



JA TAKE STOCK IN YOUR FUTURE

GUIDE FOR VOLUNTEERS AND TEACHERS

Spring 2018

Prerequisite for JA Stock Market Challenge

presented by Bank of America



**Junior
Achievement®**

Rocky Mountain



THE JUNIOR ACHIEVEMENT
**STOCK MARKET
CHALLENGE**

PRESENTED BY



Own your tomorrow.



Dear Volunteer,

Thank you for volunteering with Junior Achievement! As a volunteer for the *JA Take Stock in Your Future* program, you are joining other business executives from across the Denver metro area in providing high school students with a unique educational experience.

As an interactive curriculum made up of two 45-minute classroom lessons (or one 90-minute block period), the *JA Take Stock in Your Future* program introduces students to the stock market. By the end of the two sessions with you, students will understand the fundamentals of the stock market and appreciate the risks and rewards of trading. They will be prepared to compete in the **Junior Achievement Stock Market Challenge presented by Bank of America**.

The following pages include a course outline, all necessary materials, vocabulary, and step-by-step instructions for implementation of *JA Take Stock in Your Future*.

Note: this curriculum and **PowerPoint** tools are available on **JA's website** at:
<http://www.jacolorado.org/teachers-bring-your-students-to-the-stock-market/>

Junior Achievement-Rocky Mountain Inc. greatly appreciates your support of *JA Take Stock in Your Future* and the JA Stock Market Challenge. We welcome your comments and suggestions about the curriculum.

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JA TAKE STOCK IN YOUR FUTURE

Table of Contents

Pages 3-4:	Overview of the JA Stock Market Challenge
Page 5:	Tips for Teaching Teens
Pages 6-13:	Lesson One
Pages 14-20:	Lesson Two

Important Dates for Students that Impact Your Teaching

- SPRING Stock Picks Due: TBA
- Stock Market Challenge: *Students attend one of the following:*

SPRING: March 14th & 15th, 8:30am-10:30am and 11:30am-1:30pm at Charles Schwab in Lone Tree, Colorado

What exactly are you preparing students to do at the JA Stock Market Challenge?

You are giving students the background and tools necessary to compete in the JA Stock Market Challenge, an event in which teams of six to eight high school students compete against each other to grow a mock stock portfolio. Their goal is to create the highest net worth in a simulated stock market environment. Throughout the game, floor traders enter teams' trades into handheld computers, and the information is immediately transferred to big screens for all participants to see. The competition is divided into two trading periods that each represent one month of trading. This means that a new day begins every 60 seconds. The fast-paced atmosphere ensures the trading is urgent and intense to simulate a real trading floor.





What are the rules of the JA Stock Market Challenge?

- One teacher can bring **no less than 6 students**. A team consists of 6-8 students. We suggest teachers recruit a minimum of 8 students to ensure at least 6 attend. JA will determine the number of teams assigned to the teachers' class(es), based on the number of students registered.
- Every team of students will begin with \$500,000 in mock stocks and/or cash, depending on their stock picks.
- Teams must be comprised of students only; teachers are not allowed on the trading floor, and any team that receives coaching will be disqualified.
- Fictitious company names, 3-letter stock symbols, and a brief description are provided in advance to enable teams to identify the 26 stocks available. Each company's name begins with a different letter of the alphabet.
- Floor traders with handheld computers come to tables to take trading orders.
- Three large screens will display the following: Team Net Worth, Daily Stock Prices, Trading Days from 1 to 60, and Graphical Depictions of Stock Performance.
- To track progress, Portfolio Statements may be obtained from any of the on-site printing stations.
- Initial stock picks must be **submitted online by deadline**. Picks are based on information provided in the Stock Descriptions Worksheet. Initial stock picks are exempt from the trading commission. All trades made after the initial stock picks will be subject to a trading commission of 1.25%, which will be automatically deducted from the team's total.
- If a team does not submit stock picks by the deadline, stock picks will be selected at random.
- Students will receive updates on world events, industry developments, etc. throughout the event; this news will affect stock values and will challenge participants to think on their feet. All teams receive the same information at the same time.
- Trading will commence with the ringing of a bell and continue for 30 minutes. After a 15-minute break, trading will resume for another 30 minutes and finish at the ringing of the bell. Each trading period/day will last for one minute; there are 60 total trading rounds.
- No laptops, graphing calculators, tablets, iPad's, or smartphones can be used during the event.
- Students should consider wearing a team identifier (face paint, headbands, etc.) – something that incorporates school spirit and a team mentality.

