



What Makes A Good Stock: Classroom Exercise

What's Going On With That Stock?

The purpose of this activity is for students to understand how different events will impact a stock's price and future performance. Students' responses will provide insight into their understanding of stock prices, risk, and business operations. Keep in mind that a student's answers may vary as there is not only one right answer. What's important is for students to have a reasonable justification for their answers. Below is the teacher guide, and the student activity is included in the following pages.

TEACHER GUIDE

SCENARIO
1: The company recalls 75,000 automobiles for a factory defect. The stock price falls \$10.
2: LeBron James is seen with a lesser known company's brand of shoes. Their stock rises \$40.
3: McDonald's figures out a way to lower the costs of running their stores. The stock rises 5%.
4: A bank's CEO is involved in a scandal and the stock falls 30%.
5: Sony launches an incredible AI product.
6: Adidas launches a new shoe style.
7: A chemical meltdown occurs at a materials company.
8: A smaller company starts selling their product in two countries and the stock rises 25%.
9: Apple's sales are higher than expected. The stock price rises \$15.
10: One company announces they plan to buy Company XYZ and XYZ's stock nearly doubled.
11: A hurricane destroys a shipping company's largest port. Repairs will take three months to resume production. The stock price falls 20%.



What Makes A Good Stock: Classroom Exercise

What's Going On With That Stock?

Analyze each of the scenarios below. You may either discuss with your group if you were assigned to a group by your teacher, or you can write explanations for why each stock behaved the way it did. Think about why a company's stocks go up and down, such as profitability, the potential for growth etc. and apply these ideas to your answers.

SCENARIO 1

1: The company recalls 75,000 automobiles for a factory defect. The stock price falls \$10.

SCENARIO 2

2: LeBron James is seen with a lesser known company's brand of shoes. Their stock rises \$40.

SCENARIO 3

3: McDonald's figures out a way to lower the costs of running their stores. The stock rises 5%.

SCENARIO 4

4: A bank's CEO is involved in a scandal and the stock falls 30%.

SCENARIO 5

5: Sony launches an incredible AI product and the stock rises by \$45.

SCENARIO 6

6: Adidas launches a new shoe style, and Nike's stock price falls by 5%.

SCENARIO 7

7: A chemical meltdown occurs at a materials company and the stock falls by 15%.

SCENARIO 8

8: A smaller company starts selling their product in two countries and the stock rises 25%.

SCENARIO 9

9: Apple's sales are higher than expected. The stock price rises \$15.

SCENARIO 10

10: One company announces they plan to buy Company XYZ and XYZ's stock nearly doubled.

SCENARIO 11

11: A hurricane destroys a shipping company's largest port. Repairs will take three months to resume production. The stock price falls 20%.