

ACTION RESEARCH PROJECT: STOCK MARKET

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Question: “Can students learn about the stock market through a simplified eight week simulation?”

To begin, it is important to learn the background of the stock market, why there is a stock market, and how to read stock quotes. We had a stock broker, David Stokes, from A.G.Edwards come and give an introduction to both classes. We also contacted the local newspaper, The Pantagraph, to deliver papers on our stock buying days. We ended the class having students fill out a “pre-evaluation.” This consisted of the following questions: What is a stock?, How can a person make or lose money in the stock market?, What factors may cause a stock to increase or decrease in value?, If you bought 100 share of stock in Apple Computers at \$38,20 per share and one month later the stock value is \$38.43, did you profit or lose?, and opinions of “the stock market is understandable, it is important to understand the stock market, and I am interested in the stock market.”

The next day we passed out portfolios and recording sheets. However, we changed our plans. Instead of having students blindly choosing stocks this day, we gave them a paper to look at the quotes. Then we challenged them to spend one week researching companies and deciding on three companies for investing. We discussed where information could be gathered. (e.g., newspapers, internet, CNBC, business magazines.) We stressed that they “will only get out of this project what they put into it.” Throughout the following week I would begin each math class mentioning a “business in the news” and end each class reminding students to research.

On February 14 we had our first purchasing. Students were given the following rules and assignment:

Rules of the game:

1. Each student will have an imaginary account of \$10,000 to invest.
2. Students must have 3 stocks in their portfolio at all times.
3. Stocks can only be traded on designated trade days.
4. Stock values will be read from the Pantagraph on trade days.
5. All profits and losses must be reflected in the next week’s trades. (For example, if you lose \$1,000, then you can only invest \$9,000 the next week. Likewise, if you profit \$1,000, then you will invest \$11,000 the next week.)

Your Assignment:

- * Each student will write a paragraph explaining their initial choices for stock purchases. Please include any research you did in your explanation.
- *Each student will fill out a trade sheet on trade days. This includes calculating the portfolio value on that day, and also includes making any trades.
- *Each student will write in complete sentences using proper grammar and spelling an explanation of all profits and losses.

*Each student will keep a graph of their profits and losses.

Students seemed to pick stocks which had posted increases in the paper. Only a few students had chosen companies they had researched or asked their parents' opinions. We also discussed new terms today. They were CPI (Consumer Price Index) and PPI (Produce Product Index). We also discussed how talk of the United States going to war might affect the market.

We continued checking stocks weekly and giving the students time to search and purchase new stock. Each week the students were asking fewer questions and taking less time to complete. However, we originally wanted them to graph their results and there wasn't enough time to begin this. So, each class picked a stock. Then, we recorded the closing amounts for each over two weeks. Both classes showed graphs with dramatic increases on the last two days. This gave us some interesting discussions about the causes for these rises.

Over the weeks students were talking more about their stocks and the market outside of class time. It was evident that more students were checking stocks daily, using the internet, learning about different companies, and predicting what would happen as the war in Iraq broke out.

We tried to give them topics to discuss each week as they wrote their paragraphs. For instance, one week they were to find out what the terms "bear" and "bull" meant in the stock market. Another week they were to find out the specific goods or service each of their companies provides. Thanks to our local owners of McDonald's restaurants, Bob & Julie Dobski, we were given many gift certificates to hand out to students weekly for answering questions and having the top profits. We also gave more gift certificates to the overall winners in each class.

What changes would we make if we did this unit again? One big change would be to changing the recording form. This has already been done. We would also have the students doing more research of companies and looking at graphs of their stock activity prior to choosing their first stocks. Finally, the students completely changed their stocks each week. (Meaning, if they wanted to keep a certain stock, they would have to buy it back at the new price.) I would like to have them continue the original amount if they hold on to a stock.

Can students learn about the stock market in eight class periods? The answer to this became evident when we gave the students a post evaluation. When asked their opinion of "the stock market is understandable", 89 % of the students responded "agree" compared to 44 % in the pre evaluation. When asked their opinion of "it is important to understand the stock market", 92 % of the students responded "agree" which 91 % responded "agree" in the pre evaluation. When asked their opinion of "I am interested in the stock market", 79 % responded "agree" compared to 59 % in the pre evaluation.

I am very thankful the PRISM project at Illinois State University provided me the opportunity to incorporate this unit in my eighth grade curriculum.

The Stock Market Game

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- Each student will keep a graph of their profits and losses.

Metroff Investment Company

Stock Exchange Record

Weekly Purchase

Date:

Stock Name	Number of Shares	Value Per Share	Total Value of Shares
		Total	

End of Week Record

Date:

Stock Name	Number of Shares	Value Per Share	Total Value of Shares
		Total	

Pre-Evaluation, Stock Market Project

Answer each question as completely as you can. Your answers are not graded on correctness. I only want to know what you know. If you do not know an answer, please write that.

Part A:

1. What is a stock?

2. How can a person make or lose money in the stock market?

3. What factors may cause a stock to increase or decrease in value?

4. You bought 100 shares of stock in Apple Computers at \$38.20 per share. One month later, the stock value is \$38.43 per share. Did you profit or did you lose? How much?

Part B

Circle the number that best represents your opinion.

- | | 1 | 2 | 3 | 4 |
|--|----------------|-------|----------|-------------------|
| | strongly agree | agree | disagree | strongly disagree |
| 5. The stock market is understandable. | | | 1 | 2 3 4 |
| 6. It is important to understand the stock market. | | | 1 | 2 3 4 |
| 7. I am interested in the stock market. | | | 1 | 2 3 4 |