a clear and comprehensive knowledge of the tools that can make investing a wiser, safer, and enjoyable experience. It is natural that those elements ought to lead to good profitability in the long haul.
5. There are probably many facts hidden from investors because they are not pleasant and show how markets can

be manipulated behind unsuspecting individual investors' backs. Writers on similar subjects either gloss over these hidden facts or, most likely, do not mention them at all for fear of discouraging new investors. This book attempts to reveal some of these hidden practices; perhaps not all (as I do not claim to know every market trick), but at least those which are of major importance.

6. Many books contain lengthy and unnecessary narrative which is time consuming and boring. This book promises to cut out the fat and to come directly to the point. Some situations may require some explanation, and some facts may be repeated more than once only to emphasize their importance and to keep the reader's mind fresh.
7. Some writers tend to patronize their readers when it is not appropriate to do so. There is no need for such an approach and you will not find it here.
8. To pursue a practical approach to stock investing, I have used some *actual* case analyses to make a point and to bring you as close as possible to the true investing environment and to real life situations. It is often tiring to follow theoretical instructions without the benefit of practical applications.
9. I believe that all major issues related to the subject of this book have been adequately covered in reasonable detail. Some other areas of secondary value (such as legal aspects or indices) have been discussed, perhaps in lesser detail, because detailed information on them was not perceived to be necessary. Any reader who wishes to delve deeply into one of those subjects, should consult the appropriate authorities and references.
10. Finally, some excellent sources of information were used to present certain issues and they deserve full credit. My effort was to extract from them the salient points and present them in a form more fitting for the objectives of this book. The reader should be aware of the fact that at the time of writing, every effort was made to ensure the correctness of the information presented in this book.

However, it is difficult to fully guarantee its validity due to circumstances beyond my control. It is understandable that some information, such as internet investing sites, might change over time and may not be recognizable by the reader at the time of reading.

Hassan El Shamsy

December, 2000

Foreword to the First Revision

This first revision is intended to correct some minor formatting errors in the original edition and to add a section on short selling and another on the Zigzag Approach which were not included before. Although short selling is not recommended for inexperienced new investors, it is added as another valid investment strategy and to explain what short selling involves. Some minor improvements and updating were also made in this revised presentation.

Hassan El Shamsy

July, 2001

Chapter 1

Investing & Methodology

Chapter 1

Investing & Methodology

1.1 Introduction

Like many other people, the Swiss are saving-conscious and their rationale is simple and straightforward. When the day of retirement arrives, it is important to ensure that oneself and one's family will continue to have a reasonable standard of living and a happy retirement life.

In some western countries, young people are encouraged to save, and there are special arrangements for youngsters to invest their modest savings and earn an interest on their deposits. There are banks that open special accounts for children to encourage them to save and give them a small return on their savings. The banks are, of course, no fools and are not wasting their valuable time on small matters. There are two reasons for this approach:

- The young individuals of today, with their modest savings, will be the depositors of more substantial sums in the future and the backbone of national economic activities and growth.
- If children learn the importance and meaning of saving at an early age, they will acquire a constructive habit and apply it throughout their useful earning lives.

Saving is, therefore, an essential first step in investing for the future. It involves putting aside money in excess of one's needs which would not cause any hardship. This is also wise because it can provide a financial cushion against a future emergency when funds are needed in a hurry. Saved money could then be used in a suitable investment plan adapted to one's budget, time horizon, and a clearly defined strategy.

1.2 Investment Schemes

There are many investment schemes available on the market and the news media are full of advertisements extolling their virtues. Although this book is primarily written for *stock* investment, a short review of other major schemes is expedient at this stage. Some of these schemes involve various degrees of risks and associated rewards, and it is up to the individual's level of tolerance for risk to select a scheme (or a combination of schemes) which would fit his/her objectives.

1.2.1 Term Investment

Term investment includes such forms as "bank money market deposit accounts" or "certificates of deposit (CD's)" issued by banks.

In these schemes, you put the money you want to invest in a reliable financial institution of your choice, such as a bank. This money would then be invested on your behalf at a specific interest for short periods of time, usually 2-, 3-, or 6-months, or sometimes longer in the case of CD's. Now you can have three choices:

1. The capital you invest remains constant and the interest accrued is credited to your account with the bank and you can withdraw this accrued interest whenever you wish; or

2. you can instruct your bank to automatically add the interest accrued at the end of each term to the capital and reinvest the whole sum on a continuous basis (until you decide otherwise). This is called *compounding* and is a powerful method of accelerating your returns. Some banks may require that the sum you add to your capital

should not be less than a specified amount. In this case, you may have to wait for more than one term before the accrued interest reaches the specified level; or

3. at the end of each term, you not only add the interest accrued to your capital for reinvestment, but you also add a further sum of your choice to this total. In this case, your investment would grow at a much greater rate because *compounding* is significantly enhanced.

