



PLAYING THE STOCK MARKET

Age group	Secondary School, Grades 1 – 4	
Competency features	Proactive approach and creativity 	Ability to accept risk 
Aims	<ul style="list-style-type: none"> ▪ understanding the implications of non-zero sum trading ▪ assessment of the level of risk ▪ to boost the problem-solving skills in tricky situations ▪ to develop communication skills ▪ to develop cooperation skills 	
Timing	ca 60 minutes (based on students' knowledge, ability to concentrate and cooperate; depending on teacher's goals, this exercise may be used repeatedly)	
Location	indoors	
Resources & materials	Worksheet No. 1 - Transaction Record Sheets Worksheet No. 2 - Events ((numbered 1 to 29) blackboard and/or a large sheet of paper to record proceedings calculator and IT equipment incl. data projector container for the draw of events	
Description		
<ol style="list-style-type: none"> 1) Teacher needs to be very well prepared. Based on the number of students, he needs to create a number of groups – equity investors. There must be a large envelope on every group's working desk. The classroom needs to be made ready well before start. Students may use their calculators. 2) Shares of five companies are available in the stock market: MeatCZ, PetroOil, ConstructionCZ, InvestBank, and MediaTV. Their nominal values are: Euro 20 for MeatCZ; Euro 30 for PetroOil; Euro 40 for ConstructionCZ; Euro 50 for InvestBank, and Euro 60 for MediaTV. Based on events to be made public, there will be changes in equity prices. 3) Students in their working groups take up positions at their desks; they have no idea what is coming and what those large envelopes contain. An administrator may be elected from amongst the students, together with an assistant. His task is to oversee the proceedings, make records on the board and/or using IT. The teacher might fulfil this role; he would join a working desk, while students are still oblivious of what is to happen. 4) Teacher explains the tasks and tells the students that each group will represent 		

an investor (market player), buying and selling stock in the stock market in real time. The starting capital is Euro 1,000, and it can be invested in up to five equities; at discretion, the whole amount may be used to purchase just one stock, or, based on risk, it can be split into more. Next, an event is announced (not just percentage movement in the price of stock) that might affect the price; this will be decided by draw. The working group now needs to decide whether to buy three shares (subject to funds) and sell three shares (either buy, or sell, or buy two shares only, etc.). Transactions are recorded in record sheets, which make them final.

- 5) Following the event (news), share price change is announced. The equity value is then recalculated (lower or higher), while the goal is to make maximum return on investment.
- 6) The events drawn go back in the draw; it is suggested to go through 15 to 20 of rounds. Thereafter, the game is evaluated and winners proclaimed. It is the group with the largest capital value, i.e. initial investment plus shares bought.
- 7) Since some of the groups may feel clueless at the beginning of the game, teacher can provide guidance.
- 8) Prior to starting the exercise. Teacher explains about risk minimization (eggs in more baskets) and how to act on events (news; one might buy stock on positive news, and sell it on bad news. Administrator must not let out which way the stock price will have moved before transactions are finalized. Only then does he reveal it (bold print). When the bell rings, the game is over; results are announced, the best group.
- 9) Analysis, discussion, terminology (stock exchange; demand; offer; market; market price; profit; etc.).

Feedback	<p><u>Questions for discussion:</u></p> <p>How did the students feel at the beginning of the game? How did their feelings develop later? Who was creative, thought hard, tackled the issues? Who had misgivings and wanted to give up? Did they all have the same chance to succeed?</p>
Application in classes	development of financial awareness, civic education (basics of finance, market principles of offer and demand)
Notes	

Worksheet

PLAYING THE STOCK MARKET – Transaction record sheets

Company:	MeatCZ			
Transaction	Number of shares	Price per share	Total value	Value reached
Opening		20		
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

Company:	PetroOil			
Transaction	Number of shares	Price per share	Total value	Value reached
Opening		30		
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

Company:	ConstructionCZ			
	Number of shares	Price per share	Total value	Value reached
Transaction				
Opening		40		
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

Company:	InvestBank			
	Number of shares	Price per share	Total value	Value reached
Transaction				
Opening		50		
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

Company:	MediaTV			
Transaction	Number of shares	Price per share	Total value	Value reached
Opening		60		
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

Cash flow	
Transaction	Cash in hand
Opening	1000
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	

Worksheet

PLAYING THE STOCK MARKET – EVENTS (NEWS)

Events (news) need to be cut in individual slips since they are going to be drawn at random from the envelope. **NB**: Do not read out the bold print before everyone has made their buys and/or sells!