Tips for Teaching Teens

Managing Learners	<ul style="list-style-type: none">• Make connections by connecting personally• Set a positive tone• Walk around• Give immediate, clear feedback
Focus on Learning Goals	<ul style="list-style-type: none">• Tell students the purpose, objective, or goal for the class – write it on the board• Find out what students already know about the topic• Keep going back and restating your purpose/learning goal throughout the class• Encourage self-assessment and reflection
Facilitate Discussions	<ul style="list-style-type: none">• Use an empathetic tone• Ask open-ended questions• Have students share answer with a partner• Remain unbiased• Have patience
Support Culturally and Linguistically Diverse Learners	<ul style="list-style-type: none">• Take an asset stance: strive to learn about their cultural, linguistic, and educational background• Build a collaborative community• Give time to process with a partner sharing their native language• Use visual aids and movement• Be flexible
Provide Positive Reinforcement	<ul style="list-style-type: none">• Be prompt• Be specific• Be authentic• Comment on behavior, not character

LESSON ONE: UNDERSTANDING STOCKS

Overview

In the first of two lessons, students learn the basics of the stock market. The lesson is outlined as followed:

Section 1 (2 min): Volunteer Introduction

Section 2 (5 min): Play video and explain basics of the Stock Market Challenge

Section 3 (10-15 min): Define key terms: dividends, stock, shareholder, etc.

ACTIVITY: Partner competition—what makes stock prices go up or down?

Section 4 (10-15 min): Definition of key terms: portfolio, risk, etc.

ACTIVITY: administer risk assessment quiz verbally and discuss implications of results

Note: skip Section 4 if your learners are struggling in Sections 2 and 3 to allow you more time to explain and discuss topics in Sections 2 and 3.

Section 5 (10 min): Definition of process: how are stocks bought and sold?

ACTIVITY: students determine what they would do if they were a buyer in a given situation.

Section 6 (3 min): Summary; assign extended learning activity if applicable; farewell

Objectives

The students will be able to:

- Identify why the stock market is an integral part of our free enterprise system and why corporations issue stock (Section 2);
- Accurately predict the impact of given scenarios on stock prices (Section 3);
- Recognize their risk management strategy in comparison to other strategies (Section 4); and
- Explain how and why stocks are bought and sold (Section 5)



CONCEPTS

Business Ownership
Public vs. Private

Stock
Dividends

Savings
Risk

Diversify

Broker

Portfolio

Mutual Fund

Stock Trade

Stock Exchange/
Market

Stock Indexes/
Average

Bull vs. Bear Market

SKILLS

Analytical thinking
Decision-making



Preparation: Before Class Starts

Spend 30-45 minutes reviewing the lesson—objectives, key terms and activities. The more familiar you are with the material, the easier it will be to interact with the students.

Ask the teacher if the entire class will be participating in the JA Stock Market Challenge (or if only a select group of students will be playing), so you can address the game details to the appropriate students.

Note: the references to the JA Stock Market Challenge companies used in these lessons are from past events, and will not be used in the game your students will be playing (examples are explained in shaded boxes throughout the lesson).

Optional: If you have examples of a prospectus from a mutual fund, please bring it to help illustrate how a mutual fund operates.

Section 1: Introduction (2 minutes)

Introduce yourself and give the students a brief summary of where you work and what your job entails. Let them know that you will be visiting their classroom twice to help them gear up for the JA Stock Market Challenge! Be positive, enthusiastic and friendly. The tone you set today will affect the student's level of enthusiasm throughout the program.

You may want to begin by asking students to introduce themselves—or you can simply ask them to identify themselves as they interact with you throughout the lessons.

Explain that over the next two sessions you will be helping them learn about stocks. You will discuss why corporations issue stock, why individuals invest in corporations through stocks, how they are bought and sold, and that there can be risk associated with owning stock.

Ask all students to take out a writing utensil and blank paper, which will be needed for activities and note-taking.

Section 2: What is the JA Stock Market Challenge? (5 minutes)

Play the informational video for students about the JA Stock Market Challenge. Explain to them they will be participating as teams of 6-8 students and they will learn all they need to know during the Take Stock in Your Future sessions to compete.

