

Business Finance

BFIN 2201

Seton Hall University

Homework 3

Constructing a Portfolio

Suppose you have 100,000 dollars to invest in the stock market. You will allocate your 100,000 dollars investment between 3 stocks. For each stock you wish to invest in answer the following questions:

1. What stock did you choose, and what does the company do?

The 3 stocks I have chosen are Procter and Gamble (PG), Constellation Brand (STZ), and Waste Management Inc. (WM).

2. How has the stock's performance compared to the overall market's performance over the past 12 months? Why do you think this is the case?

The stock's performance is comparatively better than the market's performance over the past 12 months because Waste Management stock price grew in that time duration. In addition, WM specializes in garbage, recycling, and energy to name a few which attract a large following in trying to go green. Procter and Gamble and Constellation Brand did beat the market, but only because both stock did not experience as loss to the degree the market did. This could be due to Procter and Gamble strong management team and valuable produce and Constellation Brand offer alcohol which are considered to be "sin" stocks so the demand for those items will never cease.

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In [17]: import pandas as pd
import matplotlib.pyplot as plt

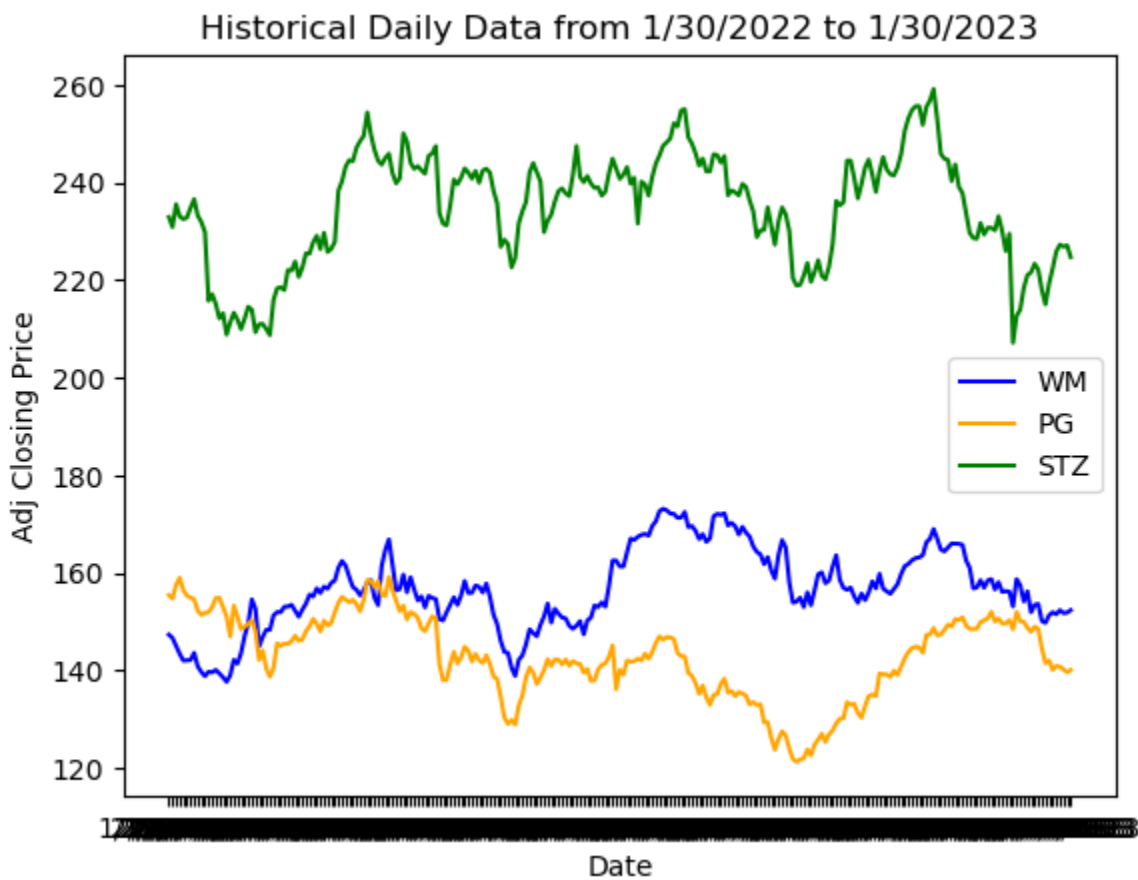
# Read three CSV file from Yahoo Finance containing the historical data from WM, PG, and STZ
df1 = pd.read_csv('WM.csv')
df2 = pd.read_csv('PG.csv')
df3 = pd.read_csv('STZ.csv')

# Create a line graph for each stock
plt.plot(df1['Date'], df1['Adj Close'], label='WM', color='blue', linestyle='solid')
plt.plot(df2['Date'], df2['Adj Close'], label='PG', color='orange', linestyle='solid')
plt.plot(df3['Date'], df3['Adj Close'], label='STZ', color='green', linestyle='solid')

# Set title and labels the line graph
plt.title('Historical Daily Data from 1/30/2022 to 1/30/2023')
plt.xlabel('Date')
plt.ylabel('Adj Closing Price')

