

Value Stocks in Sep 2021 2021/9/4

1. Value Stock Selection

Each month, I select stocks based on following criteria.

1. Market value > \$10 billion
2. Listed years > 10
3. Dividend Yield > 5%
4. Return on Equity > 5%;
5. P/E < 15;
6. P/B < 2.

As of the end of Sep 3, using data from Finviz.com. Following stocks are selected.

- BP, BP PLC
- BTI, British American Tobacco
- ET, Energy Transfer

If I decrease the market value condition to be greater than \$2 billion, then I find two more stocks.

- MAIN, Main Street Financial
- NYCB, New York Community Bank

2. The market

Everyone heard the news that the major indices created a new high after another almost every day in August. But it's interesting that the P/E ratios of these indices decreased from last year, as you can see from Table 1.

Table 1

| P/E | 2021/9/3 | 2020/9/30 |
|------------|----------|-----------|
| Dow | 24.04 | 27.62 |
| Nasdaq 100 | 36.10 | 37.98 |
| S&P500 | 31.26 | 36.19 |

Source: <https://www.wsj.com/market-data/stocks/peyields>

This means that earnings increase faster than stock prices. What a great news! With stock prices create new highs, they are actually less expensive.

3. Summary

I' m still a little bit worried about the market. The higher stock prices, the higher risk. However, I' ve been worried about this market for several years only to find it keep rising. During these years, the president changed 3 times, but it seems that they are unrelated with the stock market. Only time and patience are the most precious treasury in investment.