

Investing

A Primer on Reading the Financial Pages

Want to know how the mutual funds in your investment portfolio are faring? Thinking about purchasing some stock for your child's college fund? Consult any major daily newspaper and you'll find a wealth of information on the stocks, bonds, and mutual funds that are traded on American stock exchanges. Although the listings may look confusing at first, this primer will help you understand what all those numbers mean.

Following Stock Prices

Stocks are equity investments. If you buy stocks in a corporation, you have an ownership share in that corporation. Publicly traded stocks are listed on the New York Stock Exchange (NYSE), the American Stock Exchange (ASE), or the NASDAQ Exchange.

In the financial pages, stocks are listed alphabetically by company name, which usually appears in an abbreviated form, along with the stock's trading symbol. Here's a column-by-column look at what follows the company name:

52 weeks – Under this column, to the left of the stock's name, are two columns of numbers with the headings "Hi" and "Lo." These represent the highest and lowest price at which the stock has traded in the past 52 weeks. The wider the range between the high and low, the more volatile the stock is. An arrow in the margin indicates that the stock has experienced a new high or low.

Div – The column to the right of the company's symbol shows in dollars and cents the anticipated yearly cash dividend per share. A stock listing with an estimated annual dividend of .50 means that, if you owned 100 shares, you would receive \$50 a year in dividends. If this column is empty, the company did not pay a dividend during the period covered.

Yield % - This represents the total annual dividends paid by the company expressed as a percentage of the current stock price.

P/E - This is a ratio that represents the relationship between the price of one share of stock and the annual per-share earnings of the company. Investors use this number to compare the relative value of different stocks. It can be useful to compare the P/E ratios of companies in the same industry, to the market in general, or against the company's own historical P/E ratios.

Vol 100s - Vol stands for volume. Multiply the number shown by 100 to learn the actual number of shares traded the previous day.

High, low and close - These numbers represent a stock's highest and lowest price during the previous trading day, and the last or closing price on that day.

Net change - This number compares the day's closing price with the closing price for the previous date. A plus sign (+) indicates that the price has risen and a minus sign (-) shows that the price has fallen. Prices with a net change of five percent or more are shown in boldface.

Tracking Bond Performance

Bonds are loans that investors make to corporations and governments. In return, the bondholder earns interest. Corporate bond trading is reported daily in the newspapers. Corporate bonds are taxable for federal and state purposes, although city bonds are generally tax-free. Here is what you can learn about corporate bonds from your newspaper.

Bonds - The name column shows an abbreviated version of the name of the company issuing the bond, followed by two numbers. The first number is the coupon rate (stated interest rate) paid on the bond and the second number shows the year in which the bond matures.

Cur Yld - The current yield is the percentage of interest an investor would earn if buying the bond at its current price. If the price is lower than par, which is the amount the bondholder receives upon maturity, then the yield is higher than the coupon rate. If the price is higher, the rate will be lower.

Vol - The volume column shows the total dollar value of bonds traded on the previous day, expressed in thousands of dollars. In general, the trading volume for bonds is far lower than for stocks.

Close - The closing price is the price at which the bond closed on the previous trading day. When a bond is traded, it usually sells for more or less than its par value.

Net change - The final column shows the amount by which the reported day's closing price differed from the preceding day's closing price, expressed as a fraction. Net price changes on bonds typically reflect fluctuations in interest rates.

Monitoring Mutual Fund Performance

Mutual fund pools money together from thousands of investors and then its manager buys stocks, bonds, or other securities with it. In the mutual funds section, the company's name appears first, followed by an alphabetical listing of its different funds. Mutual fund listings typically have four columns, but may include additional columns of long-term return information.

NAV - NAV stands for net asset value, which is what a share of the fund was worth at the close of the previous business day. Multiply the NAV by the number of shares you own or would like to buy, to arrive at the value of your investment or your cost for buying fund shares.

R - R represents the fund's ranking when compared with other funds with the same investment objective.

Net chg - The third column shows the net change in the value of one share when compared to the previous day.

YTD % ret - This figure refers to the year-to-date percentage change in the value of the fund.

Stock, bond and mutual fund tables provide useful information to help you compare and contrast the performance of various investment vehicles. Additional sources of information include corporate annual reports, prospectuses, and online resources such as the Securities and Exchange Commission's Investor Education and Assistance site, www.sec.gov/investor.shtml.

Check with your CPA before making any purchase to determine how a particular investment purchase would affect your financial plan.

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