Extension Activity: March Madness

Student's will demonstrate their understanding of ***Stocks, Indices, Industry, Market Cap, Rate-of-Return & Beta. Optional P/E Ratio***. This a great Spring activity to do with your class. It can be done in small groups, but I have each student participate individually. The main learning point is calculating rate-of-return, however because I choose the companies for them, I could have them look up the Market-Cap, Beta and P/E ratio too. For best results join me for both the Stocks 101 and the Basic Company Research webinars. All live webinars can be found by going to the Events Calendar of the Teacher Support Center. Email me at smgmichigan@gmail.com for the teaching PowerPoints.

Before you get started you will have to decide **how you will display your March Madness Bracket.** In my class I use a big sheet of butcher paper (draw my bracket and place on my wall) and I print out company logos, laminate them and use magnet strip for placing on the bracket.

Step № 1: I do this with my home room only and each student picks a stock. Yoi could do this ingroups and include many other classes. My bracket has a place for 32 teams not 64, but again your call here. To round out my 32, I have a stock and include my principal(s) or a teacher or two. There are several ways for choosing a stock here and you could include research too. I always use this during March Madness (hence the name) and it is truly meant to be "FUN" I have pre-picked the stocks. I have 16 sets of two comparable companies (same industry) for example Pepsi and Coke, Home Depot and Lowes. This is how I pair them too.

Step № 2: Stocks are placed on the bracket and every week (Friday to Friday) each student has to check their and their opponents Rate-of-Return. We round to the nearest 100ths place. The winner for that round goes onto the next round. This is a good time for students to take notice of what stocks did good and perhaps independently research some new stocks.

Calculating the Rate-of-Return: Every Friday have students find the current stock price of their stocks.

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

One-week 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 ÷18.30 = 0.0109289**

Step № 3: *Multiply the Step № 2 total* by 100. **0.0109289 x 100 = <u>1.09289</u>** (round to the 100ths place)

1.10% is the Rate-of-Return (growth) for AT&T Each week all students can help calculate the rate-of-return.

Company	Initial Stock Price	Current Stock Price	Calculate Rate-of-Return
AT&T	**$18.30**	**$18.50**	**Step № 1: 18.50 – 18.30 = 0.20** **Step № 2: 0.20 ÷ 18.30 = 0.010** **Step № 3: 0.010 x 100 = 1%** **AT&T Rate-of-Return is 1% growth**