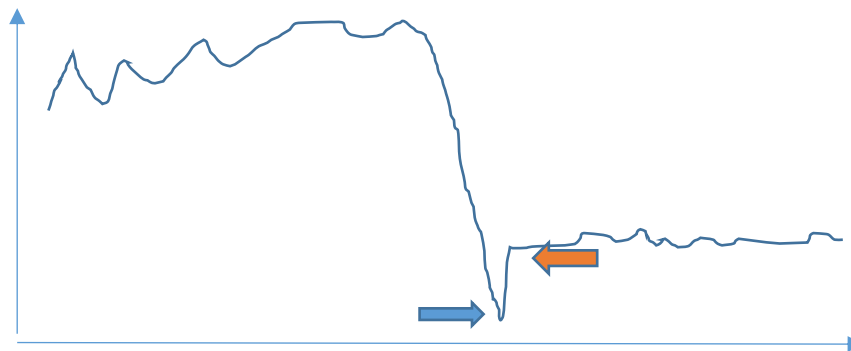


Mary Vange

I plan to create code that can call information on stocks from Yahoo Finance and then use this information to buy, sell, or hold stocks. In finance, there are many different strategies for making money and they all depend on your time horizon and your risk level. I am a riskier investor who has plenty of time to invest. Since I am young, whatever money I have, I do not need to use to feed myself or for retirement. I trade using a strategy based on Technical Analysis. Technical analysis is noticing trends in the price movements of stocks and acting upon them, so it does not matter what the company does, but rather which pattern their stock's price movements make. I want to take advantage of a Gap Down technique.



A “gap down” is when a stock’s price falls significantly. My code will test companies for gap downs by showing whether or not their price has fallen 15% or more. The theory is that once a significant gap happens, you can buy at the lowest point and then sell once it rebounds, therefore making a profit. In the graph above, Apple makes a huge rebound. Usually, there is not such a high rebound.



In the graph I made above, this is the usual pattern. If an investor can buy at the blue arrow and sell at the orange arrow, when the price begins to stabilize, then they can make a profit. This gap down happens because people are not rational. Usually, when bad news comes out, there is an overreaction in the market, and then there is a re-adjustment (where the orange arrow is). If I can profit off of this pattern by detecting when a stock drops 15% or more, buying at the low point, detect when it rises 10%

or more from that low point, and sell, then I can make a considerable amount of money by repeating this process. My code will alert the user when the stock has gapped down, when it has rebounded, and when there hasn't been a significant change.

An investor could use my code in a few ways. If they see that there are companies that have come out with bad news, when the markets were closed, then they can use my code first thing in the morning to check if the bad news had produced a gap down.