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Abstract

The three-member group researched the history of the stock market and different trading strategies for two weeks. A ten-week stock market simulation was conducted, with each member using a different trading technique. The three methods used in the simulation were trend following, swing trading, and news based trading. After the simulation the three strategies were compared and analyzed to determine the most profitable technique. Valuable trading experiences were obtained that will enable the team members to become competent investors in the future.

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1. Introduction

1.1 Goals, Scope, General Plan

The objective in this IQP is to develop a fundamental understanding of the stock market and how to interact with it. Furthermore we aspire to develop the experience needed to become fluent in the language of stocks and trading. We want to develop our abilities to competently manage our future assets. To accomplish these goals we will study the history of the stock market and the various strategies that have already been developed to build wealth. We will each pick a different trading strategy to study further and will follow the market for two weeks. After this period of study we will each invest a hypothetical sum of money in stocks and attempt to add value to our investments while using our individual strategies. To make this simulation realistic, we are pretending that we saved up 10,000 dollars a year for ten years; thus investing 100,000 dollars each. This simulation will last approximately ten weeks, at which point we will evaluate the results of investing with each strategy. These overall results, as well as our week to week progress, will be documented and summarized in a report complete with graphical figures and explanations. In doing all of this we will be accomplishing our goals of developing an understanding of the stock market that we can use to our benefit in the future.

1.2 Stock Market History

The stock market in its current form is a fairly recent innovation that relies heavily on computer and internet technologies developed in the past 20 years. However, the concepts of trading and bartering on which it is based on in its simplest form are as old as human history itself. The first institutions that arose which resembled stock exchanges appeared in Belgium in the mid 16th century. These exchanges were places where investors, brokers, and moneylenders met to do business in promissory notes and bonds. Despite the fact that stocks had not been

invented yet, these markets created opportunities for people and companies to invest and profit from the buying and selling of entities which existed only on paper. (Investopedia)

In the early 17th century the Dutch East India trading company began to offer stocks to investors. This enabled both the company and investors to spread their investment and risk over many trading voyages. These voyages were both extremely lucrative and very dangerous. However, with the income from stock sales the companies were able to invest in large fleets of ships and ultimately return significant dividends to their investors.

Following the success of the Dutch East India company investors in England became very anxious to start investing at stocks as a way to make easy money. As a result a variety of companies formed and began to sell stock. Regardless of the legitimacy or rationality of these companies their stocks largely sold very well. However, eventually some shareholders realized that the companies they had invested in were not actually returning any meaningful profits. They began to sell their shares which burst the investing bubble caused everybody else to try to sell their now worthless shares. In response to this crash, the British Government created a law that outlawed the issuing of shares. (Investopedia)

In the late 18th centuries the first stock exchanges appeared. These centralized locations eliminated the informal trading of stocks that had in the past occurred at a variety of coffee shops and other similar locations spread throughout the cities. The two most significant of these were the London Stock Exchange and the New York Stock Exchange which were founded in 1773 and 1792 respectively. (Mint.com) (NYSE.com)

For the majority of its 300 plus year history the NYSE has been the unquestioned leader in trading in the United States. During this time there have been many changes in the ways in which stocks are traded and regulated. There are now many rules and government regulations

regarding the buying and selling of stocks. Data flow through the stock exchange has evolved rapidly from paper and ink at its inception, to the introduction of the telephone in 1878 to the current heavily automated wireless information technology. (NYSE)

Today's investors have more choices than ever before. There are a multitude of companies offering various investment and speculation services that you can put your money into. However, with modern technology it is now possible for a layperson to intelligently invest their money on their own from the comfort of their own home.

2. Strategies

2.1 Fundamental Analysis

Fundamental analysis involves analyzing a company by assessing its financial status, health, and the market. They also take into consideration the management of the company, how competitive it is and its competitors. While looking into the future, they are concerned about the state of the economy, production and earnings.

2.2 Technical Analysis

Technical analysis consists of three main principles; prices move in trends, history tends to repeat itself and the market action discounts everything. When deciding which stocks to buy and sell, they try to predict future prices by looking at charts of the past market data, mainly the price and volume. Unlike fundamental analysis, technical analysis focuses on the company's numbers not the upcoming products.

2.3 Common Techniques

2.3.1 Trend Following

When initially looking at the stock market most people not knowing are using a technique called trend following. Basically this technique is a long term technique where buying stocks depends on the cost of shares and the equity level of the account, these determine how many shares they can purchase. After purchasing the shares the person will just let the stocks ride the market through the ups and downs and sell when they think they will make the most money. This technique is what most students study; they buy and see what happens there is really no selling until their end date. This has a risk because you may not know what can happen to the stock if you just pick them for no particular reason. However it is the least risky because you can let it ride and maybe get lucky and sell at the highest amount possible.

2.3.2 Swing Trading

Swing trading is very unique technique to play in the stock market. In swing trading, people study the market very closely and try to find oscillations in the stock market. People have designed useful instruments that help find these oscillations so that a person can make money based on the oscillations of the market. The shares are bought on the beginning of an oscillation and then using the same instruments try to predict when the stock will begin its next oscillation and that is the date that the stocks should be sold to make a profit. This technique is basically an algorithm of the stock market and the use of programs to predict the market has increased dramatically since the instruments have come into play.

2.3.3 CAN Slim

The tricky part of this investing in the stock market is determining when to buy the stocks. CAN slim is the technique of using a checklist to determine if the stock is going to rise. There are seven important tasks that need to happen to make analyst satisfied that the stock is going to rise. Many of books have been written on this strategy and many people follow this technique, however like every other technique it is very risky because the stock market can twist and turn at a moment's notice which can void the seven checkpoints.

2.3.4 Day Trading

Day trading refers to the practice of buying and selling stocks within the same market day. A few day trading techniques are trend following, Contrarian investing and News Playing. Trend following assumes that current stock trends will continue. You buy stocks that are rising in value and sell those that are falling. Contrarian investing assumes that current stock trends will reverse. You buy stocks that have been falling and sell those that have been rising. Finally News

Playing assumes stock trends will develop based on news releases. You buy stocks with good news about the company and sells if bad news develops.

2.3.5 Short Term Trading

One of the most risky yet most rewarding techniques is short term trading. This is the technique of buying stocks and selling them when the stock moves; usually every week. If the stock rises there is a profit however if the stock decreases then there will be a net profit loss. Also if the stock decreases the stock will most likely be turned into a long term investment. This is what most people want to use because it is quick money but it doesn't always work the way people want it to and then they have to keep their stocks and they may have dumped a lot of money into stock market and now they have a net loss unless they keep the stocks for a longer term.

2.3.6 Long Term Investing

Long Term Investing is basically what the name says, Stocks are bought and then they are kept for a long term period. This period can be determined by a school teacher for their students or more realistically a person can choose a long term of five to ten years or longer. Long term investing is one of the most stable investing techniques however it also in return gives the least amount of profit. However this is the best part of a long term investing because many people want quick making money, when the internet came about the market soared and people made money quickly so they still want this but due to the economic downturn in the market money isn't made so quickly but the money is made over the long haul.

2.3.7 CD Investments

A CD (Certificate of Deposit) is similar to a savings account in that money is deposited with a bank or similar institution where it sits and gathers interest. These accounts generally

garner higher interest rates than savings accounts and this rate is fixed for a specific period of time (in the order of months to years). This is a low risk low reward investment as the deposit is insured by the interest rate is fairly low. Another disadvantage of a CD is that you can only generally only withdraw funds at the end of your term.

2.3.8 Bonds

Bonds are a long term investment in which a person in essence becomes a creditor to some institution (public or private). They pay a principal amount to the company which collects interest for a defined term. The principal amount collects a fixed amount of interest for the defined term at which point the bond has matured and no more interest is accrued.

2.3.9 Mutual Fund

Mutual fund is a type of collective investment scheme in which many investors pool their resources with a financial company. This company invests the money with a variety of short and long term strategies. The investors see the return or losses on their investments on given intervals, typically annual.

3. Trend Following-Tressel

3.1 How to Use Trend Following

Trend following is a trading strategy that can be used for either short or long term investing. The basis of trend following is to assume current trends will continue. Thus, if a stock's price is rising it would make sense to buy it because it will likely continue to rise and make the buyer a profit. Conversely if a stock's price is falling you will assume that it will continue to fall and it is a good time to sell before it falls further. In my simulation I will attempt to implement this strategy in my stock selections and my day to day trading. While selecting companies to include in my portfolio and to observe on a daily basis I will try to pick bigger companies that have shown sustained growth in the past few months. While picking these companies I will look at both their stock prices over the past several months and years. In addition I will examine indicators such as their long term (100 or 200 day) moving and exponential averages to determine a trend.

Once I have made a selection of companies to follow I will implement my day to day trading strategy. In an effort to identify trends to follow I will observe indicators such as the short term moving and exponential averages as well as the MACD (Moving Average Convergence Divergence). The MACD is a tool used to identify trends in stock prices. It is the difference between the twelve and twenty six day exponential moving average. A positive value indicates that the value of the stock has risen more in the short term than the long term. A zero value would indicate that the exponential moving averages are the same for the two periods. Negative MACDs show that the stock has gained less value in the short term than it has in the long term. To help with the interpretation of this number another value called a signal is plotted. The signal is the exponential moving average of the MACD over the past nine days. When the MACD is

above this signal it indicates that the stock is building momentum and will likely continue to rise. When it is below this signal it indicates the opposite and it might be a good time to sell. These economic indicators will provide the basis for most of my decision making in my short term investments.

3.2 Companies Selected

The sector I have chosen to focus my investments in is processed and packaged goods. This sector includes many foods and household goods.

Kellogg Company (K)

Market Cap: \$ 18.5 Billion

The Kellogg Company along with its several subsidiary brands sells a variety of foodstuffs through supermarkets and convenience stores worldwide. Their foodstuffs consist largely of cereal products and ready to eat convenience foods. The company has been in existence since 1906 and is headquartered out of Battle Creek, Michigan. The company's stock looks to have an upward trend since March 2009 and both the 100 day moving average and exponential moving average show positive trends in price.

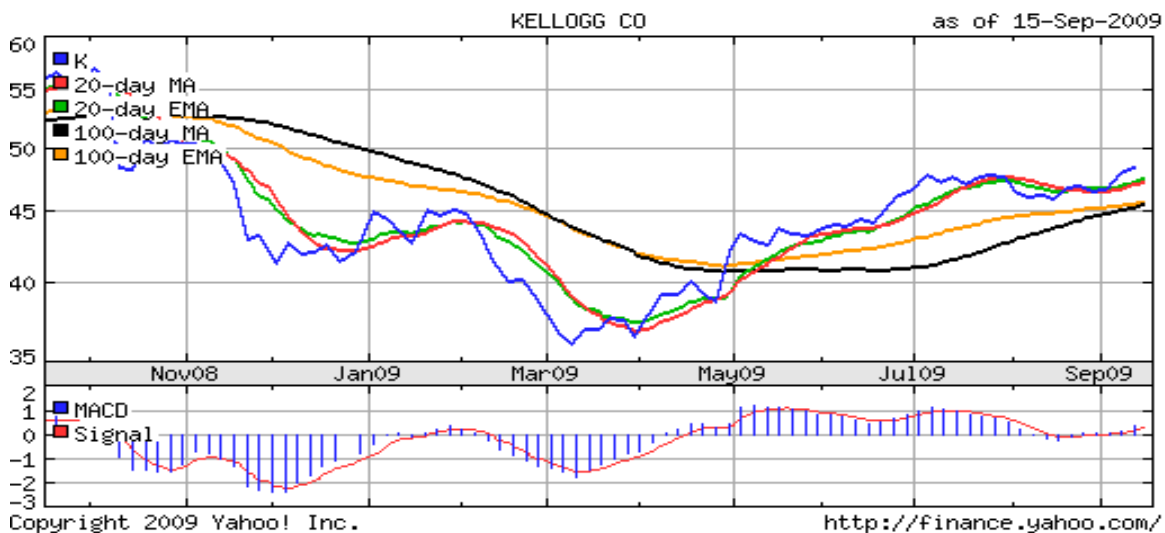


Figure 3.1: Kellogg 12 Month Technical Chart

ConAgra Food, Inc (CAG)

Market Cap: \$ 9.9 Billion

ConAgra Foods and its wide range of subsidiaries sell almost all types of foodstuffs both in North America and abroad. Their business consists of a variety of packaged foods for sale to consumers through markets as well as several lines of commercial food products. ConAgra's headquarters are in Omaha, Nebraska and the company was founded in 1919. ConAgra stock has shown a positive trend since March 2009 and both its short and long term moving averages are displaying a trend of increasing prices.

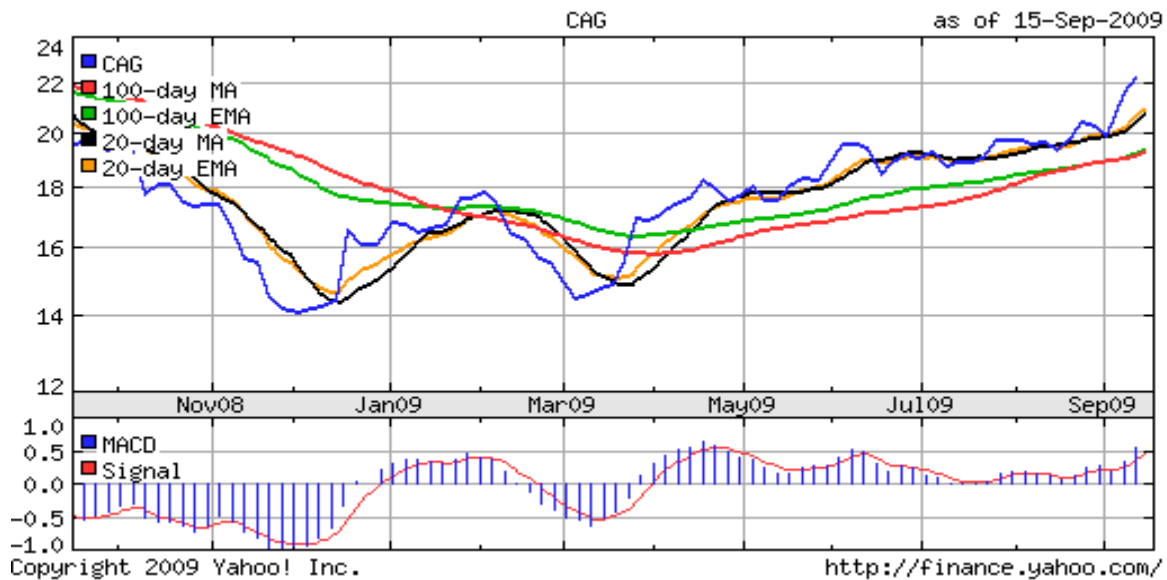


Figure 3.2: ConAgra 12 Month Technical Chart

The J.M. Smucker Company (SJM)

Market Cap: \$ 6.3 Billion

The J.M. Smucker Company makes and distributes a variety of foodstuffs in The United States, Canada, and Europe. It has a large number of subsidiaries and brand names its food is sold under. Their products are sold to a variety of markets and wholesalers for distribution. The company was founded in 1897 and its headquarters are located in Orrville, Ohio. Since March

2009 their stock has consistently gained value. All of the moving averages are showing a positive growth trend.

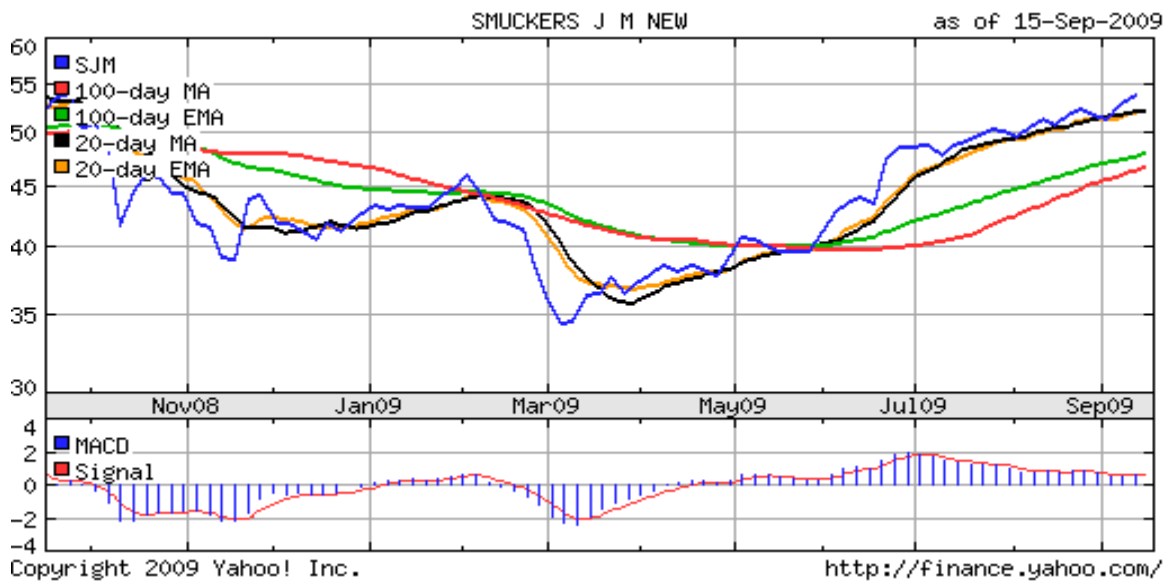


Figure 3.3: J.M. Smuckers 12 Month Technical Chart

Del Monte Foods Co. (DLM)

Market Cap: \$ 2.2 Billion

Del Monte Foods and its subsidiary brands produce and distribute a consumer and pet food. In its consumer food market Del Monte manufactures several varieties of shelf-stable foodstuffs. Its pet products division produces pet foods and snacks. Its products are distributed through various markets and wholesalers. Del Monte Foods was founded in 1916 and is headquartered in San Francisco, California. Its stocks have shown a positive overall trend since December 2008. This is reflected in the positive trends displayed by all of the moving averages for the stock.

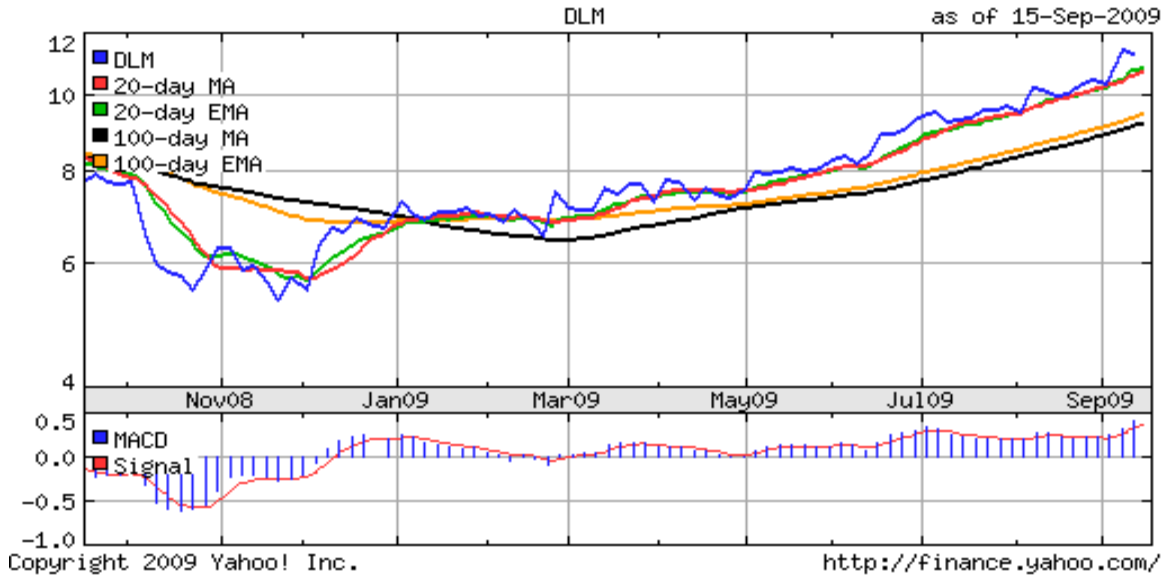


Figure 3.4: Del Monte 12 Month Technical Chart

General Mills, Inc. (GIS)

Market Cap: \$ 19.6 Billion

General Mills is a worldwide manufacturer and distributor of consumer foodstuffs. Its products encompass almost anything that can be found in a supermarket. It distributes its goods through a variety of markets and wholesalers. The company was founded in 1928 and is headquartered in Minneapolis, Minnesota. Since April 2009 its stocks have risen fairly consistently and the moving averages for the stock show a slight positive trend.



Figure 3.5: General Mills 12 Month Technical Chart

3.3 Choosing The First Stocks

I made my initial investments in these four companies shown in Table 3.1, based on their medium term positive trend in stock. The amount of value I placed in each company was primarily based on its short term trends and MACD indicator. I placed more value in companies that displayed both a positive long term trend and a MACD that was indicating a bullish market. As you can see in Table 3.1 an additional 10 dollars was removed for each transaction. This is to account for a commission fee.

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
9/16/2009							\$100,000.00	
9/16/2009	K	Buy	\$48.71	400	\$19,494.00		\$80,506.00	
9/16/2009	CAG	Buy	\$22.21	1000	\$22,220.00		\$58,286.00	
9/16/2009	SJM	Buy	\$52.53	400	\$21,022.00		\$37,264.00	
9/16/2009	DLM	Buy	\$11.33	3000	\$34,000.00		\$3,264.00	

Table 3.1: Stock Action

3.4 Simulation

Week Starting 9/20/2009

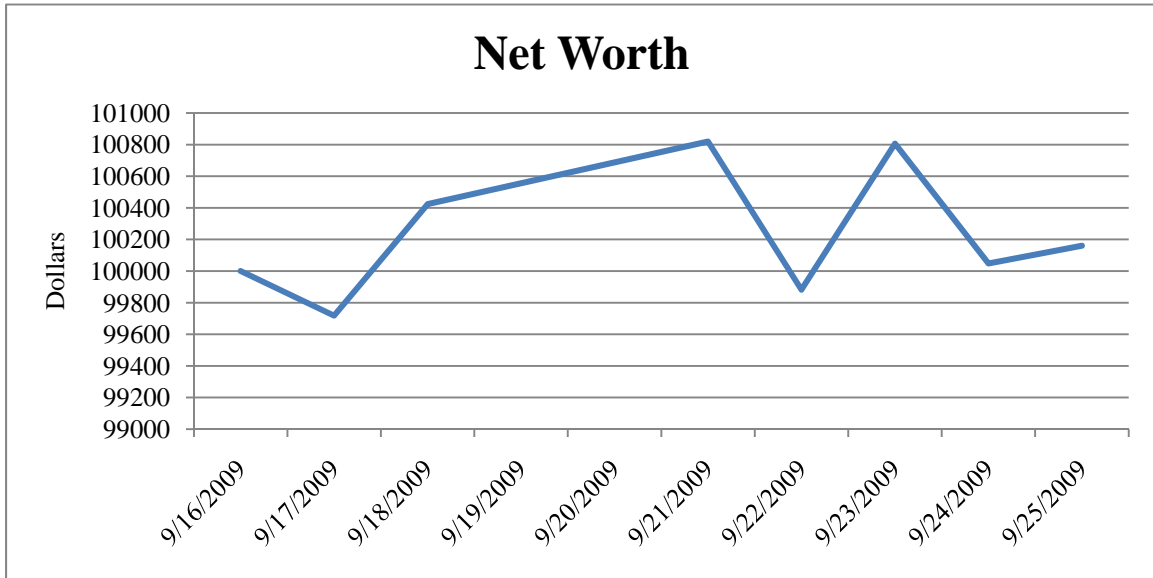


Figure 3.6: Graph of Net Worth as of 9/25/09

I entered the week of September 20th 2009 with a total of \$100384 in assets, \$3294 liquid and \$97120 in stocks. My stocks were distributed among four out of the five companies I was watching. The amount of each stock I owed was unchanged from my original investment.

I made two moves during the week. Both of these moves occurred as the market was closing on Friday September 25th. The first was to sell 750 shares of ConAgra (CAG) at \$21.47 a share. The second move was buying 200 shares of General Mills (GIS) at \$43.29 per share. At the end of the week I had a total of \$100100 in total assets, \$6688.50 liquid, and \$93411.50 in stocks.

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
9/16/2009							\$ 100000	
9/16/2009	K	Buy	\$ 48.71	400	\$ 19,494		\$ 80506	
9/16/2009	CAG	Buy	\$22	1000	\$22,220		\$58,286	
9/16/2009	SJM	Buy	\$52.53	400	\$21,022		\$37,264	
9/16/2009	DLM	Buy	\$11.33	3000	\$34,000		\$3,264	
9/25/2009	CAG	Sell	\$21.47	750	\$16,093	(\$407.50)	\$19,356.50	(\$408)
9/25/2009	Gis	Buy	\$63.29	200	\$12,668		\$6,688.50	

Table 3.2: Stock Action as of 9/25/09

Kellogg (K) started the week at \$48.71 per share and finished at \$49.09. With 400 shares my Kellogg stock gained \$152, a .78% increase in value. As the lower chart shows both the 20 and 100 day moving averages are continuing to trend up. The MACD is still indicating a bullish market as it is above its signal value. However, the signal is approaching the MACD values so I will be watching the action of this stock closely this upcoming week. Due to the generally positive trend of this stock over the medium term I did not buy or sell any of my Kellogg stock this week.



