Smart Cents Weekly

Modern Financial Education for Young Investors

Week 2 • August 10, 2025

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Welcome 👋

This is MeridianAlgo's second financial newsletter. If you're returning from our first edition, thank you for coming back; we dedicate ourselves to educating young investors and supporting our community in any way we can, which means a lot 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
Recent research reports a 3% decline in the S&P 500, marking the most significant two-day drop since April. This was expected due to overextended markets and high fund manager exposure (99%). We see this as a buying opportunity, supported by strong corporate earnings, a weakening US dollar, and falling interest rates. Although there may be volatility in August and September, we are increasing our stock exposure in our portfolios while keeping crypto holdings at a stable pace. There could be signs of economic vulnerability if financial conditions reverse, which might lead to job losses.

Current Market Snapshot
The market over the past week has exhibited a neutral sentiment, characterized by a period of sideways consolidation. During this time, major indices have maintained high levels,

reflecting strong investor confidence and stability despite the lack of significant upward or downward movement.

Volatility Check
The VIX (fear index) is approximately 15.9 and has been steadily decreasing over the past week, indicating reduced market fear and uncertainty as the S&P 500 remains stable, reflecting investor optimism. Posts on X mention a "buy-back effect" from shorts covering after a pullback, which contributes to lower volatility, signaling normal market fluctuations.

What Should You Do
Young investors should remain focused on long-term goals and avoid emotional reactions. With 57% of stocks trending positively, the mixed signals call for careful analysis. What this means for young investors: having time on your side—the most valuable asset in investing—neutral markets are ideal for building consistent habits. Concentrate on learning and establishing a regular investment routine. Bottom line is that neutral markets are excellent for cultivating good habits. Emphasize consistency and education, keep investing regularly regardless of market conditions, prioritize learning over market timing, build an emergency fund before investing heavily, and consider low-cost index funds as your foundation.

Our Picks ⛏️

Analysis of 7 popular stocks based on current and previous market conditions. All predictions are for the next 6 months and should be used as part of your broader research process.

- **AAPL**: Sideways in the short term due to market consolidation. Bullish long-term as the iPhone 17 lineup will be announced in mid-September, and new tech (e.g., AI integrations) and software updates are expected to boost sentiment from August to January. Indicators like RSI and MACD suggest upside.
- **MSFT**: Sideways short-term, reflecting recent 11% dip and stabilization. Long-term, AI advancements (e.g., Copilot, cloud growth) and strong fundamentals support steady gains. Tech sentiment and economic recovery bolster outlook, though volatility may persist if macro concerns linger.
- **META**: Sideways short-term, backed by technicals like moving averages. Long-term, growth driven by ad revenue and metaverse/AI initiatives, though less dependent on "Magnificent Seven" hype. Market sentiment and user engagement trends key for sustained upside.
- **NFLX**: Sideways in the short term, with technicals showing limited movement. Long-term, growth depends on subscriber retention and the strength of the content slate. Consumer spending habits and competition in streaming weigh on the outlook, but no major catalysts are seen for a significant breakout.
- **UBER**: A 7.9% short-term increase is expected, driven by strong earnings and technical signals such as breakout patterns. Over the long term, growth will benefit from rising

mobility demand and cycles of technological innovation. Urbanization and gig economy expansion provide additional support, although regulatory risks still exist.

- **JPM**: Short-term bullish, with technicals indicating stability. Long-term, crypto partnerships (e.g., blockchain initiatives) and resilient financials support modest growth. Sensitive to interest rate changes and economic confidence, but diversified revenue streams ensure stability.
- **SBUX**: Sideways short-term, aligned with indicators like volume trends. Long-term, tied to consumer discretionary spending and brand loyalty. Economic recovery supports gradual growth, but inflation or reduced consumer confidence could cap upside. No major product catalysts noted.

All predictions are uncertain. Use these insights as part of your broader research process.

Money Basics 🧗

Recap

We promised last time to tell you abut how we invest so here are three main strategies we used when we first started our portfolios.

Diversifying

We spread investments to balance risk and reward.

- Asset Class Variety: Allocate funds across stocks, bonds, ETFs, real estate, and commodities to reduce volatility.
- Geographic Spread: Invest in North America, Europe, and emerging markets to capture global growth.
- Sector Diversification: Target industries like technology, healthcare, and renewable energy to avoid overexposure.

App Selection

We choose tools to execute our strategy effectively.

- Performance Tracking: Select apps with real-time data for portfolio monitoring.
- Cost Efficiency: Prioritize platforms with low/no trading fees and minimal expense ratios.
- Security Standards: Require strong encryption and two-factor authentication.
- User Experience: Opt for intuitive, mobile-accessible interfaces.

Robinhood is our go-to app for this, but any app will work if you follow these strategies.

Research

In-depth analysis drives informed decisions, using TradingView for accurate insights.

- Market Trends: Study macroeconomic indicators, interest rates, and geopolitical events.
- Company Fundamentals: Evaluate financial statements, earnings, and management quality.
- Industry Insights: Analyze sector developments, like technological or regulatory changes.
- Risk Assessment: Use scenario analysis and stress testing for contingencies.

Here's an example of Ethan, our Data Analyst, using TradingView to get accurate trend identifications for Apple:

Using tools 🧰

You might wonder how we manage to do all this—how we research, identify different chart types, and interpret long-term signals on graphs. Don't worry, we're here to help. In this newsletter, we'll explain how our team develops and uses tools that anyone can utilize to accurately predict, mark, and analyze trends on charts, making wealth creation much easier. In this newsletter, we will start off simple by looking at the market as a whole using TradingView and also using our programs weekly to identify market trends:

Using Tradingview:

- Sign up on TradingView.com; set up a profile.
- Pick an asset, a chart type, and a timeframe.
- Add indicators (RSI, MACD, etc.) from the Indicators tab (we will show this to you next time, so don't worry about it right now).
- Draw trends, support, and resistance with sidebar tools (we will show this to you next time, so don't worry about it right now).
- Conclude your analysis!!!

Using Ara AI:
- Ara AI is an all-in-one trend identification and plotting platform that our team has developed to help you accurately identify chart types and trend patterns with 85% accuracy. To use it, simply download the files from our GitHub repo:https://github.com/MeridianAlgo/Ara/
- Then extract the files and double-click to run the following programs:
    - install.bat - if you are using a Windows machine
    - install.sh - if you are using Linux
    - install_mac.command - if you are using an Apple device (only works on devices made after 2012)
- Then follow the commands and it should allow you to input your ticker and result in a trend summary!!!

Thank you for reading Smart Cents Weekly
Continue your financial education journey with us next week.

Some quick financial legal stuff below ⬇️

Shameless plugs 😭
Website: http://meridianalgo.org
Github: https://github.com/MeridianAlgo
Tradingview: https://www.tradingview.com/
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