

# Student Trading Group Investing 101

February 1, 2024



# Agenda

- Announcements
- Market update
- Open Discussion
- Investing 101
- Video
- MW Investing Competition
- Q&A

# Congratulations Dev and Zach!

Two of our members have recently been accepted into the Financial Markets Institute of MSU, an extremely competitive and selective program for students pursuing careers in high finance.

**Dev Dhingani**



- Sophomore
- Finance
- Sales & Trading

**Zach Boorom**



- Sophomore
- Finance
- Private Equity

# Market Update

- Sofi records first profitable quarter in 2023 Q4, shares rise ~24% pre-market 1/29/24
- Fed Reserve announces March rate cut is “not likely”
- Meta (Facebook) beats expected earnings per share by ~7%, shares rise 15%
- Amazon beats expected EPS by ~24%, shares rise 7%
- Apple Earnings
- Unemployment rate tomorrow 8:30am

# Open Discussion

- Recent Trades?
- News?
- Predictions?
- Economic Data?
- Etc.

# What is the Stock Market?

- The stock market serves as a centralized platform where investors buy and sell various financial instruments, including stocks, bonds, and derivatives.
- Stocks, also known as equities, represent ownership shares in publicly traded companies. Investors acquire these shares, becoming partial owners with associated rights and potential profits.
- Companies use the stock market to raise capital by issuing stocks to the public. This capital is essential for business expansion, development, and innovation.
- Prices of stocks are determined by the principles of supply and demand. The continuous trading on the stock market establishes fair market values for securities.
- Investors participate in the stock market to achieve financial goals, such as capital appreciation and income generation. The market provides a diverse range of investment opportunities for individuals and institutions alike.

# Stocks

- Represent ownership in a company.
- Shareholders receive dividends and have voting rights.
- Traded on exchanges like NYSE and NASDAQ.

# Stock Terminology

- Share- Units of ownership in part of a company's stock
- Ticker- Abbreviation for a specific stock (\$TSLA, \$AAPL, \$SPY)
- Ask Price- Lowest price someone is willing to sell shares for
- Bid Price- Highest price someone is willing to pay for shares
- Bid-Ask Spread- Difference between bid price and ask price
- Market Cap- Share price \* shares outstanding
- Volume- How many shares have been traded over a period
- 52 Week Range- Lowest-highest share price in the past year



# Market vs Limit Orders

- A market order will buy at the lowest asking price immediately
- A limit order will wait until the lowest ask meets your desired buying price

# Market vs Limit Orders Example

- If SPY is currently trading at \$487 per share...
- A market order would process immediately and give you a fill price ~ \$487 (will be slightly higher than the middle price).
- A limit order of \$485 will be pending until the trading price of SPY drops to \$485 or lower.

# Risk/Risk Tolerance

- All types of investing or trading inherently involves risk, understanding your personal risk tolerance is crucial for determining your strategies.
- Factors of risk tolerance
  - Investing timeframe
  - Emotional ability to handle risk
  - Amount of money you have available

# Brokerages

- Any reputable bank or institution is great for buying and investing in stocks (TD Ameritrade, Charles Schwab, etc.)
- Options are supported on most platforms, but specialized brokerages exist (ThinkOrSwim, WeBull, etc.)
- There are brokerages dedicated to trading within the futures market (Tradeovate)



# Video

- [https://youtu.be/p7HKvqRI\\_Bo?si=35i8Www07DwPKbM5](https://youtu.be/p7HKvqRI_Bo?si=35i8Www07DwPKbM5)

# MarketWatch Investing Competition

- <https://www.marketwatch.com/games/msu-stg-ss24>
- ID: MSU STG SS24
- Password: msustg



Q & A