The Consolidation Of The U.S. Equities Market A Potential Plus For Large-Cap Companies

Sources: Wilshire Associates, Bloomberg, USA TODAY

View from the Observation Deck

1. While the index featured in the chart characterizes itself as being a "Total Market" index, it has always functioned as a proxy for the breadth and value of the entire U.S. stock market.
2. The number of publicly traded stocks tracked by the Wilshire 5000 Total Market Index declined from 6,639 at the end of 2000 to 3,687 at the end of 2012.
3. The universe of stocks currently tracked no longer even approaches the target number in the title of the index: Wilshire 5000 Total Market.
4. An average of 246 companies per year have either participated in a merger or acquisition, gone private, chose to delist so they could list on a foreign exchange, were forced to delist by failing to meet exchange standards, or failed.
5. Contributing to the steady decline in publicly traded stocks is the relatively anemic IPO market. From 2008-2012, 100 new companies launched IPOs each year, on average, compared to 177 from 2003-2007, according to Wilshire Associates.
6. Due to thousands of mergers and acquisitions through the years, larger companies have been able to build themselves up faster than their smaller counterparts.
7. More than 80% of large companies ($250 million or more in annual sales) have been profitable in the past decade, compared to 50% of small firms, according to Jay Ritter, professor of finance at the University of Florida.
8. Large-cap stocks look poised to lead the market moving forward. In our opinion, we think it is worth monitoring.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The Wilshire 5000 Total Market Index (full-cap) seeks to represent the performance of all U.S. equity securities. Past performance is no guarantee of future results.