

3.2 What is the Stock Market?

## *Student Activity Packet*

## UNIT: INVESTING

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Name:

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| **Students will be able to:**  * Explain what the stock market is and why companies and investors choose to participate in the stock market * Summarize long-term trends in the stock market * Experience why it can be difficult to predict trends in the stock market   **NOTE:** Vocabulary for this unit can be found in the [NGPF Personal Finance Dictionary](https://docs.google.com/document/d/1YH07bp18mb2fLOlJqvRMpiEAJ0oodsZRzEhEHPwjEDo/edit#heading=h.z6ne0og04bp5) |

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| **""** | INTRO |

## **QUESTION OF THE DAY:** [**What percent of 18-29 year olds are investing in the stock market?**](https://docs.google.com/presentation/d/1rmhc5oaiWqoAHM7MIa_5N_2kejtLeg03VK_fXoHuekw/edit#slide=id.gead7e02702_0_126)

Answer the question on the first slide in the space below. Then, compare your answer to the answer on the second slide. Finally, follow your teacher’s directions on how to answer the follow-up questions on the last slide.

1. **What percent of 18-29 year olds are investing in the stock market?**

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| **""** | LEARN IT |

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## **VIDEO:** [**The Stock Market Explained**](https://www.youtube.com/embed/H4wefrUr1zk?showinfo=0&modestbranding=1&rel=0)

## **INFOGRAPHIC:** [**The Stock Market - Explained**](https://miro.medium.com/max/2778/0*lubTctDQw1cFDxzo)

You’ve probably heard about the stock market, but what is it and how does it work? Watch this video and read this infographic to find out! Then, answer the questions.

1. **When a company lists its stock on an exchange, it means investors can buy its stock. How does this benefit the company?**
2. **What are the two ways that investors can make money from stocks?**
3. **As an investor, what are the risks involved with buying one company’s stock?**

## **EDPUZZLE:** [**Trends in the Stock Market**](https://edpuzzle.com/media/5eb2d2bde81b5d3f0aed75fc)

If you want to invest, you’ll need to understand big-picture stock market trends, which are oftentimes referred to as bull and bear markets. Watch this video to learn about these trends. Then, answer the questions.

*NOTE: EdPuzzle videos shuffle answer choices and do not always match the order provided in the lesson here.*

1. **Jamie asks, “What are the latest trends in the stock market?” In other words, Jamie is asking…**
   1. Which companies used to be listed on a particular stock market index?
   2. How has the stock market performed over the past 10 years?
   3. How many companies are listed on the stock exchange?
   4. What are the upward and downward patterns of the stock market over a recent period of time?
2. **What is the difference between a BULL and a BEAR market?** 
   1. A BULL market is when the stock market is rising and the economy is booming, while a BEAR market describes a declining market and a receding economy
   2. A BULL market is when there is a decline in the stock market and the economy is receding, while a BEAR market describes a rising market and a booming economy.
3. **Which adjective would best describe a BEARish investor attitude?**
   1. Optimistic/Positive
   2. Pessimistic/Negative
4. **Why is it challenging to match your investing decisions with how the stock market is performing?** 
   1. It is hard to predict trends, and trends can only be identified once they’ve already happened
   2. The stock market is typically in a BEAR market for a specific period of time
   3. You have to invest large amounts of money to have your decisions match the performance of the stock market
   4. The stock market is typically in a BULL market for a specific period of time

## **INTERACTIVE:** [**Can You Beat the Market?**](https://qz.com/487013/this-game-will-show-you-just-how-foolish-it-is-to-sell-stocks-right-now/)

In the previous video, we learned that it can be difficult to predict trends in the stock market. You’ll now have the opportunity to see why. Play this interactive game, which simulates investing in the stock market over 10 years. Your job is to SELL when you think you should take your money out of the market. Then, BUY back into the market when you think it’s the right time. (Note: You can only sell and buy ONCE.) After playing, answer the questions.

1. **Play the game once.** 
   1. Did you beat the market?
   2. How much did your $10,000 turn into?
   3. If you hadn’t made any trades at all, how much money would you have had?
2. **Play the game a second time.** 
   1. Did you beat the market?
   2. Did you alter your strategy? Why or why not?
3. **How does this game support the advice, “Buy and hold your investments instead of trying to time the market”?**