

How To Build A Stock Watchlist

We've all heard of the Pendulum Syndrome, and unfortunately, your investment portfolio and the performance of the stock market are not exempt from similar fluctuations and changes.

The scenario is all too common. Investors watch as stocks and investments climb high on the market, and then rapidly decline. All too quickly, they find themselves losing interest. They forget about those stocks, and focus their attention on other investment sources instead.

However, down the line, it is all too often the case that these neglected stocks will once again rise in value, meaning that the investor has missed out on a potential buy point.

Luckily, this is where stock watchlists come in.

What Is A Stock Watchlist?

A stock watchlist is simply a portfolio where investors list potential investments, monitor their behaviour, and set up alerts for stock trends.

When a stock does happen to fall, the investor can still keep it on their watchlist, and once a change is spotted or the stock rises again in favor, the investor will know to take advantage of it. Watchlists make sure that no opportunities go amiss, and keep investors up-to-date about potential investment candidates.

A stock watchlist portfolio is made up of securities, such as stocks, bonds, ETFs, mutual funds, and other sources of investment. Once an investor sets up a watchlist, he can add securities and keep them under surveillance, before making informed decisions on whether to buy, sell, or trade.

Why Watchlists Are Important

The stock market can be a volatile place, and stocks are in a constant state of flux. Variability occurs across levels of trading performance and stock trends, and consistent analysis and iterations are needed to keep up with the market. Watchlists provide an organised and efficient solution for investors who want to keep all potential investments in one place, and monitor their activity.

In the past, stock market changes used to be gradual, and algorithms more reliable. However, now they have become more abrupt.

In a Simulation Study carried out by William Gilmer, it was noted that pre-owned stocks were often revived, and earnings made from investing in them. In his book Investing in Stocks, Gilmer explains that “Having this portfolio of Stocks To Watch provides the investor an easy way to observe and monitor these stocks so as to minimize missing a rising Star Stock. If a stock has been a Star Stock before, there is the chance that it will, like the fabled Phoenix, rise again.”

A smart investor doesn't hang on to stocks with zero long-term potential. A watchlist is important because it can help you identify the right time to sell, discard, and buy the most interesting stocks on the market.

Watchlist platforms also help investors to make informed decisions. As well as creating lists of favorable candidates, watchlists allow you to track companies, stocks and securities, while providing valuable financial information and market trend updates.

How To Create A Watchlist

Choose Your Platform

You can easily create and manage your watchlist online, using a variety of finance management apps and portfolio programs. They allow you to create, monitor, and organize a stock watchlist. Some sites even do the list watching for you! So it's very easy for a trader to stay on top of potential buy or sell signals.

Your choice of platform very much depends on your needs and experience - both in finance and technology! In no order of preference, here are the top 10 most popular and recommended sites which offer watchlist features.

- [Investopedia](#)
- [MarketWatch](#)
- [Seeking Alpha](#)
- [Yahoo Finance](#)

- [FinViz](#)
- [Google Finance](#)
- [Bloomberg](#)
- [Ticker Stocks Portfolio Manager](#)
- [Personal Capital Finance](#)
- [SigFig Wealth Management](#)

Setting Up Your Watchlist

1. Choose your online platform or program from one of the sites listed above. Most reputable sites let you set up a watchlist and track your investments for free.
2. Navigate to either the markets or portfolio section of the site. Many include a specific watchlist option. If not, you can name one of your portfolios “watchlist,” and have it function in the same way.
3. Once you are on the correct watchlist or portfolio page, you can sign up and register by entering your details.
4. Locate the search field bar, where you can begin to search for and add the stocks you are interested in following.
5. You will then see these stocks appear in your watchlist, alongside an overview of their trading details.
6. You can also create multiple watchlists if you wish.

How To Build And Maintain A Watchlist

Although its name might suggest otherwise, a watch list isn't just for the pleasure of browsing and reading alerts.

While in its essence, a watch list is all about tracking, it does need to be set up in a way which will provide you with actionable information. In the long run, this information will help you build your investments and increase your returns. Once you are in the swing of building your portfolio, you will also need to manage and maintain it.

Tips for Building your Watchlist

Screen Stocks And Choose The Strongest

What stocks are you looking to invest in? What kind of companies do you want to keep an eye on? What investments are the best candidates for your watch list?

Focus your research, so you can build a cohesive, steady watch list. Many portfolio programs provide screening tools which allow you to filter stocks, allowing you to curate your list.

Set Strategic Parameters

Most platforms and programs allow you to set parameters on your watchlist stocks, so that you receive alerts and real-time notifications once your investments have strayed from or reached these parameters.

Once you have created your watchlist, your chosen platform will provide you with personalized news, quotes and alerts which follow market movements. This is very important for investors when it comes to monitoring portfolio and watchlist performance.

Stay Informed

An effective watchlist requires some knowledge of the modern market environment, so it is in every investor's best interest to keep themselves informed of the latest news, trends, and stock dynamics.

Yahoo Finance is especially helpful in this area, as it has a "Most Added to Watchlists" list which discovers and tracks the most popular stocks on Yahoo Finance users' watchlists. The list is updated daily, and shows the top 30 stocks.

Don't Fear Fluctuations

As noted by Edward Leshik in *An Introduction to Algorithmic Trading*, "The profit power of a particular combination fluctuates, like all market systems, so do not be too surprised if these swings are quite wide, from minimal profit efficiency to exceptional returns."

Find What Works For You

Once you have developed a regular system with your watch list, you will be able to identify which stocks and algorithm combinations work best for you. You do this by searching, collecting, and trading different combinations over time.

Tips for Maintaining your Watchlist

Review Your Watchlist Consistently

Check back in regularly on the performance of your stocks and the metrics. Luckily, the aforementioned programs will log them for you, and provide alert notifications when anything is flagged outside the parameters you have set up.

Another important reason to go through your watch list regularly (weekly is recommended) is so that you keep it fresh. Delete stocks from your list if they no longer meet your criteria.

Simplify Your Watchlist

If you are just starting your watch list, choose the amount of stocks you want to follow, and don't go overboard. While the U.S. stock exchange lists over 8,000 issues, listing 15 to 20 stocks is a good place to start. Otherwise, you risk needing to clean up your stocks in the long run.

In fact, no matter what your trading level and stock expertise, you should always aim for a curated watch list made up of stocks that are close to buying point. You also want to be sure you are comfortable managing the amount of stocks you have listed, which will encourage you to be more selective.

More experienced and committed market traders, who have more time to spend managing and monitoring their watchlists, often build portfolios which contain 300 to 500 stocks, and sometimes even more than one watch list.

Organise Your Stocks

Help yourself by improving your stock management experience, and arrange your dashboard in a way which is most immediately comprehensible to you - whether that means sorting them alphabetically, according to changes, fluctuations, or ratings.

It is also sometimes useful to arrange your stocks into two different lists, those which are on your radar, and those which are nearest the buy point.

Building a watchlist takes a lot of skill, though it is worth investing the time and effort needed to create an effective one. **How have you honed your watchlist methods throughout your investment activities so far? Leave a comment below!**