



## Stock Market Game

Mr. Moretta 625

This term we will be participating in the **Stock Market Game**. This is an official stock market simulation run nationwide. It allows students across the nation to get experience investing fake money in real stocks and encourages financial literacy and economic awareness.

### What do I get to work with?

You or your team will be given an SMG account with **\$100,000** in it. You be given access to that account (via the internet) and access to the SMG investing resources. You will also be provided with guidance from me as well as a list of outside resources that may help you. I will be allowing class time for this activity.

### What do I do?

You or your team will invest the \$100,000 **in US stocks or ETFs** via the **SMG website**. You will have 10 weeks (**Feb 3<sup>rd</sup> – April 10<sup>th</sup>**) to earn as much profit as possible. Just like in real-life your goal is to make money from your investments. The team with the most money at the end of the game wins!

### Will I get a grade for this?

Yes, you will. However, the grade you receive will be based not on the money you make or lose, but on regular reports that you will turn in to me – usually every week. The accuracy and thoroughness of these reports will determine your grade. This skill is a valuable financial tool in itself.

### Hints

- Do your research! The more you know about companies the more likely you are to invest your \$100,000 wisely. This will take reading and research.
- Don't just buy stock in stuff you like (Apple and Abercrombie for example). These are good long-term investments but move slowly.
- Keep your ideas and stock tips to yourself.
- Utilize your grownups – old people know about this stuff and they would probably love to talk to you about it!
- Have fun. Ultimately this is just a game – albeit a game where you can learn an awful lot about real world finance.

## Are there rules in this game?

Yes. A full list of the rules is available here... <http://www.stockmarketgame.org/tsc-rotg.html> But I will list some of the more important ones below...

- You may only buy stocks and funds that are traded on the **NYSE** or **NASDAQ**
- All stock trades must be executed through the **SMG website** or **mobile app**
- You may not buy any stock priced lower than **\$3 per share**
- You may not buy fewer than **10** shares of any stock – though you may sell fewer
- All buy and sell orders are executed at the **end of the day** and at those prices
- Stock market hours are Monday-Friday **9:30-4:00** just like in the real world. Orders may be submitted 7 days a week – 24 hours a day, however, orders submitted after 4 PM will use the following market day's value for the stock(s) bought or sold.
- Stock and cash dividends and stock splits are automatically computed into portfolios
- Investors may borrow on the margin up to 50% - therefore your buying power is actually 1.5 times the equity in your account.
- Margin loans get charged weekly a rate of 7% annual interest
- A 1% brokerage fee is charged to all transactions. For example, if you buy or sell \$10,000 worth of stocks they will charge your account \$100.
- Cash balances earn weekly a rate of 1% annual interest

## Some Helpful Resources (also available in clickable form on my website)

Stock Market Game (SMG) website

<http://stockmarketgame.org/>

Yahoo Finance

<http://finance.yahoo.com>

Google Finance

<https://www.google.com/finance>

Market Watch

<http://www.marketwatch.com/>

Investors Observer

<http://www.investorsobserver.com/analysis#>

Seeking Alpha - <http://seekingalpha.com/>