<http://video214.com/play/nqInMK9i0bvpT39IM17m3Q/s/dark>

Section 3: Stock Basics (10-15 minutes)

Stock Basics

Types of company ownership structures:

- **Sole Proprietorship** - A company owned by an individual
- **Partnership** - A company owned by more than one individual
- **Corporation** - A company owned by **Stockholders**.
- A **Private Corporation** shares are owned by individuals
- A **Public Corporation** shares are traded on a public exchange.

Initial Public Offering (IPO): when a private company first goes public with their stock

Gross Domestic Product (GDP): the total market value of all final goods and services produced within the country in a given period of time (usually a calendar year)

Dividends: a percentage of profits that are paid periodically to stockholders

A **stock** is a share of the ownership of a corporation. When you own stock in a corporation, you become an owner.

Public **corporations** offer shares of their company to stockholders. **Stockholders** are individuals who have purchased a share (or many shares) of stock issued by the corporation.

The stock price is determined by:

- Economic conditions, such as **Gross Domestic Product (GDP)**, interest rates, oil prices and consumer confidence
- A company's track record
- The future outlook for the product or service

Ask the students for an example (they may not know that Chrysler and Toys "R" Us are not traded publicly). Ask who they think would own the stock (usually the company founders and/or their families).

Remind students that the JA Stock Market Challenge deals with fictitious companies that are traded publically, just like the New York Stock exchange is for trading real companies.

Ask the class the following questions to determine their background and facilitate discussion.

- Why do people purchase stock? (earn money)
- Why would we want to make money in the short term? (car, college)
- In the long term? (house, retirement)
- Why do *you* invest in stocks? Take the first four or five answers.

Tell students that if they invest in stock, they become a shareholder (or stockholder). A shareholder can earn a return on his or her stock investment in two ways: through the receipt of **dividends** or by an increase in the price of the stock.

Ask students, can the corporation affect either of these?

The corporation decides how much, if any, of its profit it pays as dividends. The corporation can do things that it believes will have a positive impact on its stock price.

Of course, shareholders lose money (stock prices go down) if the corporation does not perform as expected, due to outside economic conditions or company choices.

Activity

STOCK PRICE UP OR DOWN: Classroom competition—what makes stock prices go up or down? Instructions: Tell the students you will give the full instructions BEFORE they are to move or ask questions.

- Divide the classroom into groups of 3-4 students and choose a volunteer to keep score
- Have each student or team draw a large arrow on a blank piece of paper
- Explain you will ask questions that will have an answer of "UP" or "DOWN"
- You will read various scenarios aloud to the classroom. Make sure students don't reveal their answer until you say "NOW"

- Keep score on the board. (Groups can create a team name to make it more fun)
- After each question, you will share the correct answer. Each correct answer earns 1 point.
- At the end of all questions, the class will discuss the answers.
- The team with the most points will win! (It is optional for the volunteer to provide a prize)
- Solicit clarifying questions about the instructions before beginning the activity.

Ask score keeper to calculate their total points and determine the winner. Ask the teams with a tie to raise their hands. Congratulate both teammates. Ask the winning partner from non-tied teams to raise their hands.

Review each question in more detail, elaborating on the cause/effect.

Scenarios	
1	Gas prices rise. What happens to the stock for Tesla (the electric car maker)? <i>Answer: up</i>
2	Knockoff Hollister shirts are released. They are cheaper than Hollister brand shirts. What happens to the stock for Hollister? <i>Answer: down</i>
3	Florida has unusually cold weather, negatively impacting the crop of oranges, making oranges more rare and more expensive. What happens to Tropicana stock? <i>Answer: down</i>
4	A serious hurricane hits and many buildings are damaged. What happens to Home Depot stock? <i>Answer: up</i>
5	Tax on cigarettes is increased by the federal government. What happens to Marlboro stock? <i>Answer: down</i>
6	An electronics company improves its assembly line to reduce the cost of production. What happens to its stock? <i>Answer: up</i>
7	Enron is accused of insider trading (an illegal activity by the executives). What happens to its stock? <i>Answer: down</i>
8	The U.S. declares a new military venture in response to civil unrest in the Middle East. What happens to the stock of a military equipment manufacturer? <i>Answer: up</i>
9	How did the VW diesel emissions scandal impact the stock of VW? <i>Answer: down</i> How did the same scandal impact the stocks of other car companies? You can open this up for discussion, depending on time and student interest
10	Apple iPods are introduced for the first time. What happens to Apple stock? <i>Answer: up</i>



Optional—Section 4: Risk (10 Minutes)

This section is for more advanced classes. Please skip this section if more time is needed to discuss the concepts in Sections 2 and 3.

