

Table Talk

Reading Stock Tables

Objective

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What Are You Talking About?

If a friend sent you this message—CU L8r 2nite—you'd have no problem understanding what she meant, right?

But what if the same friend sent you this message?

HI 34.00 LO 28.34 FUN DIV 1.84 YLD% 6.1 PE 19 VOL100s 651 NETCHG - .13

If this friend happened to be in your Investment Club, you'd know that she was sending you the latest numbers from the stock that you're following. (Maybe you'll be discussing it when you see her later tonight!)

Cracking that secret code. Text messaging has developed into almost a language of its own—the same could be said about stock quotes. At first, these shorthand terms might seem impossible to decipher, but you'll soon get the hang of what they mean once you know what the abbreviations stand for.

Stock quotes are found in stock tables, published in various newspapers' business sections. (We'll get to the Internet and other sources in just a bit.) You might have passed by these pages, with their rows and rows of tiny type, on your way to the funnies or the sports page. What could all of those numbers and odd abbreviations mean? And, why would you even want to look at stock tables?

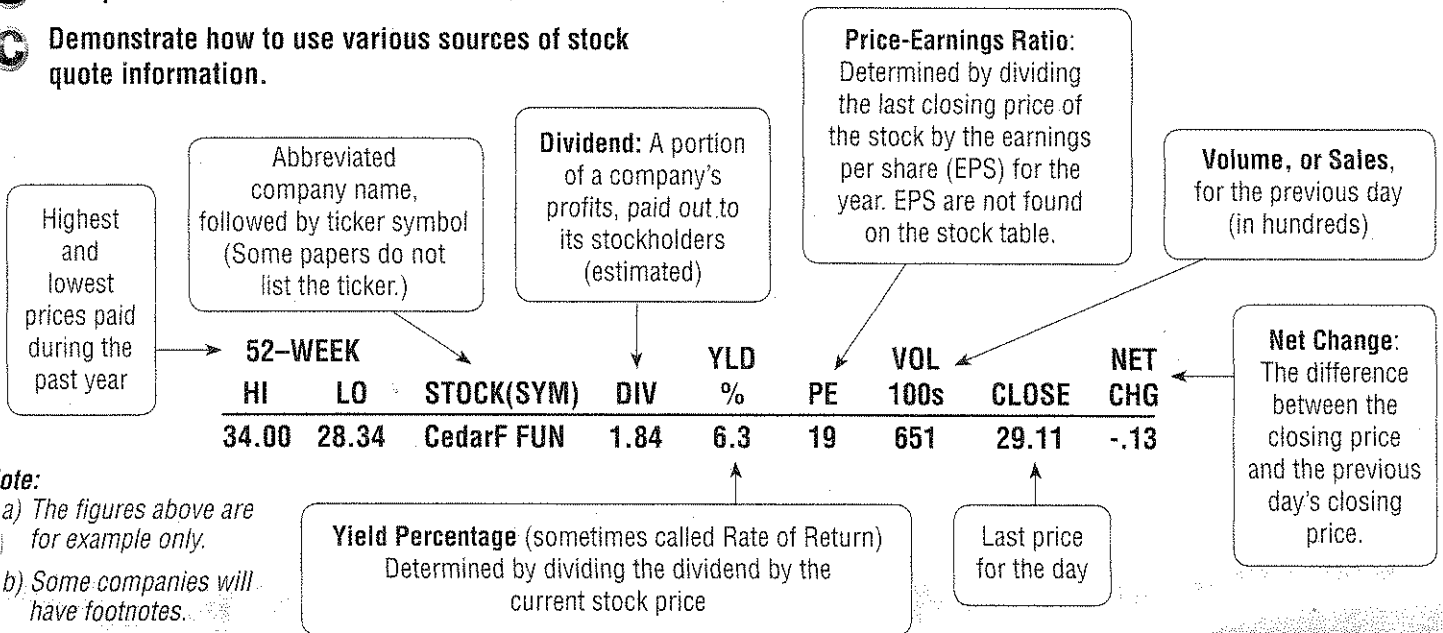
Keeping track of a company's stock is one way to be an informed investor. The traditional way to do this—for the past century or so—has been to look up the numbers in a daily newspaper's stock table.

Stock tables vary somewhat from publication to publication, but they all have the same basic information. The sample below shows how one company's numbers, in this case Cedar Fair, L.P., might appear on a given day. (Cedar Fair owns and operates amusement and water parks.)

