

# Identifying Symbols and Interpreting Stock Quotes

## Suggested Grade

Grades 6-8

## Suggested Time

50 minutes

## Teacher Background

Each exchange-listed company has its own unique ticker symbol. A ticker symbol is a unique combination of up to five letters used to identify a stock or mutual fund. In some cases a company's ticker symbol may look like an abbreviation of the company's name. For example the ticker symbol for The Home Depot is HD, Morgan Stanley's ticker symbol is MS, and Time Warner Cable's ticker symbol is TWC. However, there are cases where a company's ticker symbol bears no resemblance to the company's name. The Coca Cola Company's ticker symbol is KO and AT&T's is just the letter T.

Investors use a company's ticker symbol to locate its stock quote. A company's stock quote provides the current price of its stock, changes in its price, its Price/Earnings ratio, its volume (the number of shares that have traded), and other data.

Most financial reporting websites have a ticker symbol lookup or quote search function. The Stock Market Game's team portfolio provides ticker symbol and stock quote lookup functionality on its Account Analyzer page and its Enter a Trade page. Another recommended resource is Yahoo! Finance (<http://finance.yahoo.com>).

## Vocabulary

**Dividend:** Part of a company's profits (earnings) that is paid as money or shares to stockholders. In The Stock Market Game™, any dividends received are listed in Transaction History and are included in the portfolio's total equity.

**P/E Ratio:** A company's closing price divided by its latest annual earnings per share. The Price/Earnings is the relationship between a company's earnings and its share price. It is calculated by dividing the current price per share by the earnings per share.

**Share:** A share is a unit of ownership in a corporation or mutual fund.

**Stock:** A type of security that signifies ownership in a corporation and represents a claim on part of the corporation's profit (or loss). Companies usually issue stock to raise money for a variety of reasons, including expanding or modernizing their operations.



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**Volume:** The number of shares traded in a company's stock. Unusual market activity, either higher or lower than average, is typically the result of some external event.

## Performance Objectives

Students will be able to:

- Determine how to look up a ticker symbol
- Analyze a stock table to understand important elements such as dividends and P/E ratios
- Gather data from both print and internet sources
- Enter a trade in The Stock Market Game portfolio
- Demonstrate the ability to use each of the following terms: share or stock, dividend, P/E ratio, volume or sales, net change

## Materials

Activity Sheet 1: Reading a Stock Quote Table

Fact Sheet 1: Trading the Stock Market Game Way

## Springboard Activity

Have students identify themselves in five words or less. Quickly review the many ways they have chosen. How many chose their "official names"? How many chose a nickname? Did anyone use initials or a symbol?

Tell them that stocks are like people. They have different identifiers.

Ask: Why do we use different names or logos for ourselves? Why might a corporation use different names/symbols/logos to identify their corporation?

## Procedure

The following are used to identify a particular company. The teacher should draw an apple on board/overhead/chart paper.

Ask: Any idea what it might be? Its ticker symbol is "AAPL". What could it be?



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The corporate logo is:



Ask: Why does Apple use different symbols? If your SMG team wanted to buy this stock, how would you know which symbol to use?

Ticker symbols for some companies are easy to figure out. For example, HD for Home Depot or F for the Ford Motor Company

Ask: What do you think the symbol for General Electric might be or Verizon?

Go to Yahoo Finance to look up the ticker symbols for each.

### **Novice and Apprentice Levels**

Complete *Activity Sheet 1: Reading a Stock Quote Table*.

Tell your students that hypothetical SMG team, "Beta Busters," wants to buy 250 shares of Mondelez International, Inc. What should Beta Busters consider before investing in Mondelez? Create a list of 10 questions that the Beta Busters should consider before investing in a company.

For example: What kinds of products do they offer? Has the company's stock experienced a gain or loss compared to their 52-week high? How is the company performing compared to its competitors? Who are the company's competitors?

If it is helpful, you may instruct teams to complete a stock quote table for Mondelez, just like they did for Hershey's.

### **Master and Grand Master Levels:**

Review *Activity Sheet 1: Reading a Stock Quote Table*, to ensure that the students fully understand the stock tables.

Have SMG teams complete *Activity Sheet 1* for several of The Hershey Company's competitors, using the information from only from their stock tables. Teams may find its competitors listed in its stock quote on Yahoo! Finance.



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Ask: What else might you want to know about the company before you invested in it? Be careful, Nestle is an OTC stock that teams are unable to trade in SMG. Teams should create a list of 10 non-stock quote related questions investors should consider before investing in a company. For example, what kinds of products or services does it sell? What differentiates it from its competitors?

## Assessment

### Novice and Apprentice Levels

Ask teams to explain how Hershey's and Mondelez compete? What industry are they in and what products compete with one another? Based on their stock quotes, which company seems to be succeeding? Why?

Name another one of Hershey's competitors. Be sure you are able to add them to your SMG portfolio. How does this third company compete with Hershey's and Mondelez? Based on their stock quotes, which company seems to be succeeding? Why?

Which company would the team invest in? Why?

### Master and Grand Master Levels

Have each SMG team select three companies from the same industry, research the companies' financials and calculate their P/E ratios.