The risk involved in owning stock is why some stockholders diversify their holdings.

Minimize Risk...Diversify

Diversification means owning a number of different stocks in various industries that perform differently under a variety of economic conditions.

An investor can diversify his or her **portfolio** by purchasing a number of different stocks. By diversifying one's investments, a person minimizes his or her **risk**. For example, if an investor only buys stock in one company and its stock decreases in price, the investor would lose a lot of money; if, however, the investor owns stock in a number of companies, odds are they will perform differently.

There are several ways you can diversify your portfolio:

- You can invest in a mix of the following types of companies since they have different amounts of risk and growth potential:
 - Large cap (large companies)
 - Mid cap (middle-size companies)
 - Small cap (small companies)
 - International
- You can diversify on your own by researching and investing in different companies.
- You can join an investment club (in your neighborhood, school, etc.) and work with others to research companies and determine what to invest in.
- You can hire a financial planner/advisor to find the best balance of diversification for your personality and lifestyle.
- You can invest in mutual funds. A **mutual fund** is a managed collection of stocks, allowing a number of investors to purchase stock in numerous companies.

Aside from stocks, other investment options include bonds, cash-value assets, hedge funds, private equity, or even fine art.

Activity

Students will determine their personal risk tolerance using a basic quiz.

There is no right or wrong way to diversify or to manage risk. In fact, because everyone has different feelings towards their money, investment firms offer quick quizzes to help investors (you) determine how much risk you would be comfortable with. Once you finish the quiz, your answers tell you if you are an aggressive investor, a conservative investor, or somewhere in the middle.

Tell students, using your knowledge of your risk tolerance, you can decide how to diversify your portfolio.

The Questions:

Ask the students to write their answers (A, B, or C) to the following questions. If they don't exactly fit into either category, ask them to pick one that is closest.

Portfolio: a collection of stock that a person owns

Risk: the probability of making a profit or losing money on one's investments

FUN FACT: Peter Lynch, a well-known investor, buys stock in what he uses and what he likes. For example, if you wear Lucky jeans, you may want to consider investing in that company. Odds are if you like the product or service others will too. He has been exceptionally successful with this philosophy.

- 
1. When do you plan to use the money from your investment?
 - A. When I retire in roughly 40 years.
 - B. When I send my kids to college in roughly 25 years.
 - C. In my twenties (for example, for a down payment on a house) in roughly 10 years?
 2. Do you have other investments?
 - A. Yes. OR although I don't now, I will have savings set aside as soon as I finish college.
 - B. No, but I might eventually.
 - C. No. Actually, I expect to have a lot of debt after school, which will make it even harder for me to invest!
 3. Do you think you would sell your investments if your stock value started to decrease?
 - A. No, I can "ride out" the natural ups and downs of the market.
 - B. Probably, depending on how bad it got or was forecasted to get.
 - C. YES!! I hate the idea of losing my money!

The Results:

If they answered mostly A, then they are considered aggressive investors. If they answered mostly B, they are moderate investors. If they answered mostly C, they are conservative. Remind them that this is a very simplistic quiz and that they should look at their strategy in more detail when they are ready to invest.

For each type of investor, various strategies are recommended:

- **Aggressive:** Risk tolerant investors are typically saving for the distant future, so they can handle more ups and downs. They would invest 95%-100% of their portfolio in stocks—perhaps 50% in large companies, 20% in small companies, and 25% in international companies.
- **Conservative:** The students' parents may be less tolerant of risk because they need their retirement money sooner—if their stock values went down, then they don't have time to recover. They might be conservative investors. Financial institutions recommend they invest only 20% of their investment in stocks (mostly large companies because they are less risky), 50% in bonds (they don't grow as much, but they also are less likely to lose value), and 30% in cash-value assets.

