



International Stock Markets

Newspaper and media headlines are full of news about international stock markets. As they say: the world has become globalized where the news is spread between its parties easily and simply. The most important news to be published about these markets is the performance indexes which we will define its concept then review some of the international and regional indexes as the following:

1. Stock Market Index

A number that summarizes the price movement of all stocks listed in a market and usually represents the average of those prices. Stocks are not equal in their percentage representation of the index. Representing a company's stock depends on its weight in the market measured by the market value of the company divided by the market value of all listed companies in the market. Stock prices rise and fall due to supply and demand. When the demand for some corporate stock exceeds the supply, the price of this stock rises and subsequently the market index increases with the percentage represented by this stock in the index.

2. The Importance of the Index

The stock market index reflects the condition of the national economy in general and the economic performance of listed companies in the market in particular. If the demand for the companies' production increased due to the economic boost, then the sales and earnings of these companies are expected to increase as well as their dividends to shareholders, which in turn pushes the prices of their stocks up and the whole market index. In this case, the market index turns green. However, if the performance in the market declines, the indicator changes its color to red.

3. Some of the Global Indexes

Global financial markets have two types of indexes: General indexes that measure the market situation in general, and sector indexes that measure the market situation according to a particular sector such as banking, industrial, agricultural, communications and other sectors. In the following points we address the most important international and regional indexes.

3.1 U.S. Market Indexes:

- **DOW Jones:** is a major index that consists of four sub-indexes and the most famous of which is the Dow Jones Industrial Average. The value of the index is calculated based on the stocks of the thirty largest industrial companies in the United States of America.
- **Standard and Poor's 500 (S&P 500):** It comprises the stocks of the leading five hundred companies in several areas, including: manufacturing, transportation, utilities, money, banking, insurance, technology and services. These companies represent approximately 80% of the market value of shares traded on the New York Stock Exchange.

- **NASDAQ:** is the largest among all U.S. indexes. It contains the stocks of 3,200 companies, mostly technological.

3.2 European Market Indexes :

United Kingdom :

- **Financial Times 100:** (FT-100) this index includes the 100 most important UK companies' stocks in the London market, representing 70% of the total capital of registered companies.

France

- **CAC 40:** this index includes the stocks of the forty most important French companies in Paris market.
- Germany
- **DAX:** this index contains the stocks of the 30 most significant companies, representing 70% of the market value of the companies registered in Frankfurt market.

3.3 Asian Market Indexes :

Japan

- **Nikkei Index:** contains the stocks of 225 companies, representing about 70% of the market value of the companies registered in the Tokyo Stock Exchange.
- **Other Asian Indexes:**
 - South Korea: KCS Index
 - Hong Kong: HANG SENG Index
 - Malaysia: KLSE Index
 - China: Shanghai Index

3.4 Arab Market Indexes :

Arab stock market are emerging markets due to the great potential of economic growth in Arab countries. The Saudi stock exchange is considered the most significant market in all Arab countries. It represents about one third of the capital value of all Arab markets combined. In addition to Saudi Arabia, there is a number of other important Arab financial markets such as:

- The United Arab Emirates: (Dubai and Abu Dhabi markets)
- Oman: MSM
- Egypt: CMA
- Morocco: MASI
- Kuwait : KSE
- Bahrain: BSE
- Qatar: CBQ.