SPECIFIC DEVELOPMENT OF THE US STOCK MARKET

Abstract. American stock exchanges can be called the main financial center of the world, since the dynamics of the Dow Jones and S&P 500 indices play a decisive role on the stock exchanges of other countries. The US stock market is very liquid and has a fairly serious system of investor protection. This is its attractiveness, but at the same time, the American stock exchanges, the largest stock markets in the world, place fairly high demands on issuers. Today, the US stock market is a trendsetter in stock exchange and financial trends, which was especially true during the crisis of 2008, when the total collapse of world exchanges was subject to the sentiments of investors and participants in the main American exchanges. The US stock market is more than big money. In 1792, the first auctions began there. Since then he has established himself as the best in the world. His high reputation is confirmed not just by words, but by numbers. It trades shares of the most successful and largest companies both in the United States and around the world. During the presidency of D. Trump, market capitalization exceeded $30 trillion and continues to increase. In recent years, the main growth has been achieved due to the growth of the Technology sector - these are technology companies, the top of which are FB, Apple, Amazon, Netflix, Google - they provide most of the growth in the S&P 500 index. In news and analyst reports you can often find an abbreviation from the first letters their names are FAANG. S&P500 is the main index of the US stock market; the entire world economy is measured against it; based on the Index of the 500 largest US companies, the success of hedge funds in managing funds is determined, and much more. At the beginning of 2022, the index was trading at 2800, with a historical high of 2935.

Keywords: stock market, indices, hedge funds, liquidity, development
Анотація. Американські фондові біржі можна назвати головним фінансовим центром світу, оскільки динаміка індексів Dow Jones і S&P 500 відіграє визначальну роль на біржах інших країн. Фондовий ринок США дуже ліквідний і має досить серйозну систему захисту інвесторів. У цьому його привабливість, але в той же час американські фондові біржі, найбільші фондові ринки світу, ставлять досить високі вимоги до емітентів. Фондовий ринок США сьогодні є законодавцем біржових і фінансових трендів, що особливо було актуально під час кризи 2008 року, коли тотальний крах світових бірж підпорядковувався настроям інвесторів та учасників основних американських бірж. Фондовий ринок США - це більше, ніж велики гроші. У 1792 році тут почалися перші аукціони. Відтоді він зарекомендував себе як найкращий у світі. Його високу репутацію підтверджують не просто слова, а цифри. Він торгює акціями найуспішніших і найбільших компаній як у Сполучених Штатах, так і в усьому світі. За часів президентства Д. Трампа ринкова капіталізація перевищила 30 трлн дол. і продовжує збільшуватися. В останні роки основне зростання досягнуто за рахунок зростання технологічного сектору - це технологічні компанії, топ з яких FB, Apple, Amazon, Netflix, Google - вони забезпечують більшу частину зростання індексу S&P 500 . У новинах і аналітичних звітах часто можна зустріти абревіатуру з перших літер їх імен - FAANG. S&P500 — основний індекс фондового ринку США; вся світова економіка порівнюється з ним; на основі Індексу 500 найбільших компаній США визначається успішність хедж-фондів в управлінні коштами та багато іншого. На початку 2022 року індекс торговався на рівні 2800 з історичним максимумом у 2935.

Ключові слова: фондовий ринок, індекси, хедж фонди, ліквідність, розвиток.

Analysis of recent research and publications. Among scientific researches in the field of the importance of the development of the stock market, especially in developed countries, such as USA, the modern tendencies, presented in a number of theoretical, methodological and methodical approaches by foreign and domestic scientists such as B. Milner, I. Nonaka and X. Takeuchi, P. Senge, V. Bukovich, K. Viig, D.Ye. O’Leary, D. Snowden, Y. Vovk, M. Martynenko, A. Degtyar and M. Bubliy, A. Nalyvayko, N. Butenko, N. Smolinska and I. Hrybyk, S. Leonov, Kholiavko, N., Kodaneva S.I., Yi, Y., Karetna, O., Baharun, R., Awwad, M.,
Breznik, K., Yi, Y. and other scientists. At the same time, it is important to note that at the beginning of the XXI century, the understanding of the importance of the development of the USA stock market has a lot of unsolved questions.

**Methods of the article.** The methodological basis of the article is the methods and forms of scientific knowledge adopted in national science, such as system approaches, comparative and synthesis methods, methods of abstract logical evaluation, methods of detailing, groupings and generalizations, experts’ evaluations.

**Formulation of the goals of the article.** The main goal of this article is to analyze the specific development of the US stock market.

**Presentation of the main research material.** The structure of the US stock market is not much different from the structure of similar markets and includes:

1. The primary market in which issuers conduct their initial offering of securities. In addition to the issuers themselves, the main players on it are large trading participants: funds, insurance, brokerage and investment companies, banks. They can act as bookrunners and underwriters, as well as buyers. Private investors can also access this market through a broker.