Section 5: Buying & Selling Stocks (10 minutes)

Stock is exchanged when one person sells his or her share of stock and another person buys it (at a price that is mutually agreed upon). A **broker** acts as go-between for the buyer and seller, usually charging a commission (fee). Stock trades are processed through stock exchanges/markets.

Stock Markets or Exchanges

A **stock exchange floor** is a location in which stocks are bought and sold. Some of the larger stock exchanges include:

- National Association of Security Dealers (NASDAQ)
- New York Stock Exchange (NYSE)
- FTSE International (London Stock Exchange)
- NIKKEI (Japanese Stock Exchange)



Tip: depending on the technology in the classroom, you can show the last scene in Trading Spaces, which illustrates what the stock floor looks like.

Discussion

The purpose of this discussion is for students to demonstrate how stocks are traded. (You may bring some sort of “prize” for those who participate if you prefer having incentives on hand. Candy or items from your company with your company logo would be appropriate.)

Ask for three student volunteers. Designate three roles to the students (buyer, trader, and seller). Then, read aloud this scenario to the class:

- A **buyer** (point to the student buyer) has \$10,000 to invest, and would like to buy 100 shares at \$100 each of Feel Good Pharmaceuticals (FGP).
- The **buyer** tells the **trader** (point to the student trader).
- The **trader** then asks a **seller** (point to the student seller) if they would like to sell their stock. The **seller** agrees to sell 100 shares of FGP for \$100 per share. Then, the **buyer** gives the **trader** \$10,000 for the **seller**. The **trader** keeps \$20 for the trading fee.

In the newspaper the next day, there is an article stating that Feel Good Pharmaceuticals has found a cure for cancer. This doubles their stock price and each share is now worth \$200.

Ask the class what the **buyer** should do.

- What are the pros and cons of selling the stock? Not selling it? (They could hold onto the stock and hope it goes higher, or sell it and take the profit.)
- What are the risks involved with holding onto the stock or in selling the stock? (taxes, commission, etc.)

Section 6: Summary (3 minutes)

Tell the students that this scenario points out how stocks are traded, but it also notes why investing in stocks can be risky—it’s clear that you need to do a lot of research before making decisions about investing in companies. Let the students know you will talk more about how to research stocks during your next visit. Thank the students and tell them that you look forward to seeing them.

During the JA Stock Market Challenge, your team(s) may choose to have one or more stocks in your portfolio (up to 5 companies). You can obtain your portfolio statement from print stations to keep track of your stocks. You may choose to diversify, including large and small companies or companies from different industries.

FUN FACT: Several exchanges, including the NYSE, started in coffee shops!

LESSON TWO

MAKE A GOOD INVESTMENT

Overview

In the second and final workshop about the stock market, students learn how to read a stock table and use other tools to make wise investment decisions according to the outline as follows:

Section 1 (10 minutes): Introduction; Review supplemental activity OR alternate activity

Section 2 (10-15 minutes): Interpreting information in stock tables and web-based tools
DISCUSSION: Apple vs. Google

Section 3 (10-15 minutes): Explanation of JA Stock Market Challenge
ACTIVITY: teams make stock picks

Section 4 (5 minutes): Final questions; summary

Objectives

The students will be able to:

- Identify pieces of information from a stock table (Section 2);
- Use that information to distinguish if the stock would be a suitable investment for their personal retirement or other use (Section 2);
- Define the difference and benefits of buy-and-hold trading and active trading (Section 3); and
- Explain the JA Stock Market Challenge upcoming event, including the stock picks procedure and deadline (Section 3).

Preparation: Before Class Starts

For the *How to Read Stock Tables* page, either make copies for each student or use the volunteer created PowerPoint presentation.

Ask the teacher if you can access the internet. If so, you can choose to use the internet or PowerPoint.

If using PowerPoint or planning to project websites, make sure the teacher has a way to project the images.

Section 1: Introduction (10 minutes)

Greet the students. Given the slow economic recovery in the recession, what do the students think about this phrase: *buying stocks now is a great deal—it's like buying stocks on sale!* Ask a few students to share, using what they learned in the last lesson.

Review key concepts from Lesson 1 using the following questions:

- What is the difference between sole proprietorship, partnership, and corporation?
- Why would a private corporation choose to become public?

