

## INTERNET EXERCISE (IE) 13.1 & 13.2

### FIN 3410

Group members – Aidan Abram, Ruchita Raghunandan

The objective of this project is to learn how to obtain information about changes in the stock market indices and understand ADRs. In the first exercise, we extracted six stock market indices from three different regions of the world. Through research and analysis, we summarized five news articles which helped explain why the stock market behaved that way. In the second exercise, we collected the individual ADRs by company which were top 10 by market capitalization. After studying the details of the top 10 companies, we wrote a brief analysis of different industries and used external sources as well.

NOTE: All screenshots are attached as appendices.

### IE 13.1

6 STOCK MARKET INDICES CHOSEN (As of November 16<sup>th</sup>, 2021)

Screenshots Attached (APPENDIX 1)

REGION	COUNTRY	INDEX	VALUE	CHANGE	NET CHANGE
Americas	United States	S&P 500 Index	4,700.90	+18.10	+0.39%
Americas	Canada	S&P/TSX 60 Index	1,307.01	+2.09	+0.16%
Europe, Middle East, Africa	United Kingdom	FTSE 100 Index	7,326.97	-24.89	-0.39%
Europe, Middle East, Africa	France	CAC 40 Index	7,152.60	+23.97	+0.34%
Asia Pacific	Australia	S&P/ASX 300 Index	7,436.14	-49.52	-0.66%
Asia Pacific	India	Nifty 50	17,999.20	-110.25	-0.61%

Starting with the biggest economy of the world, United States, the S&P 500 Index rose on Tuesday and indicates a positive change of 0.39%. This mostly attributes to a strong October retail sale reported. (Stevens & Macheel, 2021) Companies like Walmart and Home Depot's numbers are higher showing that consumers in the US are still spending even in the wake of an inflation. With an increased spending, companies look to more sales on their end, and given the rise in prices, they are able to charge consumers more as well. This could mean fat profit margins, which in turn, is good for the market and investors. Goldman Sachs strategist David Kostin expects such a bullish outlook to continue into next year as well. Going in tandem, given the close border and trade relations with Canada, the S&P/TSX 60 Index has also shown a bullish result. It has a positive net change of 0.16%. It was interesting to note that Canadian stocks rising attributed to technology services and distribution services also. Some energy

stocks like Suncor have also led to bullish outlooks as these companies are benefitting from energy price rise and have recently doubled their dividends. (Marchese, 2021)

The United Kingdom is experiencing turmoil from different directions that contribute to a fall in the index by 0.39%. (Elbahrawy, 2021) Analysts are pointing towards COP26 where the leaders' pledges fell short of what is actually required to solve climate change, the high coronavirus and its variants case count in the country is concerning businesses about stricter lockdowns for safety of employees, Brexit tensions and so on. The European market is said to be showing unusual mix of outlooks so, it was interesting to see France's CAC 40 Index to rise 0.34%. This could be because of the advantage it holds in the fight with UK over the fishing rights. (Elbahrawy, 2021)

Another critical factor moving global markets is the US-China summit being held by the countries' presidents. Both President Biden and Xi Jinping held a video summit. With the expectation of improving cold relations and avoiding direct confrontation, the two strongest economies look bullish which is pulling up some EMEA and Asian markets. (Ponthus, 2021).

With Asia, 30% of Nifty 50 Index (India) drop of 0.61% attributes to Reliance Industries' decline. Reliance is the biggest retailer in India, ranging across various industries. (Makwana, 2021) Some other contributors include rising crude oil prices (a major driver of the economy), selling of public sector unit (PSU) stocks which might indicate higher risk in private sector stocks that could affect returns, the festive season also brings unusual fluctuations in commodities prices. It is interesting to note that some investors prefer ETFs over ASX stock in Australia which could be one cause of drop by 0.66%. ETFs provide diversified returns to investors, and that passive management is attracting investors.

#### SOURCES –

1. Pippa Stevens, Tanaya Macheel, CNBC, 2021, *S&P 500 rises after strong retail data, Home Depot leads Dow higher*, accessed 16 November 2021, <https://www.cnbc.com/2021/11/15/stock-market-futures-open-to-close-news.html>
2. Adriano Marchese, Market Watch, 2021, *Toronto Stocks Rise Modestly; Pet Valu holdings shares up on 3Q Profit Increase*, accessed 16 November 2021, <https://www.marketwatch.com/story/toronto-stocks-rise-modestly-pet-valu-holdings-shares-up-on-3q-profit-increase-271637082362>
3. Farah Elbahrawy, Bloomberg, 2021, *Five Things Europe: You Need to Know to Start Your Day*, accessed on 16 November 2021, <https://www.bloomberg.com/news/newsletters/2021-11-01/stock-markets-today-g-20-deal-u-k-france-fight-u-k-christmas-u-s-eu-deal>
4. Julien Ponthus, Reuters, 2021, *Global Markets – Biden-Xi talks lifts stocks ahead of US retail data*, accessed on 16 November 2021, <https://www.reuters.com/article/global-markets/global-markets-biden-xi-talks-lift-stocks-ahead-of-u-s-retail-data-idUSL1N2S70ZF>
5. Bhakti Makwana, Business Insider India, 2021, *Reliance Industries makes for nearly a third of Nifty's fall today*, accessed on 16 November 2021, <https://www.businessinsider.in/stock-market/news/reliance-industries-makes-for-nearly-third-of-niftys-fall-today-tata-motors-and-maruti-beat-the-trend/articleshow/87736157.cms>