Figure 3.7: Kellogg 5 Day Technical Chart

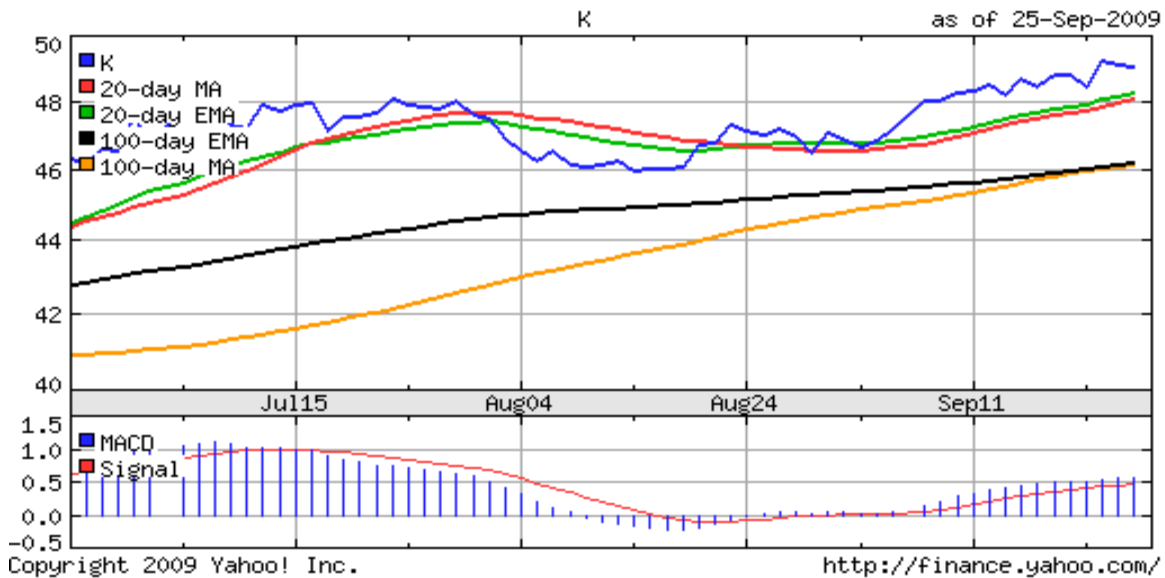


Figure 3.8: Kellogg 3 Month Technical Chart

ConAgra (CAG) entered the week at \$22.21 per share and finished the week at \$21.47 per share. The 20 day moving averages for CAG appear to be leveling off and the 100 day moving averages are trending only slightly up. In addition, the MACD has dropped significantly below its signal line. As a result of these trends I sold 750 out of my 1000 shares of CAG on Friday September 25th at \$21.47 a share.



Figure 3.9: ConAgra 5 Day Technical Chart

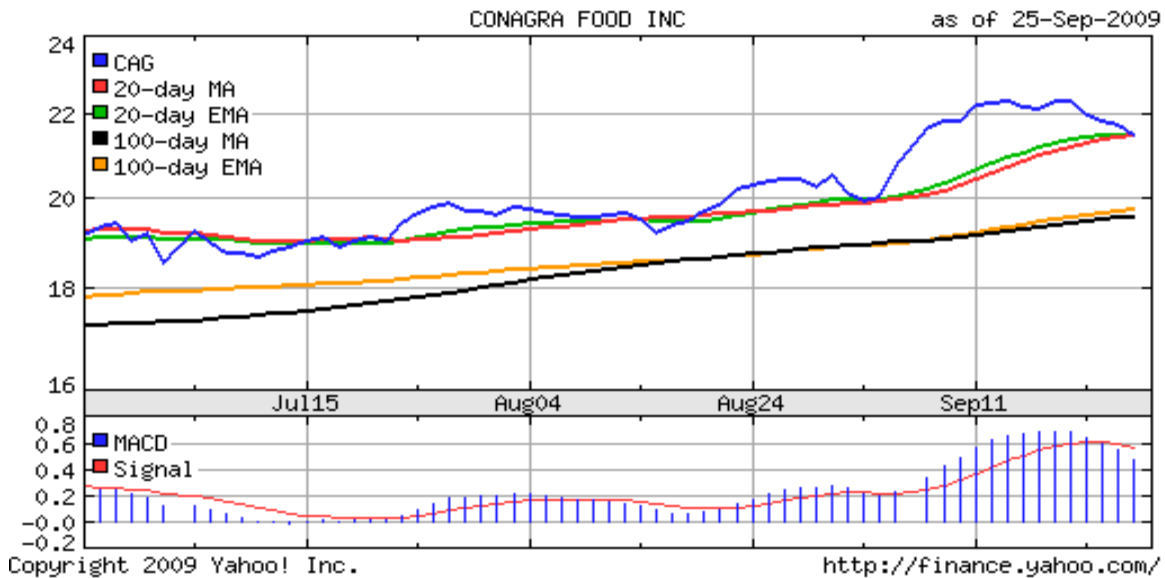


Figure 3.10: ConAgra 5 Day Technical Chart

The **J.M. Smuckers Company (SJM)** entered the week at \$52.53 per share and exited at \$53.50 a share. With my 400 shares I gained \$388 this week. All of the moving averages are continuing to trend upwards and the MACD is staying close to its signal value. These factors lead me to believe that the stock will continue to grow in value in the short term and to hold my position on the stock.



Figure 3.11: J.M. Smucker 5 Day Technical Chart

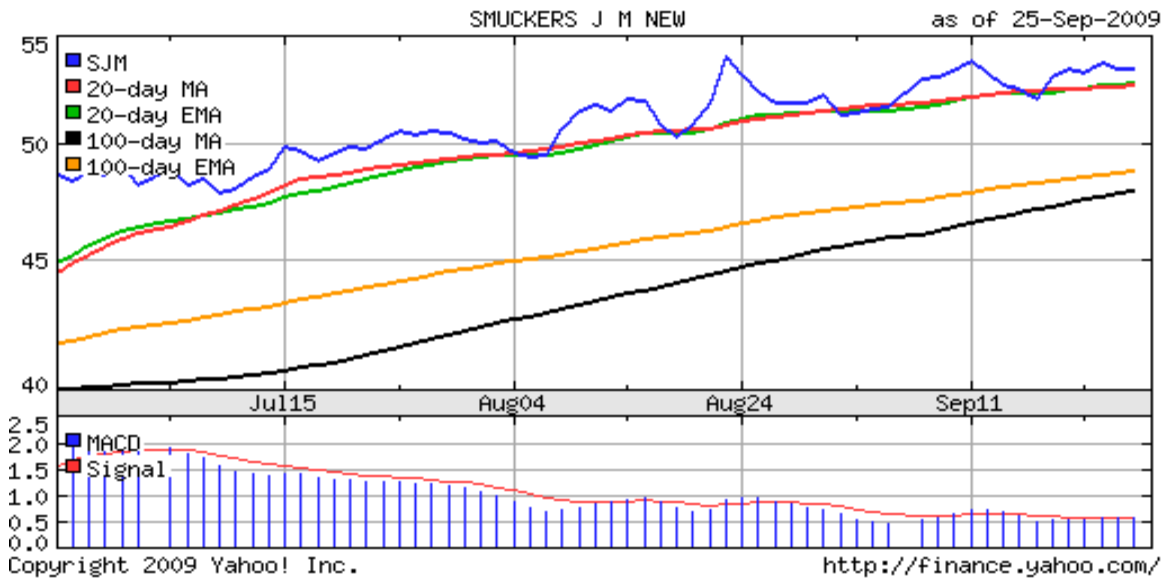


Figure 3.12: J.M. Smucker 3 Month Technical Chart

Del Monte Foods Co. (DLM) began the week at \$11.33 a share and ended the week at \$11.45 per share. With 3000 shares, I gained \$360 in value this week with their stock. The stock appears to be on a continuing positive trend as all of its moving averages are increasing steadily. Although the bottom chart was malformed by Yahoo Finance, it looks to be showing that the MACD is continuing to outperform its signal. As a result I feel that this stock will continue to be a good investment and I am holding my position on it.



Figure 3.13: Del Monte 5 Day Technical Chart

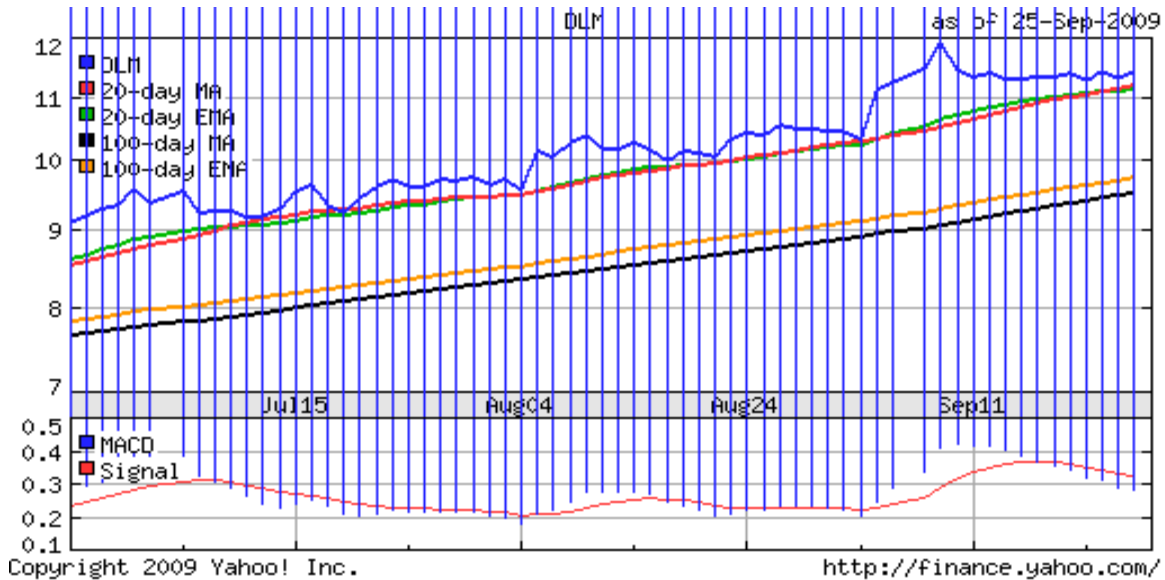


Figure 3.14: Del Monte 3 Month Technical Chart

General Mills (GIS) entered the week at \$60.23 per share and ended the week at \$63.29 a share. The General Mills stock is showing moving averages that are increasing at an increasing rate. In addition its MACD is well above its signal value. These positive trend indicators led me to decide that it was a good time to invest in General Mills stock. As a result I bought 200 shares of stock on Friday September 25th at \$63.29 a share for a total value of \$12658.



Figure 3.15: General Mills 5 Day Technical Chart

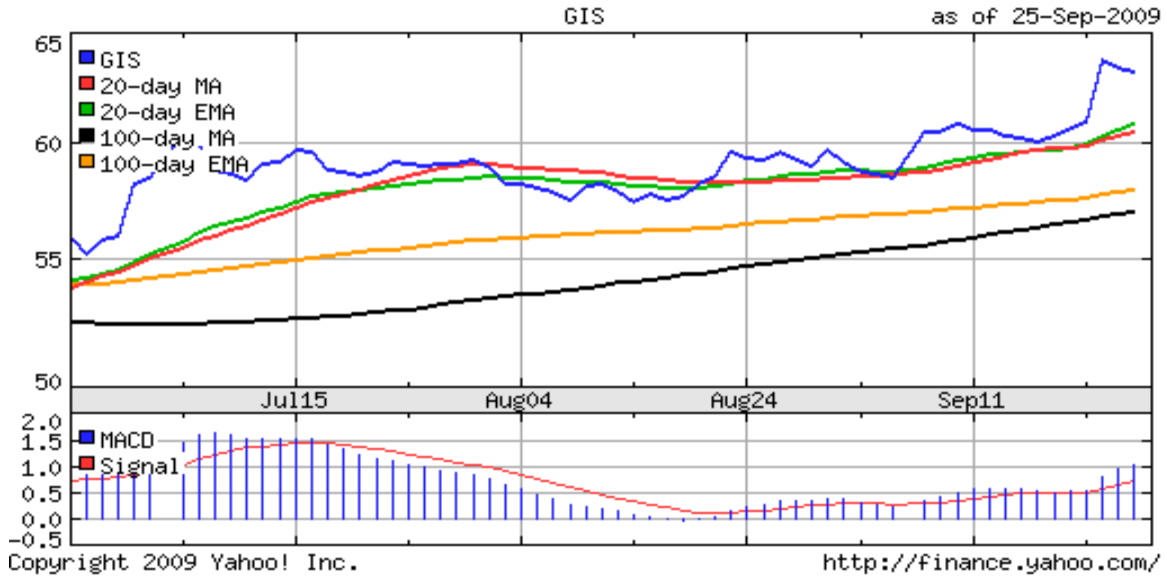


Figure 3.16: General Mills 3 Month Technical Chart

Week Starting 9/27/2009

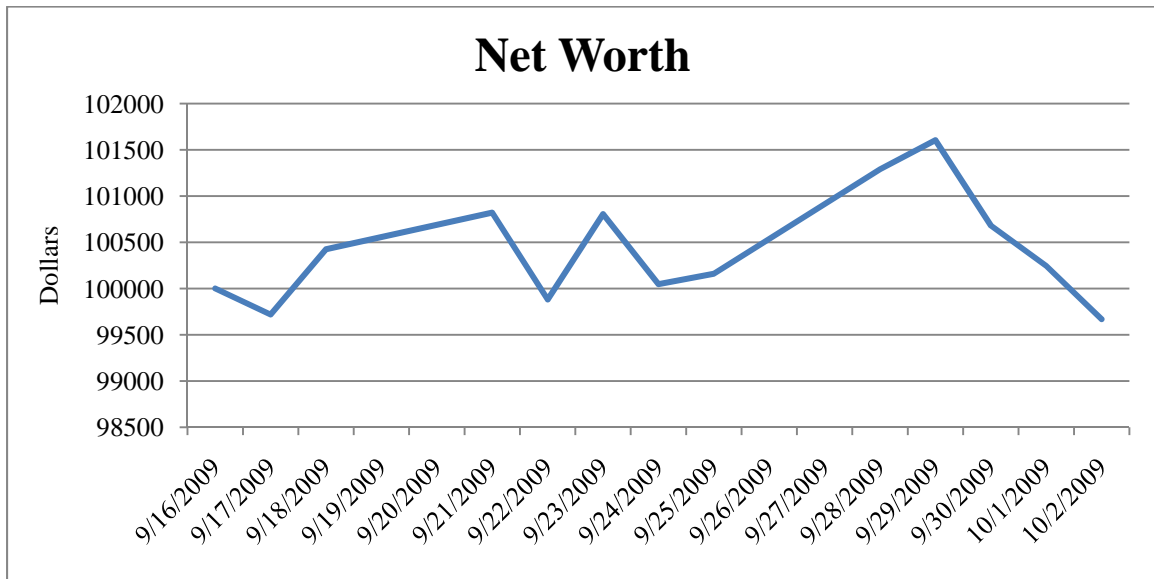


Figure 3.17: Graph of Net Worth as of 10/2/09

I entered the week of September 27th 2009 with a total of \$100100 in assets, \$6688.5 liquid and \$93411.5 in stocks. My stocks were distributed between all five of the companies I

was watching. At the end of the week my net worth was \$99579, \$9035 of it liquid and \$90544 invested in stocks. My holdings were distributed among four out of the five companies I am watching.

This week I made three transactions. All three of these moves came at the end of the trading day on Friday October 2nd.

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
9/16/2009							\$100,000.00	
9/16/2009	K	Buy	\$48.71	400	\$19,494.00		\$80,506.00	
9/16/2009	CAG	Buy	\$22.21	1000	\$22,220.00		\$58,286.00	
9/16/2009	SJM	Buy	\$52.53	400	\$21,022.00		\$37,264.00	
9/16/2009	DLM	Buy	\$11.33	3000	\$34,000.00		\$3,264.00	
9/25/2009	CAG	Sell	\$21.47	750	\$16,092.50	(407.50)	\$19,356.50	(\$408)
9/25/2009	GIS	Buy	\$63.29	200	\$12,668.00		\$6,688.50	
10/2/2009	CAG	Sell	\$21.41	250	\$5,342.50	(157.50)	\$12,031.00	(\$565.00)
10/2/2009	DLM	Sell	\$11.29	2000	\$22,570.00	(90.00)	\$34,601.00	(\$655.00)
10/2/2009	GIS	Buy	\$63.89	400	\$25,566.00		\$9,035.00	

Table 3.3: Stock Action as of 10/4/09

Kellogg (K) started the week at \$49.09 per share and finished at \$48.66. My holdings of 400 shares of Kellogg stock lost a total of \$172 this week. The moving averages are still showing a positive trend and the MACD is about equal to its signal value. As of now I am going to hold my position on this stock but I will be watching it closely this week.



Figure 3.18: Kellogg 5 Day Technical Chart

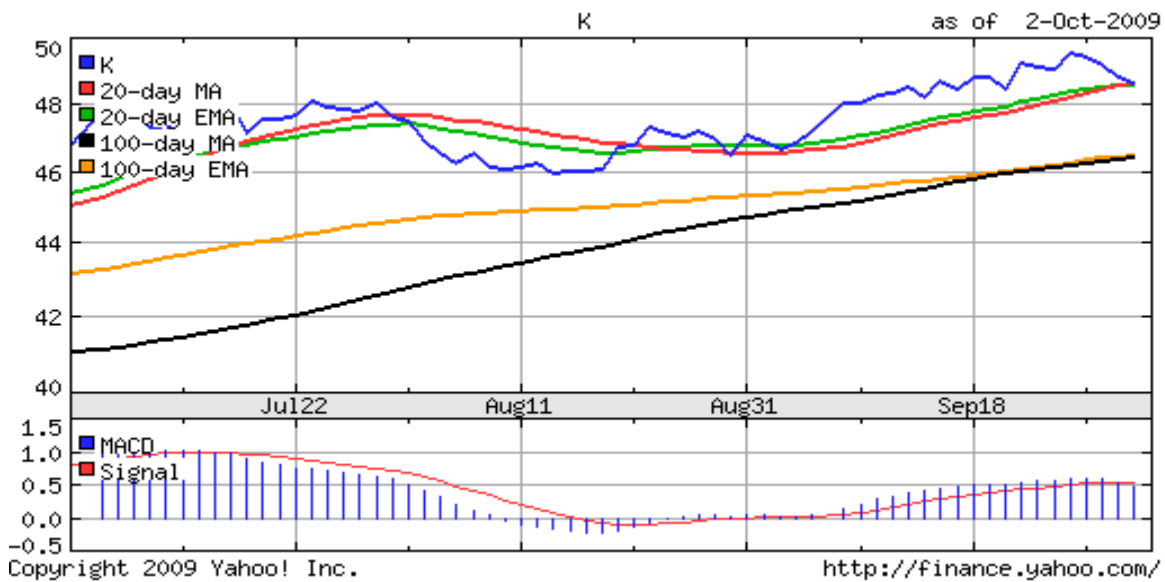


Figure 3.19: Kellogg 3 Month Technical Chart

ConAgra (CAG) began the week at \$21.47 a share and fell to \$21.41 per share by the end of the week. On Friday I decided to sell off my remaining 250 shares in CAG. I sold them at \$21.41 a share which resulted in a loss of \$147.50 on my investment. I decided to sell because

the moving averages were either leveling off or beginning to trend down. In addition the MACD had fallen to well below its signal value.



Figure 3.20: ConAgra 5 Day Technical Chart

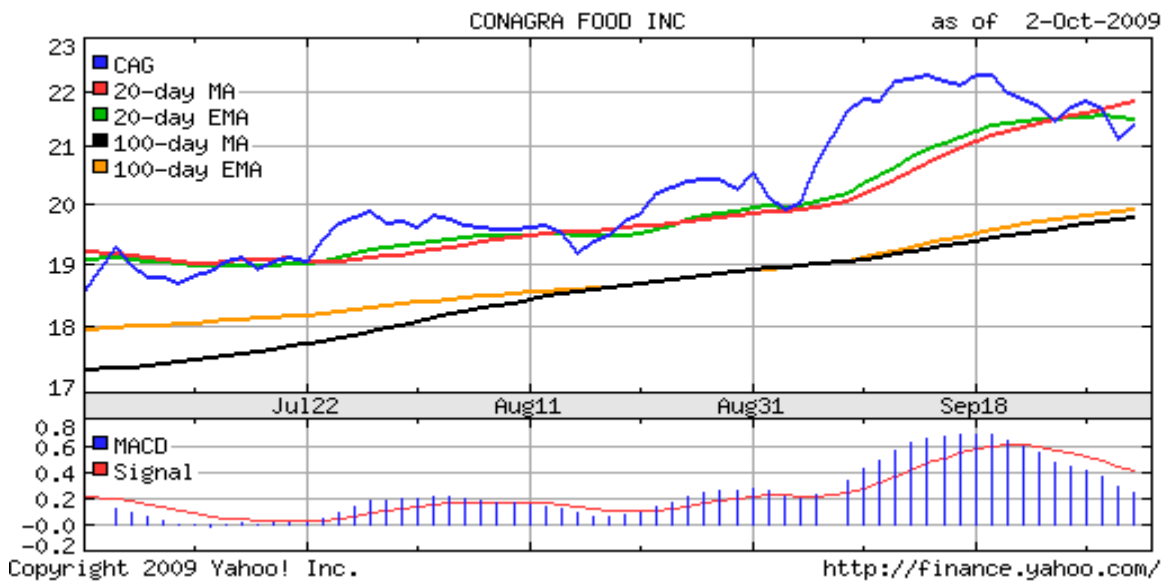


Figure 3.21: ConAgra 3 Month Technical Chart

The J.M. Smuckers Company (SJM) entered the week at \$53.50 per share and left at \$53.64 a share. My 400 shares in the company gained a total of \$56 in value this week. The

stocks are still showing a slight growth trend but it appears to be leveling off. I will watch this stock closely in the upcoming week and decide whether or not to continue my investment in it.



Figure 3.22: J.M. Smucker 5 Day Technical Chart

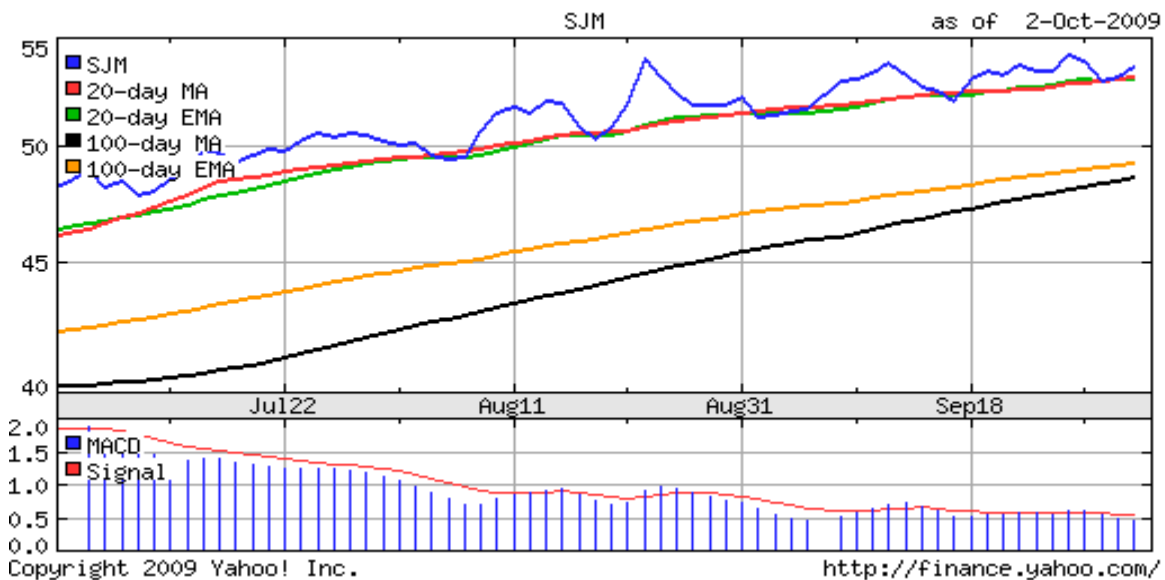


Figure 3.23: J.M. Smucker 3 Month Technical Chart

Del Monte Foods Co. (DLM) began the week at \$11.45 per share and exited at \$11.29 per share. On Friday I decided to sell 2000 of my 3000 shares. I came to this decision because of

the moving averages leveling off and the MACD dropping below its signal value. The sale of the 2000 shares netted me an \$80 loss on my investment.



