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### Original:

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Amazon Stock Split: Will Stock Split Benefit Amazon's Stock?

On March 9th, <u>Amazon (AMZN)</u> announced in SEC filings a 20-for-1 stock split; following the announcement, <u>AMZN stock</u> jumped 24%. Other corporate behemoths, such as Google's parent company Alphabet (GOOGL), are increasingly turning to stock splits to revitalize shares that have been on the decline since the start of 2022. An individual stock's lower price may make it more appealing to a retail investor.

The fourth stock split for Amazon since it went public in 1997 occurred on June 3, 2022. Shareholders of record as of the close of business on May 27th were issued an additional 19 shares of AMZN stock for every one share of AMZN stock already owned. At the resumption of trading on June 6th, Amazon's split-adjusted stock was met favorably by investors, rising by 2% to a final price of \$124.80.

Since then, AMZN has fallen because of rising inflation and interest rate hikes. The most recent of these occurred on June 15 when the US Federal Reserve hiked its benchmark interest rate, the federal funds rate, by 0.75 percentage points, the largest increase since 1994.

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### What is a Stock Split?

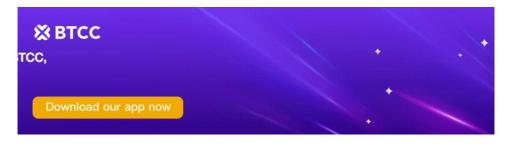
When a company's share price rises to a level where few people can afford to buy, a stock split may be implemented. Since a smaller group of investors will determine the stock's fate through their buying and selling actions, this discourages new investors from entering the market.

As a result of the stock split, the market value of the company has not changed but each individual share is now worth less.

In the corporate world, the stock split appears to be something of a rite of passage. Both Apple (AAPL) and Tesla (TSLA) divided their stock in August 2020; Apple by a ratio of 4-for-1 and Tesla by a ratio of 5-for-1. On July 15, 2022, Alphabet plans to split its stock 20 for 1.

When Amazon (AMZN) splits its shares 20-for-1, it will join this increasing group of tech heavyweights. Amazon shareholders will receive 19 more shares of stock and the price per share will be split by 20 before accounting for any other stock movement.

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### **Amazon Stock Split History**

For the fourth time since its IPO in 1997 and the first time since 1999, Amazon will split its shares. In the late 1990s, the business undertook three stock splits: a 2-for-1 split on June 2, 1998, a 3-for-1 split on January 5, 1999, and a 2-for-1 split on September 2, 1999.

Amazon dilutes its shares repeatedly during the dotcom bubble to attract a fresh group of investors. As more investors bought Amazon stock after each prior split, the price of the company's shares rose temporarily. This was before to the stock's ultimate decline around the year 2000, after which it took several years to recover.

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## Will a Stock Split Benefit Amazon's Stock Price?

As the stock split went into force in early June, Amazon's share price dropped from almost \$2,000 to \$120. On its first day of trading after the split, AMZN finished up 2% at \$124.80 on Monday, 6 June, after reaching an intraday high of \$128.70. On the five trading days before the split, share price appreciation reached about 8%.

Optimism in the market was replaced by pessimism after the Federal Reserve raised interest rates by a quarter point on June 15th, causing the stock price of the corporation to fall to \$102.7. Investors are worried that the Federal Reserve's response to increasing inflation could cause a recession in the United States.

This is because a rise in interest rates has a chilling effect on the economy, and a slower economy means a slower rate of growth for technology companies. Also, Amazon's profits will be worth less than they would have been if inflation were lower. Consumer spending cuts and possible job losses are also weighing on investor sentiment.

Russ Mould, director of investment research at AJ Bell, cautioned investors about the stock and emphasized the significance of the company's fundamentals. Mould wrote in a note that Amazon's

management hoped to "instill fresh confidence" in the company's stock with a 20-for-one stock split and a \$10 billion share repurchase. These were the first direct payments of cash back to Amazon shareholders since the business went public in 1997.

Mould argued that shareholders should wonder how much of a stock repurchase and split is financial engineering rather than an effort to strengthen the business's value proposition and competitive standing.

He continued, "The bull case for Amazon has long been that it will attract customers and grab share, smash the competition, and then jack up prices when it has a dominant market position, turning itself into a fabulously profitable cash engine. To what extent would the money be better spent elsewhere, rather than on Amazon's service offering, which has proven to be such a compelling long-term investment so far?

