

Identifying Symbols and Interpreting Stock Quotes

Suggested Grade & Mastery Level

High School - all levels

Suggested Time

50 minutes

Teacher Background

To enter transactions in The Stock Market Game (SMG), teams must enter the ticker symbol of the company or fund they wish to buy or sell. Ticker symbols are what stock exchanges use to identify listed companies. Typically, companies listed on the New York Stock Exchange (NYSE) have one to three letters in their ticker symbols. The NASDAQ Stock Market and American Stock Exchange identify companies and funds with symbols that maybe as long as five letters.

The online SMG team portfolios provide teams with ticker symbol lookup tools. Your local paper may also list stock prices. However, newspapers stock listing do not use ticker symbols to identify companies in its stock listings. Newspapers have their own naming convention. The challenge is that, while all stock markets use the same symbol for a company, each newspaper may have its own name for the same company. For example, Citigroup's ticker symbol is "C." One newspaper uses "ctygrp" for the company, another uses "citi" and a third uses its real ticker symbol, "C."

It is recommended that this lesson be taught with each SMG team having access to a computer with Internet.

Vocabulary

Dividend: Part of a company's profits (earnings) paid periodically to stockholders.

P/E Ratio: Stands for price-to-earnings ratio. The P/E 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 assets and earnings.

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:

- identify stocks by both newspaper and ticker symbol
- determine how to look up a stock using ticker symbols
- enter purchase orders and/or make a trade on The Stock Market Game website
- demonstrate the ability to use each of the following terms: share or stock, dividend, P/E ratio, volume or sales, change

Subject Areas

English Language Arts, Mathematics, Economics, Technology/Research, Business, Social Studies

Materials

- Activity Sheet 1: Reading a Stock Quote Table
- local newspaper
- Internet access

Springboard Activity

List a few popular products: Coke, Nike, Apple.

ASK

- Would you consider buying stock in the companies that make these products?
- Why?
- Why Not?

Explain the companies that make these products use a special kind of nickname called a ticker symbol to identify themselves on the exchanges where they are listed. Discuss with the class how an investor might locate the ticker symbol for a company he/she may want to purchase.

Procedure

With the class in their SMG teams, Inform them that ticker symbols for some companies are easy to figure out. For example, the symbol for IBM is IBM (the actual company name is International Business Machines).

ASK

- What do you think the symbol for General Electric might be? (GE) General Motors? (GM) Dell Inc.? (DELL)

Display the following ticker symbols and ask the class to make an educated guess on which was the correct one for the Coca Cola Company:

CCLAY
CCLAF
KO
KOF
CCHOF
CCH
CCHBF
COKE
CCE

Explain to the teams that not all ticker symbols are easily associated with the companies they represent. Instruct teams to visit <http://finance.yahoo.com> and perform a symbol search for Coca Cola.

Offer the following tips to help them narrow the choices:

- Symbols with more than four letters are usually foreign stocks -that eliminates; CCLAY, CCLAF, CCHOF, CCHBF.
- Sometimes the name of the company is listed next to the symbol like the Hellenic Bottling Company so that rules that out.

KO is the ticker symbol for the Coca Cola Company.

Next, introduce the idea of parent companies and subsidiaries. Banana Republic and Old Navy are subsidiaries of the Gap. While they have their own brands and identities, they are owned by the Gap. Frito Lay and Gatorade are both owned by Pepsi.

Ask the class if they are familiar with YUM! Brands, Inc.? Visit www.hoovers.com and look up Yum! Brands, Inc. Do those teams who were familiar with YUM Brands, Inc. recognize additional subsidiaries? Do those who did not know about YUM! Brands, Inc. recognize some of its subsidiaries?

Novice and Apprentice Levels:

Inform your teams that they will be participating in a hypothetical situation where they mistakenly enter GAP as the ticker symbol for the Gap, Inc. (the parent company of Old Navy and Banana Republic). Have the teams visit <http://finance.yahoo.com>, enter GAP in the "Get Quotes" box, and click "Go."

Elicit responses from the teams for the following questions:

- What company did the "Get Quotes" box bring up?
- Is it anything like the Gap? What does it produce?
- What is the proper way to look up the ticker symbol for the Gap, Inc.?

The ticker symbol for the Gap is GPS. Responses to the last question should be in the vein of typing "Gap" in a ticker symbol lookup box and then selecting the appropriate ticker for the desired company.

Next, explain that they will be learning how to read stock quotes. Distribute **Activity Sheet 1: Reading a Stock Quote Table**, which is the guide to reading a stock quote from www.investopia.com/university/stocks/ with questions.

Master and Grand Master Levels:

Review **Activity Sheet 1** to ensure that all students fully understand the stock tables. Have students work in their SMG teams analyze several stocks from one industry sector, using the stock tables only.

ASK

- What would they select and why?
- Why is this incomplete information?
- What else would they want to know about the stock?
- The company?
- The industry sector?

Assessment

Novice and Apprentice Levels:

Have students create five rules for determining whether a particular stock is a good investment or not based on information available in its stock quote. They should provide the reasoning behind each of their rules.

[Master](#) and [Grand Master](#) Levels:

Have students list several stocks they are considering for their portfolios, explain the performance of each and why each is a good investment.

Application

[Novice](#) and [Apprentice](#) Levels:

Ask your SMG teams to consider adding Great Atlantic & Pacific Tea Company to their portfolio. Teams should prepare a brief report on whether or not it is a good investment. Their report should answer:

- What services or products does the company provide?
- Do they own any subsidiaries?
- Who are their competitors? Name two.
- How does their stock performance compare against their competitors?

[Master](#) and [Grand Master](#) Levels:

Have students develop a diversified portfolio and justify their purchases based on the information on the stock quote.

Enrichment Activities

All of the following activities are to be conducted by students accessing on-line information for each company.

[Novice Level:](#)

Have students construct a bar graph that shows how the stock prices of three different companies in their SMG portfolios or they wish to buy has changed over a three month period.

[Apprentice Level:](#)

Have students compare two stocks in their SMG portfolios or that they wish to include in their portfolios to determine which has a higher percentage growth over a period of three months.

[Master Level:](#)

Using the company news section in Investor Research of their team portfolio, have teams explain why a stock in their portfolio or that they wish to include in their portfolio moved in a certain direction over the past three months.

[Grand Master Level:](#)

Using the company news section in Investor Research of their team portfolio, have teams explain why the industry sector for the majority of their portfolio investments moved in a certain direction over the past three months. For example, if a portfolio has shares in Dell, Apple, and IBM, the team should report on why stocks in the Technology sector are up or down.