Figure 3.24: Del Monte 5 Day Technical Chart

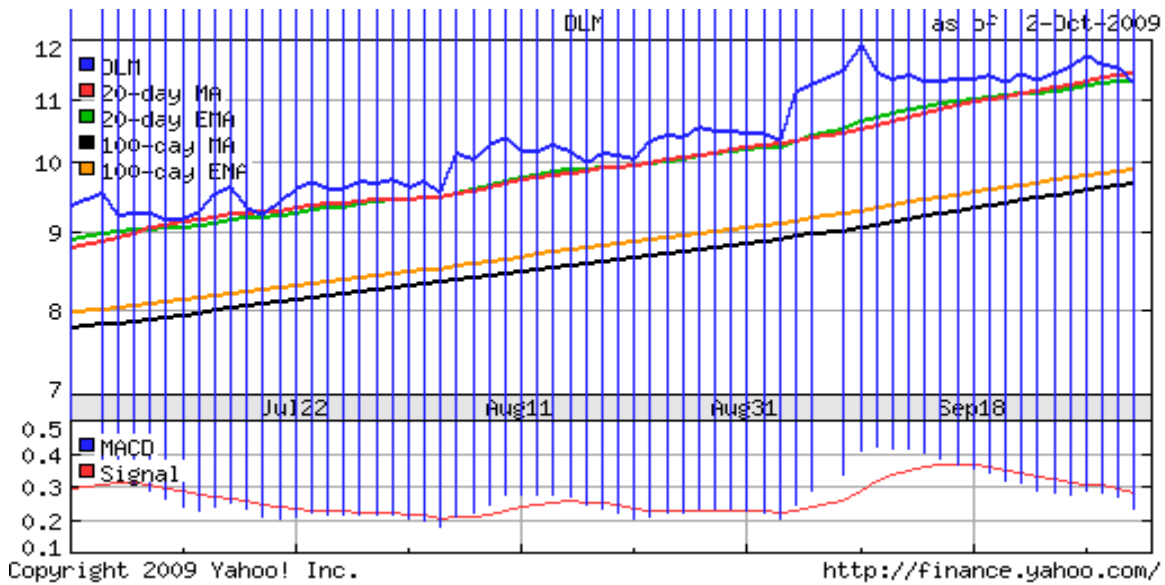


Figure 3.25: Del Monte 3 Month Technical Chart

General Mills (GIS) came into the week at \$63.29 per share and ended the week at \$63.89 a share. The 200 shares I held at the beginning of the week grew \$120 in value. On

Friday I decided to purchase an additional 400 shares of GIS at \$63.89 a share. I made this decision because of strong upward trends in the moving averages as well as an MACD over its signal value.



Figure 3.26: General Mills 5 Day Technical Chart

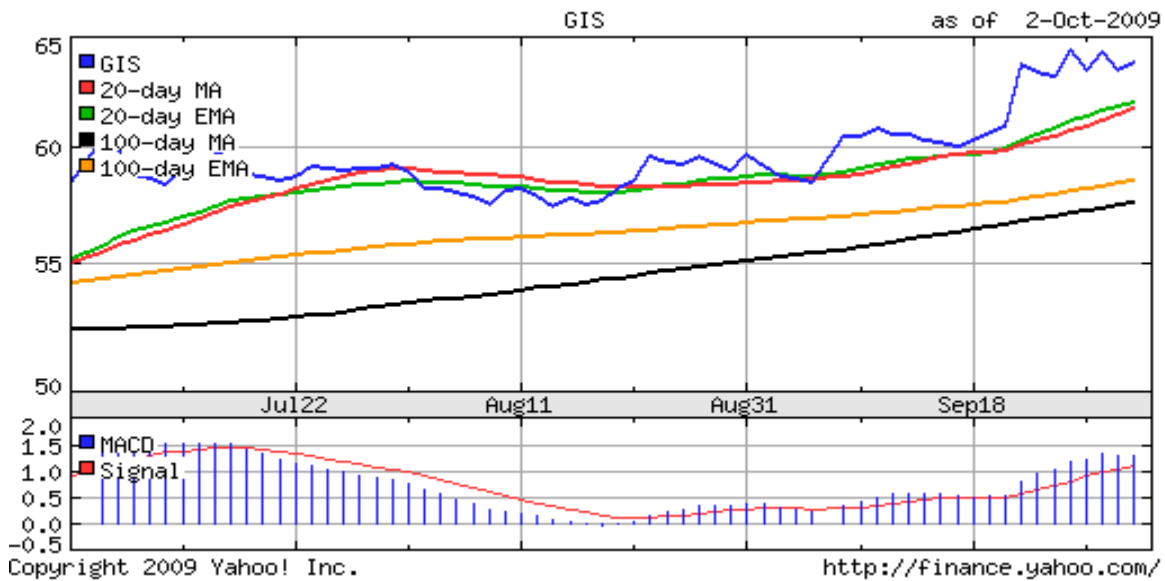


Figure 3.27: General Mills Month Technical Chart

Week Starting 10/4/2009

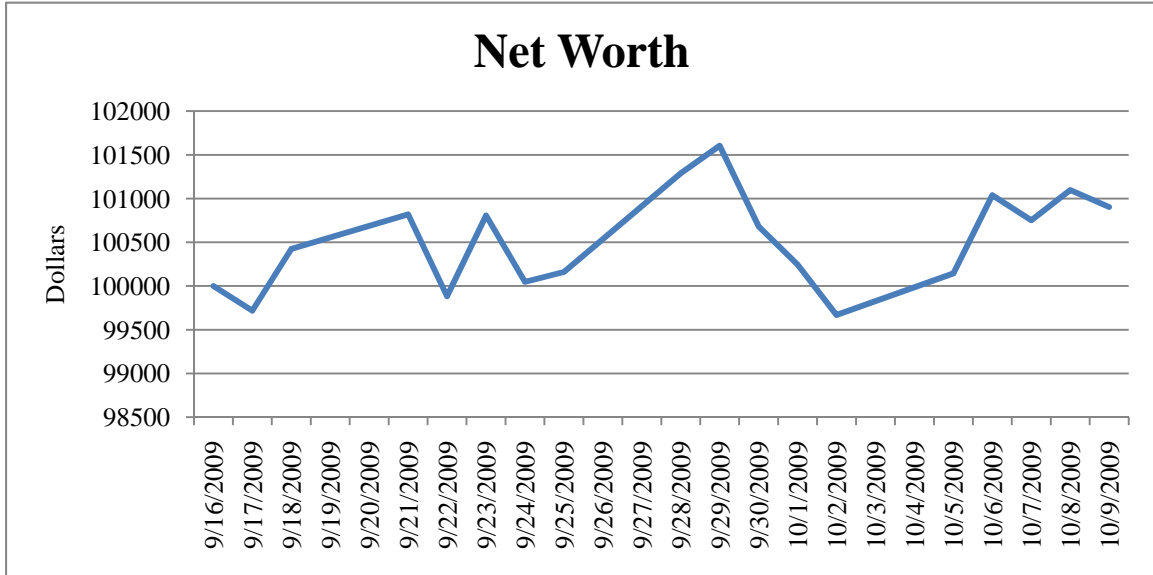


Figure 3.28: Graph of Net Worth as of 10/9/09

I entered the week of October 4th 2009 with a total of \$99579 in assets, \$9035 liquid and \$90544 in stocks. My stocks were distributed among four out of the five companies I was watching.

This week I only made one move. On Friday October 9th near closing time I decided to sell off the remainder of my holdings in The Del Monte Company. I sold 1000 shares of DLM at \$11.42 per share. This transaction had a net proceed of \$11420 and a profit of \$90.

Date	Symbol	Buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
9/16/2009							\$100,000.00	
9/16/2009	K	Buy	\$48.71	400	\$19,494.00		\$80,506.00	
9/16/2009	CAG	Buy	\$22.21	1000	\$22,220.00		\$58,286.00	
9/16/2009	SJM	Buy	\$52.53	400	\$21,022.00		\$37,264.00	
9/16/2009	DLM	Buy	\$11.33	3000	\$34,000.00		\$3,264.00	
9/25/2009	CAG	Sell	\$21.47	750	\$16,092.50	(407.50)	\$19,356.50	(\$408)
9/25/2009	GIS	Buy	\$63.29	200	\$12,668.00		\$6,688.50	
10/2/2009	CAG	Sell	\$21.41	250	\$5,342.50	(157.50)	\$12,031.00	(\$565.00)
10/2/2009	DLM	Sell	\$11.29	2000	\$22,570.00	(90.00)	\$34,601.00	(\$655.00)
10/2/2009	GIS	Buy	\$63.89	400	\$25,566.00		\$9,035.00	
10/9/2009	DLM	Sell	\$11.42	1000	\$11,410.00	80.00	\$20,445.00	(\$575.00)

Table 3.4: Stock Action as of 10/9/09

At the end of the week my total assets were worth \$100903. I had \$20545 in cash and \$80358 in stocks. The three companies I am currently invested in are:

Kellogg (K) started the week at \$48.96 per share and finished at \$49.82. My holdings of 400 shares of Kellogg stock gained \$344 in value. I am going to maintain my holdings in the company for the time being. The moving averages continue to show growth and the MACD is approximately equal to its signal value.



Figure 3.29: Kellogg 5 Day Technical Chart

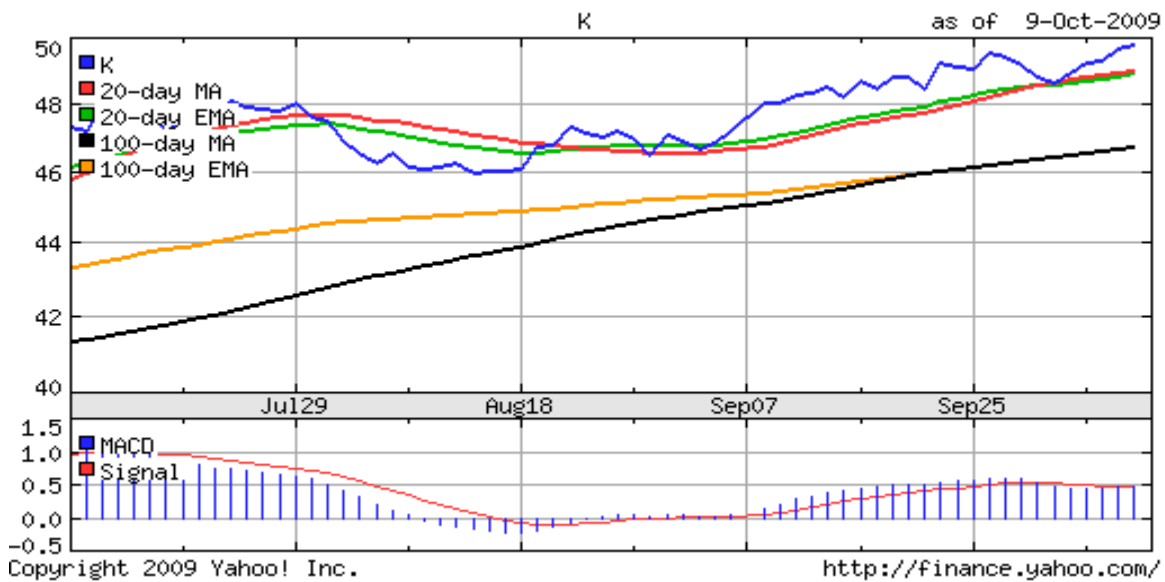


Figure 3.30: Kellogg 3 Month Technical Chart

ConAgra (CAG) began the week at \$21.34 a share and fell to \$21.41 per share by the end of the week. The moving averages are not showing any signs of growth and the MACD is well below its signal value. As a result I will probably not be investing in the company at the current time.



Figure 3.31: ConAgra 5 Day Technical Chart

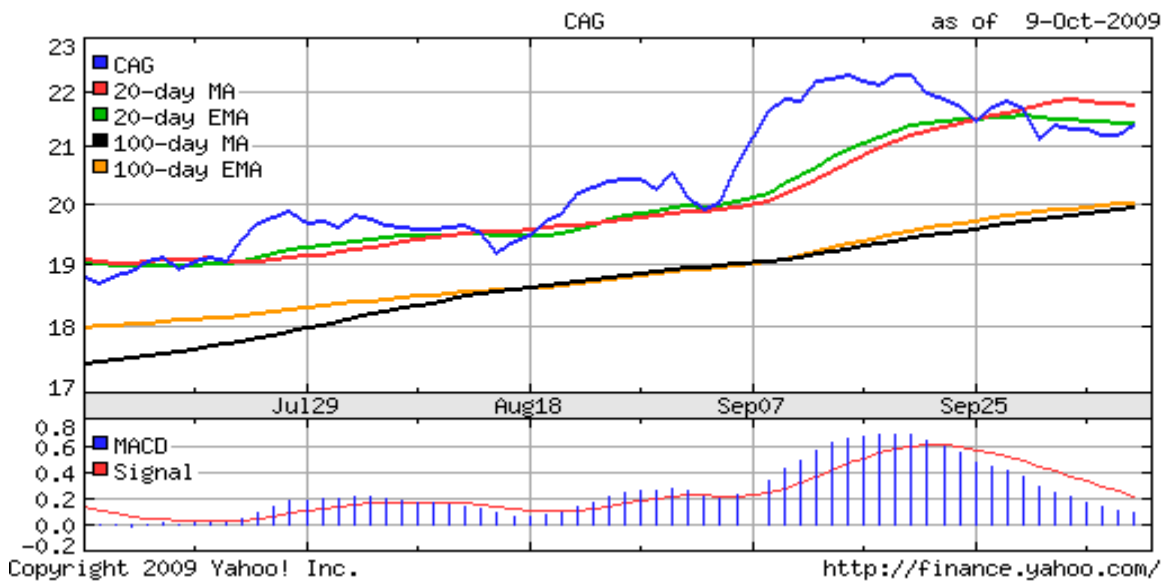


Figure 3.32: ConAgra 3 Month Technical Chart

The J.M. Smuckers Company (SJM) entered the week at \$53.80 per share and left at \$54.40 a share. My 400 shares in the company gained a total of \$240 in value this week. The SJM stock appears to be maintaining a positive trend but it is not increasing very fast. The

MACD has been holding near its single value for the majority of the week. I will continue to watch this stock closely to see if I should invest more into it or sell off my holdings.



Figure 3.33: J.M. Smucker 5 Day Technical Chart

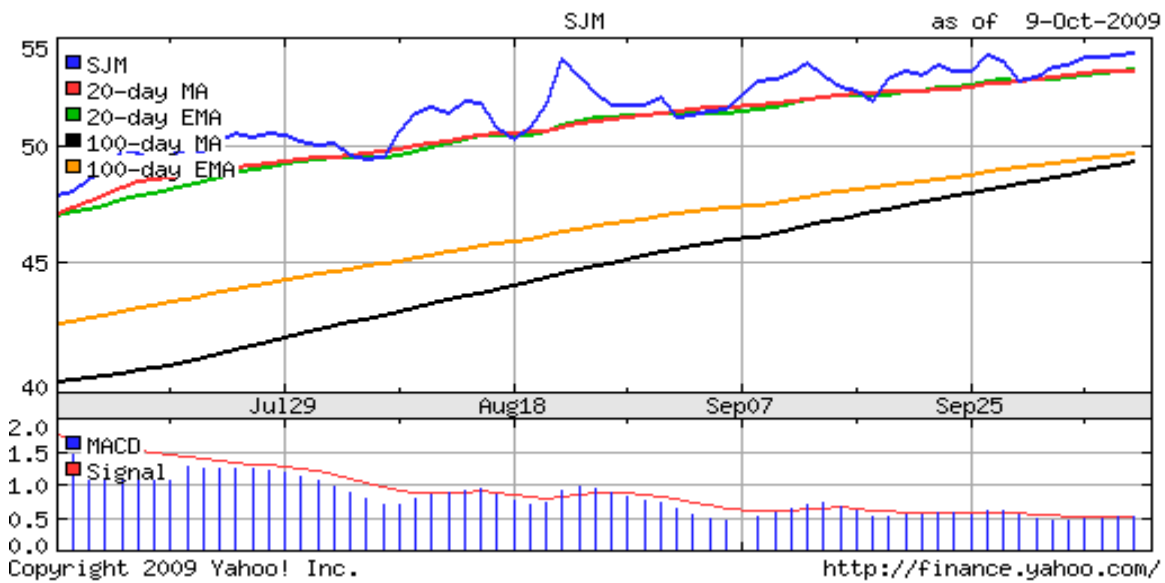


Figure 3.34: J.M. Smucker 3 Month Technical Chart

Del Monte Foods Co. (DLM) began the week at \$11.29 per share and exited at \$11.42 per share. Last Friday, October 9th I decided to sell off my remaining 1000 shares in DLM. This

sale netted my \$80 in profits. I made this decision based on the leveling off of the short term moving averages and a MACD that has been consistently below its signal value.



Figure 3.35: Del Monte 5 Day Technical Chart

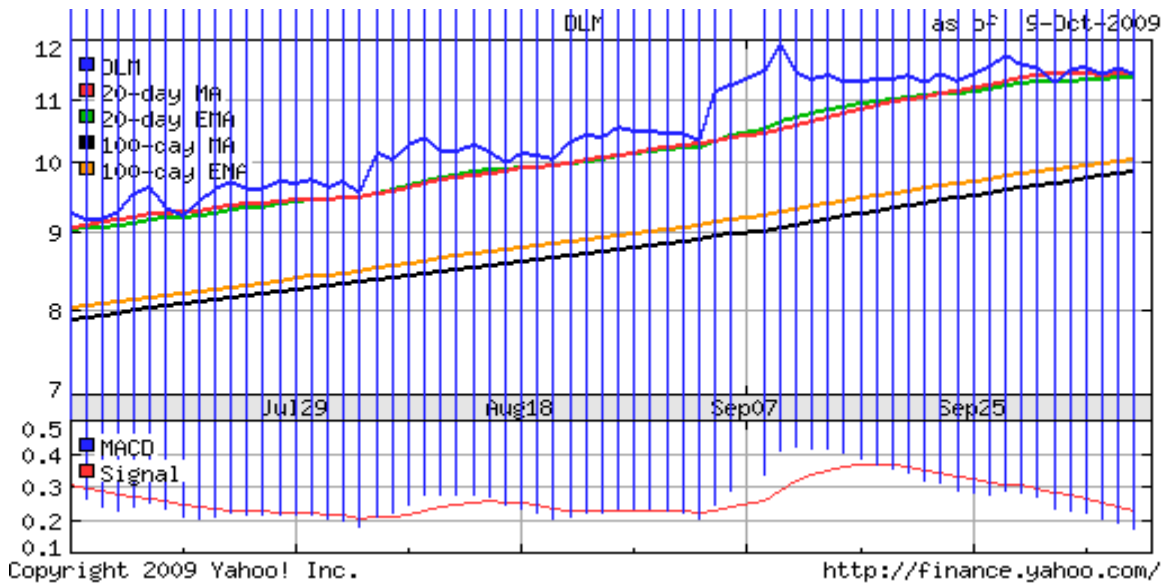


Figure 3.36: Del Monte 3 Month Technical Chart

General Mills (GIS) came into the week at \$63.96 per share and ended the week at \$64.45 a share. The 600 shares I held during the week grew \$294 in value. The moving averages

continue to show strong growth for GIS. However, the MACD is dropping towards its signal value indicating slowing growth. I will be watching GIS carefully and will be looking to make a move early to mid week.



Figure 3.37: General Mills 5 Day Technical Chart

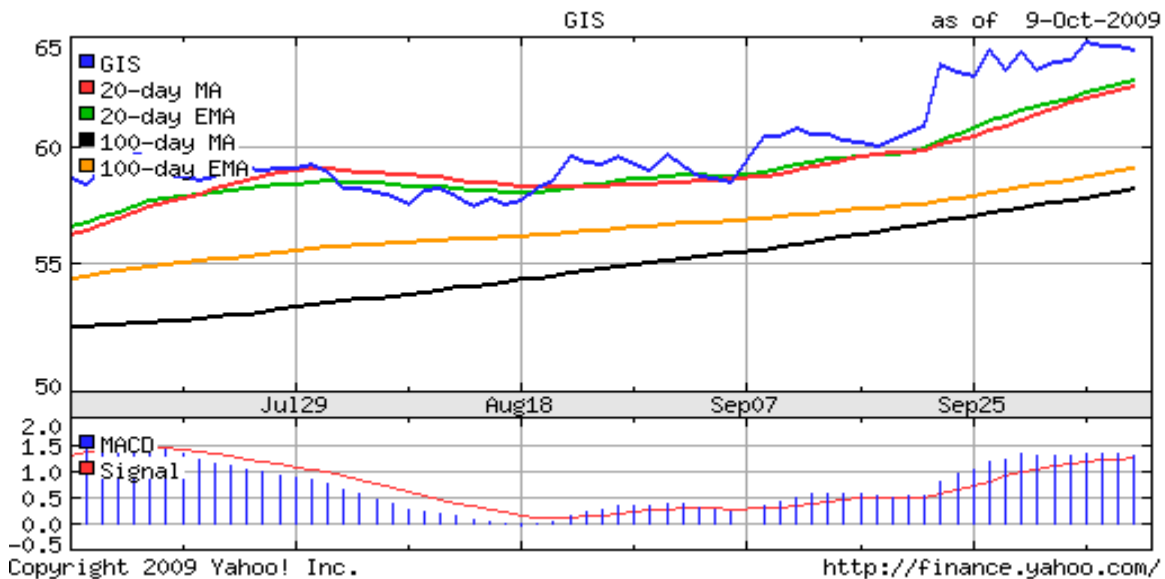


Figure 3.38: General Mills 3 Month Technical Chart

October 11 to October 31, 2009

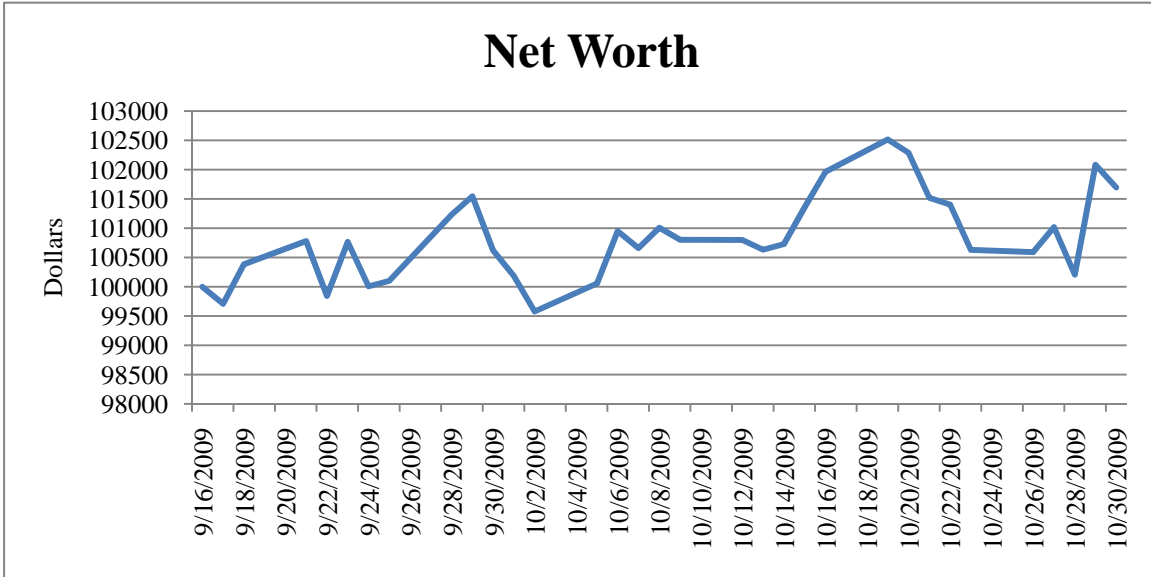


Figure 3.39: Graph of Net Worth as of 10/30/09

I entered the week of October 11th 2009 with a total of \$100803 in assets, \$20445 liquid and \$80358 in stocks. These stocks were distributed between all three out of the five companies I have been focusing on (Kellogg, Smuckers, and General Mills). At the end of this period week my net worth was \$101695, \$12704 of it liquid and \$88991 invested in stocks. My portfolio was still composed of stocks from the same three companies from the beginning of the period.

During this time period I made one trade. On October 30th I bought an additional 150 shares of Kellogg stock at \$51.54 per share.

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
9/16/2009							\$100,000.00	
9/16/2009	K	Buy	\$48.71	400	\$19,494.00		\$80,506.00	
9/16/2009	CAG	Buy	\$22.21	1000	\$22,220.00		\$58,286.00	
9/16/2009	SJM	Buy	\$52.53	400	\$21,022.00		\$37,264.00	
9/16/2009	DLM	Buy	\$11.33	3000	\$34,000.00		\$3,264.00	
9/25/2009	CAG	Sell	\$21.47	750	\$16,092.50	(407.50)	\$19,356.50	(\$408)
9/25/2009	GIS	Buy	\$63.29	200	\$12,668.00		\$6,688.50	
10/2/2009	CAG	Sell	\$21.41	250	\$5,342.50	(157.50)	\$12,031.00	(\$565.00)
10/2/2009	DLM	Sell	\$11.29	2000	\$22,570.00	(90.00)	\$34,601.00	(\$655.00)
10/2/2009	GIS	Buy	\$63.89	400	\$25,566.00		\$9,035.00	
10/9/2009	DLM	Sell	\$11.42	1000	\$11,410.00	80.00	\$20,445.00	(\$575.00)
10/30/09	K	Buy	\$51.54	150	\$7,741.00		\$12,704.00	

Table 3.5: Stock Action as of 10/11/09

Kellogg (K) started the period at \$49.82 per share and finished at \$51.54. My 400 shares of Kellogg stock grew \$688 in value during this period. The moving averages continue to show a positive trend and the MACD is staying very close to its signal value. Because of this continued growth trend I decided to invest in an additional 150 stocks of Kellogg stock on October 30th.

