

## Extension Activity: The Wall Street Challenge

In this classroom challenge students working in teams of 3-5 students will choose stocks from one of the market-cap indices (index). There are many indices to choose from, but I use a specific four indices. Two of which are large-cap, one mid-cap and a small-cap index.

Student's will demonstrate their understanding of **Stocks, Indices, Market Cap, Rate-of-Return & Beta. Optional P/E Ratio**. I use this 3-week activity after I have taught my students Stocks 101. This includes, market-cap, indices, and beta. So, I might use this before students beginning making trades or later in the session. Students do not necessarily buy these stocks in their portfolios.

**I recommend joining me** for a live Stocks 101 and Basic Company Research webinars or emailing me for my teaching power point. I can be emailed at: [smgmichigan@gmail.com](mailto:smgmichigan@gmail.com). You can find my Live webinars by logging into the Teacher Support Center using your Teacher/Adviser username and password and clicking on Events Calendar.

**Step № 1:** create teams of 3 – 5 students.

**Step № 2:** Teams choose one of the Indexes.

**Step № 3:** Teams find 5 stocks from their index and complete the Wall Street Challenge worksheet. (\$20,000.00 per stock)

**Step № 4:** Check the stock price of your chosen stocks and calculate the rate-of-Return for each stock.

**Step № 5:** Add/subtract your 5 stocks Rate-of-Return.

The team with the highest Rate-of-Return is crown Champions!

**Here are links to the four indices I use with my students**

- **The Dow 30 (Large Cap) - [link](#)**
- **The S&P 500 (Large Cap) - [link](#)**
- **The S&P 400 (Mid Cap) - [link](#)**
- **The Russell 2000 (Small Cap) - [link](#)**

# The Wall Street Challenge Worksheet

**Team:**

**Date:**

<b>Company</b>	<b>Initial Stock Price</b>	<b><math>\\$20,000.00 \div \text{Initial Stock Price} =</math> How many shares to buy if entering trades in a portfolio)</b>

**Calculating the Rate-of-Return:** After two or three weeks have students find the current stock price for their stocks.

**For example:** I buy AT&T Stock at \$18.30

Two weeks later AT&T stock is trading at \$18.50

**Step № 1:** Find the difference between the two prices.  $18.50 - 18.30 = \$0.20$

**Step № 2:** Divide the difference (\$0.20) from the Initial Stock Price stock price.  $\$0.20 \div 18.30 = 0.0109289$

**Step № 3:** Multiply the Step № 2 total by 100.  $0.0109289 \times 100 = \underline{1.09289}$  (round to the 100ths place)

**1.10% is the growth for AT&T**

**Remember if the stock price went down it would be negative growth and you would need to include the negative sign.**

**Step № 4:** Add the Rate-of-Return for all 5 of your stocks. (Remember to subtract negative values)

The team with the highest rate-of-Return is crowned the Champions!

Company	Initial Stock Price	Current Stock Price	Calculate Rate-of-Return
<b>AT&amp;T</b>	<b>\$18.30</b>	<b>\$18.50</b>	Step № 1: $18.50 - 18.30 = 0.20$ Step № 2: $0.20 \div 18.30 = 0.010$ Step № 3: $0.010 \times 100 = 1\%$ <b>AT&amp;T Rate-of-Return is 1% growth</b>
<b>Add all 5 Rate-of&gt;Returns:</b>			

## Here are links to the four indices I use with my students

- *The Dow 30 (Large Cap)* - [link](#)
- *The S&P 500 (Large Cap)* - [link](#)
- *The S&P 400 (Mid Cap)* - [link](#)
- *The Russell 2000 (Small Cap)* - [link](#)

For my example I am clicking on The DOW 30

Symbol <sup>▲</sup>	Name	Wtd Alpha	Last
<a href="#">AAPL</a>	Apple Inc	+3.10	154.59
<a href="#">AMGN</a>	Amgen Inc	+8.30	250.40
<a href="#">AXP</a>	American Express Company	-16.60	148.84
<a href="#">BA</a>	Boeing Company	-31.80	154.10
<a href="#">CAT</a>	Caterpillar Inc	-15.60	182.44
<a href="#">CRM</a>	Salesforce Inc	-29.70	178.12
<a href="#">CSCO</a>	Cisco Systems Inc	-24.70	44.12
<a href="#">CVX</a>	Chevron Corp	+37.00	148.26
<a href="#">DIS</a>	Walt Disney Company	-44.10	101.30
<a href="#">DOW</a>	Dow Inc	-20.40	51.86
<a href="#">GS</a>	Goldman Sachs Group	-15.30	321.31
<a href="#">HD</a>	Home Depot	-13.60	295.85
<a href="#">HON</a>	Honeywell International Inc	-21.30	182.01

Students can click on the ticker symbol to learn more about each company. Under the Last column is the current stock price. When I click on the ticker for Apple I can find the Market Cap and Beta.

### Fundamentals

Market Capitalization, \$K	2,453,673,440
Shares Outstanding, K	16,185,181
Annual Sales, \$	365,817 M
Annual Income, \$	94,680 M
60-Month Beta	1.19
Price/Sales	6.77