

Understanding Bond Pricing and Yield

This week's AAll **Weekly Digest** highlights these "must-read" AAll articles:

Dividends Impact Consumption More Than Capital Gains Do



Changes in dividends impact household consumption. Capital gains also have an impact, but a smaller one than dividends. The magnitude of the impact depends on household wealth, with consumption rising proportionately higher among comparatively less affluent households.

What You Need to Know About Bond Yields to Determine Your Returns

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Advisers and the media talk about yield on different investment products, without necessarily clarifying what the word 'yield' actually means. This article seeks to provide a simplified understanding of the meaning of the different yields that are stated on bonds.

A Dividend Approach to Judging the Value of Stocks

Many investors seek undervalued stocks to add to their portfolios while pruning those that are overvalued. However, by only following a stock's price it is impossible to determine its value. While one could argue that over the long term stock prices do truly reflect value (markets are efficient

over the long term), it is reasonable to assume that price and true value have periods of mismatch.

Dividend Safety Signs and Warning Flags



Many investors seek shelter from the stock market storm in more mature dividend-paying companies, since the income from these firms provides at least some positive return in an otherwise bleak environment. What signs can you look for that indicate the safety of a company's dividend payment stream?

Our **Member Question** for this week is:

What do you think will be the top-performing sector in 2019?

Vote Now »

Vote to answer this week's Special Question: *What do you think will be the biggest financial story of 2019?*

Last Week's Results:

What is your prediction for the S&P 500 index in 2019?

In a range from down 5% to up 5% : 35% - Votes: 717



Up between 6% and 10% : 30% - Votes: 624



Up between 11% and 20% : 12% - Votes: 242



Down between 6% and 10% : 10% - Votes: 208



Down between 11% and 20% : 6% - Votes: 118



Up more than 20% : 4% - Votes: 72



Down more than 20% : 3% - Votes: 65



Poll results are as of 9 a.m. (Central) on Monday. 2,095 respondents.

[AAII Survey: Most Individual Investors Were Too Optimistic in 2018](#)



A year ago, the majority of our readers were expecting the S&P 500 index to post a gain in 2018. We review our expectations for 2018 as well as what we think 2019 has in store for us. Our readers also tell us what's on their investment wish list for the new year.

[AAII Investor Classroom: Investing in Bonds](#)



Think of the bond market as a mystery wrapped in an enigma? You are not alone. But this AAI Classroom—a member exclusive—pulls back the curtain so that you can analyze individual bonds with confidence.

The AAI Weekly Digest is one of the many **benefits** of AAI membership. To learn more, consider a **30-day Trial AAI Membership** to start becoming an effective manager of your own assets.