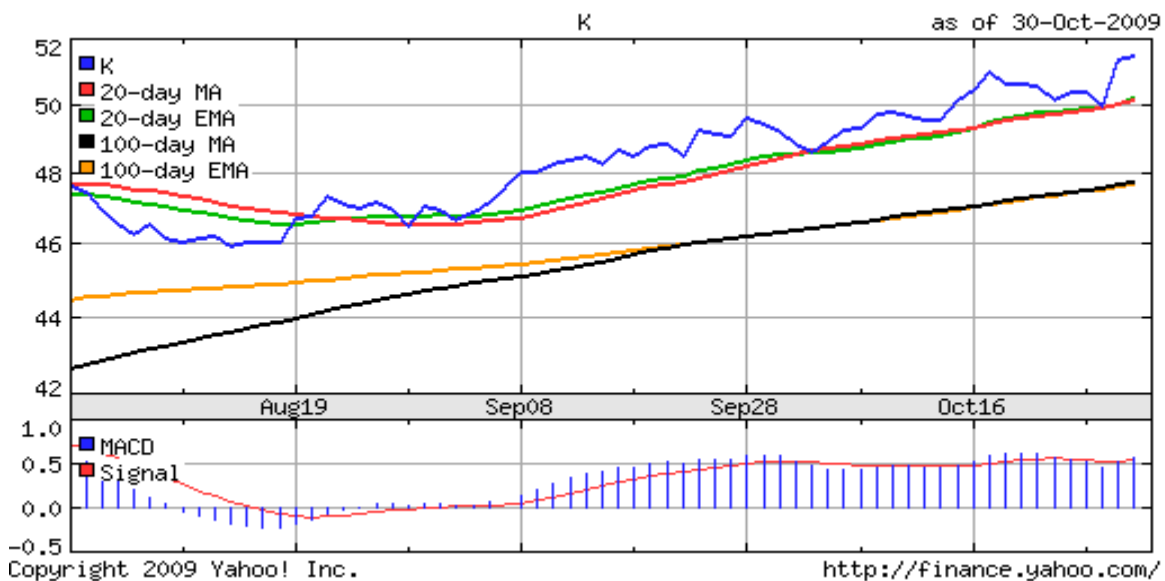


Figure 3.40: 3 Month Technical Chart

ConAgra (CAG) stock was worth \$21.42 at the beginning of the period and fell to \$21.00 by the end of October. The moving averages on the technical chart below show a stagnant to falling trend and the MACD is currently negative. For the time being I will most likely refrain from investing in ConAgra.

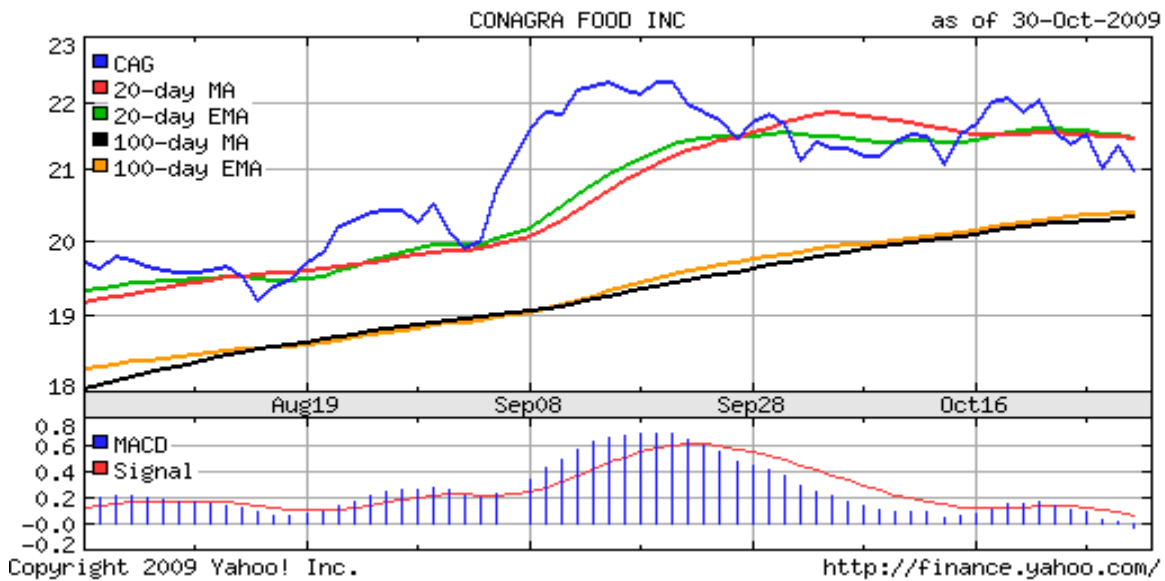


Figure 3.41: ConAgra 3 Month Technical Chart

The J.M. Smuckers Company (SJM) entered the period at \$54.40 per share and left at \$52.73 a share. My 400 shares in the company lost \$668 in value during this time. The long term moving averages are still showing a growth trend but both the short term moving averages and the MACD are indicating a negative trend. Due to these negative indicators I plan to sell most or all of my SJM stock early week.

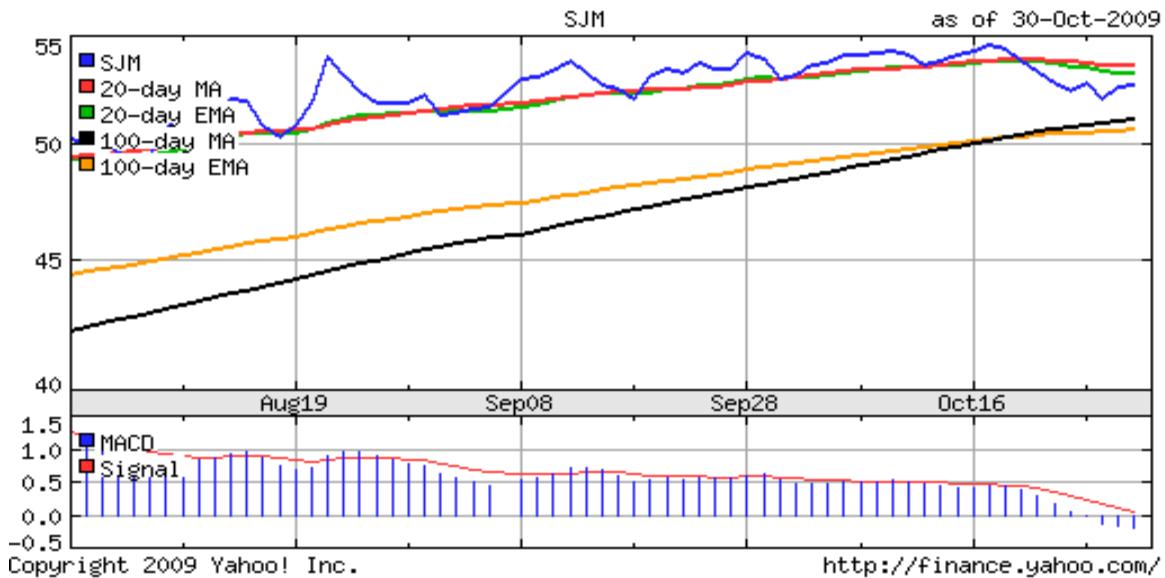


Figure 3.42: J.M. Smucker 3 Month Technical Chart

Del Monte Foods Co. (DLM) began the period at \$11.42 per share and exited at \$10.80 per share. The 20 day moving average and the MACD are both indicating a continued decline in value for DLM. The 100 day moving average is still maintaining a slightly positive trend, but is beginning to level out. Because of this recent negative trend it is unlikely that I will make any investments in Del Monte in the near future.

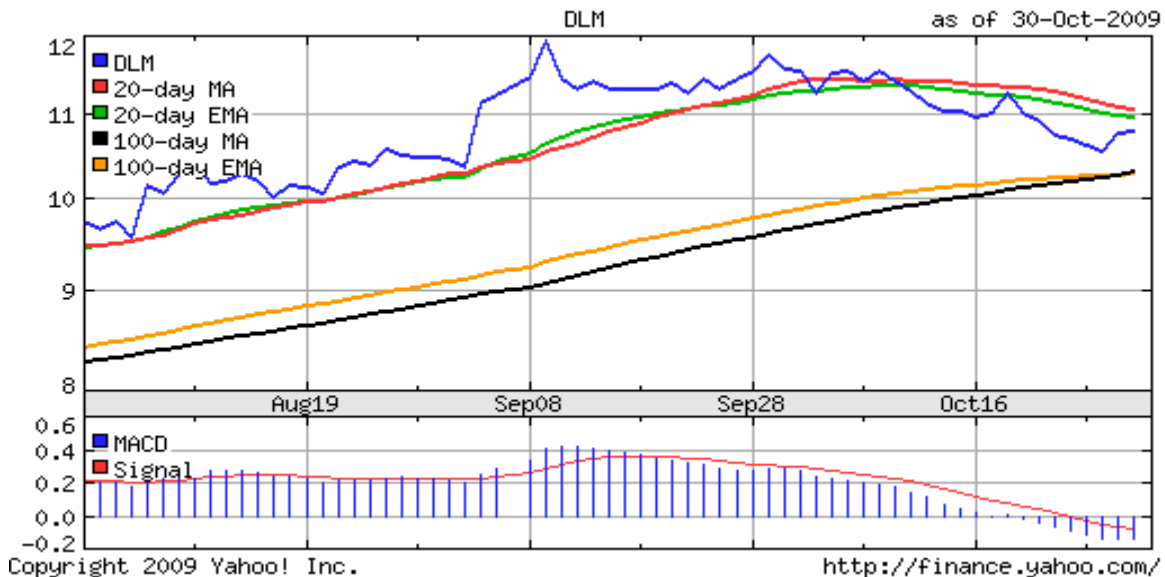


Figure 3.43: Del Monte 3 Month Technical Chart

General Mills (GIS) came into the period at \$64.45 per share and ended the period at \$65.92 a share. The 600 shares I held during this time grew \$882 in value. The moving averages have been maintaining a stagnant to slightly positive trend the past couple of weeks. The MACD is below its signal value but remains fairly close to it. I will continue to watch this stock closely in the upcoming days but at the time being plan on maintaining my investment in General Mills.

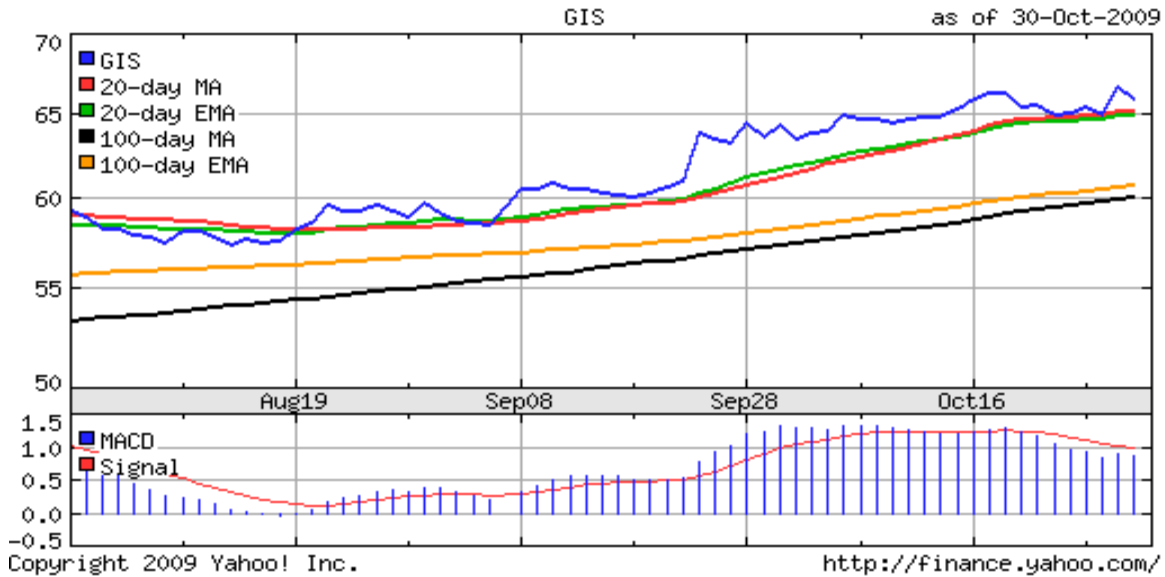


Figure 3.44: General Mills 3 Month Technical Chart

Week Starting 11/1/09

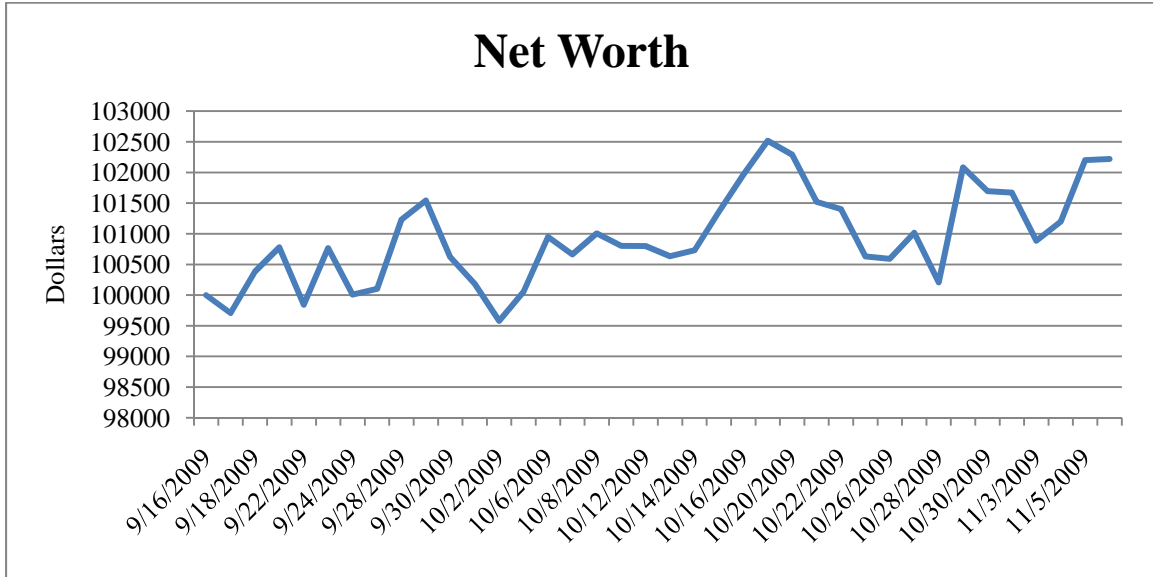


Figure 3.45: Graph of Net Worth as of 11/5/09

I entered the week of November, 1st 2009 with a total of \$101695 in assets, \$12701 of it in cash and \$88991 in stocks. At the beginning of the week my stocks were distributed between Kellogg, J.M. Smucker, and General Mills.

During this week I made two trades. The first trade was selling 400 shares of J.M. Smucker stock on November 2nd at \$52.66 per share. The second trade was selling 300 shares of General Mills at \$66.17 per share.

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
9/16/2009							\$100,000.00	
9/16/2009	K	Buy	\$48.71	400	\$19,494.00		\$80,506.00	
9/16/2009	CAG	Buy	\$22.21	1000	\$22,220.00		\$58,286.00	
9/16/2009	SJM	Buy	\$52.53	400	\$21,022.00		\$37,264.00	
9/16/2009	DLM	Buy	\$11.33	3000	\$34,000.00		\$3,264.00	
9/25/2009	CAG	Sell	\$21.47	750	\$16,092.50	(407.50)	\$19,356.50	(\$408)
9/25/2009	GIS	Buy	\$63.29	200	\$12,668.00		\$6,688.50	
10/2/2009	CAG	Sell	\$21.41	250	\$5,342.50	(157.50)	\$12,031.00	(\$565.00)
10/2/2009	DLM	Sell	\$11.29	2000	\$22,570.00	(90.00)	\$34,601.00	(\$655.00)
10/2/2009	GIS	Buy	\$63.89	400	\$25,566.00		\$9,035.00	
10/9/2009	DLM	Sell	\$11.42	1000	\$11,410.00	80.00	\$20,445.00	(\$575.00)
10/30/2009	K	Buy	\$51.54	150	\$7,741.00		\$12,704.00	
11/2/2009	SJM	Sell	\$52.66	400	21,054.00	32.00	\$33,758.00	(\$543.00)
11/5/2009	GIS	Sell	\$66.17	300	19,841.00	781.50	\$53,599.00	\$238.50

Table 3.6: Stock Action as of 11/8/09

At the end of the week my assets totaled \$102220, \$53599 of this is liquid and \$48621 is invested in stocks. At this point in time I have stock invested in only two companies, Kellogg and General Mills.

Kellogg (K) started the week at \$51.75 per share and finished at \$52.20. With 550 shares my Kellogg stock gained \$247.50, a .55% increase in value. The moving averages continue to show a growth trend and the MACD is above its signal value. As a result, I will look to purchase more Kellogg stock early next week.



Figure 3.46: Kellogg 5 Day Technical Chart

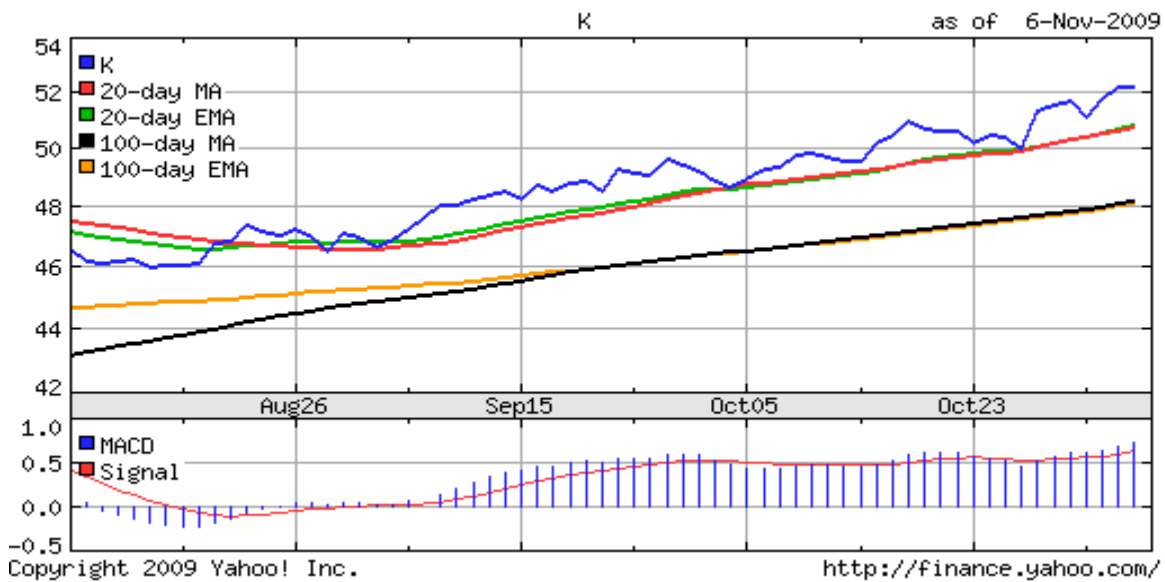


Figure 3.47: Kellogg 3 Month Technical Chart

ConAgra (CAG) entered the week at \$20.89 per share and finished the week at \$21.40 per share. The moving averages are showing a stagnant or falling trend and the MACD is maintaining a negative value. Despite ConAgra having a good week it is unlikely that I will invest in them in the short term.



Figure 3.48: ConAgra 5 Day Technical Chart

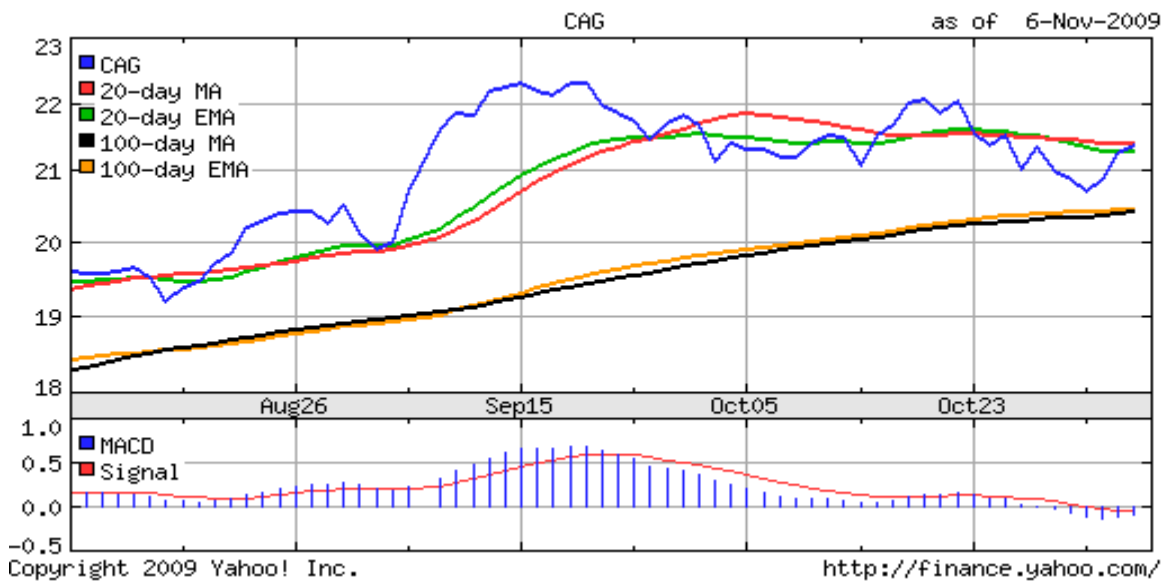


Figure 3.49: ConAgra 5 Day Technical Chart

The J.M. Smuckers Company (SJM) entered the week at \$52.20 per share and exited at \$52.68 a share. On November 2nd, I decided to sell my 400 shares in SJM at \$52.66 per share. This sale netted me a \$32 profit on my investment after subtracting commissions. I decided to sell because the moving averages and the MACD both displaying negative trends.



Figure 3.50: J.M. Smucker 5 Day Technical Chart

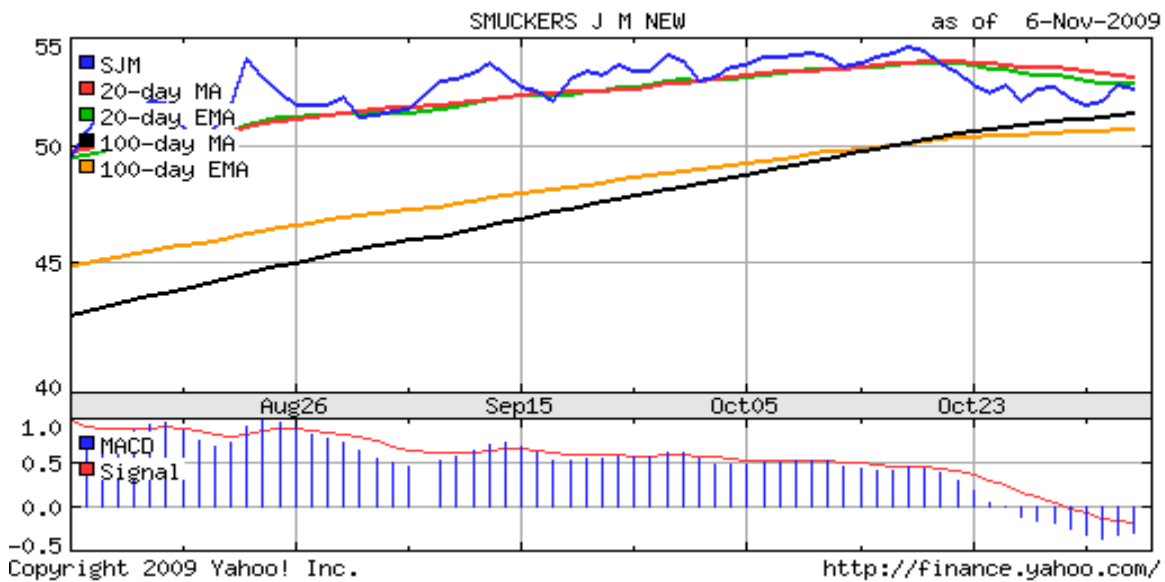


Figure 3.51: J.M. Smucker 3 Month Technical Chart

Del Monte Foods Co. (DLM) began the week at \$10.74 a share and ended the week at \$10.75 per share. The company continues to show a negative trend in stock price as the short term moving average is displaying a strong negative slope and the MACD is remaining negative. Until this trend begins to reverse itself I do not anticipate investing further in Del Monte Foods.



