

Report Analysis on the Nasdaq Stock Exchange

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Abstract: This paper aims to offer a comprehensive analysis of the performance and growth of MSFT, GOOGL, and PDD. By examining the stock and financial data, it aims to identify risks, trends, and opportunities that influence investors' decisions. This paper will also detail external factors such as microeconomic dynamics, macroeconomic conditions, and the impact of legal and political environments on these companies. We will focus on three main areas: performance analysis, Comparative analysis, and evaluation of macroeconomic, microeconomic, legal, and political factors. The analysis will explore each company's financial health and stock performance and identify the key drivers of growth. The comparative analysis will analyze the stock and financial data of MSFT, GOOGL, and PDD by highlighting both their strengths and weaknesses. The regulatory filings, industry reports, and macroeconomic indicators have provided context and support for analyzing external factors. The research results of this paper can provide a powerful reference for the future research of this kind of investment enterprises.

Keywords: Financial index, investment, stock market.

1. Introduction

The Nasdaq stock exchange is home to most of the influential and innovative technology companies, such as Microsoft (MSFT), Alphabet (GOOGL), and Pinduoduo (PDD). These companies stand out in their respective domains due to their influence on industry trends and significant market capitalization. These companies shape technology's future and drive innovation across various sectors: digital advertising, cloud computing, e-commerce, and artificial intelligence. Microsoft, a global cloud computing, software, and AI giant, continues to shape the digital landscape with strategic acquisitions and product portfolio [1]. Alphabet is a parent company of Google that dominates digital advertising through autonomous technologies, AI, and cloud services [2]. Pinduoduo, a leading e-commerce platform based in China, has rapidly gained market share with its unique social commerce model that caters to evolving consumer behavior across the globe [3].

The report aims to offer a comprehensive analysis of the performance and growth of MSFT, GOOGL, and PDD. By examining the stock and financial data, it aims to identify risks, trends, and opportunities that influence investors' decisions. The report will also detail external factors such as microeconomic dynamics, macroeconomic conditions, and the impact of legal and political environments on these companies.

2. Literature Review

Analytically, Microsoft demonstrates an excellent performance on return on equity (ROE) and total revenues, due to a high portion of market share. Microsoft outperformed other competing companies on NASDAQ in terms of share prices, until 2022 [4].

The social commerce model proposed by PDD is designed to align with the communal nature of rural communities, encouraging collective purchasing as a social activity and thus contributing to its overall success.

Microsoft outlines a broad vision on various business markets, such as Xbox and other related services have brought significant amount of profit margin to the company [5].

In the U.S and China, governments have all implemented regulatory practices on preventing monopolies, yet they still adhere different government approaches. Chinese companies listed in the

U.S stock market is on a shaky line due to data security concerns, although it has been proved appealing to investment [6].

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3. Methodology

The report will combine qualitative and quantitative data Financial metrics such as revenue, market capitalization, and profit margins are derived from the company's quarterly and annual reports, while the data on stock performance has been sourced from Nasdaq The regulatory filings, industry reports, and macroeconomic indicators have provided context and support for analyzing external factors The reports use industry and academic reports to help understand the challenges and opportunities these companies face.

3.1. MSFT (Microsoft)

Microsoft has consistently been performing well and stable stock on the Nasdaq Over the last decade, Microsoft's stock has been on an upward trajectory due to its cloud computing and enterprise solutions The rise of Microsoft Azure has enabled the company to compete favorably with its competitor Amazon's AWS, thus gaining a good market share in the cloud services industry Demand for Microsoft's stock rose during the COVID-19 pandemic due to the need for remote work solutions such as Teams and Office 365 During COVID-19, Microsoft showed its ability to respond to the immediate needs of its customers, thus solidifying its position as a leader in the tech industry [7].

Microsoft is a highly volatile company as it has shown resilience, with fluctuations primarily occurring around significant product launches or broader economic downturns The company frequently experiences temporary volatility due to mixed reactions during the launch of new Windows versions or essential updates on the software suite [8] Despite this uncertainty, Microsoft has a positive trend with long-term investments in cloud computing, enterprise software, and AI, resulting in sustainable growth Microsoft also differentiates from other tech giants by consistently offering dividends, which attracts a loyal investor base Steady stock appreciation and favorable dividend policy make Microsoft an attractive option for income- and growth-focused investors.