The most well-known publications that carry stock quotes, apart from daily papers, are the *Wall Street Journal*, *Investor's Business Daily*, and *Barron's*. You can find them at your public library and on many newsstands.

Objectives:

- Define the common headings on a stock table.
- Interpret the information on a stock table.
- Demonstrate how to use various sources of stock quote information.



But What Does That Mean?

Okay. That was a nice chart. But you still might need some help before you can be a fluent speaker of this shortcut stock language. Let's break it down a bit further:

52-Week HI/LO

These numbers represent the highest and lowest prices paid for the stock in the past 52 weeks (otherwise known as a year!). In our example, the high was \$34.00 and the low was \$28.34. If there is a new high, or a new low, you will see an arrow pointing up or down. Some papers also report the previous day's highest and lowest prices.

The price's range within a year can be a good indicator of the stock's **volatility**. If a price rises or falls sharply, it is said to be **volatile**. Investors can earn—or lose—a great deal of money based on a stock's volatility.

Stock (Sym)

In this column you'll find the company's abbreviated name, followed by its **ticker symbol** (sometimes referred to as the call letters). If we were looking at an actual table, with more than one company, you'd see that the companies are listed alphabetically.

Sometimes the tickers, which are usually one to four letters, make sense. TR, for example, is the symbol for Tootsie Roll. Other times, as you can see in our example, the ticker is quite different from the name. (You might argue, however, that FUN as a ticker symbol for an amusement park company makes perfect sense.)

Dividend

Some companies pay a portion of their profits, known as dividends, to their investors. Many investors receive these dividend payouts four times a year. Usually, the companies that pay dividends are well-established. Other companies, especially those that are still growing, put their profits back into their business.

Let's say you owned 100 shares of Cedar Fair. At an estimated \$1.84 dividend per share, you'd receive a payment of \$184.00—or, more likely, four payments of \$46.00.

Yield

The yield percentage (also known as dividend yield or rate of return) is determined by dividing the dividend by the actual closing price. In our example it would look like this:

$$\frac{\text{Dividend}}{\text{Closing Price}} = \frac{\$1.84}{\$29.11} = 6.3\%$$

Two things to know about yield percentages: (a) a stock with a high dividend yield is typically less volatile than one with a low yield; and (b) yield percentages can be used to compare two similar companies with different stock prices.

Price-Earnings Ratio

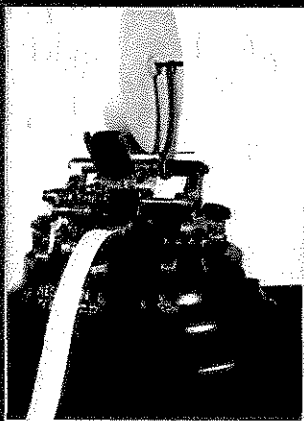
This one's a little more complicated than the others. As you can see on the chart, the figure comes from dividing the price per share by earnings per share (EPS). And, you need more division to get to the EPS; namely you divide the earnings by the number of outstanding shares. Usually, the earnings are those that were reported from the last four quarters. A PE of 19 means that the stock share price was 19 times higher than its earnings per share.

PE ratios can vary widely from industry to industry. Some high-tech companies, for example, tend to have a high PE. Other companies, such as auto manufacturers and home builders, often have low PE ratios. A PE of about 14 to 20 is considered by some analysts to be "average."

Generally, studying PE is one way investors determine if a stock is overvalued or undervalued, compared to competitors. But, even expert analysts disagree on how much emphasis should be given to this number.

Why is it called a "ticker," anyway?

In the 1860s, the telegraph device that transmitted stock prices in the New York Stock Exchange made a distinct "ticking" sound. That machine hasn't been used since 1930, but even in these days of real time stock quotes streaming electronically through cyberspace, the name has stuck.



Volume, in Hundreds (sometimes listed as "Sales")

This number tells you how many shares were traded that day. Add two zeros to get the real number—in our example, 65,100 shares of FUN were traded. If the volume is higher than usual, that's usually a tip-off that investors are reacting to news they've heard about the stock. To know what a "normal" volume is for any given stock, you have to watch this column over a period of time.

Close (sometimes listed as "Last")

The last price paid when the trading ended for the day.

Net Change

This compares the closing price with the previous day's closing price. A minus sign (-) indicates that the price is down, compared with the previous day's last price. A plus sign (+) means that, you guessed it, the price is up. If you hear some guy on the street say, "Cedar Fair was down for the day," this is how he knows what he's talking about.

Where to start?

