Smart Cents Weekly

Modern Financial Education for Young Investors

Week 8 • September 21st, 2025

Contents:

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Welcome 👋

This is MeridianAlgo's eighth financial newsletter. If you're returning from our previous editions, thank you for coming back. We dedicate ourselves to educating young investors and supporting our community in any way we can, which means a great deal to us. If you're new here, welcome! In this document, you'll find MeridianAlgo's insights on the US stock market, designed to boost your financial knowledge and investment skills for a brighter future. Our analysis is powered by proprietary machine learning algorithms, which you can see at the bottom of this document, along with our preferred charting platform: TradingView. We hope the market insights shared here, covering the past week and upcoming weeks, will help you better understand how markets really work and what happens behind the scenes.

What's Happening with the Market❓

Looking Overall

The S&P 500 rose about 1.2% this week, climbing from 6,482 on September 13 to a record close of 6,560.23 on September 19, 2025. It even touched an all-time intraday high of 6,575.41 on Friday. The gains came as investors reacted positively to the Federal Reserve's interest rate cut earlier in the month, which boosted confidence that borrowing costs will stay lower for longer. Strong retail sales data also supported the market, though some caution remains around global trade tensions.

Current Market Snapshot

Stocks stayed strong across most sectors this week. Tech continued to lead, with companies in AI and semiconductors pushing higher. Healthcare and financials also joined the rally, showing that growth isn't only coming from one corner of the market. Energy lagged as oil prices cooled, but overall, the market looks balanced. The broad strength suggests steady demand, though September is historically a volatile month, so small pullbacks wouldn't be surprising.

Volatility Check

The VIX, also known as the "fear index," closed around 15.70 on September 18, down from earlier in the month. This shows that investors are relatively calm despite all-time highs in the S&P 500. For young investors, this means the market environment is stable right now, but it's smart to remember that calm periods don't last forever. A little volatility is normal and often provides opportunities to buy at better prices.

The Psychology of Money🧠

What is it?

The Psychology of Money is the study of how our feelings, beliefs, and behaviors affect our money decisions. It's about understanding that being good with money isn't just about being good at math. It's about being good at managing your own behavior. This is a topic that even most adults don't fully understand, making it a truly valuable and unique lesson.

The Needs vs. Wants Trap

Kids are constantly exposed to advertising and peer pressure that blur the line between "needing" something and "wanting" it. This is the perfect place to start.

- **The Difference:** A need is something essential for survival or basic well-being (food, water, shelter, a school uniform). A want is something that makes life more fun or comfortable, but you can live without it (a new video game, brand-name sneakers, a streaming subscription).
- **The Gray Area:** The challenge is that wants can often feel like needs. For example, you need a computer for school, but do you need the most expensive, brand-new gaming laptop? This teaches critical thinking and helps them

recognize the difference between a functional item and an emotional desire fueled by marketing.

The Marshmallow Test: Delayed Gratification

This famous psychological experiment is a powerful way to explain a core financial concept: delayed gratification.

- **The Experiment:** Researchers offered a child one marshmallow and told them they could either eat it right away or wait a few minutes and get a second one. Some kids ate it immediately, while others waited. The kids who were able to wait tended to have better long-term outcomes in life, including higher SAT scores and greater career success.
- **The Financial Lesson:** This isn't just about marshmallows; it's about making choices for your future self. Saving money for a big-ticket item you really want (like a new bike) instead of buying a bunch of small things right now is a real-life marshmallow test. It teaches them that patience and discipline can lead to a bigger, better reward. This is the foundation of long-term investing and saving.

The "Pay Yourself First" Mindset

This is one of the most important financial habits anyone can learn. It's a simple idea with a huge psychological impact.

- **The Rule:** Whenever you get money, whether it's allowance, birthday cash, or from a job, the very first thing you do is put a portion of it into a savings account. You are paying your future self before you pay for anything else.
- **Why It Works:** Psychologically, this turns saving from a leftover chore into a top priority. When you spend first and save what's left, there's often nothing left to save. By paying yourself first, you build a habit of prioritizing your financial future and watching your money grow. This gives them a sense of control and accomplishment, reinforcing the good habit.

Why This Is a Game Changer

Teaching the psychology of money is about empowering kids to understand their own habits and emotions. It gives them the tools to resist impulse purchases, set meaningful long-term goals, and make thoughtful decisions rather than just reacting to the world around them. It's a lesson that applies to every part of their financial life, from their first allowance to their future retirement.

Money Basics 🧗

Recap

Last time, we broke down dividends, the regular payments some companies give shareholders as a reward for owning their stock. We covered how they provide a steady income, signal financial health, and can be reinvested for long-term growth. For new investors, dividends showed how stocks can pay you even if you don't sell them.

What Is Dollar-Cost Averaging (DCA)?

Dollar-cost averaging means investing a fixed amount of money on a regular schedule(like $50 every week or $200 every month), no matter what the market is doing.

Why Use DCA?

It helps take the guesswork out of timing the market. Sometimes you'll buy when prices are high, sometimes when they're low, but over time, your average cost evens out. This reduces stress and helps you stay consistent.

How to Start With DCA

- **Pick an Amount:** Choose a number you can comfortably invest regularly.
- **Set a Schedule:** Weekly or monthly works best.
- **Automate It:** Most brokerages let you set automatic investments.
- **Stay Consistent:** Don't pause just because the market dips—those dips often become your best buys later.

Pro Tip: DCA is a great habit for new investors. It builds discipline and keeps you in the market for the long run, where real growth happens.

Thank you for reading Smart Cents Weekly

Continue your financial education journey with us next week.

Some quick financial legal stuff below ⬇️

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