

Smart Cents Weekly

Modern Financial Education for **Young Investors**
Week 1 • August 3, 2025

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Hello there 

This is MeridianAlgo's inaugural financial newsletter, offering insights on the US Stock Market and helping you improve your financial literacy and investment skills for a better future. Powered by our own machine learning algorithms, which you can see at the bottom of this document, as well as our preferred charting platform: TradingView. We hope that these market insights from the past week and upcoming weeks will give you a clearer understanding of how markets actually function and what happens behind the scenes.

What's happening with money ?

Previous Market Snapshot

Last week, the market showed neutral sentiment with a sideways consolidation phase. This basically means that markets have not moved significantly from the previous week and have remained relatively steady in terms of their trading or trades taken on many exchanges (e.g., [SPX](#), [DJI](#), [NDX](#)). However, there were certain parts of last week when major indices traded at high levels, indicating investor confidence and a potential upward trend in the market.

Volatility Check

The [VIX](#) (or the “fear index”) is currently averaging at 20.0, which indicates moderate market volatility (or the tendency for the market to change quickly and unpredictably). This reflects normal market fluctuations. Meaning that young investors should stay focused on their long-term goals and avoid making emotional decisions or impulsive trades, as even a small price change can impact your long-term profits.

Stock Trends Analysis

Using our [machine learning analysis](#) for numerous stocks and indices, we observe positive momentum in [NVDA](#) and [ZOOM](#). JPM faces headwinds, while [AAPL](#), [AMZN](#), [PYPL](#), and [PFE](#) are trading sideways. With only 29% of analyzed stocks showing positive trends, caution may be advisable in the near term. What this means for young investors: As a young investor, you have time on your side—the most powerful tool in investing. Neutral markets are ideal for developing consistent investing habits. Focus on learning and establishing a regular investment routine. Bottom line for young investors: Neutral markets are perfect for building good habits. Prioritize consistency and education. 

- Keep investing regularly, regardless of market conditions
 - Focus on learning rather than trying to time the market
 - Build an emergency fund before investing heavily
 - Consider low-cost index funds as your foundation.
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Our Picks

High Confidence Picks

Here is an analysis of 5 popular stocks based on current market conditions:

- [AAPL](#) is expected to trade down with some movement this week. Three indicators align with this direction. Tech stocks often move with broader market sentiment and innovation cycles.
- [AMZN](#) is expected to trade sideways with minimal movement this week. Multiple indicators align with this direction.
- [NVDA](#) is expected to trade sideways with minimal movement this week. Strong technical signals support this forecast. Tech stocks often move with broader market sentiment and innovation cycles.
- [JPM](#) is expected to trade down with some movement this week. Multiple indicators align with this direction.
- [PFE](#) is expected to trade sideways with minimal movement this week. Ten indicators align with this direction. Healthcare stocks tend to be more defensive during market uncertainty.

All predictions are uncertain. Use these insights as part of your broader research process, and view our legal at the bottom of this document.

Stock Analysis (as a chart)

| Symbol | Industry | Prediction | Confidence |
|--------|-------------------------|------------|------------|
| AAPL | Technology/Hardware | -1.4% | 84% |
| AMZN | E-commerce/Cloud | -0.0% | 84% |
| NVDA | Technology/Semicondu... | +2.0% | 86% |
| JPM | Banking/Finance | -2.0% | 80% |

| | | | |
|-----|---------------------------|-------|-----|
| PFE | Healthcare/Pharmaceutical | -0.5% | 82% |
|-----|---------------------------|-------|-----|

Worth Watching

| Symbol | Industry | Prediction | Confidence |
|--------|----------------------------|------------|------------|
| PYPL | Financial Technology | -0.1% | 71% |
| ZOOM | Technology/Communications. | +3.7% | 70% |

Notes:

- PYPL shows potential for a breakout in the coming weeks, but mixed signals suggest caution.
- ZOOM's growth aligns with tech sector momentum but faces uncertainty.
- Always integrate these insights with your own research.

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Money Basics You'll Love ❤️

Let's dive into the fundamentals of investing for young investors - a crucial concept every young investor should understand. This is the foundation every investor needs to understand.

Investing Basics

Investing means putting your money to work by buying assets that you expect to increase in value over time. The goal is to build wealth gradually through compound growth.