Figure 3.52: Del Monte 5 Day Technical Chart

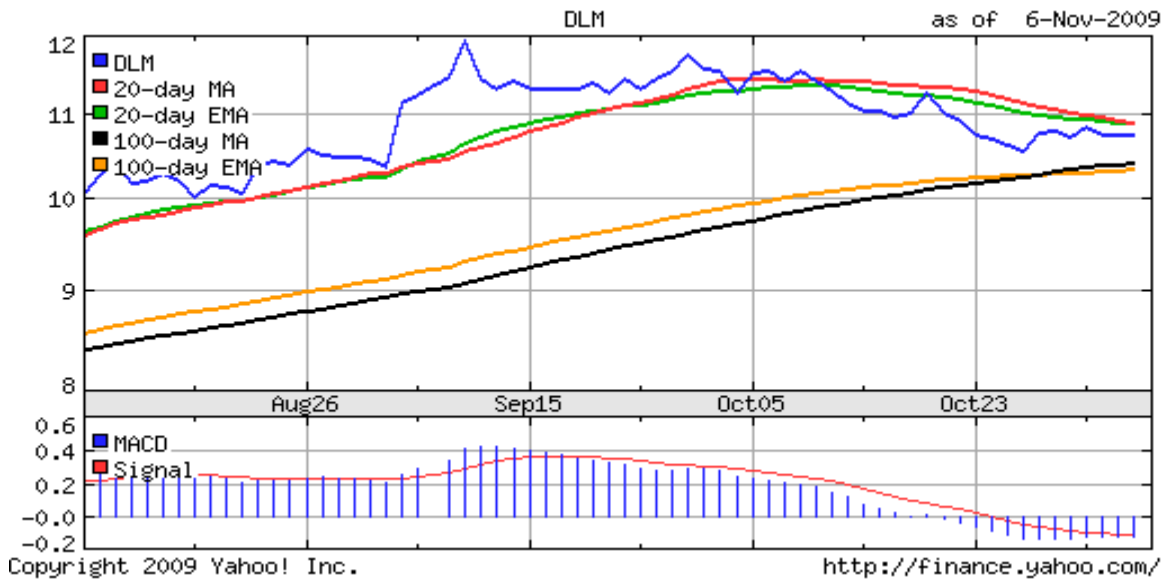


Figure 3.53: Del Monte 3 Month Technical Chart

General Mills (GIS) entered the week at \$65.75 per share and ended the week at \$66.37 a share. The moving averages continue to show a growth trend for General Mills. The MACD is remaining well above zero but is below its signal value. On November 5th, I decided to liquidate

some of my holdings in General Mills. I sold 300 shares at \$66.17 per share which netted me a \$781.50 profit on my investment.



Figure 3.54: General Mills 5 Day Technical Chart

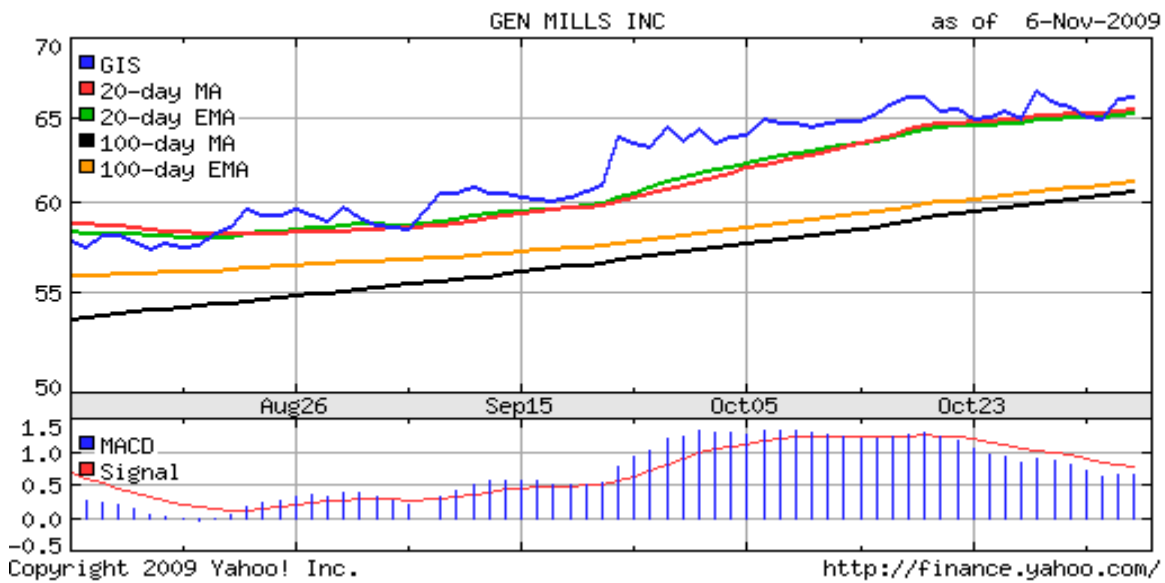


Figure 3.55: General Mills 3 Month Technical Chart

Week Starting 11/8/09

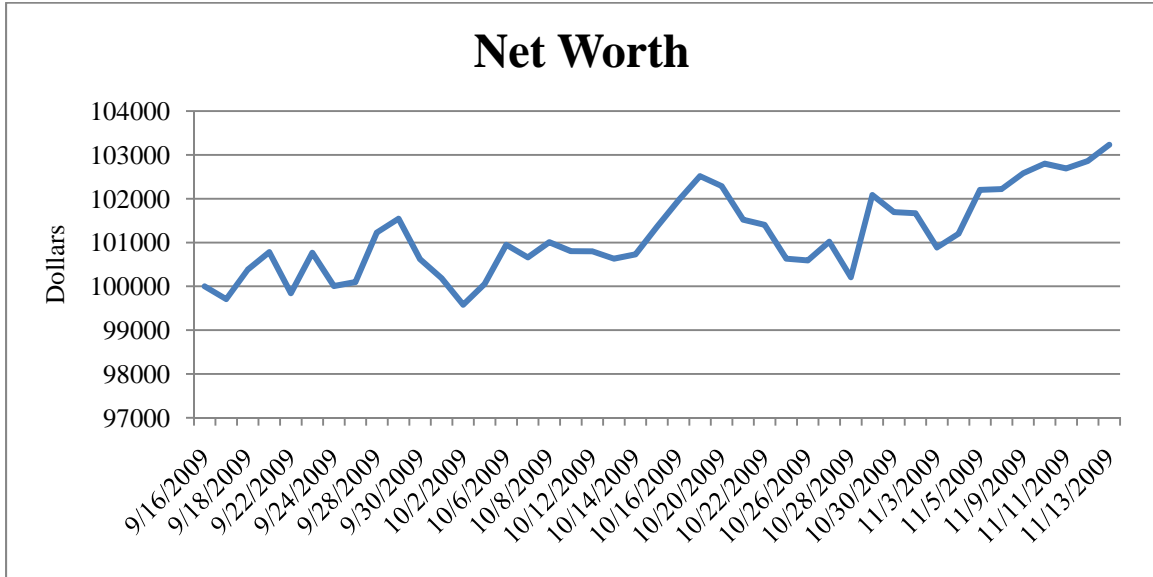


Figure 3.56: Graph of Net Worth as of 11/15/09

I started the week of November, 8th 2009 with a total of \$102220 in assets, \$53599 of it in cash and \$48621 in stocks. At the beginning of the week I owned 550 shares of Kellogg at \$52.20 a share, worth a total of \$28710. In addition, I owned 300 shares of General Mills stock valued at \$66.37 a share or \$19911.

During this week I only made one trade. On November 12th, 2009 I sold 150 shares of General Mills stock at \$67.66 a share to net a profit of \$551.75 after commissions.

Date	Symbol	Buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
9/16/2009							\$100,000.00	
9/16/2009	K	Buy	\$48.71	400	\$19,494.00		\$80,506.00	
9/16/2009	CAG	Buy	\$22.21	1000	\$22,220.00		\$58,286.00	
9/16/2009	SJM	Buy	\$52.53	400	\$21,022.00		\$37,264.00	
9/16/2009	DLM	Buy	\$11.33	3000	\$34,000.00		\$3,264.00	
9/25/2009	CAG	Sell	\$21.47	750	\$16,092.50	(407.50)	\$19,356.50	(\$408)
9/25/2009	GIS	Buy	\$63.29	200	\$12,668.00		\$6,688.50	
10/2/2009	CAG	Sell	\$21.41	250	\$5,342.50	(157.50)	\$12,031.00	(\$565.00)
10/2/2009	DLM	Sell	\$11.29	2000	\$22,570.00	(90.00)	\$34,601.00	(\$655.00)
10/2/2009	GIS	Buy	\$63.89	400	\$25,566.00		\$9,035.00	
10/9/2009	DLM	Sell	\$11.42	1000	\$11,410.00	80.00	\$20,445.00	(\$575.00)
10/30/2009	K	Buy	\$51.54	150	\$7,741.00		\$12,704.00	
11/2/2009	SJM	Sell	\$52.66	400	\$21,054.00	32.00	\$33,758.00	(\$543.00)
11/5/2009	GIS	Sell	\$66.17	300	\$19,841.00	781.50	\$53,599.00	\$238.50
11/12/2009	GIS	Sell	\$67.66	150	\$10,139.00	551.75	\$63,738.00	\$790.25

Table 3.7: Stock Action as of 11/8/09

At the end of the week my assets totaled \$103231.50, \$63738 of this is liquid and \$39493.5 is invested in stocks. These stock assets are comprised of 550 shares of Kellogg at \$53.37 a share, and 150 shares of General Mills at \$67.60 per share.

Kellogg (K) began the week at \$52.20 a share and finished at \$53.37. With 550 shares my Kellogg stock gained \$643.50, a 2.24% increase in value. Both of the moving averages continue to show a strong positive trend. In addition the MACD is continuing to stay above its signal value. It is possible that I might invest further in Kellogg in the next week.



Figure 3.57: Kellogg 5 Day Technical Chart

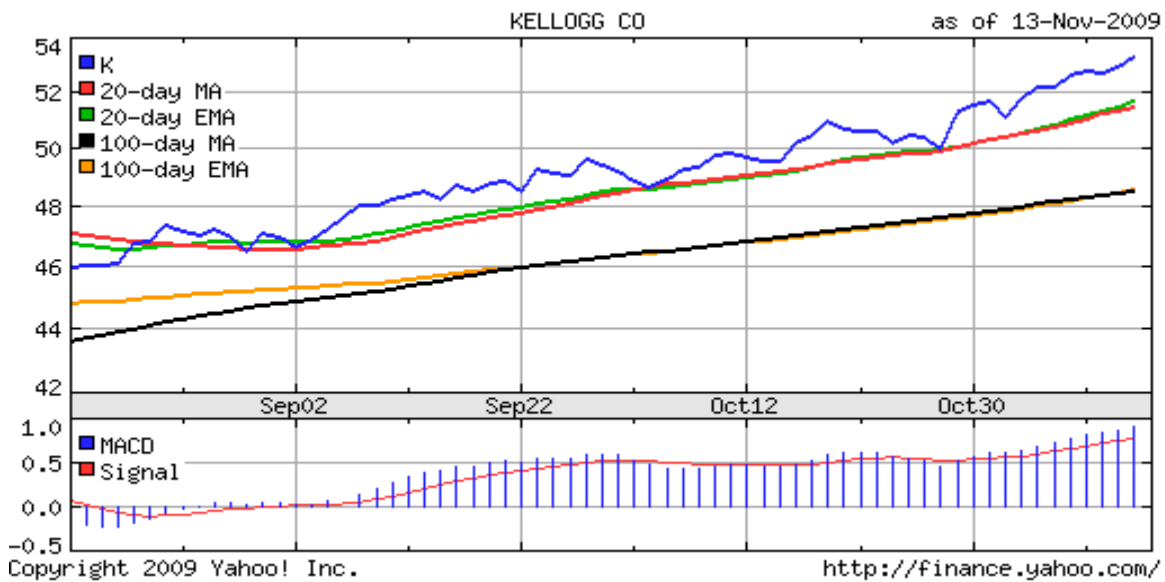


Figure 3.58: Kellogg 3 Month Technical Chart

ConAgra (CAG) entered the week at \$21.40 per share and finished the week at \$22.41 per share. CAG has shown some growth the past couple of weeks and the moving averages are starting to show a positive trend. The recent jump in price has caused the MACD to rise above its

signal value. These positive indicators are showing a growth trend and I will consider reinvesting in ConAgra this week.



Figure 3.59: ConAgra 5 Day Technical Chart

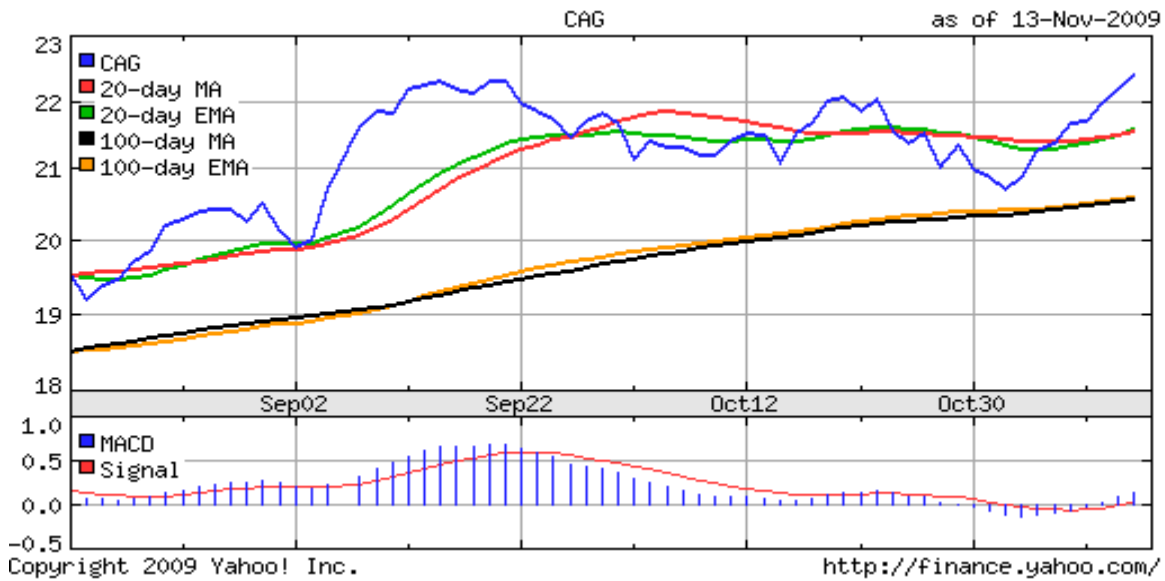


Figure 3.60: ConAgra 5 Day Technical Chart

The J.M. Smuckers Company (SJM) started the week at \$52.68 per share and exited at \$53.81 a share. The moving averages continue to show a stagnant to negative trend. The MACD

has risen above zero again but the signal value is still negative. I will continue to watch SJM in the upcoming weeks but as of now I do not intend to buy any of their stock.



Figure 3.61: J.M. Smucker 5 Day Technical Chart

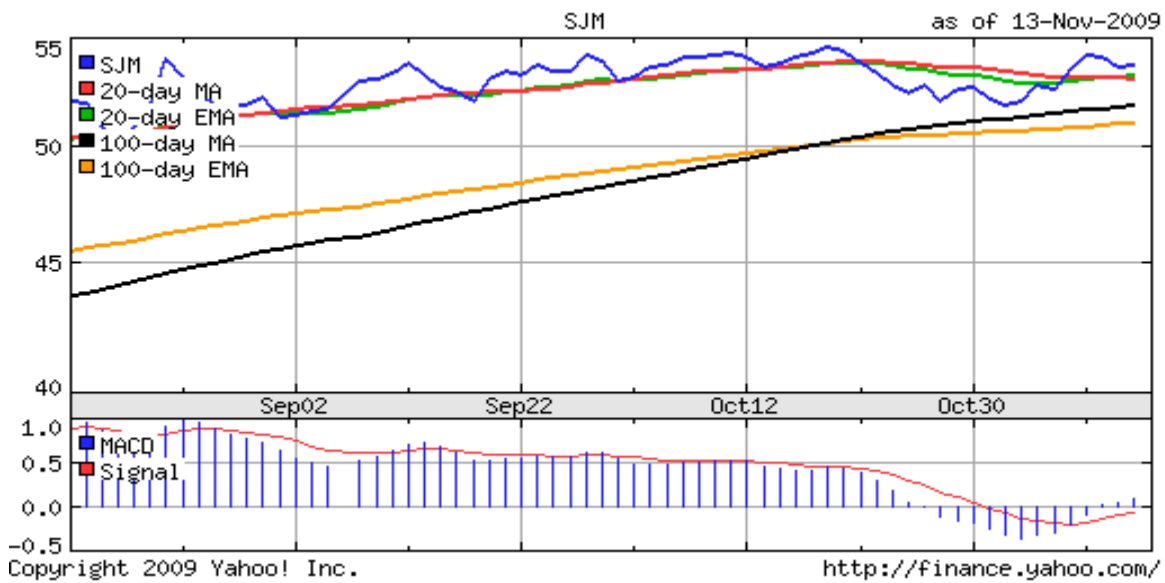


Figure 3.62: J.M. Smucker 3 Month Technical Chart

Del Monte Foods Co. (DLM) began the week at \$10.75 a share and ended the week at \$11.00 per share. The medium and long term moving averages are fairly stagnant at this point.

The MACD is rising but is still negative. DelMonte is not showing a positive trend and thus I do not anticipate investing in them anytime soon.



Figure 3.63: Del Monte 5 Day Technical Chart

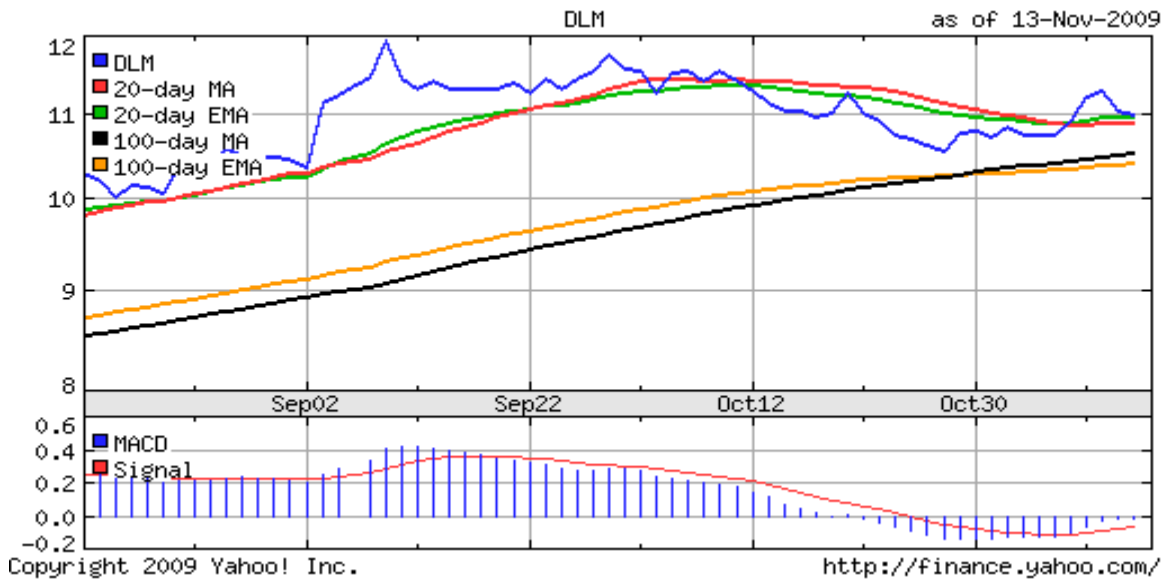


Figure 3.64: Del Monte 3 Month Technical Chart

General Mills (GIS) entered the week at \$66.37 per share and ended the week at \$67.60 a share. Both moving averages are still trending upwards for General Mills. The MACD was

right around its signal value by the end of the week. On November 12th, I decided to liquidate some more of my General Mills stock. I sold 150 shares at \$67.66 a share which netted me a \$551.75 profit on my investment. Due to the continued positive trend in GIS I will consider buying more GIS stock if the opportunity arises.



Figure 3.65: General Mills 5 Day Technical Chart

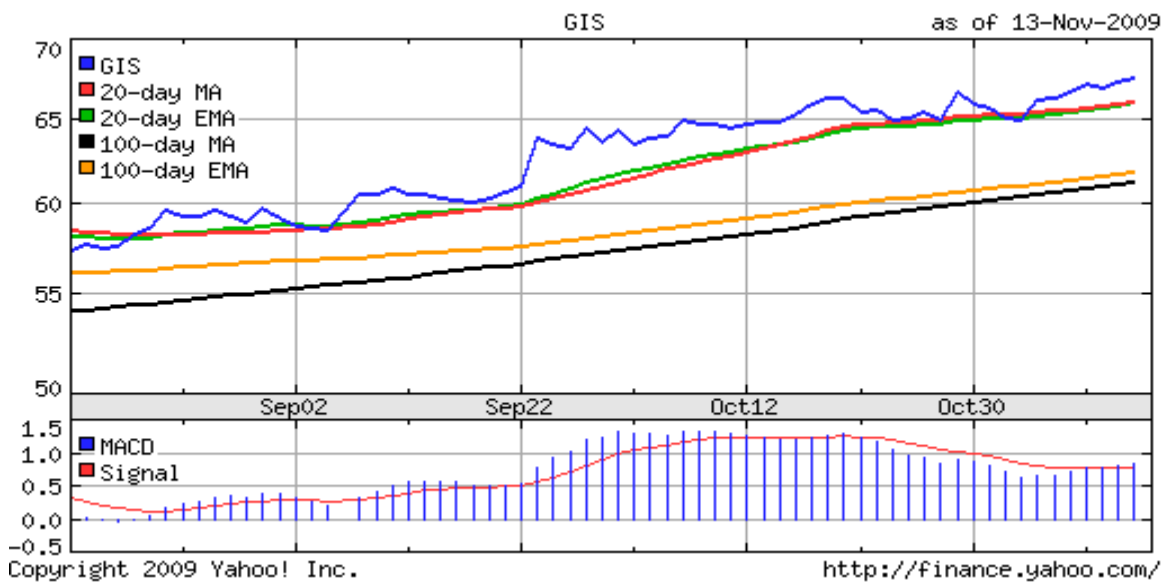


Figure 3.66: General Mills 3 Month Technical Chart

Week of 11/15/09

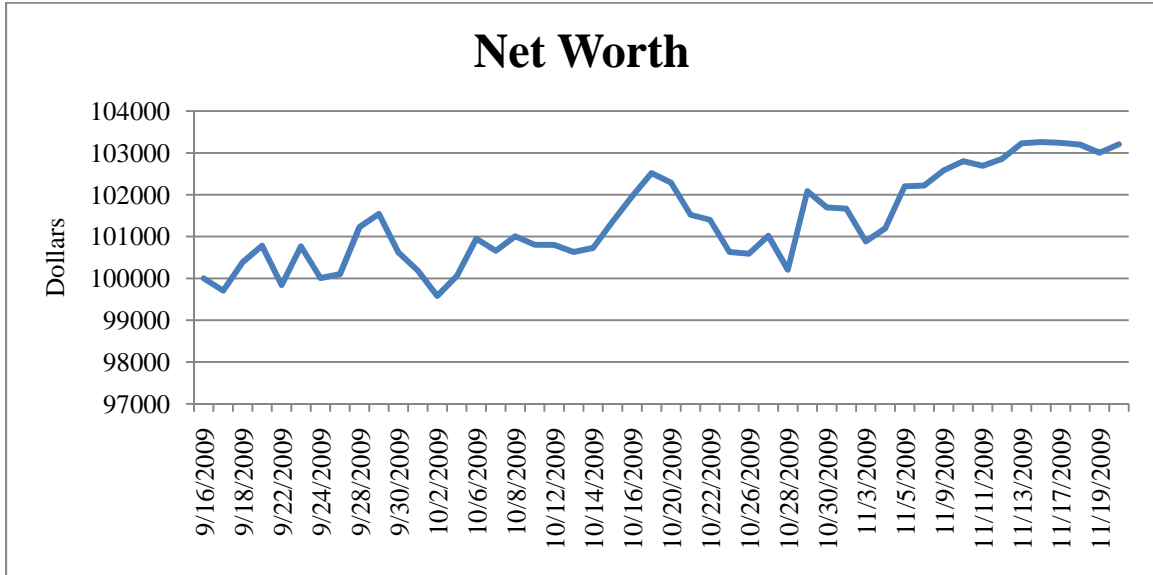


Figure 3.67: Graph of Net Worth as of 11/22/09

I began the week of November, 15th 2009 with a total of \$103231.50 in assets, \$63738 of it in cash and \$39439.50 in stocks. Entering the week I owned 550 shares of Kellogg at \$52.37 a share, worth a total of \$29353.5. In addition, I owned 150 shares of General Mills stock valued at \$67.60 a share or \$10140.

