

# Stock Market Game



Following “the Market”

# Basics

- **Student teams of 1 –5 members**
  - **Team gets \$ 100,000 to spend and a margin credit line of \$50,000**
  - **Trade only stocks and mutual funds listed on the NASDAQ and New York Stock Exchanges**
  - **Must purchase a minimum of 10 shares**
  - **Stocks must cost more than \$3; market capitalization of \$25 million**
- **Mobile App is available to help track your portfolio**
- **All trades are computed as of 1 pm daily**

# What is a Stock Index?

- A **stock index** is any collection of stocks that fit a certain theme and replicate (track) an overall economy, market, or sector.
- Indexes allow investors to more broadly track the market.
- Most common indexes:
  - **S&P 500**
  - Dow Jones Industrial Average (**DOW**)
  - Nasdaq Composite (**NASDAQ**)

# What goes into building a House?



Weyerhaeuser (WY)



(SWP)

**SHERWIN  
WILLIAMS**



Owens Corning (OC)



(CARR)



OREGON COUNCIL ON  
**Economic Education**

Or you can  
buy the  
whole house



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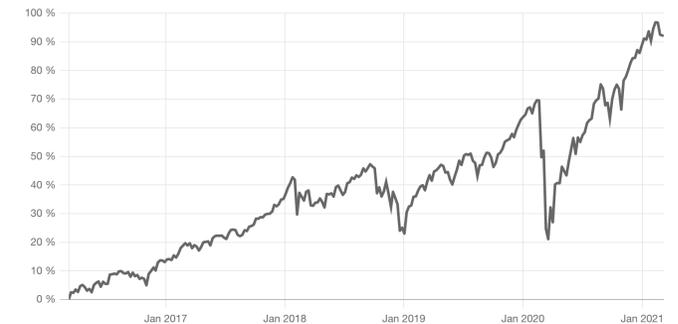
S&P 500



Dow Jones Industrial Average



NASDAQ Composite



# Stock Indexes - S&P 500

- **Standard and Poor's 500**

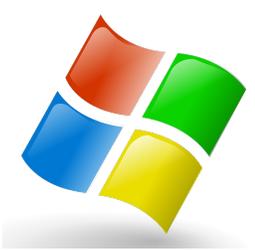
- 500 of the top companies in the U.S. Stocks
- **Market-cap weighted** – Apple and ExxonMobil - have greater influence
- Represents about 80% of the total value of the U.S. stock market
- Good indicator of movement in the U.S. market as a whole



# Stock Indexes - DOW

- **Dow Jones Industrial Average**

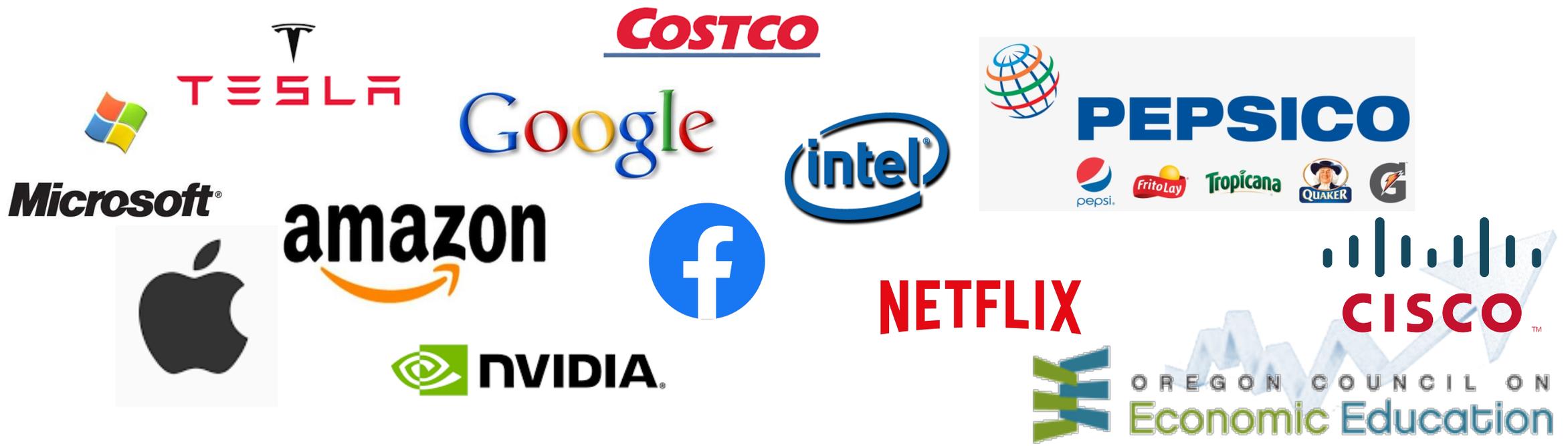
- 30 of the top companies in the U.S. Stocks
- All the companies are considered major players in their respective industries
- **Price weighted** – higher priced stocks have greater influence



# Stock Indexes - NASDAQ

- **Nasdaq Composite**

- High concentration of companies in the technology sector
- 3700 stocks - does not include ETFs or mutual funds
- Weighted by Market Cap – Top 10 account for 1/3 of the performance



# How did the Market do today?



- Indexes:

- S&P 500

- Dow Jones Industrial Average (DOW)

- Nasdaq Composite (NASDAQ)



# Other Indexes

- **Nasdaq 100** - focused on the largest 100, roughly 3% of the NASDAQ
- **Russell 2000** - 2,000 small-cap companies – average \$2.3 billion
- **Russell 3000** - provides exposure to the entire U.S. stock market
- **S&P 500 Value Index** - mature, slower-growing companies
- **S&P 500 Growth Index** - generally above-average sales growth and relatively high price-to-earnings ratios (PE)
- **S&P MidCap 400** – restricted to market caps between \$1.6 - \$6.8 billion.
- **Wilshire 5000** - represents the entire U.S. stock market

# How to buy Indexes

*“Index funds are the best investment choice for the majority of Americans”*

*~ Warren Buffett*

- Mutual Funds are a managed portfolio of stocks
- ETF – Exchange Traded Funds usually track an index or sector of the market
  - **VOO**: Vanguard S&P 500 ETF
  - **QQQ**: tracks NASDAQ 100 Index
  - **DIA, IYY, DDM**: Track the Dow (DJIA)
- SPDR (Standard & Poor's Depository Receipt) are a sector ETF
  - **SPY** – represents the S&P 500 stocks

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- Instead of buying individual stocks, investors can diversify their holdings by purchasing shares of ETFs, SPDRs and mutual funds as if they were individual stocks.
- **VTI - Vanguard Total Stock Market Index Fund – The entire Market**  
Tracks the performance of the index, representing approximately 100% of the stocks regularly traded on the New York Stock Exchange and Nasdaq
- **SPY - S&P 500**
- **QQQ - Stocks in the NASDAQ-100 Index**
- **VBR - a broadly diversified index of value stocks of small U.S. companies.**

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