Financial Probabilities

MODULE 22: LESSON GUIDE

Dive into the fascinating world of financial probabilities and unlock tools that can help predict the next Bull Market or recession! Learn how we calculate probabilities and explore the concept of expected value, which helps weigh risks and rewards, helping us make smart, informed decisions in a world full of financial uncertainties.

Time Required:
90-120 minutes

SUPPLIES:

Notebooks
Computers, Phones or Tablets
Internet Access
Projector
Activity Sheets (Optional)

ACTIVITIES & ARTICLES

ACTIVITIES
No Activities Listed

ARTICLES
No Articles Listed

GUIDING QUESTIONS
- What are probabilities and how do they help us make informed decisions about the future?
- How can we create probabilities to help us model any scenario?
- What is the probability of a recession and are there indicators that can help us change this probability?
- How do compound probabilities work and how are they calculated?
- What are conditional probabilities and how are they more complicated?

ENDURING UNDERSTANDINGS
- Probabilities are used to make informed predictions about future events, enabling better decision making under uncertainty.
- We can construct probabilistic models to simulate real-world scenarios.
- Probabilities can be applied in finance all the time - from predicting the likelihood of a recession to understanding the trillion dollar insurance industry.
- Provide students with the knowledge to calculate and understand compound probabilities.

STANDARDS ALIGNMENT

No Jump$tart or Council of Economic Education Standards listed.

Common Core Standards Not Yet Updated.