2. A secondary market where transactions with free-float securities are carried out.

3. The organized (exchange) market is part of the secondary market, whose participants enter into transactions on officially registered trading platforms - exchanges. Exchanges act as organizers of trading, formulate their rules (for example, the volume of a standard lot for each asset, settlement modes, etc.) and guarantee the execution of transactions concluded by participants. This is where a free auction of securities takes place, in which retail investors also participate. During trading on this market, real securities rates are determined.

4. The over-the-counter (OTC) market is another part of the secondary market, in which transactions are concluded without the participation of trading platforms and, less often, intermediaries (brokers or dealers). The terms of transactions here are determined not by the rules of the sites, but by agreements between the participants. Most transactions between large participants in the American stock market are concluded outside the exchange, which allows not to create panic and limit the volatility of assets in exchange trading [1].

The US over-the-counter market can also be organized if the exchange is a party to the agreements between the parties to the transaction and assumes the functions of a guarantor of their execution.

In general, the concept of the US stock market is quite comprehensive. It includes:

- assets that are traded - securities (stocks, bonds, securities of exchange-traded funds, etc.);
- platforms on which trading is carried out - exchanges and ETP (electronic trading platforms), where over-the-counter transactions are concluded;
- market participants - investors (institutional, corporate, retail), market makers, brokers and dealers;
- means of supporting trading, for example, electronic systems of exchanges, communication channels, information systems.

US stock exchanges. There are more than a dozen exchanges on the US stock market. However, the main trading platforms of the American securities market are the NYSE (New York Stock Exchange) and NASDAQ (National Association of Securities Dealers Automated Quotation) [2].

NYSE. The New York Stock Exchange is the world's largest platform for trading securities. The total capitalization of the assets represented on it exceeds $23 trillion (almost a quarter of the capitalization of the world stock market), and the volume of transactions concluded is almost a third of the world securities turnover.

It has the status of an intercontinental exchange - access to trading is provided to companies from many countries. The number of individual bidders is more than 1,300. Brokerage companies are mainly represented; some places are available on rental terms. You will have to pay about 3 million dollars for participation.

There are more than 4,200 tickers at the auction. These include the most valuable companies in the world, many of the issuers (almost a quarter) are registered outside the United States. Mostly companies with a high level of capitalization and rapidly growing ones are represented, and thanks to the listing rules, most issuers have a significant reserve of reliability.

The trading session starts at 09:30 (16:30 Moscow time) and ends at 16:00 (23:00 Moscow time). Trading is conducted from Monday to Friday, excluding legal holidays in the United States. The NYSE calculates several families of indices. The most well-known market indicators are the NYSE Composite, S&P 500, and the Dow Jones family [3].

NASDAQ is the second largest stock exchange in the world in terms of asset capitalization (about $12 trillion or almost 11% of the global stock market). Initially, shares of high-tech companies were traded on the site, but currently the list of industries has expanded and represents almost all sectors of the economy. Today you can find shares of almost 3,000 issuers on the stock exchange.

The trading schedule coincides with the hours (09:30–16:00 NYT) and days of operation of the NYSE. The main indices that the site calculates are the NASDAQ Composite and NASDAQ 100.

There are several types of securities available to trading participants on the US stock market:

Obligations of the Federal Treasury (treasuries, treasuries). These include treasury bills:
- short-term discount obligations with a maturity of up to 52 weeks and a nominal value of 10 thousand dollars;
• treasury notes - medium-term securities with a face value of $1,000 and a circulation period from 1 to 10 years;
• treasury bonds - long-term securities with a maturity of 10 years or more.
• Federal agency securities, which actually represent the financial obligations of various government agencies.
• State and local government securities.
• Corporate bonds of American companies.
Foreign bonds and Eurobonds (issued by issuers outside the United States, the former are quoted in dollars, the latter in a foreign currency other than the national currency of the country in which the issuer is registered) [4].
• Shares of American companies (common and preferred).
• Shares of foreign companies that have undergone primary listing on American exchanges.
• Depositary receipts for shares of foreign companies.
• Shares of exchange-traded funds (ETFs).
• Real estate investment trust (REIT) securities.
The distinctive features of the US stock market, which is so attractive to investors, are called by its participants:

1. The widest selection of assets - more than 5 thousand shares, about 1 thousand depositary receipts and 2 thousand ETFs, many bonds. At the same time, securities of many large companies from different countries are presented.

2. High-level service for bidders. All exchange platforms are equipped with powerful server equipment and use high-speed communication channels. If a security is traded on several exchanges with the same ticker, the investor’s orders are broadcast to all exchanges at once, which significantly reduces execution time and practically guarantees the best price.

3. High liquidity. Statistics say that on average, from 5% to 10% of securities registered on exchanges are traded during the day (the second figure refers to the dates of rebalancing of the main indices and expiration of options).

4. Reliability. In most cases, listing rules exclude the placement of frankly weak assets. Additional guarantees of investment reliability are strict regulatory rules and numerous insurance offers.