Here are a few web sites to help you get started:
www.money.cnn.co • www.finance.yahoo.com
www.marketwatch.com

So, What About the Internet?

Now that you've mastered deciphering printed stock tables, you'll be a whiz at making sense of the stock information that appears online. Just like newspapers, financial web sites all deliver stock quotes a bit differently. But unlike newspapers, which can only be as up-to-date as *yesterday*, web sites can update information continuously throughout the day. Take a look at this example:

Tootsie Roll			
Open:	30.50	52 wk Range:	28.57–33.86
High:	30.85	Volume:	89,400
Low:	30.50	Avg Vol:	151,800
Change:	↑0.10 (0.33%)	1 Market Cap:	1.64 B
Previous close:	30.55	PE:	23.83
		EPS:	1.29
2 Shares Out:	35.57 M	Div & Yield:	0.28 (0.90%)

Note: The figures above are for example only.

- 1 **Market Cap:** Market Cap is determined by multiplying the stock price by the number of shares outstanding.
- 2 **Shares Outstanding:** Actual number of shares owned by investors

Sign of the (Chicago Sun) Times

In the past few years, many daily newspapers' business editors have had to make a difficult decision: Should they continue or stop printing the thousands of stock quotes that appear every day in their papers? The problem with rows and rows of stock tables is that they take up a lot of space—expensive space—that can't be used for other things, such as more articles or advertisements (an important part of any newspaper that's in the business of making money).

Using less space would also mean a savings on paper costs.

Many newspapers, like the Chicago Sun-Times, have chosen to do away with the print versions of the tables and instead beefed up their web sites by including other information with the stock quotes.

However, many people still prefer to get their stock information the good old-fashioned way—by perusing the stock table in their daily paper, maybe propped up against the cereal box at breakfast. (You can't do that with a computer.)

Many of them have complained, and some newspapers have responded by scaling back on their plans to ditch their tables all together. Stay tuned to see what happens next!

Unlike a newspaper that has space constraints, a web site has a great deal more room to "spread out" and give the user additional information, such as breaking news, charts, company research, and so forth.

But wait, there's more! A stock ticker can also be as close as your TV, your computer, or on big buildings in the middle of Times Square in New York City. Maybe you've seen that scrolling line of letters and numbers that inches its way across the bottom of the screen. (This high-tech ticker mimics how the stock tickers back in the day of telegraphs looked.)

F 18k@ 8.30 ▼ 0.17 SBC 11.4k@ 22.90 ▲ 0.30 ROH 22.8k@ 40.72 ▼ 0.28 C10k@ 44.29 ▼ 0.17 BHI 500k@ 51.65 ▲

These tickers can be seen on the cable channel CNBC as well as on business programs such as "Nightly Business News" on PBS. Real-time stock tickers can also be downloaded, for a fee, to your computer. Because there are thousands and thousands of companies whose stocks are traded everyday, not every stock can be included on these tickers.

You're such an expert now that you can figure out what information is being displayed. One important thing to know: Green means the price is up, and red means it's down.



Let's Talk the Talk

Now you're ready to dive in and make some sense of stock tables. Some basics to remember:

- First off, know your company's name, its abbreviation, and its ticker symbol.
 - You'll probably want to compare the information with other businesses in the same industry, so become familiar with these companies' symbols as well.
- Determine which source can best fit your information needs.
 - You can find a great deal of information in a newspaper, or a business publication such as the *Wall Street Journal*. You can discover if the stock price is up or down for the day, what the yearly range is, and what the volume was.
 - If you need a bit more information, or up-to-the-minute pricing, you'll probably want to check out a financial web site.
 - If you just need a quick update on what the closing price was, you can turn to a financial program on TV. (Or, you can book a trip to Times Square.)
- Know your terms and why they're important. It's great that you know that VOL is short for Volume, but be sure you

know what's behind that number. Some questions to ask yourself as you go through the table:

- What was the highest price during the last year? The lowest? What does that range tell me?
- Will the company be paying dividends this year? If so, what is the price?
- What was the yield percentage? Can this figure tell me if the stock is volatile or not? How does this percentage compare to other companies in this industry?
- Was the PE ratio "average" for this type of business?
- How many shares were traded? Does the volume suggest that investors might be reacting to news about this company?
- What was the closing price? Is this stock up, or down, for the day?

Keeping track of the numbers on a stock table over a period of time is a good idea. Once you're comfortable with navigating around the stock tables (among all your sources—print, online, or TV), you'll be able to quickly get to the information that you need.