During this week I made two trades. On November 20th, 2009 I sold my remaining 150 shares of General Mills stock at \$67.65 which created a net profit of \$550.25 after commissions. The final trade I made was to sell my 550 shares of Kellogg stock at \$53.35 a share. This sale gave me a \$2097.50 net return on my investment.

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
9/16/2009							\$100,000.00	
9/16/2009	K	Buy	\$48.71	400	\$19,494.00		\$80,506.00	
9/16/2009	CAG	Buy	\$22.21	1000	\$22,220.00		\$58,286.00	
9/16/2009	SJM	Buy	\$52.53	400	\$21,022.00		\$37,264.00	
9/16/2009	DLM	Buy	\$11.33	3000	\$34,000.00		\$3,264.00	
9/25/2009	CAG	Sell	\$21.47	750	\$16,092.50	(572.50)	\$19,356.50	(\$573)
9/25/2009	GIS	Buy	\$63.29	200	\$12,668.00		\$6,688.50	
10/2/2009	CAG	Sell	\$21.41	250	\$5,342.50	(212.50)	\$12,031.00	(\$785.00)
10/2/2009	DLM	Sell	\$11.29	2000	\$22,570.00	(96.67)	\$34,601.00	(\$881.67)
10/2/2009	GIS	Buy	\$63.89	400	\$25,566.00		\$9,035.00	
10/9/2009	DLM	Sell	\$11.42	1000	\$11,410.00	76.67	\$20,445.00	(\$805.00)
10/30/2009	K	Buy	\$51.54	150	\$7,741.00		\$12,704.00	
11/2/2009	SJM	Sell	\$52.66	400	\$21,054.00	32.00	\$33,758.00	(\$773.00)
11/5/2009	GIS	Sell	\$66.17	300	\$19,841.00	781.50	\$53,599.00	\$8.50
11/12/2009	GIS	Sell	\$67.66	150	\$10,139.00	551.75	\$63,738.00	\$560.25
11/20/2009	K	Sell	\$53.35	550	\$29,332.50	2,097.50	\$93,070.50	\$2,657.75
11/20/2009	GIS	Sell	\$67.65	150	\$10,137.50	550.25	\$103,208.00	\$3,208.00

Table 3.8: Stock Action as of 11/22/09

At the end of the simulation I had \$103208 in cash. This was a 3.2% return on my \$100000 of investment money.

Kellogg (K) started the week at \$53.37 a share and finished at \$53.12. On Friday November 20th, I sold my 550 shares in Kellogg at \$53.35 per share which generated \$29332.50 in revenue after commission.



Figure 3.68: Kellogg 5 Day Technical Chart

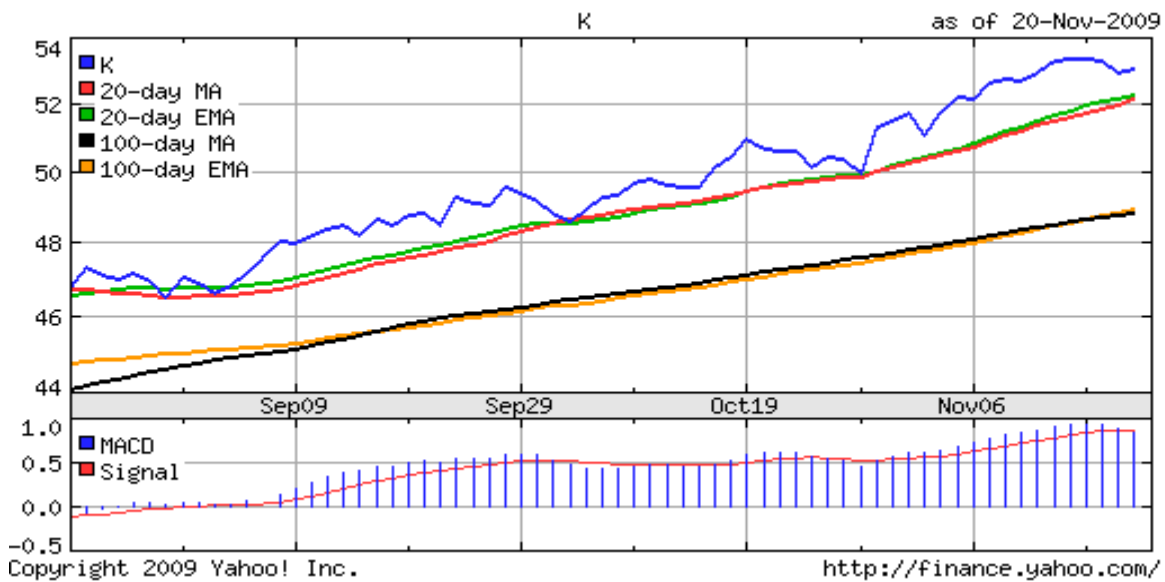


Figure 3.69: Kellogg 3 Month Technical Chart

ConAgra (CAG) began the week at \$22.41 a share and ended the week at \$22.35.



Figure 3.70: ConAgra 5 Day Technical Chart

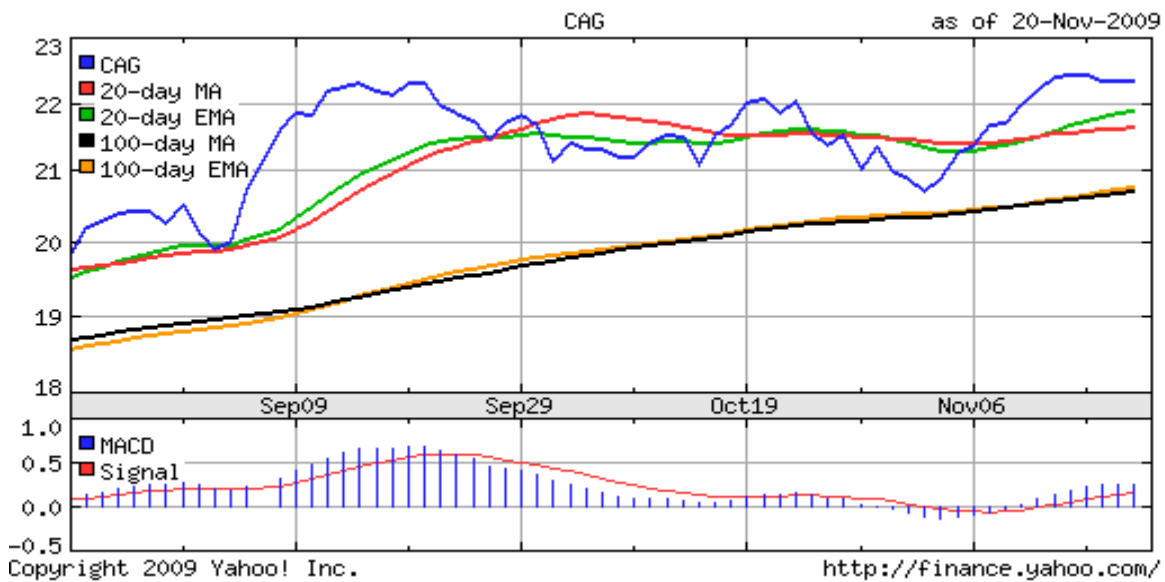


Figure 3.71: ConAgra 5 Day Technical Chart

The **J.M. Smuckers Company (SJM)** started the week at \$53.81 per share and exited at \$56.35 a share. Due to the recent stagnant trend I did not have any stock invested in SJM and unfortunately I missed out on the almost three dollar jump in value that the stock made on Friday.



Figure 3.72: J.M. Smucker 5 Day Technical Chart

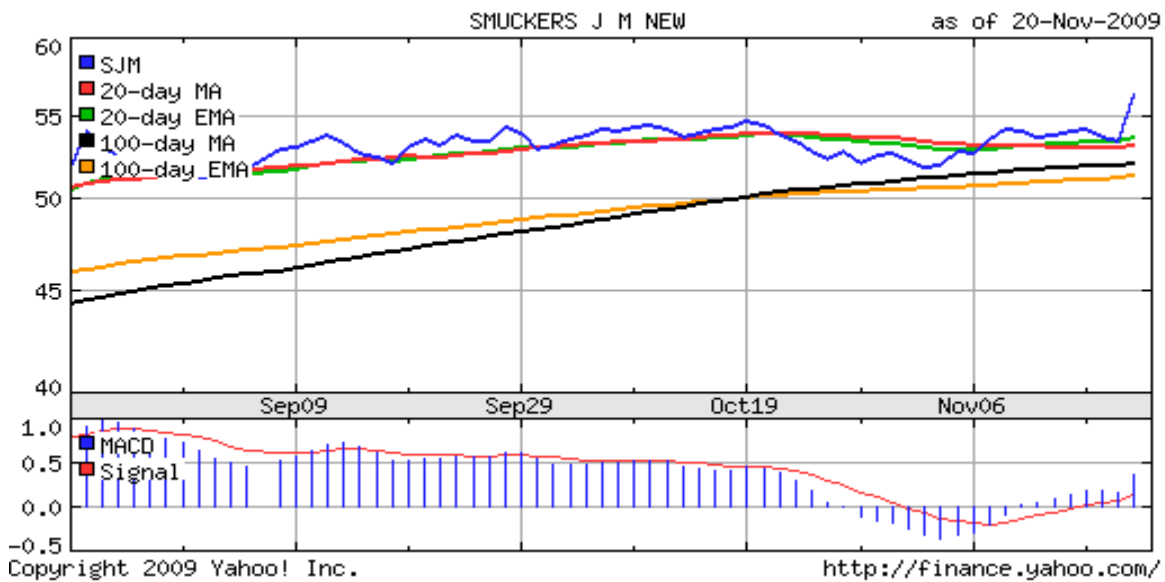


Figure 3.73: J.M. Smucker 3 Month Technical Chart

Del Monte Foods Co. (DLM) began the week at \$11.00 a share and ended the week at \$10.73 per share.



Figure 3.74: Del Monte 5 Day Technical Chart

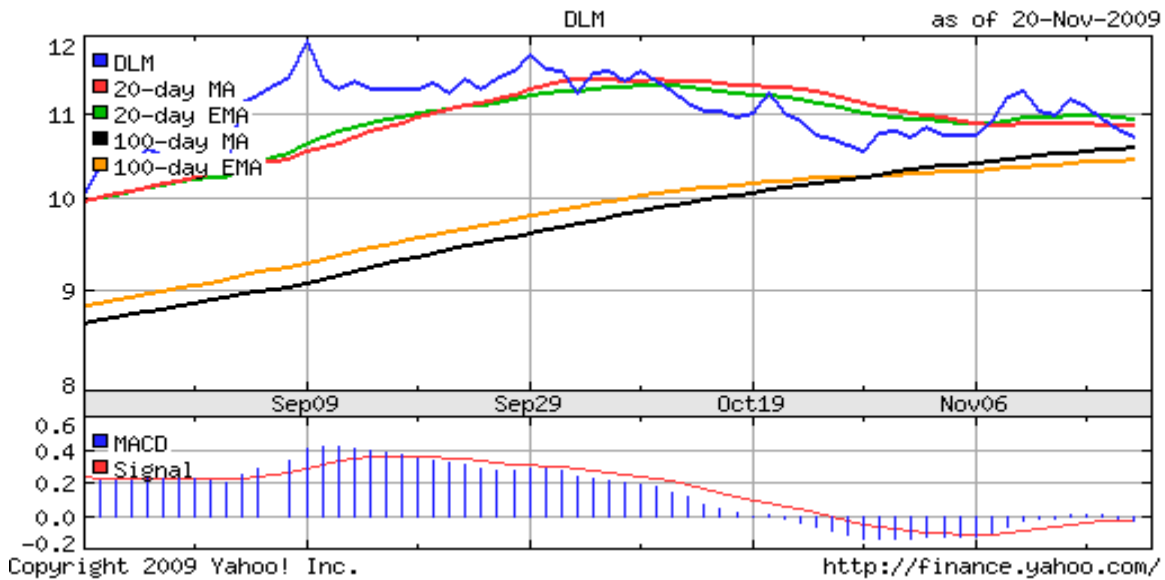


Figure 3.75: Del Monte 3 Month Technical Chart

General Mills (GIS) entered the week at \$67.60 per share and ended the week at \$67.94 a share. On November 20th, I sold off my remaining 150 shares of General Mills stock. This sale at \$67.65 generated \$10137.50 in revenue after commissions.



Figure 3.76: General Mills 5 Day Technical Chart

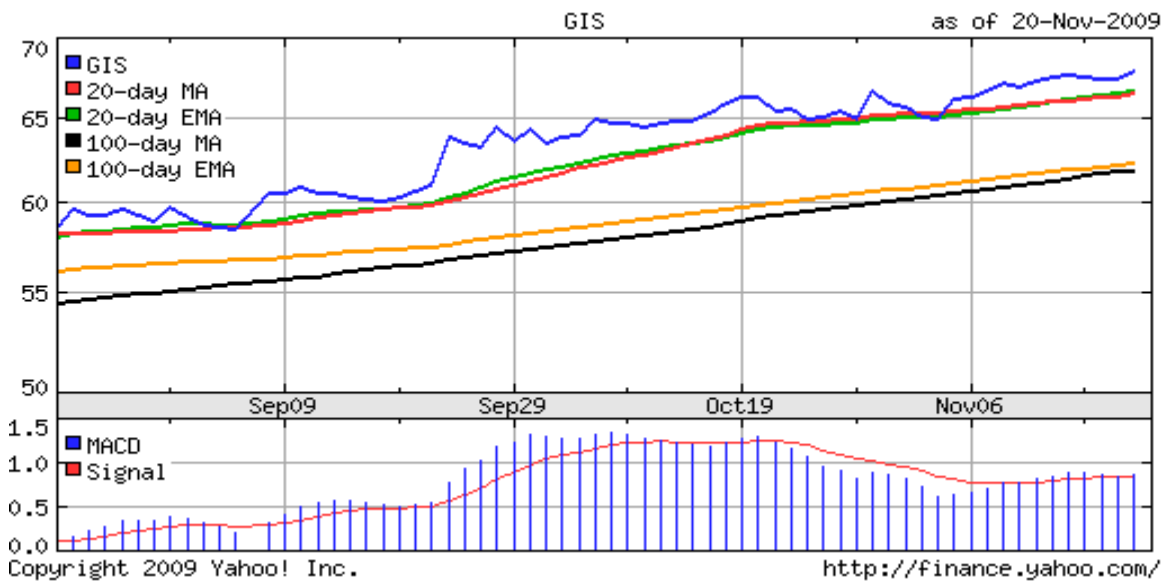


Figure 3.77: General Mills 3 Month Technical Chart

3.5 Results

After my ten week simulation of the trend following method of playing the stock market I had a \$3208 profit on my \$100000 investment. During this time I made a total of sixteen trades. My profits came from my trading in General Mills and Kellogg. I suffered a slight loss with Del

Monte and lost significant money with my investments in ConAgra and J.M. Smuckers. The sixteen trades I made cost me \$160 in commissions. Figure 3.78 shows the value of my investments on a day to day basis throughout the trading period. The trend line on the graph shows that in general I was profiting about \$58.23 per market day. Figure 3.79 shows the same information except on a week to week basis. Below that is figure 3.80 which illustrates my weekly profits or losses.

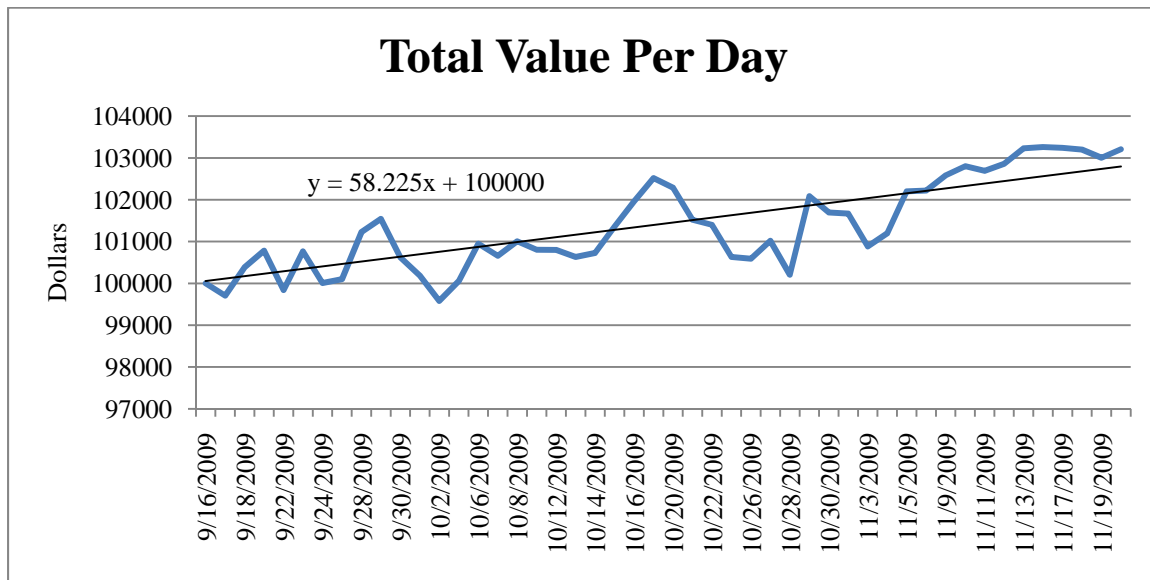


Figure 3.78: Asset Value per Day

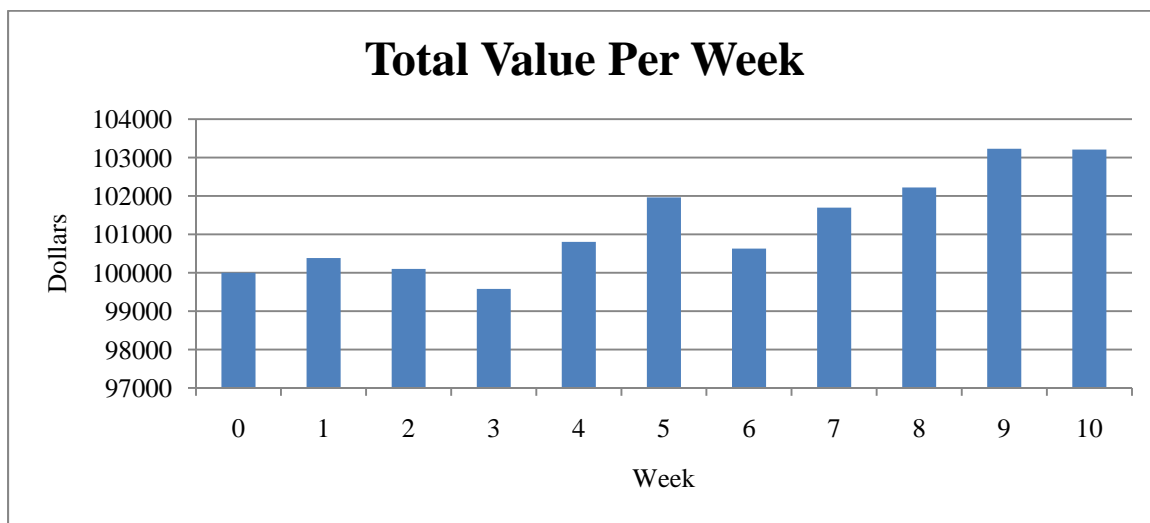


Figure 3.79: Total Asset Values per Week

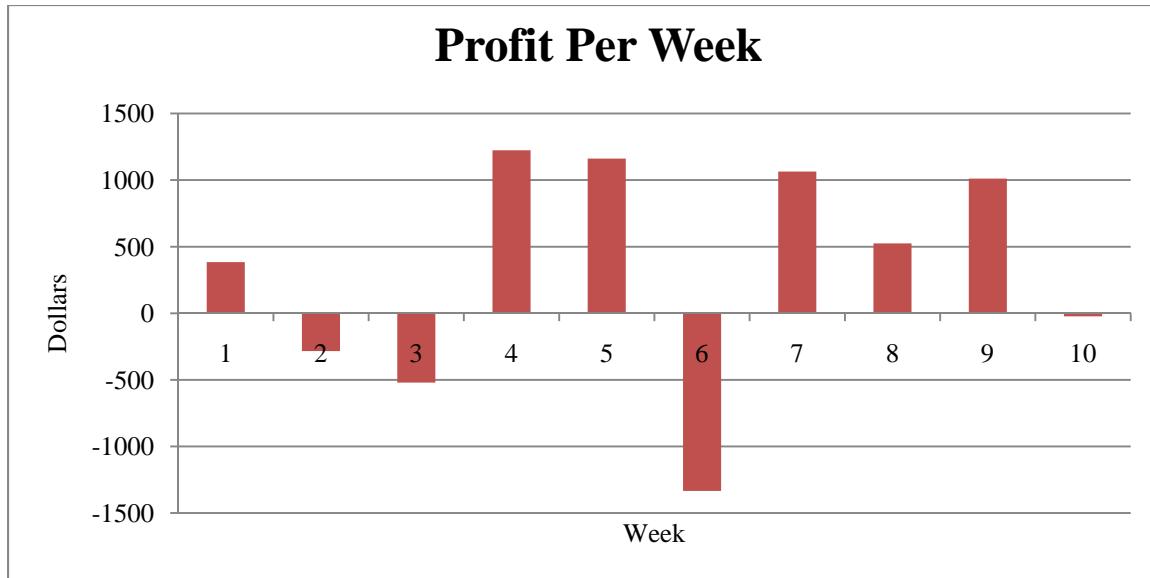


Figure 3.80: Profits per Week

3.6 Conclusion On Trend Following

I believe that my simulation was successful in achieving its goals. I feel that I have a much better understanding of the stock market and its operations now than when I started. Although I am still far from an expert trader, I now have the background to learn more and eventually invest my own money. Despite having profited the least out of the three members of my group my investments were still very successful. If my results were extrapolated over a time span of a year I would have roughly a 17% return on investment. This is a significantly better return than one would get if they left their money accruing interest in a bank. I feel that my simulation has achieved its purposed and that I have learned significantly from it.

4. Swing Trading-Simpson

4.1 How to Use Swing Trading

A Swing trader buys and holds stocks generally for a period of a few days to a couple of weeks. As a swing trader you don't care about the fundamentals of a company or the products they sell but you focus on the technical analysis. Swing traders use technical analysis to look for stocks with short-term price momentum. Paying attention to a stock's price trend and patterns are key to being a successful swing trader. A general motto for a swing trader is *buy at the bottom and sell at the top*.

Choosing when to buy and sell stocks is very important for a swing trader. The first thing to do is take a look at the stock charts. The first thing to look at is the stage the stock is in. There are four stages that a stock goes through with a time frame of a day, week, or even a month. Stage 1 is considered the time after a downtrend, stage 2 is the beginning of an uptrend, stage 3 is the peak or sideways trend and stage 4 is the beginning of a downtrend. A swing trader wants to buy stocks in stage 2 and sell stocks at stage 4. The second thing to look for is the strength of the current trend of the stock. A weak trend is when the stocks jump up and down all the time. A swing trader is looking for a strong upward trend. The third thing a swing trader will look at is the relative strength of the industry. The best way to tell the relative strength of an industry is to compare it to the market. The industries that do well on days that the market falls on have good relative strength. Those are the industries a swing trader wants to be in. The final thing a swing trader will look at is the market capitalization. A swing trader wants to invest in a large market capitalization, greater than 10 B, because they are actively traded and tend to have large swings causing a greater profit is bought and sold correctly.

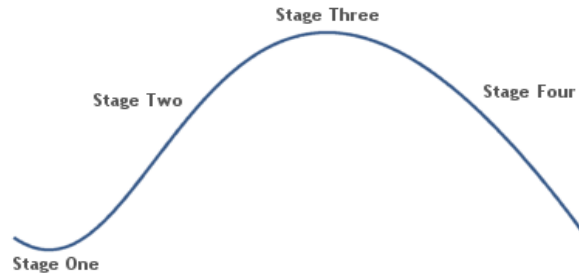


Figure 4.1: Stages of Stocks

4.2 Companies Selected

The companies I selected to follow are retail stores.

Costco Wholesale Corporation (COST)

Costco Wholesale Corporation, previously known as Costco Companies, Inc., was founded in 1976 and is based in Washington. Costco is the largest membership warehouse club chain in the world, consisting of 550 warehouses. Costco sells all kinds of products at a low price in bulk. Some of the products Costco offers are: meat, seafood, fresh baked goods, fresh produce, boxed food, candy, clothing, books, computer software, appliances, electronics, jewelry, furniture. Most warehouses also have tire garages and pharmacies. Costco's primary shoppers are large families and businesses.