CONCEPTS

Stock Table
Closing Price
P/E Ratio
Yield
Research

SKILLS

Analytical thinking
Decision-making

- What is one way the stock price is determined?
- What are dividends?
- What is a shareholder?
- How could you minimize risk if you are an investor?
- Why might you want to maximize risk?
- How do you buy stock? Explain where/when/why.
- What is a bull market? Bear market?

ACTIVITY (10 Minutes): Share the following scenario out loud, writing the bolded key words on the white board so students can follow visually:

Big Burger Company only has stores in Colorado. They want to expand to Arizona and build at least **five new locations**. It will take **\$1 million to build each new location**, so they issue **\$5 million in stock**. Each share of stock will be sold at a **starting price of \$100**, so the company will issue **50,000 shares**. The company has done research that indicates their new stores in AZ will be successful since those demographics match those of their current customers in CO.

- As a group of prospective stock holders, would you invest your money in this company? If so, raise your hand. *Pause*. If not, raise your hand.
- What questions would you want to ask the company if you could?
Examples could include:
 - *What kind of investment are you going to make in advertising in Arizona to build brand awareness?*
 - *How is the company going to manage the stores from Colorado?*
 - *How are you going to choose locations for the new stores?*

Section 2: Understanding Stock Tables and Graphs (10-15 minutes)

Some people use stock tables, while others use tools like Google or Yahoo Finance to determine their investment choices. Show the students the tools you use and how they work for you. In order to describe your process, you may use the sample stock table on the following page, bring in hard copies from the newspaper, or show them the websites.

If you want to use the internet, verify with the teacher that you can access those websites in the classroom in advance.

Reading Stock Tables

One of the ways people figure out if they are going to buy stock in a company is to read **stock tables**.

Ask the class if anyone has ever seen a stock table. Explain that you can find them in the financial newspapers, online, etc.

Stock tables contain a lot of the information investors use to make decisions about whether to buy or sell a stock, such as the current price of the stock, the highest and lowest price paid, etc.

You can show the sample stock tables on the JA PowerPoint or use your own examples online. *See next page.*

HOW TO READ STOCK TABLES

In 2001, the NYSE became the 1st U.S. market to be fully decimalized, trading in dollars and cents (ex: \$10.25) instead of fractions (10¼). Today many people also read stock tables in real-time format on the internet. The example below is taken from a typical newspaper summary of trading on the NYSE. The captions will help you understand what the numbers mean.

NYSE

COMPOSITE TRADING FOR THE 1,500 MOST ACTIVE NEW YORK STOCK EXCHANGE ISSUES.

52- High	week Low	Stock	Div	Yld	PE	Sales 100s	High	Low	Last	Change
15.88	10.75	ABB	.48	4.1	22	543	12.13	11.63	11.75	-.38
11.38	10.13	ABN	.96	8.5		491	11.38	11.25	11.25	
10.00	9.00	ACE	.80	8.5		322	9.38	9.25	9.38	
11.38	9.88	ADC	.96	8.8		496	11.00	10.88	10.88	-.13
9.75	8.25	AES	.80	8.5		579	9.38	9.13	9.38	
10.58	8.50	AEW	1.08	10.7		508	10.25	10.00	10.13	-.13
2.50	.88	AKS				797	1.38	1.13	1.25	-.13
9.50	6.38	ASM				2240	7.75	7.25	7.38	-.38
36.50	24.00	ASE	.44	1.2	16	1307	35.88	35.13	35.25	-.63
28.50	18.00	ATT	.18	0.7	184	658	26.25	25.75	25.75	-.50
80.25	54.38	AUO				5084	60.00	60.50	60.75	-2.25
47.25	36.50	AVX	2.50	6.0	20	963	41.50	40.88	41.50	+2.25
						B				
50.25	29.75	BHD	2.00	5.5		1858	37.00	35.88	36.50	+1.13
34.00	26.00	BBT	.68	2.6	18	19315	27.50	26.25	26.63	-1.38
9.88	3.75	BCE				455	4.13	3.75	3.88	-.25

Stock prices are quotes in dollars and cents. The prices for ABB range from a 52-week high of \$15.88 to a low of \$10.75

130,700 shares of ASE stock changed hands that day.

Companies are given a 1-4 letter trading symbol. Morgan Stanley is traded as ASE, as an example.