5. Transparent and detailed information. Information from trading platforms is received by major news agencies such as Bloomberg and Reuters at intervals of approximately 5 seconds [5].

There are many factors that influence the US stock market, such as:
1. Economy. Stock markets tend to rise during periods of economic expansion, as such conditions usually mean more hiring, consumer spending and corporate
If companies start making more profits, investors tend to buy more shares of those companies, which in turn contributes to the overall growth of the stock market. Therefore, investors should pay close attention to the following economic data:

- Employment data
- Central bank interest rate policy.
- Inflation reports.
- Data on retail sales, consumer spending and more.

Investors determine trends based on various economic indicators rather than focusing on just one release of good or bad economic data. Investors identify trends based on a variety of economic indicators, rather than focusing on just one good or bad economic indicator. For example, if unemployment begins to rise and retail sales begin to decline, this could lead to a decline in consumer spending, which could impact a company's profits. This may cause investors to pause some investments in the US stock market and reallocate their funds, which will affect the overall direction of the stock market[6].

2. Politics. Since the US government sets tax policy and controls overall spending and immigration, politics has a major impact on the US stock market. The impact of politics on the stock market in the US (and other countries) is seen during election periods when presidential candidates present their policies to large businesses and consumers. Government policies also influence central banks' interest rate policy decisions, which in turn influence companies. This is because interest rates determine borrowing costs, which can affect corporate size. The long-term chart of the Nasdaq 100 Index above clearly shows a long-term trend that began after the 2008 financial crisis. The upward trend accelerated during the pandemic as governments and central banks resorted to policies to provide liquidity to the stock market, which in turn helped it rise to new all-time highs.

However, political events in early 2022, such as the Russian-Ukrainian conflict and interest rate hikes by the Federal Reserve, caused the index's value to decline significantly. Such events affect how traders invest in the US stock market. Some people find it difficult to trade during such uncertain times, during periods of increased volatility.

This is why it is so important to have access to the right trading products. For example, Admirals offers access to CFDs (contracts for difference), which allow traders to profit from both rising and falling markets by shorting shares, as well as using leverage. But during good economic times, when the US stock market is rising, many traders buy US stocks and hold them for a longer period of time. One of the benefits - in addition to the potential increase in share price - is receiving a regular portion of the company's profits in the form of dividends [7].

Admirals offers both trading and investment accounts, giving traders and investors the opportunity to trade the US stock market in a variety of market
conditions. You can start trading right now by clicking on the banner below and enjoy all the features described above and many more! active profit.

The capitalization of all American companies is $41.4 trillion. At the end of October 2023, the capitalization of all public US companies is estimated at $41.4 trillion, which is 5.7% higher than the last trading day in 2022. At its peak in July 2023, the US market growth reached almost 19% since the beginning of the year. According to Spydell Finance calculations, at this time the following are being traded in the United States:

- 1693 American companies whose capitalization is above $1 billion, forming 98.7% of the capitalization of the entire market;
- 503 companies with a capitalization of more than $10 billion (market share 88.4%);
- 139 companies with capitalization over $50 billion (share – 68.2%);
- 72 companies with capitalization over $100 billion (56.8% of market capitalization)
- 5 companies have a valuation of more than $1 trillion (21.6% share).

Since the beginning of 2023, only 309 companies have provided an increase in capitalization of more than $1 billion, generating $5.6 trillion of positive contribution with a total capitalization of $22.8 trillion.

Let's consider the main factors influencing the stock market:

1. Change in interest rate - at a low interest rate, stock indices will rise, as cheap loans enable companies to recapitalize to stimulate development. This stimulation puts pressure on the national currency by increasing the money supply. As for the US, a significant increase in stock indices may push the Fed to tighten monetary policy, supporting the US dollar.

2. Inflation - with rising inflation, product prices rise, in turn increasing the profitability of companies and, accordingly, the cost of their shares. For example, inflation in the United States reached 4.08% in 2007, the highest level since 1990. And in 2008, inflation was at a record low of 0.09%.

Since the end of the quantitative easing program in the United States in 2014, all market participants have been monitoring statements by Fed officials regarding interest rate increases. Increases in interest rates in the United States directly depend on the country's economic growth and inflation, an indicator of which is the stock market.

**Conclusion.** The American stock market for investors is high liquidity, reliability and stability. It has a well-thought-out protection system. This attracts investors (money) and companies (projects for investing money) from all over the world. In order for a company to undergo an IPO and be listed here, it is necessary to meet fairly high requirements, which immediately protects the investor. In addition, in order to avoid various frauds with the shares themselves, all trading on
the US stock market is regulated and controlled by a special securities commission - SEC, The U.S. Securities and Exchange Commission. Unscrupulous companies and traders fear the SEC like fire, and for good reason, since fraud in this market often results in large fines or prison sentences for them. If you haven't watched it yet, then be sure to watch The Wolf of Wall Street, this film will help you understand how schemes are built to deceive gullible investors.

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