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*The Savvy Investor*  
**Why My Stocks Go Down  
When the Market is Up**

## The Question

I was asked when the stock market broke through 22,000, why the stock market might be up on any given day, but this person's investments might move in the other direction. And frequently visa-versa. Excellent question and let me try to explain.

## The Simple Answer

"The stock market", as reported by the news is the "Dow Jones Industrial Average (DJIA or DJIA-30)". The DJIA consists of only 30 stocks. 30 stocks! This just a tiny fraction of the number of companies listed on the different stock exchange. There are over 3,000 stocks traded on the New York Stock Exchange (NYSE). There are also thousands of other companies traded on other exchanges, such as the NASDAQ and the AMEX.

So, the easy answer of what is wrong with using the DJIA as representative of "the market" is that it is only a tiny sample of the stocks traded.

## There's More

But there are other problems. The DJIA represents only large companies such as Microsoft, Boeing, etc. (See list below.) The stock market (and your portfolio) consists of companies of all sizes, not just these huge companies.

Another problem is the way the DJIA is calculated. Two companies might have a 10% change, but a higher priced stock moves the DJIA more than a lower priced stock. (A \$200 company moves the average 10-times as much as a \$20 company.) This is what happened today. Today, August 2, 2017, Apple closed at \$157.14/share, up \$7.09 for the day. Most of the other companies though were down or relatively unchanged. But because Apple is the 26th highest priced stock in the group of 30, it has a huge weight on moving the DJIA-30.

## Better Indicators

Rather than using just the DJIA, another indicator of the market is the S&P-500. At least it covers 500 stocks and is widely reported. But it is still limited to mostly large companies.

A still better indicator of market performance on any day is the number of companies advancing and declining. Today, while "the market" was up 52 points, there were more declining companies than advancing on all major stock exchanges. On the NYSE, there were roughly 3 stocks down for every 2 stocks up. On the NASDAQ, there were roughly 2 stocks down for every stock up.

## Bottom Line

The stock market consists of more than just the 30-stocks in the DJIA reported by the news.