

5.2.2. Closing Price vs. Quarterly Revenue

Let us now simply compare the stock's Closing Price to the Quarterly Revenue. We will do this by laying the Quarterly Revenue chart onto the Closing Price chart. Note that the Y-axis to the right is the value of the stock, and the Y-axis to the left is the Gross Revenue value in billions. The x-axis is the same for both.

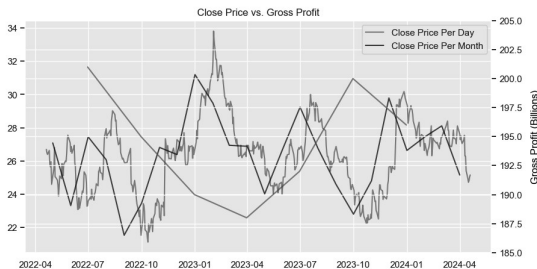


Figure 7. This chart compares the monthly and daily closing price against the reported quarterly earning price (in red) 2022-04-20 to 2024-04-20 [2] [5].

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Now, we can see that the change in the stock value is inversely related to the reported revenue. What is causing this?

Well, in May 2023, the stock rose due to the new merger, but the merger cost impacted the profit then. Thus, investors panicked when the following revenue reports came out, and the stock dropped. However, after the merger, the company was becoming more profitable due to the completion of the merger, but investors still had not returned to the stock. It was not until the following earning report that the investor came back. As of the most recent quarterly report, we see that the profit not being continuously positive negatively impacts the stock value of Franklin Resources Inc. [NYSE: BEN]. Thus, the stock price will be drastically affected if the quarterly report does not exceed \$200 billion in revenue.

6. Conclusion

6.0.1. Short Term

Franklin Resources Inc. [NYSE: BEN] is an active stock with an ideal flux or movement rate for day trading. Even though the stock price appears to be moving in a downward direction, it holds a strong

value since the companies report earnings in the \$200 billion mark constantly. Thus, if the stock drops 5%-10% in a day, there is a good chance it will recover in a positive direction the following day or even within the same day of trading.

6.0.2. Long Term

It's not the most ideal for long-term investments. Franklin Resources Inc. [NYSE: BEN] appears to rely heavily on acquisitions to remain profitable in the long term. It would be ideal if the short-term investor did not affect value as dramatically as they do. Looking at the most recent dating for the last two years, an investor barely broke even due to fluctuation caused by the day trading community. For that, a long-term investment may oversee a 2% to 5% return beyond two years. Therefore, no long-term investor should invest in Franklin Resources Inc. [NYSE: BEN] when other S&P stocks have proven much more reliable over the long term.

References

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