# Set legend
plt.legend()

# Show the graph
plt.show()
```



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In [16]: import pandas as pd
import matplotlib.pyplot as plt

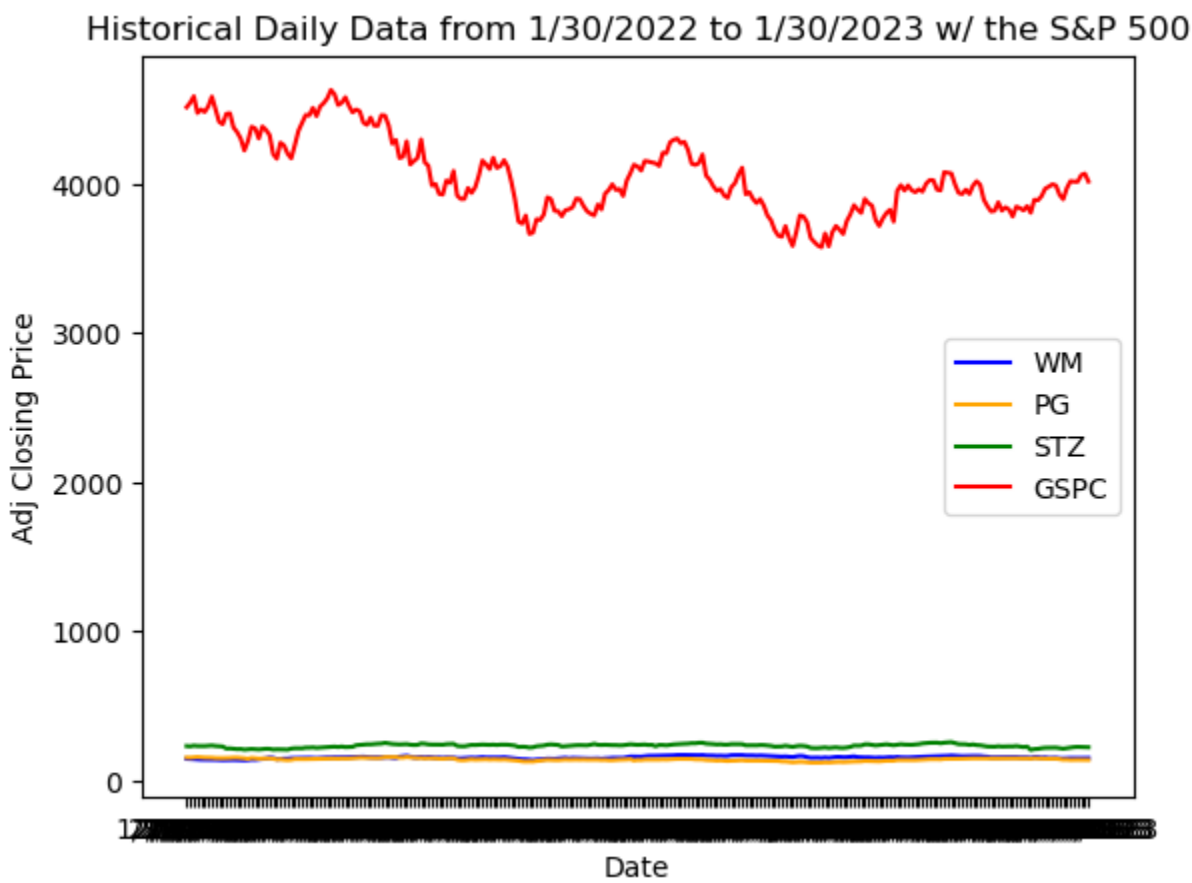
# Read three CSV file from Yahoo Finance containing the historical data from WM, PG, STZ, and GSPC
df1 = pd.read_csv('WM.csv')
df2 = pd.read_csv('PG.csv')
df3 = pd.read_csv('STZ.csv')
df4 = pd.read_csv('GSPC.csv')

# Create a line graph for each stock
plt.plot(df1['Date'], df1['Adj Close'], label='WM', color='blue', linestyle='solid')
plt.plot(df2['Date'], df2['Adj Close'], label='PG', color='orange', linestyle='solid')
plt.plot(df3['Date'], df3['Adj Close'], label='STZ', color='green', linestyle='solid')
plt.plot(df4['Date'], df4['Adj Close'], label='GSPC', color='red', linestyle='solid')

# Set title and labels the line graph
plt.title('Historical Daily Data from 1/30/2022 to 1/30/2023 w/ the S&P 500')
plt.xlabel('Date')
plt.ylabel('Adj Closing Price')

# Set legend
plt.legend()

# Show the graph
plt.show()
```



3. Why do you think this stock would be a good investment?

I believe the three stocks are great investment is because the three companies product items that are considered necessary purchases. Majority of people budget their finances to account for these items monthly. Observing the charts, I would not purchase the stocks because they appear to be too volatile and not consistent. However, I am familiar with these companies and have observed their live time trading price and all appear to be increasing year over year. This appeals to myself because it demonstrate constant growth and profits and tells me that the company has a product most people deem to be necessary or is necessary to maintain their standard of living.

4. How much money do you want to invest in this company (remember the total between the three stocks must be \$100,000)?

I want to invest 45000 dollars in Waste Management (WM), invest 35000 dollars in Procter and Gamble (PG), and invest 20000 dollars in Constellation Brand (STZ).

5. What is the current stock price? How many shares can you buy at that price?

The current closing stock price of Waste Management (WM) is of January 30 is 153.10, the closing price for Procter and Gamble (PG) is 141.01, and the closing price for Constellation Brand (STZ) is 226.36. The tool I used to gather the data for the stock price is Yahoo Finance!

As a result, I can purchase 294 shares in WM, 248 shares in PG, and 88.43 shares in STZ.

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