

Stock Market Game



Marginal Performance

How did the Market do today?

- Indexes:

- S&P 500 – **Down – 28 points**
- Dow Jones Industrial Average (DOW) – **Down – 256 points**
- Nasdaq Composite (NASDAQ) – **Down – 128.5 points**

One analyst said, “We've moved along from being driven by sentiment and momentum, and now investors are starting to focus more on fundamentals...”

What is Margin Credit?

- Each team begins the game with \$100,000 in cash and may borrow additional funds.
- **Margin trading** - borrowing money from your broker to buy stocks, bonds, or other securities.
- Allows you to leverage your account
- SMG requires a *Minimum Maintenance* amount be maintained.
 - Margin accounts are charged interest.
 - If the value in the account falls below the maintenance amount, investors must sell enough securities to cover the shortage.

What is Margin Credit?

Buy Margin Req:	\$62,678.73
Available Equity:	\$38,237.27
OPENING BUYING POWER:	\$57,355.90
Minimum Maintenance:	\$28,204.02

- **Users can find the amounts available on the Account Summary page**
- **Investors generally put up half the amount and borrow the other half.**
- **Stocks in the portfolio are used as collateral**

What is Shorting Stocks?

- Normal Stock purchases:
 - Purchase stocks with the expectation the price will rise
- Shorting Stocks:
 - Short Sell on the expectation the price will fall
 - Short Cover to "buy" the stock

Buy Low
Sell High

Sell High
Buy Low



Special Stocks

- **ETF**

- Exchange Traded Fund – enables purchasing sectors or specific types of stocks as a unit.

- **ADR - American Depositary Receipt**

- A way to purchase stock in overseas companies on US exchanges

- Examples:

- BABA → Alibaba – Chinese “Amazon”
- NIO → Nio Limited - Chinese electric car company
- XPEV → Xpeng Inc. - Chinese electric car company
- SONY → Sony Corp – Japanese electronics company

Special Stocks

- **REIT** - Real Estate Investment Trust
 - May have higher rates of return (yield)
 - Must return 90% of profits to investors
 - May pay monthly dividends
- **SPAC** - Special Purpose Acquisition Company
 - Company with no commercial operations formed strictly to raise capital through an initial public offering (IPO) to acquire an existing company
 - Funds are placed in an interest-bearing trust account
 - Funds can only be used to complete an acquisition or to return the money to investors
 - Generally has two years to complete a deal
 - The company purchased is usually listed on a stock exchange.

Stock Market Game



Marginal Performance