Microsoft's financial revenues are highly diversified, which contributes to good economic performance Azure, one of the company's cloud segments, has performed extensively with double-digit growth rates over the recent years Other company segments, such as Office 365 and LinkedIn, continue to grow in terms of users and revenue generated, thus complementing the source of finances for the company [9] Gaming divisions such as Xbox and other related services contribute to Microsoft's revenue portfolio with increased popularity in online gaming and digital content sales Microsoft's profit margin has consistently remained above 30% due to the company's efficient cost management and high-margin business model Microsoft excels in the return on equity (ROE), consistently outperforming the industry average and demonstrating its ability to generate significant returns for its shareholders.

3.2. GOOGLE (Alphabet)

Alphabet is the parent company of Google, and it stands out as an influential entity in digital advertising, with its stock performance reflecting its dominance in the digital world Over the year, Alphabet's stocks have enjoyed substantial growth driven by the expansion of YouTube as a primary video platform, increasing monetization of its search engine, and the development of Google Cloud The rise of video advertising and mobile search has contributed significantly to its stock price during critical periods Alphabet's stock are volatile due to external factors such as antitrust investigations,

fluctuations in digital ad spending, and regulatory challenges. These challenges scare away investors, but Alphabet's strong market fundamentals have enabled the company to recover and grow [9].

Alphabet generates revenues from digital advertising businesses such as video ads on YouTube, search ads, and display ads, thus capturing a large share of global digital ad spending. With a shift towards mobile and video advertising, revenue has been boosted, with YouTube being a significant contributor. Alphabet also diversifies its revenue through Google Cloud, hardware products such as Nest devices and Pixel phones, and its venture into other segments such as Waymo (autonomous vehicles) and Verily (life science). Although other segments of the venture contribute little revenue to the company, they are long-term growth opportunities that could transform the company's business model [10].

The profitability metrics, such as operating income, gross profit, and net income, indicate robust financial health. The low cost of delivering digital ads compared to traditional media has contributed to high gross profit margins [11]. There is a steady growth in the operating income due to effective cost management and economies of scale in its core advertising business. Alphabet's free cash flow (FCF) demonstrates the ability of the company to generate cash after capital expenditure. This cash flow funds Alphabet's growth initiatives, such as AI, autonomous vehicles, and cloud computing. This diversification enables the company to overcome the challenges and remain at the forefront of the tech industry.

3.3. PDD (Pinduoduo)

Pinduoduo is one of the players in the Chinese e-commerce market that uses a unique social commerce model. The stock gained impressive growth in a relatively short period after its initial product offering due to its innovative approach to online retailing, which leverages group buying and social interactions to attract a large user base. This model has resonated particularly well with customers in China's rural areas and lower-tier cities where social shopping and price sensitivity are prevalent. PDD's ability to tap into these underserved markets resulted in a rapid ascent in the stock market, thus competing favorably with JD.com and Alibaba [12]. The PDD's stock is also volatile due to regulatory uncertainties in China, broader market sentiment toward Chinese tech companies, and geopolitical tensions. These challenges often result in stock price fluctuation, which is a risk of investing in PDD.

PDD experiences high revenue growth due to its expanding user base and high engagement rates. The use of the social commerce model encourages customers to form groups and purchase products at a discounted price. This model enhances transactional volume while maintaining user retention and loyalty, thus offering long-term revenue growth [13]. The main challenges facing PDD include substantial investments in logistics and high customer acquisition. PDD is actively improving its supply chain efficiency and expanding its logistics network to maintain competitive pricing and timely delivery in China's highly competitive commerce market.

Another aspect of PDD's financial health is cash reserves, which allow the company to invest in marketing, technology, and infrastructure. These investments support the company's growth, enabling it to expand to new markets and compete favorably with established rivals. The Company is competitive as it focuses on technological innovation, such as using big data and AI to enhance its service delivery and user experience. These technological advancements enable the company to improve product recommendations, offer personalized shopping experiences, and streamline logistics, thus resulting in the overall success of the company and the stocks [14].

PDD's focus on penetrating the rural market is one of the critical drivers of the company's growth. PDD has concerted efforts to target China's vast rural population, unlike the traditional e-commerce platforms that have less emphasized this population. Focus on the rural market has allowed the company to gain a significant share of the e-commerce market of more price-driven and value-driven customers. PDD's social commerce model appeals to the communal nature of rural communities and encourages group buying as a social activity, thus resulting in success. To ensure that the company meets the demand of the rural market, the company has invested in logistics and supply chain

management, where infrastructure and delivery networks may be less developed than in urban areas [12].