Market Cap: 25.03B



Figure 4.2: Costco Wholesale Corporation Technical Chart

The Home Depot, Inc. (HD)

The Home Depot was founded in 1978 and is based in Atlanta, Georgia with around 2,200 retail stores in the US today. Home Depot is a home improvement retailer and contractor. Home Depot sells everything you need to complete projects around the house, materials for construction, power tools, sheds, rugs, cabinets, heaters and lawn and garden products. Not only does Home Depot sell the materials but they have an installation program. A few things that they will install are sheds, water heaters, rugs, generators and central air systems. Home Depot also rents trucks and power tools. Market Cap: 48.12B



Figure 4.3: Home Depot Inc. Technical Chart

Lowe's Companies Inc. (LOW)

Lowe's Companies was founded in 1952, based in Mooresville, North Carolina with 1,649 stores in the US and Canada today. Lowe's is a home improvement retailer and contractor. Lowe's sells construction material, tools, lawn and garden supplies, and offers home installation. Lowe's is a competitor to Home Depot and is very similar. Market Cap: 32.46B



Figure 4.4: Lowe's Companies Inc. Technical Chart

Walgreen Co. (WAG)

Walgreen's was founded in 1901 and is based in Deerfield, Illinois. Walgreen's is a chain drugstore that sells prescription drugs, non-prescription drugs and general items such as food, makeup, toys. You can order your prescriptions online, and pick them up at the store or receive them in the mail. Walgreen's also owns a 28 strip malls. Market Cap: 34.24B



Figure 4.5: Wallgreen CO. Technical Chart

Staples, Inc. (SPLS)

Staples was founded in 1986 and is based in Framingham, Massachusetts with around 2,200 stores in the US today. Staples is an office supply and services company that sells products for your office and offers color photo copying. Some of the products that Staples sells are computers, school supplies and office furniture. Market Cap: 16.82B



Figure 4.6: Staples Inc. Technical Chart

Target Corp. (TGT)

Target was founded in 1902 based in Minneapolis, Minnesota. Target is a general merchandise and food discount store. Target has a wide range of products including electronics, clothing, school supplies, medicine, toys, furniture, sporting goods and paint. Target also has an in store pharmacy and photo center. Market Cap: 36.68B



Figure 4.7: Target Corporation Technical Chart

4.3 Choosing The First Stocks

Out of the six companys I selected, I decided to initialy invest in Lowe’s, Walgreen, Staples and Target. Each of these stocks seemed to be going on an upward swing within the last week. I decided the amount of dollars to invest depending on how strong the swing was, and what stage the swing was at. As you can see in Table 4.1 an additional 10 dollars was removed for each transaction. This is to account for a commission fee.

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
Week 1							\$ 100,000.00	
9/15/2009	LOW	buy	\$21.21	472	\$ 10,011.12		\$ 89,978.88	
9/15/2009	WAG	buy	\$34.06	880	\$ 29,972.80		\$ 59,996.08	
9/15/2009	SPLS	buy	\$22.84	880	\$ 20,099.20		\$ 39,886.88	
9/15/2004	TGT	buy	\$47.50	425	\$ 20,187.50		\$ 19,689.38	

Table 4.1: Initial Transaction Record

4.4 Simulation

Week Starting 9/13/2009

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
Week 1							\$ 100,000.00	
9/15/2009	LOW	buy	\$21.21	472	\$ 10,011.12		\$ 89,978.88	
9/15/2009	WAG	buy	\$34.06	880	\$ 29,972.80		\$ 59,996.08	
9/15/2009	SPLS	buy	\$22.84	880	\$ 20,099.20		\$ 39,886.88	
9/15/2004	TGT	buy	\$47.50	425	\$ 20,187.50		\$ 19,689.38	

Table 4.2: Week 1 Transaction Record

On September 15th, 2009 I bough my first set of stocks in the companys I selected earlier. This week I bought four stocks and didn’t sell any of them. I spent a total of 80,270.62 dollars. My total profit for this week is 0 dollars.

Week Starting 9/20/2009

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
9/20/2009	LOW	sell	\$21.96	472	\$ 10,365.12	\$354.00	\$ 30,044.50	\$354.00
9/20/2009	TGT	sell	\$48.82	425	\$ 20,748.50	\$561.00	\$ 50,783.00	\$915.00
9/20/2009	COST	buy	\$57.55	880	\$ 50,644.00		\$ 129.00	
9/22/2009	COST	sell	\$58.40	880	\$ 51,392.00	\$748.00	\$ 51,511.00	\$1,663.00
9/20/2009	LOW	sell	\$21.96	472	\$ 10,365.12	\$354.00	\$ 30,044.50	\$354.00

Table 4.3: Week 2 Transaction Record

9/20/2009

LOW-Sell

After looking at the 3 month graph, it seems that LOW has been starting to plateau, and working its way on a downward. I decided to sell all 472 shares, receiving a profit of \$354.

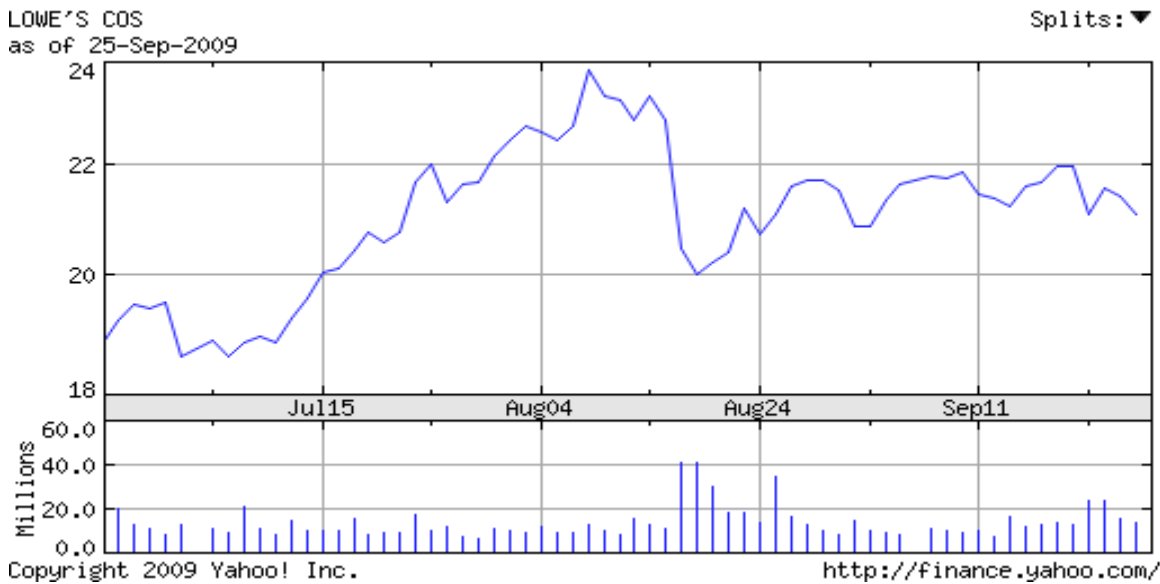


Figure 4.8: Lowe's Companies Inc. Technical Chart

WAG-keep

The three month graph of WAG showed a pretty strong upward trend, so I decided to keep all 880 shares.

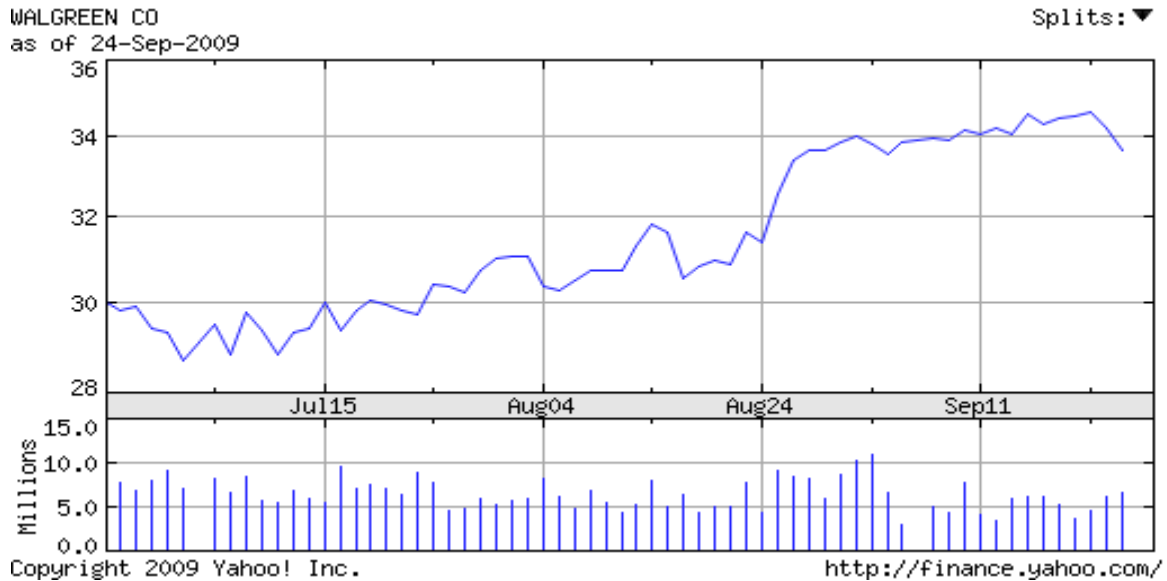


Figure 4.9: Walgreen CO. Technical Chart

SPLS-keep

After looking at SPLS's three month graph, I decided that it hasn't hit the peak just yet, so I am going to keep all 880 shares for a few more days.



Figure 4.10: Staples Inc. Technical Chart

TGT-sell

TGT seems like it is at the peak of a 3 month swing, so I decided to sell all 425 stocks, gaining a profit of \$561

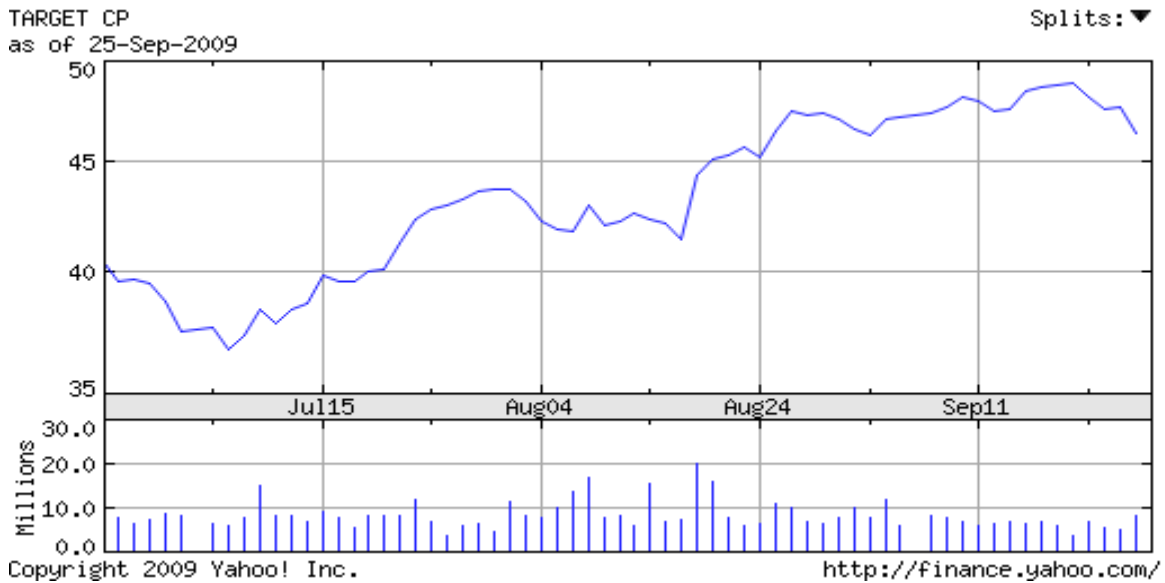


Figure 4.11: Target Corporation Technical Chart

COST-buy

I looked at COST's 3 month graph and decided that there was a positive upward trend and decided to invest in 880 shares, costing a total of \$50,644.

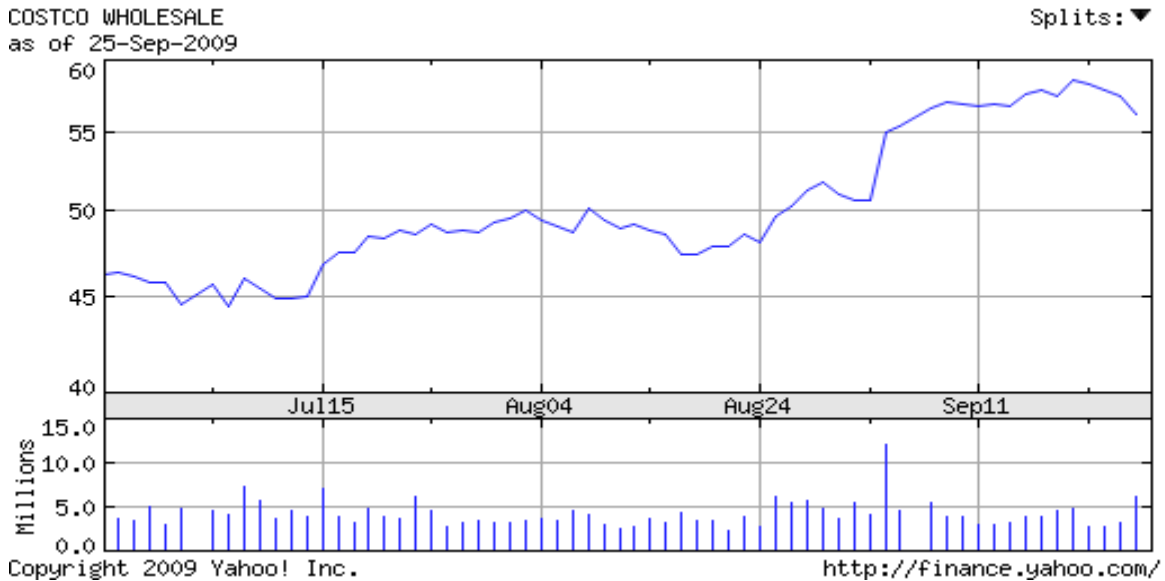


Figure 4.12: Costco Wholesale Corporation Technical Chart

9/22/2009

COST-sell

After comparing the COST's 3 month and 9 month graph I determined that COST might actually be heading into a downward trend. Since I'm already invested in two other stocks, I decided to play it safe and sell the 880 stocks, making a profit. I made a total of \$748.

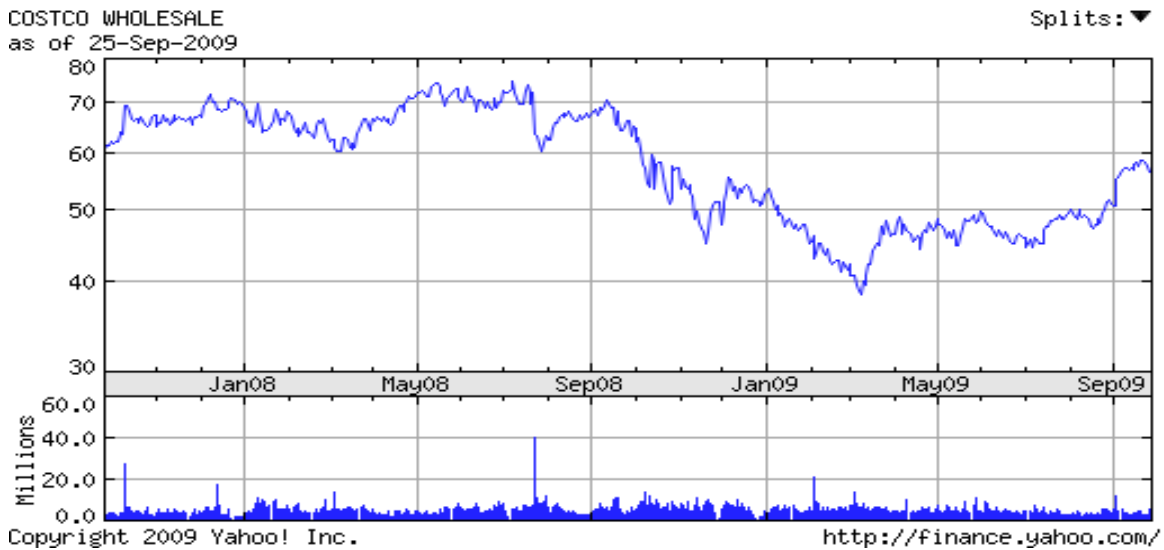


Figure 4.13: Costco Wholesale Corporation Technical Chart

This week most of the companies I have been watching are on a downswing, so I only bought one stock and sold three. I now have two stocks, and have made a total profit of 1,663 dollars

Week Starting 9/27/2009

Date	Symbol	Buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
Week 3							\$ 51,511.00	\$1,663.00
9/29/2009	WAG	sell	\$38.41	880	33,800.80	\$3,828.00	\$ 85,301.80	\$5,491.00
9/29/2009	STPLS	sell	\$23.49	880	20,671.20	\$572.00	\$ 105,963.00	\$6,063.00
10/1/2009	LOW	buy	\$20.36	440	8,958.40		\$ 96,994.60	

Table 4.4: Week 3 Transaction Record

9/29/2009

WAG-sell

WAG has been on an upward trend since July. The trend is slowing starting to flatten out, indicating a downward swing is coming soon. Since the price per share has increased from \$34.06 to \$38.41, I decided to sell all 880 stocks making a profit of \$3828.

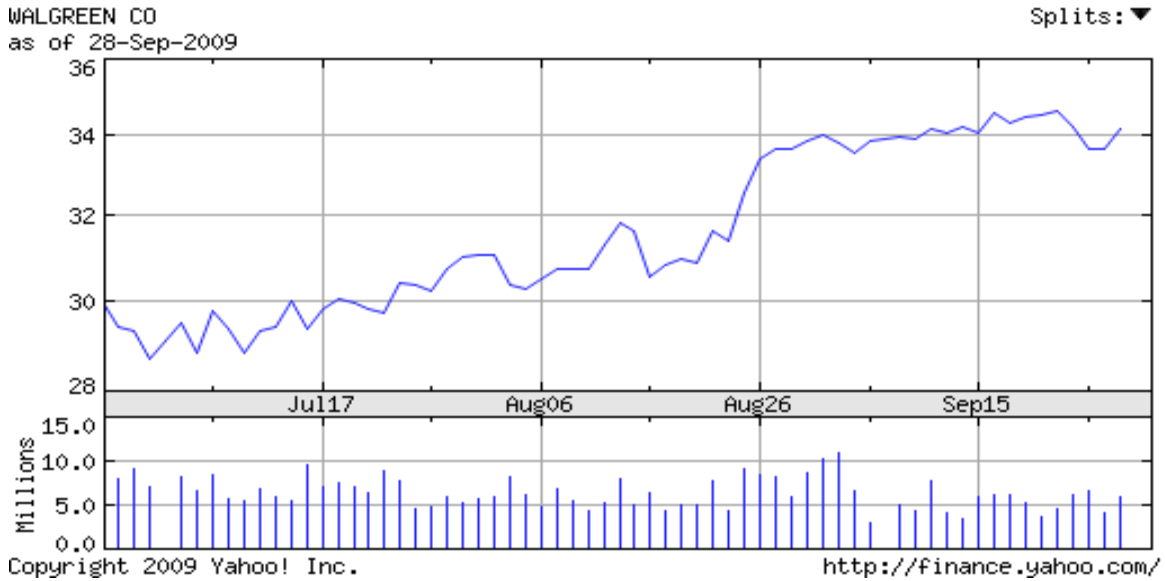


Figure 4.14: Walgreen CO. Technical Chart

SPLS-sell

The graph has indicated that SPLS is very unstable right which swing traders don't like to invest in. Since SPLS has a weak trend, I decided to sell all 880 stocks before I lost money. I received a profit of \$572.



Figure 4.15: Staples Inc. Technical Chart

10/1/2009

HD-watching

Over the past week HD has been in a strong downward trend. This is a good sign for a swing trader. HD is currently at stage 4 and once it starts an upward swing I will invest.



Figure 4.16: Home Depot Inc. Technical Chart

LOW-buy

Looking at the LOW's 3 month chart, I decided that this could be the start of an upward swing, or one will be coming within a few days. Just to be safe I invested in 440 shares costing a total of \$8,958.40.



Figure 4.17: Lowe's Companies Inc. Technical Chart

This week was rough for the companies I have been watching. On average each company's price per share went down by one percent each day. Because of this I sold two stocks and bought one, leaving me with 8,958.40 dollars invested in LOW and 97,104.60 dollars in cash. This is a smart move because the company's stocks should start an upward swing soon and I will have plenty of money to invest.

Week Starting 10/4/2009

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
10/5/2009	SPLS	buy	\$22.80	880	\$20,064.00		\$76,910.60	
10/5/2009	TGT	buy	\$46.93	880	\$41,298.40		\$35,602.20	
10/5/2009	WAG	buy	\$37.62	880	\$33,105.60		\$2,486.60	
10/5/2009	SPLS	buy	\$22.80	880	\$20,064.00		\$76,910.60	

Table 4.5: Week 4 Transaction Record

10/05/2009

SPLS-buy

If you take a look at Figure 4.18, you can tell that SPLS is starting an upward swing that should last a few days. SPLS tends to swing up for a week, and then swing down for a week. I took full advantage of this and bought 880 shares at \$22.80, costing a total of \$20,064.



Figure 4.18: Staples Inc. Technical Chart

TGT-buy

After looking at TGT weekly stock chart, Figure 4.19, it is clear that an upward swing has begun. Although TGT's shares are expensive, \$46.93, I still decided to buy 880 shares costing \$41,298. TGT should return a high profit within a few weeks.



Figure 4.19: Target Corporation Technical Chart

WAG- buy

Figure 4.20 shows that WAG has been going in an upward swing for over 4 months. The upward swing doesn't seem to be easing up, so I decided to invest in 880 shares. Each share costs \$37.62, making a total investment of \$33,106.



Figure 4.20: Walgreen CO. Technical Chart

This week I started with \$96,984.60 cash and ended up buying three stocks, 880 shares each and selling none of my stocks. This week was purely an investment week, and I plan on selling some of the stocks next week, hoping to pull in a big profit. I invested \$94,468.00 this week.

Week Starting 10/11/2009

Date	Symbol	Buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
10/12/2009	WAG	sell	\$39.45	880	\$34,716.00	\$1,610.40	\$37,192.60	\$7,673.40
10/12/2009	SPLS	sell	\$23.38	880	\$20,574.40	\$510.40	\$57,757.00	\$8,183.80
10/15/2009	TGT	sell	\$51.36	880	\$45,196.80	\$3,898.40	\$102,943.80	\$12,082.20
10/15/2009	LOW	sell	\$21.72	440	\$9,556.80	\$598.40	\$112,490.60	\$12,680.60
10/12/2009	WAG	sell	\$39.45	880	\$34,716.00	\$1,610.40	\$37,192.60	\$7,673.40

Table 4.6: Week 5 Transaction Record

10/12/2009

WAG-sell

WAG has been doing very well this week. After looking at Figure 4.21, I determined that it would be a good time to cash out I sold 880 shares, at \$39.45, making a net profit of \$1,610.



Figure 4.21: Walgreen CO. Technical Chart

SPTL- sell

Figure 4.22 is the three month technical chart for SPTL. After looking at the chart, it seems that SPTL is going to be headed on a downward swing. I decided to sell all 880 shares at \$23.38. I ended up making a net profit of \$510.

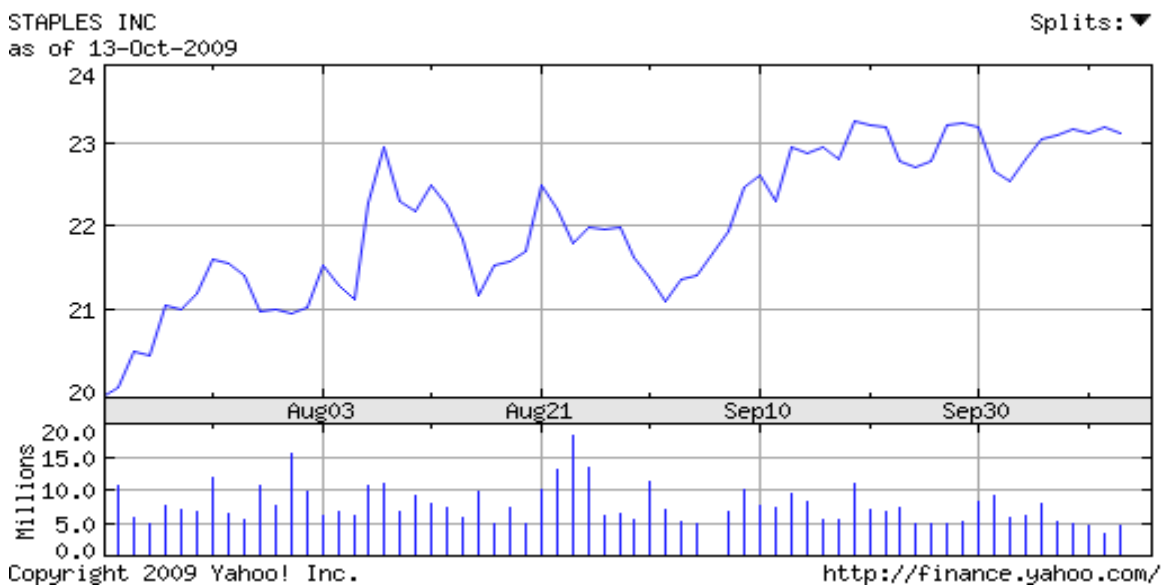


Figure 4.22: Staples Inc. Technical Chart

10/15/2009

TGT- sell

TGT has been on an upward trend for the last four days, as you can tell in figure 4.23. This is a good time to sell before the trend begins to decline and while the price per share has increased a few dollars. I sold all 880 shares, making a huge profit of \$3898.