Additional link used –

<https://www.fool.ca/2021/11/16/this-tsx-60-component-just-doubled-its-dividend/>

## IE 13.2

Here is the table from adr.com (Screenshot attached – APPENDIX 2)

Data as of November 13<sup>th</sup>, 2021

DR Name	Ticker	Exchange	Country	Industry	Trading Value	Deposit ary	Price	Company Market Cap
<b>Tencent Holdings Ltd</b>	TCEHY	OTC	China	Software& ComputerS vc	374.15 million	JPM, BNY,CITI ,DB	62.70	597.49 billion
<b>TSMC</b>	TSM	NYSE	Taiwan	Tech.Hard ware&Equi p.	821.80 million	CITI	118.69	562.73 billion
<b>Alibaba Group</b>	BABA	NYSE	China	General Retailers	2.28 billion	CITI	166.81	453.42 billion
<b>LVMH</b>	LVMUY	OTC	France	Personal Goods	9.77 million	JPM, BNY,CITI ,DB	165.27	417.03 billion
<b>Nestle</b>	NSGRY	OTC	Switzerland	Food producers	18.17 million	CITI	134.17	369.15 billion
<b>Samsung Electronics Co. Ltd.</b>	SMSD	LONDON	South Korea	Tech.Hard ware&Equi p.		CITI		358.25 billion
<b>ASML</b>	ASML	NASDAQ	Netherlands	Tech.Hard ware&Equi p.	449.14 million	JPM	851.63	352.42 billion
<b>Toyota Motor Corp.</b>	TM	NYSE	Japan	Automobil es & Parts	53.32 million	BNY	184.40	297.40 billion
<b>Roche</b>	RHHBY	OTC	Switzerland	Pharma & Biotech	25.43 million	JPM	50.05	278.05 billion
<b>L'Oreal</b>	LRLCY	OTC	France	Personal Goods	3.40 million	JPM, BNY,CITI ,DB	96.21	268.81 billion

American Depositary Receipts are receipts that represent the number of foreign shares that are deposited at a U.S. bank. The DR Universe section from J.P Morgan's website shows that there are billions of dollars parked by multinational companies in United States.

Description –

1. Tencent Holdings Ltd., from China, on OTC, from the Software and Computer Services industry, has a market capitalization of \$597.49 billion. The price of the ADR being \$62.70.
2. TSMC, from Taiwan, on NYSE, from Tech, Hardware, and Equipment industry, has a market capitalization of \$562.73 billion. The price of the ADR being \$118.69.

3. Alibaba Group, from China, on NYSE, from the General Retailers industry, has a market capitalization of \$453.42 billion. The price of the ADR being \$166.81.
4. LVMH, from France, on OTC, from the Personal Goods industry, has a market capitalization of \$417.03 billion. The price of the ADR being \$165.27.
5. Nestle, from Switzerland, on OTC, from the Food producer industry, has a market capitalization of \$369.15 billion. The price of the ADR being \$134.17.
6. Samsung Electronics Co. Ltd., from South Korea, on LSE, from the Tech, Hardware, and Equipment industry, has a market capitalization of \$358.25 billion.
7. ASML, from Netherlands, on NASDAQ, from the Tech, Hardware, and Equipment industry, has a market capitalization of \$352.42 billion. The price of the ADR being \$851.63.
8. Toyota Motor Corp., from Japan, on NYSE, from the Automobile & Parts industry, has a market capitalization of \$297.40 billion. The price of the ADR being \$184.40.
9. Roche, from Switzerland, on OTC, from the Pharma & Biotech industry, has a market capitalization of \$278.05 billion. The price of the ADR being \$50.05.
10. L'Oreal, from France, on OTC, from the Personal Goods industry, has a market capitalization of \$268.81 billion. The price of the ADR being \$96.21.