The highest price paid for AVX during the day was \$41.50 per share and the lowest was \$40.88.

The dividend on this stock is \$2.00 / share.

The yield is a percentage return represented by the dividend. It is calculated by dividing the annual dividend by the closing price. The yield on AEW was 10.7%

The price-earnings ratio is a measure of the value of a stock. It is calculated by dividing the closing price by the earnings per share. Earnings per share represents the total profits divided by the total number of shares of stock outstanding.

Today's closing price for BBT was \$26.63. This was \$1.38 lower than the closing price yesterday.

Using Web-based Tools:

You may want to have the students peruse a site such as Google or Yahoo Finance. Looking up companies they may recognize will provide context for you as you show them how to use these types of resources to make dynamic and strategic decisions. A sample image from Apple, using Google Finance, is below. **Remember**—images are saved on the JA Power Point for you to use!



Next explain how to use a stock description to make savvy stock market decisions. What does the description about Apple tell the students?

Description

Apple Inc. (Apple) designs, manufactures and markets a range of personal computers, mobile communication and media devices, and portable digital music players, and sells a range of related software, services, peripherals, networking solutions, and third-party digital content and applications. It's products and services include Macintosh (Mac) computers, iPhone, iPad, iPod, Apple TV, Xserve, a portfolio of consumer and professional software applications, the Mac OS X and iOS operating systems, third-party digital content and applications through the iTunes Store, and a range of accessory, service and support offerings. The Company sells its products globally through its retail stores, online stores, and direct sales force and third-party cellular network carriers, wholesalers, retailers, and value-added resellers. As of September 25, 2010, the Company had opened a total of 317 retail stores, including 233 stores in the United States and 84 stores internationally.

[More from Reuters >](#)



Students may also benefit from seeing and discussing a comparison between two companies. What does this comparison between Google and Apple below tell them?

Students will now want to take this information and understand how to apply it to the JA Stock Market Challenge. The following pages go over the ways you can help them strategize for the event and in life!

If you skipped Lesson 1 Section 4: JA Stock Market Challenge (15 minutes)

Tell the students that the JA Stock Market Challenge is all about “active trading.” The goal is to make the most money in the short amount of time. The goal is not to save for retirement in fifty years. That means their approach to risk in this challenge is probably different than your personal approach would be in your own investments.

Active trading requires more effort on the part of the investor as they are *actively* buying and selling. The investor watches the market trends and makes constant, fast decisions about what and when to buy and sell.

On the other hand, **buy-and-hold trading** is more passive. The investor purchases stocks or funds but does not constantly monitor their progress. Their pay-off is typically not as large.

Discussion

Ask the students to share the pros and cons of each style. Some ideas may include the amount of stress, risk, profit, maintenance, and “fun.”

- When might it be a good idea to implement active trading?
Examples include: trying to earn extra money for a vacation, using “bonus” money that they are less attached to.
- When might it be a good idea to use buy-and-hold trading?
Examples include: 401K retirement plan, a “set it and forget it” mentality, long-term investments.

Now it’s time to apply this information to the JA Stock Market Challenge!

Mini Simulation—JA Stock Market Challenge:

Each team will have 3 rounds to buy and sell stocks. The team with the highest value increase at the end of round 5 will be the winner. Below are the 5 companies involved:

Axel Group (AXG) Price \$10.00

Axel Group is a diversified specialty chemicals and materials company serving global markets, including mobile energy storage, electronic devices, renewable energy and automotive systems. The Company develops, produces and distributes chemicals, materials, and technologies. The Company serves a variety of sectors, including rechargeable batteries, electronic devices, cutting tools, petrochemical catalysts, electronics manufacturing, industrial coatings, defense, aerospace, and medical devices.

EastCoast Paper Corp. (ECP) Price \$5.00

EastCoast Paper Corp. is engaged in production of coated freesheet, coated ground wood, and uncoated supercalendered papers. These products are used in catalogs, magazines, retail inserts, and commercial print. The Company operates in three market segments: coated and supercalendered papers; hardwood market pulp, and specialty papers. It is also a supplier of coated papers to catalog and magazine publishers. Its coated freesheet papers are used primarily for annual reports, brochures, and magazine covers.

