Imagine you are sitting in your office and the phone rings. It’s one of your top clients, and they ask you; “How’s the stock market doing?”

Maybe your client wants to know how the stock market is doing right then. Maybe they are wondering how it has performed over the past month, quarter, or year. Or maybe they are asking for your current or future stock market outlook.

In either case, where would you turn for your answer? Which index do you believe tells the most accurate story of the overall stock market?

For the last 100 years (particularly the last 50 years), investors and investment professionals have gauged the stock market by using:

1. The Dow Jones Industrial Average (DJIA)
2. The Standard and Poor’s 500 Index (S&P 500)
3. The Nasdaq Composite (Nasdaq)

However, this story should not end there. As the famous Paul Harvey used to say; “And now…for the rest of the story.”

There is actually another historical, major, and all-important stock market index. In fact, this particular index is the oldest, largest, and most reputable measurement of the overall stock market.

Which index could this be? The New York Stock Exchange (NYSE).

FACT: The NYSE is, without question, the single most reputable, meaningful, and valuable stock market index.

I have found most people are surprised to learn the history of the NYSE and how it compares to the other three benchmarks. This is especially true when you consider the fact that the NYSE is:

• Largely overlooked and ignored
• Rarely mentioned or acknowledged
• Extremely hard to find and follow

The NYSE — Compared to the DJIA, S&P 500, Nasdaq

As you will see from this exercise, the NYSE has always been the leading indicator for the stock market’s overall health and long-term trend.

The best way to prove this fact is by comparing and contrasting the NYSE to the other popular benchmarks.

The Dow Jones Industrial Average (DJIA)

The DJIA was created by Charles Dow, editor of the Wall Street Journal and co-founder of Dow Jones & Company. The “Industrial” part of its name is merely historical, since very few of today’s DJIA stocks have anything to do with the traditional heavy industry.

The DJIA is arguably the most notable stock market index. For example, when the media states “the stock market is up or down today”, they are generally referring to the DJIA.
The criteria for stocks to be added to the S&P 500 consists of 500 stocks (versus 30 in the DJIA), which is perceived as a bigger, broader, and better measurement of the overall stock market.

S&P 500 key details and characteristics:
- The S&P 500 was founded in 1957 — dating back only 59 years.
- The S&P 500 is the second youngest U.S. stock market index.
- Commonly referred to as the “S&P Composite” and “S&P”.
- The S&P 500 consists of 500 stocks selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor’s.
- The criteria for stocks to be added to the S&P 500 include: being a U.S. company, market capitalization in excess of $4 billion, a public float of at least 50%, financial viability, adequate liquidity and reasonable price, sector representation, and company type.
- The S&P 500 is a market capitalization weighted index. This means the stocks with the highest capitalization are given a greater weighting and, therefore, have a greater impact on the index. (Note: A stock’s capitalization is determined by multiplying the stock’s share price by the number of shares outstanding.

The Nasdaq Composite Index
The Nasdaq is mostly known as the benchmark index for U.S. technology (and growth) stocks. Some of the world’s most notable tech stocks traded on the Nasdaq include: Facebook, Amazon, Netflix, Google (commonly referred to as “FANG”), Microsoft, Intel, and Oracle.

The Nasdaq was created by the National Association of Securities Dealers (NASD) to enable investors to trade securities on a computerized, speedy, and transparent system.

As the technology sector explosively grew during the 80’s and 90’s, the Nasdaq was the most followed market index during that time frame.

Nasdaq key details and characteristics:
- The Nasdaq was founded in 1971 — dating back only 45 years.
- The Nasdaq is the youngest U.S. stock market index.
- Unlike other major market indexes, the Nasdaq Composite is world-wide, which is not limited to just U.S. based companies.
- The Nasdaq is also known as a global electronic marketplace to facilitate the buying and selling of stocks.
- Commonly referred to as the “Nasdaq Composite Index”.
- The Nasdaq’s computerized trading system was created to serve as an alternative to the “specialist” system.
- The Nasdaq consists of approximately 2,500 small, medium, and large-cap growth stocks.
- Similar to the S&P 500, the Nasdaq is also a market capitalization weighted index. Again, this means the stocks with the highest capitalization are given a greater weighting and, therefore, have a greater impact on the index.

The New York Stock Exchange
Since the inception of the stock market, the NYSE has maintained a set of uniquely stringent listing requirements. Therefore, any stocks listed on the NYSE have earned an inherent “seal of approval”.

NYSE stocks are perceived as more reputable, credible, and well-established than the stocks listed on other exchanges.

For many, the NYSE is a symbol of all that is Wall Street. It is the place where fortunes are made and lost, and where the free market can be seen in its most tangible form.

NYSE key details and characteristics:
- The NYSE was founded in 1792 — dating back 224 years.
Finance, etc. Then, type “stock market update” into a Google search.

Finally, use your iPhone to ask Siri for a stock market update — and also check to see which indices are listed on your iPhone “stocks” app.

Once you’ve completed this challenge, how many of these places actually list the NYSE? How many make the NYSE’s performance readily and easily accessible? How many display the NYSE in the same location as the DJIA, S&P 500, and Nasdaq?

The NYSE Must Be Followed
I sincerely hope this article provides enough of the necessary facts to reveal the NYSE’s untold story and unspoken truth. Even though the NYSE is rarely talked about in public, and rarely visible or accessible, we cannot forget this index is the oldest, largest, most notable measurement of the stock market.

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