Why do Stocks Work

Ownership: Buying shares makes you a partial owner of a company.

Growth Potential: Strong companies can grow, increasing the value of your shares.

Dividends: Some companies share profits with investors through dividend payments.

Compounding: Reinvested earnings and dividends can multiply your returns over decades.

Why Index Funds Work

Index funds are a smart choice for young investors because they provide immediate diversification at a low cost. If you're young and just starting out, remember that your biggest asset is time. Even small, regular investments can grow into a fortune over many years. Many popular index funds, such as the Vanguard S&P 500 ETF ([VOO](#)) or the Invesco QQQ ETF ([QQQ](#)), diversify your portfolio across various stocks, making you less vulnerable to large dips and market fluctuations.

Here are some examples of how stocks and index funds really work:

| Starting Age | Initial XYZ Investment | XYZ Corp Value (Age 65) | Initial QQQ Investment | QQQ Value (Age 65) | Total Portfolio (Age 65) |
|--------------|------------------------|-------------------------|------------------------|--------------------|--------------------------|
| 25 | \$1,000 (10 shares) | \$2,100 (14 shares) | \$100/month | \$250,000 | \$252,100 |
| 35 | \$1,000 (10 shares) | \$1,900 (12 shares) | \$100/month | \$100,000 | \$101,900 |

Notes:

- XYZ Corp: \$100/share at start, grows to \$150/share by 65, \$2/share yearly dividends reinvested.
- QQQ: ~7% annual return on \$100/month investments.
- Starting at 25 yields ~2.5x more than starting at 35 due to compounding.
- Diversifying with other investments (e.g., VOO) could further increase portfolio value.

Important Reminder

All investments carry risk, and past performance doesn't guarantee future results. Always do your research and consider consulting with a financial advisor. Use these insights as part of your broader research process, and view our legal at the bottom of this document.

Why Do Prices Bounce?

Short answer:

Prices fluctuate due to rapid buying/selling triggered by news (earnings, economic data, geopolitics), supply/demand imbalances, investor sentiment, and algorithmic trading.

Short and sweet, but let's go deeper and examine specific indices and what they reveal. 

What is the VIX?

The VIX, or "Volatility Index," measures market fear and uncertainty. Think of it as the market's anxiety meter.

| VIX Level | Market Mood |
|-----------|---------------------------|
| Below 20 | Calm, confident ☀️ |
| 20–30 | Normal uncertainty ☁️ |
| 30–40 | High anxiety, volatile 🌪️ |
| Above 40 | Extreme volatility 🚨 |

Current VIX: ~20.0 – Normal fluctuations, ideal for long-term investors.

Many retail (individual) and institutional investors (e.g., J.P. Morgan, Bank of America, Vanguard) view a VIX of 20.0 as signaling low volatility, expecting stable market conditions without significant fluctuations.

Why Does This Matter?

- Moderate volatility prevents bubbles and offers buying opportunities via dollar-cost averaging (DCA).
- Offers you a chance to explore investing without having to worry too much about high volatility and struggling to know when to invest.

Strategies for High Volatility:

- Stick to DCA .
- Avoid knee-jerk portfolio changes .
- Rebalance portfolio .
- Invest in resilient companies .

Historical Context: VIX at 20.0 aligns with the historical average, typical for stable markets.

Key Lesson: Volatility is cyclical. Stay invested through ups and downs for long-term gains.

Grow Your Cash: Easy Ideas 

Investing is your path to financial freedom. Here's how to start:

- **Invest Early:** \$1,000 at 5% annual growth becomes \$1,628 in 10 years via compounding.
- **Index Funds:** Low-cost options like VOO or QQQ diversify risk across many stocks.
- **Savings Accounts:** Safe but low returns (e.g., \$1,000 at 2% yields \$1,020 in a year).
- **Custodial Accounts:** For those under 18, open an account managed by an adult.
- **Consistency:** Even \$10/month builds wealth over time in low-cost accounts.

Tips:

- Research thoroughly; all investments carry risk.
 - Prioritize an emergency fund before heavy investing.
 - Use tax-advantaged accounts (e.g., Roth IRA) to maximize growth.
 - Consult a financial advisor for personalized advice.
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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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