What moves a single name

> **RETURN DECOMPOSITION**
>
> A single stock's move split into three layers: what the whole market did, what its sector did, and what was genuinely about the company. On an ordinary day the first two layers explain most of the move - which means most of what a stock chart shows is not information about the stock.

A share fell 2% today. The question this lesson installs permanently: did anything happen to the company - or did the company just go along for a ride?

The three layers

The market: risk appetite, rates, the macro tide. A high-beta name can move 2% on a day containing no news about it whatsoever - the indices track's drivers, delivered to every constituent.The sector: the industry's shared fate - an oil price move lands on every producer, a rate move on every bank. Peers move together because their businesses rhyme.The name: earnings, guidance, contracts, management - the residue that remains after the first two layers are subtracted, and the only layer that is actually about the company.

Why the decomposition matters from day one

Because every judgement this track teaches targets a layer. A view about the company that is expressed by buying the share also buys the market and sector layers, wanted or not - and on most days those layers are most of the movement. Module 5 makes this the analytical frame and module 4 the risk frame; the day-one version is the reading habit: before treating a move as meaning, check the market and the sector first. A stock down 2% on a day its index fell 2% has told you nothing about itself.

Earnings: the one scheduled day the name layer dominates

Four times a year, the decomposition inverts: on results day the company's own news is the move, and gaps of 10% or more in a single print are routine for even large names. The equity calendar is quarterly and per-name - this track's version of the scheduled events every other track built discipline around, and modules 2, 4 and 5 each take a turn with it. It is the exception that proves the layers: one day a quarter, the stock is mostly about the stock.

Check your understanding

1. A bank's shares fall 2% on a day the index falls 2% and the banking sector falls 2.5%. What did the market learn about this bank?

a. It is weaker than its peers

b. Essentially nothing - the move is fully explained by the market and sector layers, with no name-specific residue

c. It has undisclosed problems

Answer: b. Subtract the layers: the stock moved with its tide, slightly better than its sector. Reading company meaning into layer-driven moves is the base error this lesson exists to prevent.

2. Why do earnings days get separate treatment throughout this track?

a. They are the only days with volume

b. They are the scheduled moments when the name layer dominates - the per-name equivalent of the report calendar other tracks built discipline around

c. Regulators restrict trading around them

Answer: b. One day a quarter, the stock is mostly about the stock, and gaps are routine. The other tracks' event machinery - the standing choice, the gap sizing - transfers to earnings nearly intact.