By market cap, the top 10 seem to have a good mix of tech, hardware companies like semiconductors and other retail, personal consumer goods companies. It was interesting to notice one automobile and one pharmaceutical company on the list as well. It can also be observed that five companies are from Asia. It is important to note that ADRs enable foreign firms to attract American investors and capital without hassle. This explains why semiconductor, tech, hardware, and automobile companies from countries like China, Taiwan, and South Korea want to expand presence internationally and use ADRs for that. These industries and countries look to immense growth in the future and need the funds without any extreme governmental influence. (Hayes, 2021) Another trend is that there are two companies from France, both in the personal goods industries and both being luxury fashion products. Investopedia recommends LVMH ADRs if the investor is interested in a luxury firm that's survived during recessionary periods. (Ashworth, 2021). Lastly, critical to note five of these companies are OTC, which indicates higher risk also.

Overall, yes there are similar industries from similar types of economies in the top 10. But there is a moderate level of variety seen from other industries and countries as well.

#### REFERENCES -

Adam Hayes, Investopedia, 2021, *American Depositary Receipts*, accessed on 13 November 2021, <https://www.investopedia.com/terms/a/adr.asp>

Will Ashworth, Investopedia, 2021, *LVMH:3 Ways to Own it*, accessed on 13 November 2021, <https://www.investopedia.com/stock-analysis/2011/lvmh-3-ways-to-own-lvmuy-ipd-stt-eea-db1023.aspx>

## APPENDIX 1

### United States

NAME	VALUE	NET CHANGE	% CHANGE	1 MONTH	1 YEAR	TIME (EST)
SPX:IND S&P 500 INDEX	4,700.90	+18.10	+0.39%	+5.13%	+29.61%	5:03 PM

### Canada

NAME	VALUE	NET CHANGE	% CHANGE	1 MONTH	1 YEAR	TIME (EST)
SPTSX60:IND S&P/TSX 60 INDEX	1,307.01	+2.09	+0.16%	+4.03%	+29.68%	4:57 PM

### India

NAME	VALUE	NET CHANGE	% CHANGE	1 MONTH	1 YEAR	TIME (EST)
NIFTY:IND Nifty 50	17,999.20	-110.25	-0.61%	-1.85%	+39.81%	6:25 AM

### Australia

NAME	VALUE	NET CHANGE	% CHANGE	1 MONTH	1 YEAR	TIME (EST)
AS52:IND S&P/ASX 300 INDEX	7,436.14	-49.52	-0.66%	+0.90%	+14.87%	12:57 AM

### France

NAME	VALUE	NET CHANGE	% CHANGE	1 MONTH	1 YEAR	TIME (EST)
CAC:IND CAC 40 INDEX	7,152.60	+23.97	+0.34%	+6.32%	+30.73%	11/15/2021

### United Kingdom

NAME	VALUE	NET CHANGE	% CHANGE	1 MONTH	1 YEAR	TIME (EST)
UKX:IND FTSE 100 INDEX	7,326.97	-24.89	-0.34%	+1.28%	+14.10%	11:35 AM

# APPENDIX 2

DEPOSITARY RECEIPTS				J.P.Morgan			Find DR (Name, Ticker or CUSIP)		🔍	Logins	▼
ABOUT		DR DIRECTORY			BROKER INFORMATION		CONTACT				
DR Name	Ticker	Exchange	Country	Sector	Trading Value (USD)	Depository	Company Market Cap (USD)	▼	Price (USD)	DRs Outstanding	
TENCENT HOLDINGS LTD	TCEHY	OTC	China	--	374.15M	JPM, BNY, CITI, DB	597.49B		62.70	--	
TSMC	TSM	NYSE	Taiwan	--	821.80M	CITI	562.73B		118.69	--	
ALIBABA GROUP	BABA	NYSE	China	--	2.28B	CITI	453.42B		166.81	--	
LVMH	LVMUY	OTC	France	--	9.77M	JPM, BNY, CITI, DB	417.03B		165.27	--	
NESTLE	NSRGY	OTC	Switzerland	--	18.17M	CITI	369.15B		134.17	--	
SAMSUNG ELECTRONICS CO LTD	SMSD	LONDON	South Korea	--	--	CITI	358.25B		--	--	
SAMSUNG ELECTRONICS CO LTD	SMSN	LONDON	South Korea	--	--	CITI	358.25B		--	--	
ASML	ASML	NASDAQ	Netherlands	--	449.14M	JPM	352.42B		851.63	81,065,140	
TOYOTA MOTOR CORP	TM	NYSE	Japan	--	53.32M	BNY	297.40B		184.40	--	
ROCHE	RHHBY	OTC	Switzerland	--	25.43M	JPM	278.05B		50.05	--	
L'OREAL	LRLCY	OTC	France	--	3.40M	JPM, BNY, CITI, DB	268.81B		96.21	--	