4. Comparative analysis

The comparative analysis offers a deeper understanding of Microsoft, Alphabet, and Pinduoduo's strengths, weaknesses, and potential investment opportunities. It compares the three companies in terms of their industry positioning, stock performance, financial metrics, and the influence of external factors such as policy environments and industry trends.

4.1. Stock Data comparison

The stock behavior and performance of MSFT, GOOGL, and PDD stocks are dictated by the market in which the company operates. Alphabet and Microsoft are subject to the dynamics of the Nasdaq, where tech stocks are among the top performers. Both companies are on an upward trajectory due to their dominance in digital advertising, cloud computing, and enterprise software. Microsoft stocks are less volatile and show consistent growth compared to Alphabet stocks, which are highly volatile due to regulatory concerns and antitrust investigations [14]. These superiorities of Microsoft stocks make them attractive to investors seeking long-term growth with moderate risks.

Despite Alphabet's stocks being on an upward trajectory, they are more volatile due to the company's challenges in maintaining its dominance in the face of increasing regulatory scrutiny. Since most of Alphabet's revenue is generated from digital advertising, the stocks are susceptible to broader market reactions related to the economic environment and ad spending changes. Alphabet's diversified revenue streams, such as investments in future technologies such as autonomous vehicles and AI, ensure the stock's performance remains strong despite the volatility in its operation.

PDD stock performance is characterized by high growth potential with substantial volatility. PDD's stock listing on the Nasdaq is influenced by its operational performance, broader market sentiments towards Chinese stocks, geopolitical tensions, and regulatory changes in China. The stocks have experienced rapid stock appreciation due to its innovative social commerce model and successful penetration of China's rural market. However, during periods of regulatory uncertainty or when investor sentiment towards Chinese tech stocks declines, the stocks also decline. This makes PDD a high-risk and high-reward investment option compared to Microsoft and Alphabet stocks, which are more stable.

4.2. Financial Data Comparison

The financial metrics seek to give insights into the comparative strengths and weaknesses of MSFT, GOOGL, and PDD. Microsoft has diversified revenue sources from cloud computing, enterprise software, and gaming. The company has high operating margins, usually above 30%; thus, it is more efficient in converting revenue into profit [10]. Microsoft's return on equity consistently outperforms industry averages and reflects the effective use of shareholders' capital to generate returns. The availability of cash flow provides Microsoft with the resources to invest in innovations, make acquisitions, and reward dividends to their shareholders.

Alphabet also has a solid financial performance due to the low cost of delivering ads in digital advertising compared to traditional media. Alphabet's operating margins are low compared to Microsoft due to investments in other segments, which are currently not very profitable but critical for future growth. However, the primary source of revenue is from ad advertising, which is highly volatile due to changes in market dynamics and ad spending.

PDD's financial metrics show high growth but are associated with high risk. Expanding user base and use of innovative business models show rapid revenue growth. The Company is also less profitable due to huge logistics and infrastructure investments and the high customer acquisition cost. Operating margins are the lowest since the company has not achieved consistent profitability. PDD's expanding market share and strong revenue growth in China's e-commerce sector make it an

attractive investment for investors looking to capitalize on the growth potential of China's digital economy.

4.3. Industry and Policy Environment

Policy environments and industry positioning play vital roles in the growth prospects and investment appeal of MSFT, GOOGL, and PDD stocks. Microsoft operates in a highly competitive but diversified tech industry. The company enjoys a competitive edge due to its ability to navigate the competitive landscape through strategic acquisitions and strong partnerships. The stocks have a more stable outlook in the current policy environment due to low exposure to regulatory risks [9].

Alphabet's positioning in digital advertising is associated with the company's dominance among other tech giants like Amazon and Facebook. YouTube has given the company leadership in video and search advertising over its competitors. Alphabet faces the challenges of privacy concerns and antitrust issues, mainly in the United States and the European Union, where regulators have taken a more aggressive stance towards big tech companies. Investments in cloud computing, autonomous vehicles, and AI give a growth opportunity that could leverage the risks associated with the digital advertising business.

Pinduoduo operates in a rapidly evolving and highly competitive Chinese e-commerce market with giants like JD Com and Alibaba as the competitors. PDD's differentiating factor from the competitors is the focus on social commerce and penetrating rural markets, thus capturing a significant share of the e-commerce market in China. The Chinese government tightens oversight of tech companies, which could result in substantial regulatory risks. Geopolitical tensions also put Chinese companies listed on the American exchange at risk. Strong growth potential and innovative business models offer investment opportunities for individuals and investors willing to deal with the associated risks.