Active trading:
trading focused on
short term gains

**Buy and hold
trading:**
trading focused on
long term gains



Johnson Gold Resources (JGR) Price \$2.00

Johnson Gold Resources is an international gold mining and exploration company producing gold in Ghana, West Africa. The Company also conducts gold exploration in other countries in West Africa and in South America. Johnson owns controlling interests in several gold properties in southwest Ghana.

Theal Corp (TLC) Price \$35.00

Theal Corp. is a France-based integrated international oil and gas company. With operations in more than 130 countries, Theal engages in all aspects of the petroleum industry, including upstream operations (oil and gas exploration, development and production, liquefied natural gas (LNG) and downstream operations (refining, marketing and the trading and shipping of crude oil and petroleum products). It also produces base chemicals (petrochemicals and fertilizers) and specialty chemicals for the industrial and consumer markets.

Zappa Foods Co. (ZPC) Price \$25.00

Zappa Foods Co. is a food and beverage company. It operates through two segments: Fresh Dairy Direct-Morningstar and WhiteWave-Alpro. Fresh Dairy Direct-Morningstar is a processor and distributor of milk and other dairy products in the United States, with products sold under more than 50 local and regional brands and a range of private labels. WhiteWave-Alpro is a leading provider of pet food and supplies.

Opening Day:

Students will determine where they will spend their initial 10K investment. Note: students can choose to keep a cash balance in their portfolio. Once teams have calculated their initial investments read the first hot tip below before clicking to the next slide. Allow the students a chance to recalculate their investment before reading the second hot tip and moving on to the next slide. After the final slide, talk with the students about how the tips affected their stock choices and other factors that influenced their decisions. Remind them that this is how it will be at the JA Stock Market Challenge.

Hot Tips

Read to students before Day 30 begins:

- Zappa Foods is forced to recall hundreds of thousands of bags of lettuce due to a suspected listeria outbreak, leading to the product being taken off shelves in hundreds of grocery stores.

Hand out before Round 60 begins:

- Johnson Gold Resources just announced they are opening a new mining operation in Colorado that will more than double the production of their current highest performing mine and will employ over 500 new employees.



Reminders about the JA Stock Market Challenge

Go over the rules of the Stock Market Challenge. You can use the wording below as a possible script if needed.

So, are you ready to invest at the JA Stock Market Challenge? As a review, the JA Stock Market Challenge is a very fast-paced game. Each day lasts 60 seconds! It is hectic and loud, just like an actual trading floor would be. It's very exciting and filled with energy. Remember to read your press releases and check out those hot tips. They will give you the necessary information to make informed decisions on whether to sell or buy. A few other tips:

- Floor traders with handheld computers will come to your table to take trading orders. There are more tables than traders, so you will need to get their attention!
- Three large screens will display the following: team net worth, daily stock prices, trading days from 1 to 60 and graphical depictions of stock performance.
- To track progress, portfolio statements may be obtained from any of the on-site printing stations.
- All trades made after the initial stock picks will be subject to a trading commission of 1.25%, which will automatically be deducted from the team's total.
- Students will receive updates on world events, industry developments, etc. throughout the event. This news will affect stock prices and will challenge participants to think on their feet.
- Trading will commence with the ringing of a bell and continue for 30 minutes. After a 15 minute break, trading will resume for another 30 minutes and finish at the ringing of the bell. Each trading period will last for one minute; there are 60 total trading rounds.

Students will be in teams of 6-8 students. Each team has \$500,000 to invest. There are 26 fictitious stocks to choose from and they can invest in a maximum of 5. The stock picks are listed on the following pages. The students may want to discuss their options with you. If so, please keep in mind that you will likely have competing teams in the classroom at the same time!



2017/2018 Stock Picks

COMING SOON!



Ask the students to create their stock pics. They need to know the following pieces of information for each stock they plan to buy:

- Stock Name
- Stock symbol
- Number of shares
- Total dollars invested in this stock

Remind them to double check their total dollars invested (did they buy more than \$500,000?). Any amount not invested in stock will be categorized as “cash on hand.”

Summary

Answer outstanding questions about the stock market. Ensure the teacher has collected the stock picks (either via the online submission, paper copy, etc.) from the teams.

Share a personal investing story that highlights a mistake or lesson that you learned:

Thank the students for their attention and tell them you look forward to hearing about the outcome of their teams in the JA Stock Market Challenge!