Ask: Which would you choose to purchase? Why?

### All Levels

Distribute *Fact Sheet 1: Trading the Stock Market Game Way*.

Have each team justify their stock choice the day they make the initial trade and react to it at future intervals in their group journals. Each student must contribute to the group journal. It is recommended that each team begin a group journal.

## Application

### Novice and Apprentice Levels:

Ask your teams to choose and compare three stock research websites. A list of websites is available in the Outside Links section of their portfolios. Instruct to create criteria for evaluating the sites and then create a chart comparing the three sites.

### Master and Grand Master Levels:

Have SMG teams develop portfolio plans, and guidelines. Select a stock to purchase and justify based on the information from the stock quotes. Discuss additional



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information you may want in order to make a well-informed decision before making a trade.

## **Enrichment Activities**

Have students conduct the following activities by accessing on-line information for each company.

### **Novice Level**

Have students draw a bar graph showing the 52-week high, low and current stock price for three stocks they have selected.

### **Apprentice Level**

Have students compare two stocks to determine which has a higher percentage growth over a period of three months.

### **Master Level**

Have students explain why a stock moved in a certain direction over the past three months, using the company news section in Investor Relations on the SMG website.

### **Grand Master Level:**

Have students explain why an industry sector moved in a certain direction over the past three months, using the company news section in Investor Relations on the SMG website.



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Name:

# Activity Sheet 1: Reading a Stock Quote

A stock quote provides you with pricing information. This information helps you determine whether a particular stock is a good investment or not. Different financial news and

research sites may organize their stock information differently, but will provide essentially the same information. The example below is taken from a NYSE stock quote.

<b>Company</b>		<b>Symbol</b>	
The name of the company.		The company's stock/ticker symbol.	
<b>Current Price</b>	<b>Price Change</b>	<b>Percent Price Change</b>	
This is the current per share price of the stock.	This is the difference between the stock's current price and its last reported price.	This is the difference in price expressed as a percentage.	
<b>Prev Close</b>		<b>Day's Range</b>	
The previous close is the stock's closing price on the previous trading day.		The highest price and lowest price of the stock so far today.	
<b>Open</b>		<b>52wk Range</b>	
The first trade of stock today is its opening price.		The highest price and lowest price of the stock so far over a 52 week period.	
<b>Bid</b>		<b>Volume</b>	
An offer made to buy this stock.		The total number of shares traded so far today.	
<b>Ask</b>		<b>Avg Vol (3M)</b>	
The price at which a seller wants sell this company's stock.		The average of the total number of shares traded in the past three months.	
<b>1y Target Est</b>		<b>Market Cap</b>	
The median target price as predicted by analysts covering the stock.		The total current market value of all outstanding shares of a company.	
<b>Beta</b>		<b>P/E</b>	
Beta measures volatility. A number less than 1 means less volatility and a number greater than 1 means more volatility.		A company's closing price divided by its latest annual earnings per share.	
<b>Next Earnings Date</b>		<b>EPS</b>	
The next time the company will report its earnings.		EPS stands for Earnings Per Share. It is a company's profit or earnings divided equally among all the shares investors own.	
		<b>Div &amp; Yield</b>	
		A dividend is a payment many companies make to its stockholders. Yield is the amount of cash that returns to stockholders.	

Image Source: [http://www.gstatic.com/hostedimg/5a718d09b2ff7eb0\\_large](http://www.gstatic.com/hostedimg/5a718d09b2ff7eb0_large)



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Name: \_\_\_\_\_

Practice interpreting a stock quote. Use the stock quote function in your team portfolio or from one of the financial news sites to help you complete the stock table below for *The Hershey Company*.

Today's Date: \_\_\_\_\_

<b>Company</b>		<b>Symbol</b>	
<b>Current Price</b>	<b>Price Change</b>		<b>Percent Price Change</b>
<b>Prev Close</b>		<b>Day's Range</b>	
<b>Open</b>		<b>52wk Range</b>	
<b>Bid</b>		<b>Volume</b>	
<b>Ask</b>		<b>Avg Vol (3M)</b>	
<b>1y Target Est</b>		<b>Market Cap</b>	
<b>Beta</b>		<b>P/E</b>	
<b>Next Earnings Date</b>		<b>EPS</b>	
		<b>Div &amp; Yield</b>	



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# Trading The Stock Market Game™ Way

The screenshot shows a white rectangular box with a blue header bar containing the text "Enter a Trade". Below the header bar, there are three blue buttons with white text: "Stock Trade", "Mutual Fund Trade", and "Bond Trade".

You may trade stocks, bonds, and mutual funds in The Stock Market Game (SMG). Stocks and mutual funds are traded the same way. To trade bonds in the SMG, refer to the SMG handout, *Buying Bonds the SMG Way*. This document only addresses how to make stock or mutual fund trades.

Instructions for making trades are also available in the Help section of the SMG portfolio's [Enter a Trade](#) page.