4.4. Growth and Investment Value

Comparative analysis on growth and investments assesses the current performance and future potential of MSFT, GOOGL, and PDD. MSFT stock is the most attractive investment due to its strong financial performance, diversified sources of revenue, and low exposure to risk regulations. The Company's leadership in strategic acquisitions, cloud computing, and continued innovation gives it a strong foundation for sustained growth in the coming years [5].

Despite Alphabet's dominance in digital advertising, which generates colossal revenue, the investment case is complex due to exposure to regulatory risks and reliance on ad revenue makes it more vulnerable to market fluctuations and policy changes. The company has a vast growth opportunity due to its continued investments in future technologies such as cloud computing, AI, and autonomous vehicles, which will likely offset the risks. Thus, the stocks are a good option for investors willing to accept a higher level of risk.

Pinduoduo has a high growth potential, although the risk is also high, which offers investors substantial upside potential to capitalize on the growth of China's e-commerce market. PDD stocks are compelling investment options due to their strong revenue growth, successful penetration into rural markets, and use of the innovative social commerce model. The stocks are at risk due to geopolitical challenges associated with investing in Chinese tech companies and significant regulatory risks, hence favorable for investors with a high-risk tolerance.

5. Macroeconomic, Microeconomic, Political, and Legal analysis

5.1. Macroeconomic Factors

Macroeconomic conditions deeply influence the performance of technology stocks. Economic indicators such as inflation, interest rates, and GDP growth play a massive role in shaping the investment environment in these companies. During periods of consumer and business spending on technology products and services, robust economic growth increases the revenue for these companies, especially with Microsoft and Alphabet, which have global reach and more diversified revenue

streams across different markets Low-interest rate environments, such as during the 2008 financial crisis and COVID-19, tend to benefit technology stocks by reducing the cost of capital, thus encouraging investments in innovation and expansion [12] Access to loans at low interest enables tech companies to fund growth initiatives and invest in new technologies Moderate inflation drives consumer spending, which benefits the companies, but high inflation leads to higher operational expenses as it erodes profit margins, increasing the cost of goods and services PDD stocks are affected by the Chinese Government's economic policies, thus affecting consumer confidence, market growth, and spending habits.

5.2. Microeconomic Factors

The tech industry is characterized by short product life cycles, rapid innovation, and high competition, which influence the demand and supply of technology products and services Demands for scalable and efficient IT solutions have led to Microsoft's cloud computing success Demand for targeted advertising solutions is a critical drive in the dominance of Alphabet in digital advertising Alphabet's competition with companies such as Amazon and Facebook affect the pricing power and profit margins, thus the need for innovation and efficiency to compete favorably PDD's ability to tap into the demand for affordable products in China's lower-tier cities and rural areas using its social commerce model encourages group buying and social interactions [13].

5.3. Political Factors

The political environment dictates the performance of these companies In the US, both Microsoft and Alphabet are undergoing scrutiny on antitrust issues and implementation of regulatory actions aimed at curbing the dominance of big tech companies Alphabet's dominance in digital advertising increases the risks and accusations of monopolistic practices Political pressure to curb anti-competitive behavior and improve data privacy impacts the company's operation and profit margins The Chinese government has also been increasingly keen on regulating its tech companies by enforcing policies against monopoly practices and maintaining data privacy, which affects PDD's performance [14].

Microsoft and Alphabet, which rely heavily on proprietary software, algorithms, and patents to maintain competitive advantage, face major intellectual property rights concerns High-profile cases in the tech industry show how legal battles in intellectual property can be disruptive and costly, which require tech companies to protect intellectual property rights and adhere to international patent laws for continuous growth Alphabet faces legal challenges as it operates in multiple jurisdictions with varying privacy laws Laws are being implemented across the globe to protect data Examples of the European Union's General Data Protection Regulation require significant data management and security investment to avoid refined and reputational damage PDD also needs to comply with Chinese e-commerce regulations and global rules so that it can advance to international markets.

6. Conclusion

The analysis of the stocks indicated different strengths and challenges that companies face by operating in the ever-changing technology sector Microsoft stocks have moderate risks due to its dominance in cloud computing, enterprise software, and gaming, which continue to gain popularity Alphabet's continued dominance in digital advertising poses some risks, though highly profitable; thus, the company is investing in future technologies such as autonomous vehicles and AI, which continue to gain popularity with advancements in technology Pinduoduo has identified an underserved niche in rural areas using a social commerce model that has helped the company gain popularity However, there are high risks of regulatory uncertainties and geopolitical tensions Each stock presents unique opportunities and risks that could appeal to different investors.

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