To demonstrate, Figure 1.1 shows how the above three schemes work using a fixed interest of 5 % and an initial capital of $1000. In reality, the interest applied is never really constant and it usually varies according to prevailing market conditions and your income would, accordingly, vary with the changing applicable rates. The eroding effect of inflation on income must also be considered for these schemes. The effect is much more pronounced on the first scheme and less so on the other two. If inflation is assumed to be between 3 and 3.5%, a 5% interest-based scheme would only provide a real return of 2 to 1.5%.

From figure 1.1 you can clearly see the power of *compounding* especially for the third scheme where you keep adding a fresh sum at the end of each year when it is convenient for you to do so. This can equally apply to sensible stock investment when you re-invest part or all of your profits in further stock purchases leading to progressive appreciation of your capital and capital gains.

1.2.2 Bonds

When federal and municipal governments or corporations need to borrow money to finance their operational needs, they issue bonds which represent debt to those who buy them. Buyers of bonds are offered specific

annual interest on each bond, and bond-holders receive periodic interest payments by those who issued the bonds.

Figure 1.1

Comparison of 3 Term Investment Schemes

Values at the end of …… years	Values at a hypothetical constant interest of 5 %					
	(1) Plan 1		(2) Plan 2		(3) Plan 3	
	Capital	**Return**	**Capital**	**Return**	**Capital**	**Return**
5 Years	1000	250	**1280**	***280***	**5802**	***802***
10 Years	1000	500	**1630**	***630***	**13206**	***3206***
15 Years	1000	750	**2080**	***1080***	**22656**	***7656***
20 Years	1000	1000	**2650**	***1650***	**34710**	***14710***
25 Years	1000	1250	**3390**	***2390***	**50110**	***25110***
30 Years	1000	1500	**4320**	***3320***	**69760**	***39760***

Remarks:

(1) In Plan 1, your investment starts with $1000 and the interest accrued is put into your bank account. The investment of $1000 remains constant. Investment term is assumed to be one year, automatically renewable.

(2) In Plan 2, your investment also starts with $1000 but the interest accrued is added to your capital automatically at maturity and the whole sum is reinvested This is called *compounding*.

(3) Plan 3 is similar to Plan 2 except that at the end of each year you additionally add a sum of $1000 to continuously increase your investment.

* All above figures are rounded.

* Throughout the investment period, interest rates will continuously vary and results can, therefore, be materially different than shown above. Furthermore, the initial investment or sums added periodically to the investment (Plan 3) could be different than shown in this table.

Bonds can be bought or sold on the market and their prices may, therefore, change according to supply and demand conditions. Bond-holders can thus make money by receiving interest payments, or by selling the bonds they own if their price appreciates above the buy price and this can additionally provide them with capital gains.

There are some risks involved in bonds depending on the type of bond one buys and on the conditions attached to the sale. Federal and municipal bonds are considered to be relatively safe as it is highly unlikely that the government or a municipality would default on its debt obligations. Bonds issued by corporations are more risky as the probability of a

default is possible. This is why the interest offered by company bonds is higher than that offered by government or municipalities to induce investors to buy them. A greater risk goes with a greater reward!

Bonds issued by the federal government have maturities ranging from 5 to 30 years and offer favorable tax treatment but also relatively lower interest. Federal bonds are issued in minimum denominations of $10,000, then in increments of $5000 above the first $10,000.

Local governments issue municipal bonds, usually for a minimum principal of $5000. They too offer favorable tax credits as they are generally exempt from federal and state or local taxes, but capital gains may be taxable.

Companies issue corporate bonds to obtain funds necessary for development and growth. These bonds offer higher interest because of the higher risk involved. In case of liquidation, the holders of corporate bonds have a higher priority, over investors who own stocks, on assets and earnings.

There are other types of bonds and securities such as zero-coupon bonds (which do not pay interest until maturity), and inflation-protected security bonds (IPS) whose redemption value is adjusted every six months according to the Consumer Price Index (CPI). To learn more about these investment schemes, the reader is advised to seek the advice of specialized financial agencies and reference material on this issue.

There is one more important point bond investors should be aware of. If you buy a 30-year bond which pays, for example, an annual interest of 6 %, and if the bond interest rate goes up to 7 % the following year, you are stuck with the

6 % rate unless you sell your bonds at a lower price than you paid for at the time of purchase.

