

Nasdaq 100 meaning

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The Nasdaq-100 (^NDX) is a stock market index made up of equity securities issued by 100 of the largest non-financial companies listed on the Nasdaq stock exchange. It is a modified capitalization-weighted index. The stocks' weights in the index are based on their market capitalizations, with certain rules capping the influence of the largest components. It is limited to companies from a single exchange, and it does not have any financial companies. The financial companies are in a separate index, the Nasdaq Financial-100.

The Nasdaq-100 was launched on January 31, 1985, by the Nasdaq. It created two indices: the Nasdaq-100, which consists of Industrial, Technology, Retail, Telecommunication, Biotechnology, Health Care, Transportation, Media and Service companies, and the Nasdaq Financial-100, which consists of banking companies, insurance firms, brokerage firms, and Mortgage loan companies.

The Nasdaq-100 is often abbreviated as NDX, NDQ, NAS100 or US100 in the derivatives markets. Its corresponding futures contracts are traded on the Chicago Mercantile Exchange. The regular futures are denoted by the Reuters Instrument Code ND, and the smaller E-mini version uses the code NQ. Both are among the most heavily traded futures at the exchange.

Amid quantitative easing (QE) from the Federal Reserve and optimism that the financial crisis was ending, the index embarked on a volatile four-year climb higher, closing above 3,000 on May 15, 2013, for the first time since November 15, 2000. By October 18, 2013, with GOOG passing \$1,000 per share for the first time, the index had made a closing high of 3,353.88 and intraday high of 3,355.63, its highest levels since the 2000 United States elections and more than triple the 2008 low.

Additionally, since 2014, companies with multiple classes of stock are allowed to have multiple classes included in the index, provided they meet Nasdaq's criteria. Prior to 2014, companies were limited to one class of stock in the index (usually the one with the larger market capitalization).

While the composition of the Nasdaq-100 changes in the case of delisting (such as transferring to another exchange, mergers and acquisitions, or declaring bankruptcy, and in a few cases, being delisted by Nasdaq for failing to meet listing requirements), the index is rebalanced once a year, in December, when Nasdaq reviews its components, compares them with those not in the index, re-ranks all eligible companies and makes the appropriate adjustments.

Those components that are in the top 100 of all eligible companies at the annual review are retained in the index. Those ranked 101 to 125 are retained only if they were in the top 100 of the previous year's annual review. If they fail to move into the top 100 in the following year's review, they are dropped. Those not ranked in the top 125 are dropped regardless of the previous year's rank.

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The index publicly announces all changes, regardless of when they occur, via press releases at least five business days before the change takes place. The 2018 results of the re-ranking and rebalancing were announced on December 14, with the changes effective the morning of December 24, coinciding with the expiration of options on December 21.[citation needed]

The Nasdaq-100 is frequently confused with the Nasdaq Composite Index. The latter index (often referred to simply as "The Nasdaq") includes the stock of every company that is listed on Nasdaq (more than 3,000 altogether).[citation needed]

In addition to its almost complete lack of financial companies, the Nasdaq-100 includes seven companies incorporated outside the United States. Although the S& P 500 Index includes non-U.S. companies, the Dow Jones Industrial Average has never included foreign companies.[citation needed]

Additionally, the Nasdaq-100 is also the only index of the three that has a regularly scheduled re-ranking of its index each year (in December), ensuring that the largest non-financial companies on Nasdaq are accurately included.[citation needed]

In 2006, Nasdaq created a "farm team" index, the Nasdaq Q-50, representing the next fifty stocks in line to enter the Nasdaq-100. With some exceptions, most stocks that are added to the index come up through the Q-50. In 2011, Nasdaq created the NASDAQ-500 to track the 500 largest stocks on Nasdaq, and the Nasdaq-400, tracking those stocks not included in the Nasdaq-100.[citation needed]

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