Event No. 1:

Due to Western European embargo, MeatCZ cuts exports.

Share price falls by 15 %. Equity holders will have the value reduced by 15 %.

Event No. 2:

ConstructionCZ has been dropped as supplier to the East-West gas pipeline project.

Share price falls by 10 %. Equity holders will have the value reduced by 10 %.

Event No. 3:

ConstructionCZ has finished its financial year with similar results as before.

Share price does not budge. Equity holders are not affected.

Event No. 4:

A media celebrity signs a contract with MediaTV.

Share price rises by 3 %. Equity holders will have the value increased by 3 %.

Event No. 5:

CZK gains on the Euro. MeatCZ reports increased sales to France and Germany.

Share price rises by 12 %. Equity holders will have the value increased by 12 %.

Event No. 6:

InvestBank top management in turmoil, future prospects not clear.

Share price falls by 4 %. Equity holders will have the value reduced by 4 %.

Event No. 7:

MeatCZ wins the accolade of the Best Producer of Organic Meat Products.

Share price rises by 7 %. Equity holders will have the value increased by 7 %.

Event No. 8:

Half-year audit at InvestBank; losses are reported, and the bank writes off some risky investments.

Share price falls by 7 %. Equity holders will have the value reduced by 7 %.

Event No. 9:

ConstructionCZ wins a contract to build council high-rises.

Share price rises by 5 %. Equity holders will have the value increased by 5 %.

Event No. 10:

Half-year audit at InvestBank; losses are reported, and the bank writes off some risky investments.

Share price falls by 9 %. Equity holders will have the value reduced by 9 %.

Event No. 11:

MediaTV station broadcast untrue information.

Share price falls by 4 %. Equity holders will have the value reduced by 4 %.

Event No. 12:

ConstructionCZ continues its cooperation with big British companies, commanding greater respect abroad.

The company's recognition abroad rises. Share price rises by 6 %. Equity holders will have the value increased by 6 %.

Event No. 13:

PetroOil discovers rich oil fields, promising a full five-year supply.

Share price rises by 13 %. Equity holders will have the value increased by 13 %.

Event No. 14:

MeatCZ has been subjected to Food & Hygiene inspection. A number of irregularities have been logged, and the company has been fined.

Share price falls by 5 %. Equity holders will have the value reduced by 5 %.

Event No. 15:

InvestBank joins a motorway-building consortium.

Share price rises by 8 %. Equity holders will have the value increased by 8 %.

Event No. 16:

MeatCZ suffers a production line breakdown, resulting in sharply decreased output.

Share price falls by 26 %. Equity holders will have the value reduced by 26 %.

Event No. 17:

InvestBank spreads its branch network into all the towns with more than 20 thousand inhabitants.

Share price rises by 3 %. Equity holders will have the value increased by 3 %.

Event No. 18:

PetroOil signed a contract on oil supplies with an important Russian partner.

Share price rises by 6 %. Equity holders will have the value increased by 6 %.

Event No. 19:

MediaTV boosts the range of its services.

Share price rises by 6 %. Equity holders will have the value increased by 6 %.

Event No. 20:

There are shortages of construction materials, and ConstructionCZ is unable to deliver in time.

Share price falls by 4 %. Equity holders will have the value reduced by 4 %.

Event No. 21:

The media market is stable, and MediaTV stock remains unchanged.

Equity holders are not affected.

Event No. 22:

MeatCZ has announced great results, and high dividends may be expected.

Share price rises by 35 %. Equity holders will have the value increased by 35 %.

Event No. 23:

ConstructionCZ has announced great results, and high dividends may be expected.

Share price rises by 22 %. Equity holders will have the value increased by 22 %.

Event No. 24:

MeatCZ products are in great demand.

Share price rises by 20 %. Equity holders will have the value increased by 20 %.

Event No. 25:

PetroOil's competitor is very successful with its premium fuels.

Share price falls by 11 %. Equity holders will have the value reduced by 11 %.

Event No. 26:

MediaTV has been given a steep fine by the Anti-monopoly Office.

Share price falls by 11 %. Equity holders will have the value reduced by 11 %.

Event No. 27:

ConstructionCZ takes on more workers while preparing a number of projects.

Share price rises by 2 %. Equity holders will have the value increased by 2 %.

Event No. 28:

PetroOil introduces a new generation of premium fuels that are better for the engine and cut consumption by as much as 10 %.

Share price rises by 18 %. Equity holders will have the value increased by 18 %.

Event No. 29:

MediaTV suffers from a corruption scandal.

Share price falls by 8 %. Equity holders will have the value reduced by 8 %.