1.2.3 Mutual Funds

There are investors, including large institutions which oversee large funds (such as pension funds), who prefer to entrust the management of their financial assets to reputable specialized financial institutions that have a long experience and a good record of money management. By pooling such huge money resources into a common fund, those specialized institutions can provide, on behalf of the multitude of investors, expertise on managing their funds efficiently with minimum risk. These are called *Mutual Funds.*

To minimize risks, mutual funds diversify investments into stocks, bonds, currencies and other financial schemes, but the largest allocation is usually made to varying stocks. There are two main types of funds:

- Open-end funds which, as the name implies, continuously accept new funds from investors.
- Close-end funds which sell a limited number of shares in these funds. Once all shares are sold, the fund is closed (to new investors) but they can buy or sell these shares on the open market.

There are virtually hundreds of mutual funds on the market, and for a non-expert, selection of a good fund could be a trying and a risky experience without expert assistance. It is not necessarily true that mutual funds which show good results in one year will continue to do so over the years, but some may show better returns on a long-term basis.

1.2.4 Real Estate

Investing in real estate can be lucrative when the real estate market is on an upswing. Real estate prices usually go through a cycle known to people working in this field. One cycle may involve a time span of 5 to 7 years in which prices rise steadily, flatten out, and eventually start declining because high prices start to discourage potential buyers. After leveling off at a bottom, prices gradually move up again due to renewed interest by buyers. This cycle, which reflects supply and demand, may vary depending on the area concerned and on other local and national market factors

Smart investors who are aware of such cycles, would attempt to buy at the bottom of the cycle and sell near the top, or can wait for several cycles if their target is long-term. They can also invest in real estate stocks such as builders or suppliers of building materials and construction equipment whose stock prices generally follow the real estate cycle.

1.2.5 Currencies, Precious Metals and Others

Investment in currencies is usually carried out by large investing institutions, such as banks and mutual funds, because profit margins are quite small over short-term requiring investment of large funds. As with any other commodity, advantage is taken of favorable changes in rates of currency exchanges. Because of open global markets, it is now quite easy to trade in major currencies over the phone. For long-term trading, risk is an important factor to consider because currency exchange rates may undergo sudden reversal of favorable directions in response to national changes of monetary policies or to some international financial crisis unknown to traders at that time.

Precious metals include gold, silver and platinum. Investment in these commodities is most likely long-term but

prices can also change suddenly if favorable or unfavorable policies set by the various governments are declared. For example, when various western governments started selling gold at the end of 1998 and into 1999, the price of gold (and the share prices of gold mining companies) plummeted, yet when subsequent decisions halted the sale of gold, prices immediately reversed direction. There are traders who specialize in such commodities and their expert advice should be sought.

Other investment venues include art-work, such as paintings and sculptures, antiques, rare coins, rare stamps and historical documents and manuscripts. As with precious metals, these are specialized fields which require a good knowledge of what an investor might want to get into. Quite often, knowledgeable trading in these fields may call for the investment of substantial funds and a tolerance for some risks, but the rewards could be significant because of the potential future value of these items.

1.3 Comparative Returns From Various Investment Schemes

When contemplating an investment, there are three parameters which should be considered and evaluated:

- The capital to be invested
- The degree of risk involved
- The potential return over time (the reward)

Figure 1.2, which was compiled by Standard & Poor and reproduced by The Wall Street Journal, covers the four years of 1993 to 1996 and is therefore outdated, but the conclusions are significant and may still be valid. It shows returns from various investment schemes during that period.

From figure 1.2 it can be seen that investments in the Dow Jones Industrial Average and the S&P 500 Index have out-performed other investment categories. Both of these categories relate to investment in their respective stocks. Although figures for subsequent years were not available, investment in those two stock indices may continue to be generally superior, perhaps with some exceptions.

Figure 1.2

Returns From Different Investment Schemes

Asset Category	1993	1994	1995	1996
Stocks				
Dow Jones Indust. Aver.	18.05	5.88	36.87	29.11
S & P 500 Index	9.99	1.29	37.57	22.98
Bonds				
Long-Term Treasuries *	16.93	- 7.64	30.71	- 0.81
Immediate-Term Treasuries **	7.81	- 1.76	14.48	3.99
Others				
Money Market Funds	2.70	2.44	2.86	2.70
Gold	17.80	- 2.00	1.00	- 5.10
Residential Real Estate ***	NA	2.40	4.20	3.20
Art ****	2.60	- 17.20	9.40	-1.30
Rare Coins *****	- 0.26	- 2.91	0.38	4.09