As of June 16, 2022, 39 out of 50 analysts polled by Nasdaq gave the company a "Strong Buy" recommendation. The median 12-month price objective among analysts was \$178.66, with a range of between \$107.50 and \$212.5.

On 6 June, AMZN was maintained at a 'Buy' rating and \$188 price target by Bank of America analyst Justin Post. Keep in mind that analyst forecasts are not infallible. Doing your own research is preferable to relying on predictions. Keep in mind that your risk tolerance, market knowledge, portfolio size, and long-term objectives should all factor into your trading and investment decisions.

Never invest or trade with money you can't afford to lose, and remember that previous performance is no guarantee of future returns.

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## Will Amazon Stock Split Again in Future?

Several investors and traders believe that the present share price of Amazon makes Amazon shares inaccessible to retail customers, hence rumours of another split have begun since the stock has seen a meteoric rise in value since the last split. While this is somewhat untrue, as many brokerages do indeed allow for the purchase of fractional shares, the truth is that some investors will see a price tag of more than \$3200 and automatically classify the stock as "expensive," regardless of its actual value.

It's important to remember that the price of a share of stock is irrelevant and shouldn't influence your decision to buy or sell. Especially when we have the opportunity to buy a fractional share, factors other than the share price are more important when deciding whether or not to invest in a company.

If Amazon ever wanted to join the Dow Jones Industrial Average, that would be another good reason to consider a stock split. Due to its high share price, Amazon would have an outsized impact on the Dow Jones Industrial Average; a stock split would lower Amazon's share price, making the company's contribution to the market more in line with its actual size. Amazon has shown little enthusiasm about being added to the Dow Jones Industrial Average, while just four of the world's ten largest businesses by market capitalization are included.

Amazon's net revenues increased by 38% in 2020, an all-time high, but the company has now gone down to its historical averages of roughly 30% annual growth for 2021. Over the previous three years, Amazon stock has doubled, increasing the business's market worth to approximately \$1.69 trillion. This places Amazon as the fourth most valuable publicly traded company in the United States.

It should also be mentioned that there has been a major change in leadership at Amazon in recent months, with Andy Jassy succeeding Jeff Bezos as CEO; since becoming Amazon's top executive, Jassy has avoided discussing the possibility of a stock split, although many believe one is on the horizon.

The truth is that nobody knows if or when Amazon will announce another stock split. With all the major companies announcing stock splits recently and the United States seeing stock splits become

a rage again, it will not be surprising to hear Amazon is planning a stock split, as the case history of Amazon and recent examples show that stock splits do provide a momentum, if not long term, at least short term.

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### **Conclusion**

It's true that top Amazon executives have been silent on the subject of a stock split for some time, and it's far from certain that this is something they'll undertake anytime soon. But it's also true that Amazon's performance has been sluggish over the past year despite the company's fantastic results, which points to the fact that the stock price is long overdue for a significant decline.

Whether it's labour disputes or supply chain delays, Amazon has been in the news for the past few months, and a stock split might keep the company in the spotlight for a while longer, potentially causing a short-term pressure for the share price.

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Product	Trading hours (UTC+0)		Leverage	Tick Size	Min. Lot	Liquidation
	Summer time	Winter time	Leverage	TICK SIZE	Size	Level
GOLDUSDT (Gold)	<u>Trading hours</u> 23:00 on Sunday - 21:45 on Friday	<u>Trading hours</u> 22:00 on Sunday - 20:45 on Friday	150x	0.01	1	
SILVERUSDT (Silver)	<u>Daily break</u> Every day 22:00 - 23:00	Daily break Every day 21:00 - 22:00	150x	0.001	100	
AAPLUSDT (Apple)	Trading hours 14:30 - 21:00 Every day from Monday to Friday	Trading hours 13:30 - 20:00 Every day from Monday to Friday	50x	0.01	1	30%
TSLAUSDT (Tesla)			50x	0.01	1	
METAUSDT (Meta)			50x	0.01	1	
TSMUSDT (Taiwan Semiconductor Manufacturing Company Limited)			50x	0.01	1	
MSFTUSDT (Microsoft)			50x	0.01	1	

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### 2.Is it possible for me to invest in BTCC?

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