## Buy or Sell, Short Sell or Short Cover?

There are four types of stock and mutual fund trades: Buy, Sell, Short Sell, and Short Cover. The latter two refer to a specific situation where an investor borrows stock from a brokerage company and sells it with the intention of buying it back at a lower price. Short Sell and Short Cover work together like Buy and Sell work together. To remove a Short Sell position from your portfolio you must Short Cover.

## Search for Ticker Symbol, Search By Stock Description, Validate Ticker/ Get Details

If you think you know the company's symbol, enter it in the box and click **Search for Ticker Symbol**. If you are right, a pop-up will appear with a quote. If you are wrong, the pop-up will open with no information.

To find a company's ticker symbol, enter its name into the same box and click **Search By Stock Description**. A pop-up appears with a list of possible matches. Click the ticker symbol for the company you wish to trade. This will automatically enter its symbol into the box. Click **Validate Ticker/Get Details** to confirm it is the company you wish to trade.

The screenshot shows a white rectangular box with a blue header bar containing the text "Enter a Stock Trade". Below the header bar, there is a blue button with white text: "Blocked Symbols". Below this, there are four radio buttons: "Buy", "Sell", "Short Sell", and "Short Cover". Below the radio buttons, there are three blue links: "Search for Ticker Symbol", "Search By Stock Description", and "Validate Ticker/Get Details". Below the links, there is a text input field. Below the input field, there is a label "Order Type" and a dropdown menu with "Market" selected. Below the dropdown menu, there is a label "Number of Shares" and a text input field. Below the input field, there is a label "Limit Price" and a text input field with a dashed line. At the bottom, there are two grey buttons: "Clear Values" and "Preview Trade".



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## Order Type: Market or Limit?

By default, your **Order Type** selection is *Market*. This means you want your trade executed regardless of the stock's price.

In a Buy order, choosing *Limit* means you want to specify the highest price you are willing to pay for the stock or mutual fund. In a Sell order, it is the lowest price you will accept to sell your stock or mutual fund. Enter your **Limit Price** as a decimal with no dollar sign. *Limit* orders expire at the end of the trading day.

Enter the **Number of Shares** you wish to trade. The minimum number of shares for a buy order is 10. There is no minimum number on sell orders.

### Trade Order Preview

**Action** Buy  
**Ticker** IBM  
**Company Name** INTERNATIONAL BUSINESSMACHINES CORP  
**# of Shares** 100  
**Order Type** Market Order  
**Limit Price** -----

Re-enter your password to place this trade.

## Are you sure you want to?

Click **Clear Values** to start over or click **Preview Trade** to confirm and submit your trade. Review your **Trade Order Preview** carefully. Trades cannot be undone. You are charged a broker's fee for each trade you make.

If the information is correct, enter your password and **Confirm Trade**. If it is not correct or if you change your mind, select **Edit Trade** to correct or update your trade.

Your transaction will not be processed until you click **Confirm Trade**. After you have confirmed your trade, a new screen appears with a **Trade Order Confirmation Number** and the option to view **Pending Transactions** or **Enter Another Trade**.



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## Why didn't the trade go through?

Not all trades are entered successfully. Visit your Transaction Notes page to figure out why a trade did not go through. These are some of the most common errors:

**Account Margin Exceeded by: \$** - You did not have enough money for the trade, even if you borrowed the maximum.

**Failed: Could not talk to portfolio system** - System was unavailable for trading. Try again later.

**Invalid Symbol or Price Feed System Down** - If you get this message, you may have entered the ticker symbol incorrectly or part of the system may be down. Check the ticker symbol and re-enter the trade.

**Not enough position for transaction** - You are trying to enter a transaction to sell or short cover more of a security than you currently hold in your portfolio.

**OMS control file error-INVREQ** - The SMG system is down and could not process your order. Please try again later.

**Order Price is Away From Market** - You entered a limit price that was not met.

**Order Rejected** - You attempted to sell a stock that you did not own.

**Order Canceled** - You canceled the trade before the close of market, while it was still in *Pending Transactions*.

**Possible duplicate order** - You have just entered a duplicate order that would put your portfolio in an oversold long or over bought short position. The trade has been rejected.

**Portfolio system unavailable, please try again later** – The SMG system is unavailable for trading. Please try again later

**Symbol is not defined in portfolio system** - You have attempted to place a trade with a ticker symbol that is not in the portfolio database. Ask your teacher to contact your SMG Coordinator about it.

**Security Not Found on Sec Mast Xref File and OSS Sec Mast** - You attempted to trade a stock that was not in the system. Usually this means the stock is not listed on either the NASDAQ or the NYSE Euronext. If you receive this message and are sure the stock is traded, please have your teacher contact your local SMG Coordinator.

**Symbol price is zero** - You have either entered an incorrect ticker symbol or the system price data feed is not pricing the security.

**This is a Possible Error** - You will get this message if a system error occurred during processing. If you get this message, check *Account Holdings* the day after you entered the trade to see if it has been processed. If not, re-enter the trade.

**Trade exceeds maximum percentage for equity** - Your SMG Coordinator has implemented a *Maximum Percent Equity* rule. Please ask your teacher for the maximum amount of equity you are allowed to invest in a single company or fund.



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