* Lehman Brothers Long-Term Treasury Index
** Lehman Brothers Intermediate-Term Treasury Index
*** Office Of Federal Housing Enterprise (Repeat Sale Index; third quarter vs. third quarter)
**** Daily Telegraph Art 100 Index
***** Top Investment grade (Coin World Trends Survey)

1.4 Rationale of Stock Investment

It would be intolerable if we were required to have available the full cash amount of an item which we wish to buy, such as a car or a house, before we can actually buy it. A loan from a bank with affordable repayment terms would enable us to possess necessary items immediately while repaying the debt at a comfortable pace. Without having the opportunity to *borrow* within reasonable limits, growth of the

economy would be severely stunted and the standard of living would gravely contract. The ability to borrow is, therefore, a basic requirement for the proper and efficient functioning of the economy.

For this reason, it is vital for business enterprises (as well as individuals) to have access to funds required for development and growth and for other needs. One method used by companies to raise money is to issue stocks (or corporate bonds) which can be sold on the open market. The first time a company goes public, the process it adopts for selling stocks to the public is called ***Initial Public Offering*** (IPO). By selling a prescribed number of shares at a declared price level the company can acquire the capital it needs for developing its business. Investors buy these shares because they like the company's products and services, and feel its potential revenue and earnings growth could lead to share price appreciation. Furthermore, the company might decide to pay dividends which would provide income to shareholders and would, therefore, make the stock even more attractive. Once shares are bought by the public in an offering, they can be traded on the market and investors can buy or sell them among themselves.

If you buy shares in a company, you become a part owner of this company or a ***shareholder*** and you will be entitled to vote on company matters when public meetings are convened by the board of directors. If you do not want to attend these meetings yourself, you can authorize someone else to vote for you by ***proxy***. He/she could be your broker or the company's Chief Executive Officer (CEO) if you trust his/her judgement. Your part ownership of this company is terminated once you sell your shares. As long as you are a shareholder, you have a keen interest in seeing that the company's performance continues to be satisfactory and is reflected in a healthy rise in its stock price thus enhancing shareholders value.

With proper selection of stocks and the application of good judgement, you can enjoy the benefits of capital gains usually superior to other investment schemes while providing the fuel necessary for national economic growth.

1.5 Sources of Information

The news media abound with information on stocks, stock market activities and a plethora of national and international related news. Each investor should review the major sources and select those that satisfy his/her specific information needs. The following is a short review of only some of the major sources available in the U.S.A. today.

- **The Wall Street Journal:** This prestigious daily publication is perhaps one of the best in its field. It provides extensive and accurate business and market information covering a very wide range of business and trading aspects. Because of its reliability and its acute power of analysis, business information and articles appearing in its daily issues are regularly quoted by other news agencies. Information provided by this paper is hardly ever challenged because it is thoroughly researched before publication. Furthermore, the paper adopts a high standard of ethics and would not hesitate to name names in cases involving fraud or unethical behavior by persons implicated in shady investment practices. Like most other papers, The Wall Street Journal also has an interactive edition and can deliver daily news and alerts to your computer inbox.
- **The Herald Tribune (and others):** Is an equally good publication but less comprehensive than The Wall Street Journal in the financial field. Most major daily papers do provide coverage of market news, and individuals would decide for themselves which ones they prefer to use, if necessary.

- **Weekly Business Magazines:** They are another good source of valuable information for business and investing. Good magazines provide extensive and analytical information, local and international, on various political, economic, financial and technical aspects that impact on business and the market. **Business Week** is one example of an outstanding publication that provides its reader with up-to-date detailed overviews of these important factors that can strongly influence market activities.

- **TV Business Programs:** There are numerous TV programs which are a good source of information on the economy, in general, and on market activities in particular. A notable example is the **CNBC**'s TV program called "Squawk Production Box" which provides a daily real-time coverage of important market news and stock prices on the NYSE, and 15-minutes delayed stock prices on the NASDAQ exchange. The program invites senior money managers, analysts, and key market personalities, and it regularly interviews selected companies' Chief Executive Officers (CEO's). One advantage of such a program is that major events are reported as soon as they happen. Examples include announcements of the results of economic indicators, major mergers and takeovers, and government decisions on interest rates and other issues that can have swift impact on investment decisions. Also included are foreign governments' important economic and financial news and decisions that have a bearing on the U.S. economy. Two drawbacks of these TV programs are: tendency for sensationalism, and dwelling on large merger/acquisition and similar news that may not be of much importance to many investors.