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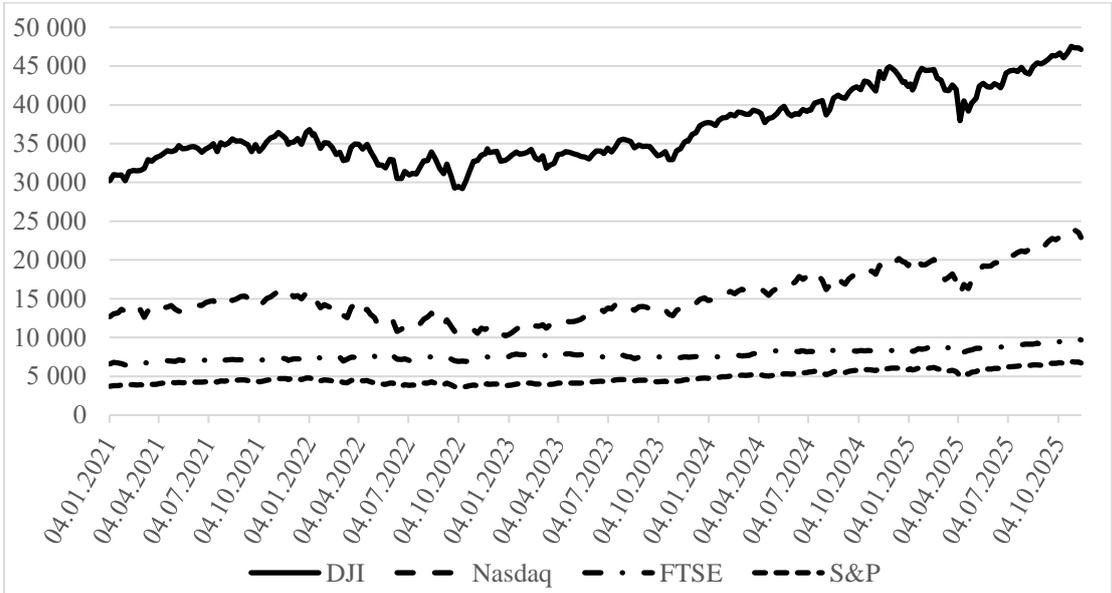
## **OVERVIEW OF WORLD INDEXES AND THEIR ROLE IN FORMING MARKET TRENDS**

The increasing interdependence of global financial markets determines not only the internal investment climate of individual countries, but also forms the general directions of capital flows in the world economy, turning indices into a something like a “barometer” of global financial stability. Indices concentrate the collective expectations of investors, reflect changes in company profitability, reactions to political decisions, as well as the consequences of global challenges – from military conflicts to environmental disasters. That is why the study of indices allows to form a holistic picture of the direction of market processes and contributes to increasing the efficiency of management and investment decisions [1]. For the economy of Ukraine, the analysis of world indices becomes a key tool for forecasting market changes, which provides the opportunity for timely adjustment of domestic financial policy and the formation of effective risk management strategies based on a deep understanding of the interrelationships between global and national markets [2].

An analysis of the scientific literature shows that indices serve as an empirical barometer of political and regulatory uncertainty of the national economy, which is of particular importance for countries with emerging markets [1]. However the scientific literature still lacks a holistic understanding of how world indices also act as transmitters of stress and institutional changes, which makes it difficult to determine their real role in shaping long-term market trends [2].

Stock indices are indicators that reflect changes in the prices of securities in a certain group. They allow market participants to assess its condition and dynamics. Forecasting index values is a key element of an investment strategy, providing investors with an idea of future market trends. Indices, depending on their structure, can reflect the behavior of both individual securities and the market as a whole [3].

Indices perform several key roles: they serve as diagnostic tools that show the current state and trends of market development; they provide the basis for making informed investment decisions, forming balanced portfolios and developing risk management strategies; they are an important element of the mechanism of the capital market. Major global indices, such as S&P 500, Dow Jones, NASDAQ, FTSE 100, reflect trends in the stock markets of major economies and are used as economic indicators to assess the state of the market and the investment climate (fig. 1) [4].



**Fig. 1. Stock index fluctuation, 2021–2025**

The S&P 500 is one of the world's leading stock indices, comprising the 500 largest publicly traded US companies by market capitalization, and is widely used as an indicator of the overall health of the US stock market and the economy as a whole. The index covers sectors such as technology, finance, healthcare, energy, etc. Companies included in the

index must meet a number of criteria, including a high market capitalization, positive earnings in recent quarters, a significant free float, and be listed on the NYSE or NASDAQ. Thus, the S&P 500 is a capitalization-weighted index, where companies with the largest market capitalization have a greater impact on its value, making it an important tool for assessing the health of the US economy.

The Dow Jones Industrial Average (DJI) is one of the oldest and most well-known stock indices, consisting of the securities of 30 leading industrial companies in the United States. It reflects the state of a large part of the country's economy, especially the important industrial and technology sectors. The DJI is a price-weighted index, meaning that the impact of companies depends on their share prices, not just their market capitalization. Thus, the index reflects economic and market changes, serving as an indicator of the overall dynamics of the US stock market.

The NASDAQ Composite is a stock index that includes more than 3,000 companies, both from the US and international, listed on the NASDAQ exchange. It is considered an important indicator of the dynamics of high-tech and growth companies, since NASDAQ has traditionally focused on the technology sector. The index has the following key characteristics: a wide range of companies; is calculated as a capitalization-weighted index: the weight of a company is determined by its market capitalization, which is equal to the number of shares multiplied by their price; has a significant share of international companies in its composition. In addition, the index serves as a barometer for investors focused on the technology sector and innovation, and is one of the leading indicators of the state of the US stock market.

The FTSE 100 is an index that includes the 100 companies with the largest market capitalization on the London Stock Exchange, widely recognized as the main indicator of the British stock market. As of 2025, it remains one of the key European stock indices that reflects the dynamics of the British market. It covers a wide range of economic sectors, among which the leading positions in terms of capitalization are held by banks, industrial goods and services, healthcare and energy. Such a structure provides the index with a diversified nature and makes it an indicative

indicator of the state of the UK economy. An important feature is the high concentration of market value in the hands of a few giants.

For a deeper understanding of the specifics of the world's leading stock indices, it is advisable to compare them by key parameters (fig. 2) [3].

Dow Jones Industrial	S&P 500	NASDAQ	FTSE 100
Number of companies			
30	500	3 000	100
Calculation method			
Price-weighted	Capitalization-weighted		
Sectors covered			
Industry, finance, technology, energy	Wide range of sectors of the US economy	Technology, biotech, communications, finance	Banking, energy, pharmaceuticals, industrials, consumer goods, telecommunications
Representativeness			
Leading US corporations	The US economy	Technology and innovative companies	British stock market
Individual company influence			
High	Proportional to capitalization	Technology giants	A few leaders
Volatility			
Lower	Higher	Highest	Moderate
Role in shaping market trends			
An indicator of stability and sentiment of large US corporations	The main barometer of the US economy and global markets	Determines investor sentiment in the technology sector and innovative industries	A reference point for European and global investors

**Fig. 2. Comparative characteristics of key indices and their role in shaping**

The indices demonstrate significant differences in composition, calculation methodology and role in reflecting the state of the markets. First, they differ in the number of companies and sector coverage. If the DJI is concentrated on 30 "blue chips", then the S&P 500 covers a wide range of sectors. The NASDAQ is focused on the technology segment, while the FTSE 100 reflects all British economy. Second, the calculation methods also determine the specifics of the indices. DJI remains price-weighted. Instead, others are calculated by capitalization. Third, the role of the indices is different. The DJI is seen as an indicator of the stability of leading US corporations, while the S&P 500 is considered the barometer of the economy. The NASDAQ sets the tone for innovative and technology markets, while the FTSE 100 serves as an important reference point for investors.

Thus, stock indices not only reflect economic reality, but also shape it, being simultaneously indicators and catalysts of market processes [2, 3]. Their comprehensive analysis is a necessary condition for making effective management decisions in modern conditions of high global interdependence.

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