Figure 4.23: Target Corporation Technical Chart

LOW-sell

Looking at Figure 4.24, I noticed that LOW price per share started to flatten on October 14th, 2009. This is a clear sign for a swing trader to sell the stock. I sold all 440 shares at \$21.72. I made a net profit of \$598.



Figure 4.24: Lowe's Companies Inc. Technical Chart

This week came out pretty good. I ended up selling all of my current stocks making a good profit. My current net profit is \$12,681, about a 12.6% of my initial investment.

Week Starting 10/18/2009

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
10/20/2009	SPLS	buy	\$23.04	700	\$16,128.00		\$96,352.60	
10/22/2009	COST	buy	\$57.64	700	\$40,348.00		\$55,994.60	
10/22/2009	HD	buy	\$26.13	700	\$18,291.00		\$37,693.60	
10/20/2009	SPLS	buy	\$23.04	700	\$16,128.00		\$96,352.60	

Table 4.7: Week 6 Transaction Record

10/20/2009

SPLS-buy

SPLS started the day off by dropping fifty cents, so I used this as an opportunity to buy. Figure 4.25 shows that a fifty cent drop is significant for SPLS. I bought 700 shares at \$23.04 a piece.



Figure 4.25: Staples Inc. Technical Chart

10/22/2009

COST-buy

After looking at figure 4.26, you can tell that COST is in a downward swing. Yesterday the price per share started off around 59 dollars and ended the day at 57.64 dollars. I used that big drop to my advantage and bought 700 shares. This might be a risky move because COST could continue to drop. I paid \$57.64 for each share.



Figure 4.26: Costco Wholesale Corporation Technical Chart

HD-buy

After looking at Figure 4.27, you can tell that HD has been in a downward swing. This is a great time to invest. I bought 700 shares costing me \$26.13 for each share.



Figure 4.27: Home Depot Inc. Technical Chart

This week was I started with no investments, and ended up investing in SPLS, COST and HD. I bought 700 shares of each of them, costing me a total of \$74,767. Hopefully I will be able to sell the shares making a good profit in a week or two.

Week Starting 10/25/2009

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
10/27/2009	WAG	buy	\$37.70	700	\$26,390.00		\$11,293.60	
10/29/2009	HD	sell	\$26.05	700	\$18,235.00	(\$56.00)	\$29,518.60	\$12,624.60
10/27/2009	WAG	buy	\$37.70	700	\$26,390.00		\$11,293.60	

Table 4.8: Week 7 Transaction Record

10/27/2009

WAG-buy

Figure 4.28 shows that WAG has been going in a downward swing for the past few days. At the end of the trading day, the swing seemed to start to flatten out, so I decided invest in 700 shares costing \$37.70 a piece.



Figure 4.28: Walgreen CO. Technical Chart

10/29/2009

HD-sell

HD's price per share has been dropping every day since I bought it, as you can tell in Figure 4.29. Today was the first increase in price, but I feel like the downward swing isn't over. I decided to sell all of my shares, before I end up losing a lot of money. I sold 700 shares at \$26.05 a piece. My net profit is -56 dollars.



Figure 4.29: Home Depot Inc. Technical Chart

This week I bought shares in WAG, sold all my shares in HD and held onto SPLS and COST. For the week I had a net profit of -56 dollars, making my all time net profit \$12,625.

Week Starting 11/1/2009

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
11/5/2009	LOW	buy	\$19.74	880	\$17,371.20		\$12,137.40	
11/5/2009	WAG	sell	\$40.07	700	\$28,049.00	\$1,659.00	\$40,176.40	\$14,283.60
11/5/2009	COST	sell	\$59.41	700	\$41,587.00	\$1,239.00	\$81,753.40	\$15,522.60
11/5/2009	HD	buy	\$25.43	880	\$22,378.40		\$59,365.00	

Table 4.9: Week 8 Transaction Record

11/5/2009

LOW-buy

Figure 4.30 shows that LOW ended a downward swing on November 3rd, 2009. This is a good opportunity to buy some shares. Each share costs \$19.74, so I decided to get 880, costing a total of \$17,371.20.



Figure 4.30: Lowe's Companies Inc. Technical Chart

WAG-sell

As you can tell from Figure 4.31, WAG has been in an upward trend that has started to flatten out. This is a good indicator that the price per shares will stop increasing and begin to decrease. This is a good time to sell my shares. I sold all 700 shares at \$40.07. From this sell, I made a net profit of \$1659.



Figure 4.31: Walgreen CO. Technical Chart

COST- sell

COST's price per share has been increasing over the last week. Figure 4.32 shows that it has started to flatten out, so I sold all of my shares. Each share is worth \$59.41, and I have 700 of them leading to a net profit gain of \$1239.00.



Figure 4.32: Costco Wholesale Corporation Technical Chart

HD-buy

After selling WAG and COST, I had \$81,753.40 in cash, so I decided to invest it in some stocks. The two stocks I looked at were HD and TGT. As you can tell from figure 4.33, HD seems to be ending a downward swing. I then looked at Figure 4.34 and realized that TGT has a weak trend, which is a clear sign for a swing trader to stay away from. From my technical analysis I decided to invest in HD. I bought 880 shares costing \$25.43.



Figure 4.33: Home Depot Inc. Technical Chart



Figure 4.34: Target Corporation Technical Chart

This week I sold all of my shares in WAG and COST. I end up investing in LOW and HD. I currently have shares in STPLS, LOW and HD. I ended the week with \$59,365 in cash. This week's net profit was \$2898. Overall this was a very good week.

Week Starting 11/8/2009

Date	Symbol	Buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
Week 9							\$59,365.00	
11/10/2009	HD	sell	\$26.82	880	\$23,602	\$1,223	\$82,956.60	\$16,745.80
11/10/2009	LOW	sell	\$21.01	880	\$18,489	\$1,118	\$101,435.40	\$17,863.40
11/10/2009	SPLS	sell	\$22.31	700	\$15,617	(\$511)	\$117,042.40	\$17,352.40

Table 4.10: Week 9 Transaction Record

10/10/09

HD –sell

Looking at figure 4.35 you can tell that HD had been in a great upward trend this week. This was a great time to sell. I sold all 880 shares at \$26.82 a piece making a total net profit of \$1,223.



Figure 4.35: Home Depot Inc. Technical Chart

LOW-sell

LOW has been in an upward trend for the past week, as seen in Figure 4.36. In the last few days the trend has started to flatten, anticipating a downward swing soon. I decided this was a good time to sell. I sold all 880 shares making a total net profit of \$1,118.



Figure 4.36: Lowe's Companies Inc. Technical Chart

SPLS-sell

Looking at Figure 4.37, I noticed that SPLS hasn't really entered an upward trend; it is almost doing the opposite. I decided to sell before a full downward trend happens. I sold all 700 shares making a total net loss of \$511.



Figure 4.37: Staples Inc. Technical Chart

This week I sold all of the stock I was invested in. I sold 800 shares of HD and LOW and 700 shares of SPS. I made to total net profit of \$1,830 this week.

Week Starting 11/15/2009

Date	Symbol	Buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
Week 10							\$117,042.40	
11/16/2009	TGT	buy	\$49.53	400	\$19,812		\$97,220.40	
11/16/2009	SPLS	buy	\$22.41	800	\$17,928		\$79,282.40	
11/20/2009	TGT	sell	\$47.46	400	\$18,984	(\$828)	\$98,256.40	\$16,524.40
11/20/2009	SPLS	sell	\$22.72	800	\$18,176	\$248	\$116,422.40	\$16,772.40
							\$116,422.40	

Table 4.11: Week 10 Transaction Record

11/16/2009

TGT-buy

TGT has been in a downward trend that started to turn into an upward trend. This seemed as a potential upward swing, so I invested in 400 shares costing \$49.53 each.



Figure 4.38: Target Corporation Technical Chart

SPLS- buy

SPLS looks like an upward trend is about to begin, as you can tell in Figure 4.39. I decided to buy 800 shares at \$22.41 a piece.



Figure 4.39: Staples Inc. Technical Chart

11/20/2009

Today is the last day of stock trading for the simulation; I currently have 400 shares invested in TGT and 800 shares of SPLS. I sold the 400 shares of TGT for \$47.46 receiving a net loss of \$828. I sold the 800 shares of SPLS for \$22.72, gaining a net profit of \$248. This week I received as net loss of \$580.

TGT-sell

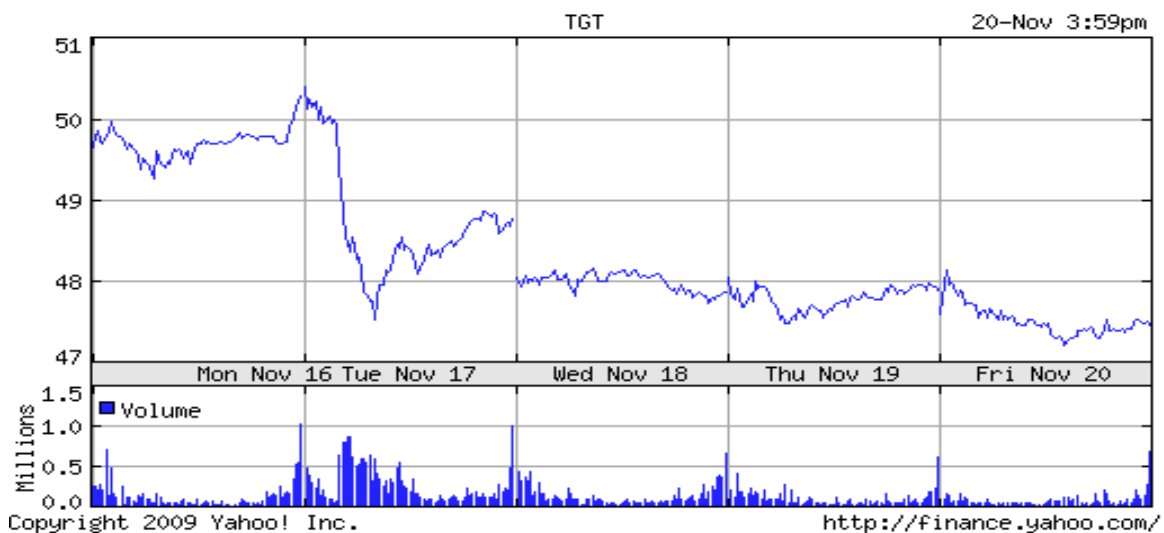


Figure 4.40: Target Corporation Technical Chart

SPLS- sell



Figure 4.41: Staples Inc. Technical Chart

4.5 Results

My transaction record for the ten week simulation is shown in Table 4.12. Throughout the simulation I bought and sold shares of stocks 17 times, making a total of 34 trades. The average amount of time I held onto a stock before selling it was a week; the longest I held onto a stock was three weeks.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
Week 1							\$ 100,000.00	
9/15/09	LOW	buy	\$21.21	472	\$ 10,011.12		\$ 89,978.88	
9/15/2009	WAG	buy	\$34.06	880	\$ 29,972.80		\$ 59,996.08	
9/15/2009	SPLS	buy	\$22.84	880	\$ 20,099.20		\$ 39,886.88	
9/15/2004	TGT	buy	\$47.50	425	\$ 20,187.50		\$ 19,689.38	
Week 2							\$ 19,689.38	
9/20/2009	LOW	sell	\$21.96	472	\$ 10,365.12	\$354.00	\$ 30,044.50	\$354.00
9/20/2009	TGT	sell	\$48.82	425	\$ 20,748.50	\$561.00	\$ 50,783.00	\$915.00
9/20/2009	COST	buy	\$57.55	880	\$ 50,644.00		\$ 129.00	
9/22/2009	COST	sell	\$58.40	880	\$ 51,392.00	\$748.00	\$ 51,511.00	\$1,663.00

Week 3							\$ 51,511.00	\$1,663.00
9/29/2009	WAG	sell	\$38.41	880	33,800.80	\$3,828.00	\$ 85,301.80	\$5,491.00
9/29/2009	STPLS	sell	\$23.49	880	20,671.20	\$572.00	\$ 105,963.00	\$6,063.00
10/1/2009	LOW	buy	\$20.36	440	8,958.40		\$ 96,994.60	
Week 4							\$ 96,984.60	\$6,063.00
10/5/2009	SPLS	buy	\$22.80	880	\$20,064.00		\$76,910.60	
10/5/2009	TGT	buy	\$46.93	880	\$41,298.40		\$35,602.20	
10/5/2009	WAG	buy	\$37.62	880	\$33,105.60		\$2,486.60	
Week 5							\$2,486.60	
10/12/2009	WAG	sell	\$39.45	880	\$34,716.00	\$1,610.40	\$37,192.60	\$7,673.40
10/12/2009	SPLS	sell	\$23.38	880	\$20,574.40	\$510.40	\$57,757.00	\$8,183.80
10/15/2009	TGT	sell	\$51.36	880	\$45,196.80	\$3,898.40	\$102,943.80	\$12,082.20
10/15/2009	LOW	sell	\$21.72	440	\$9,556.80	\$598.40	\$112,490.60	\$12,680.60
Week 6							\$112,490.60	
10/20/2009	SPLS	buy	\$23.04	700	\$16,128.00		\$96,352.60	
10/22/2009	COST	buy	\$57.64	700	\$40,348.00		\$55,994.60	
10/22/2009	HD	buy	\$26.13	700	\$18,291.00		\$37,693.60	
Week 7							\$37,693.60	
10/27/2009	WAG	buy	\$37.70	700	\$26,390.00		\$11,293.60	
10/29/2009	HD	sell	\$26.05	700	\$18,235.00	(\$56.00)	\$29,518.60	\$12,624.60
Week 8							\$29,518.60	
11/5/2009	LOW	buy	\$19.74	880	\$17,371.20		\$12,137.40	
11/5/2009	WAG	sell	\$40.07	700	\$28,049.00	\$1,659.00	\$40,176.40	\$14,283.60
11/5/2009	COST	sell	\$59.41	700	\$41,587.00	\$1,239.00	\$81,753.40	\$15,522.60
11/5/2009	HD	buy	\$25.43	880	\$22,378.40		\$59,365.00	
Week 9							\$59,365.00	
11/10/2009	HD	sell	\$26.82	880	\$23,602	\$1,223	\$82,956.60	\$16,745.80
11/10/2009	LOW	sell	\$21.01	880	\$18,489	\$1,118	\$101,435.40	\$17,863.40
11/10/2009	SPLS	sell	\$22.31	700	\$15,617	(\$511)	\$117,042.40	\$17,352.40
Week 10							\$117,042.40	
11/16/2009	TGT	buy	\$49.53	400	\$19,812		\$97,220.40	
11/16/2009	SPLS	buy	\$22.41	800	\$17,928		\$79,282.40	
11/20/2009	TGT	sell	\$47.46	400	\$18,984	(\$828)	\$98,256.40	\$16,524.40
11/20/2009	SPLS	sell	\$22.72	800	\$18,176	\$248	\$116,422.40	\$16,772.40
							\$116,422.40	

Table 4.12: Full Transaction Record

Figure 4.42 shows my cumulative net profit over the ten week simulation. My peak net profit was \$17,352.40 which happened during week nine. At the end of the simulation my net profit was \$16,772.40, a 16.77% increase.

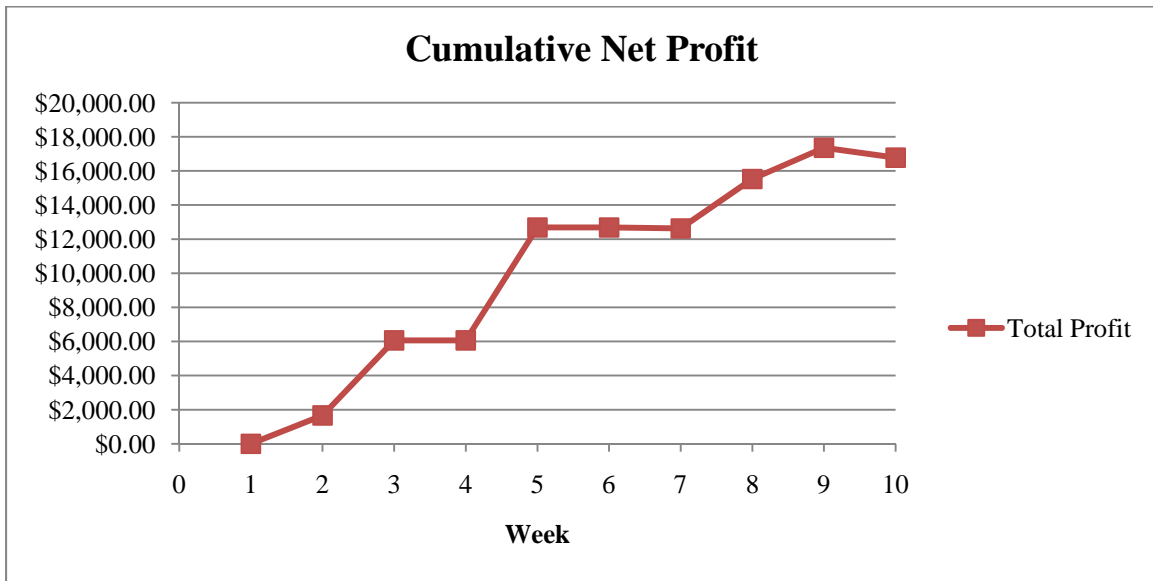


Figure 4.42: Cumulative Net Profit

To breakdown the cumulative net profit into a weekly net profit, you can look at Figure 4.43. In first five weeks which took place in mid September to mid October, my weekly net profit increased at a steady rate; not including week four where I didn't sell any stocks. The last five weeks occurred from mid October until mid November in which my weekly net profit decreased at a steady rate. This can be accounted for my companies industry's stock rise from September until October followed by a decline throughout November. The highest profit made I made was in week five, mid October. I made a total profit of \$12,680.60 that week.

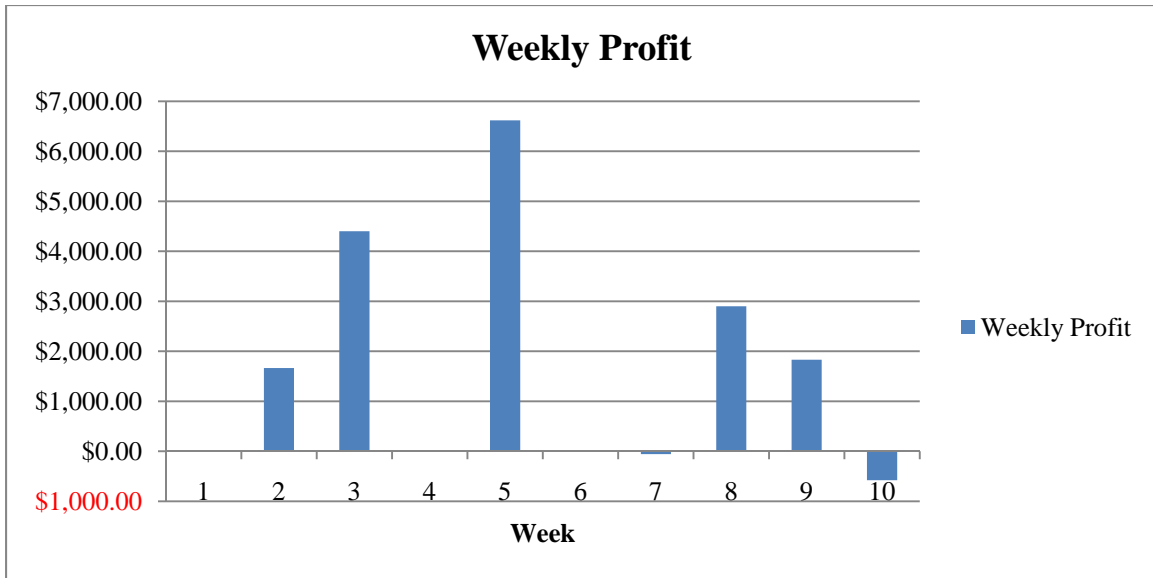


Figure 4.43: Weekly Profit

Figure 4.44 shows how much cash I had at the end of each week. I started the simulation with \$100,000 in cash. After I sold all of my stocks in week ten, I had a total of \$116,422.40 in cash. The amount of cash I had jumped up and down every week. This is because I would invest in stocks one week and sell stocks the next week. There seems to be no correlation between the amount of cash I had at the end of the week and my weekly profit.

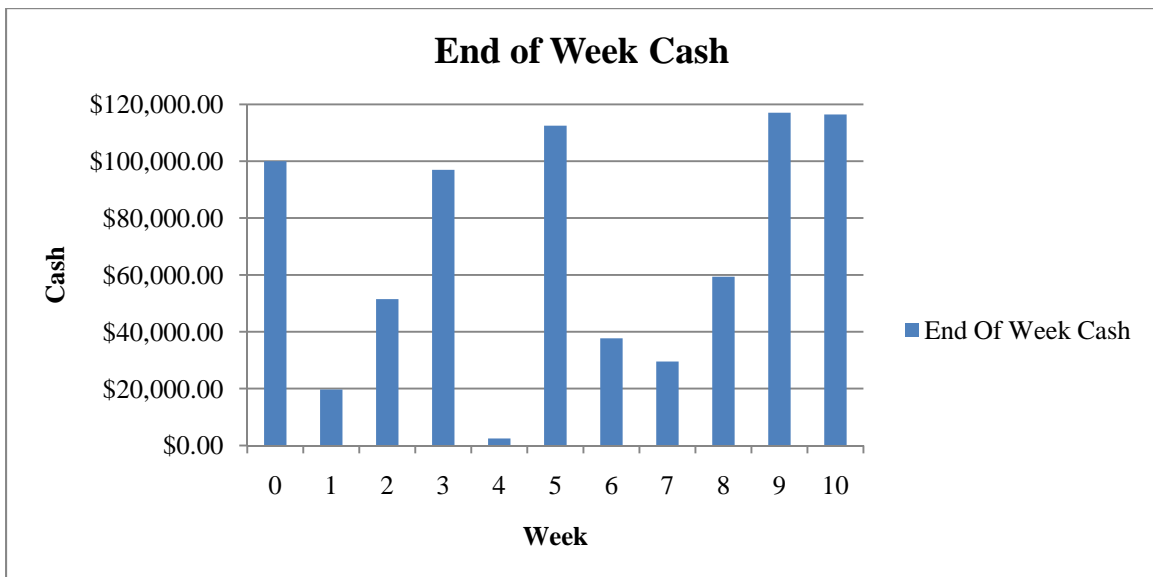


Figure 4.44: End of Week Cash

4.6 Conclusion On Swing Trading

Swing trading was the stock market trading strategy that I used for this ten week simulation. A swing trader focuses on the technical analysis, looking for stocks with a short-term price momentum. A successful swing trader pays close attention to the stock's price trend and patterns. As a swing trader it is very important to know what stocks to buy and when to buy and sell them. The stocks a swing trader wants to invest in are in an industry with good relative strength and large market capitalization. A swing trader wants to buy stocks in a strong upward trend and that are at stage 2, selling them at stage 4; use Figure 4.1 to determine the stage. A stock is typically held onto for a few days to a couple of weeks.

During this simulation I followed the ways of a swing trader. I started out by choosing six companies to follow and only traded only among them. Selecting the companies was very important, so I started out by picking an industry with a large market capitalization and good relative strength. I selected the services industry choosing the following companies: Costco (COST), Home Depot (HD), Lowe's (LOW), Walgreen (WAG) and Staples (SPLS). I only chose six companies so that I could easily follow all of their technical aspects at once.

Throughout the ten weeks I followed the six companies closely, paying great attention to technical charts. I analyzed each company's charts daily, taking about 20 minutes, so that I could buy and sell the stocks at the best time. I ended up making about four trades a week, which is 34 trades for the total simulating; keeping each stock for about a week. Doing this led to most of my investment being profitable. I started with \$100,000 cash and after the ten week simulation I had gained a total profit of \$16,772.40, a 16.77% increase. That makes finishes cash total of \$116,422.40 when you take out the commission fee. This was a very successfully gain percentage for a swing trader.

In conclusion, swing trading is a good trading technique that is easy to learn and build your confidence in the stock market. If you understand the basic concepts of swing trading you should be able to make some profit. Expert swing traders put time into analyzing the technical charts and making smart trades are able to make high profits. The motto for a swing trader is *buy at the bottom and sell at the top.*

5. News Trading-Howe

5.1 How to Use News Following

News following is an easy strategy for the stock market however you watching the news is just as important as watching your stocks. In news following you hope that your stock gets mentioned because hopefully the mention of the company will boost your stock and you may want to sell after that. However the reverse side of that is if something bad is mentioned about your company or about a generic product that your company may use. For instance in the beverage companies many bottling plants use High Fructose Corn Syrup which scientist and other researchers are trying to find out whether the HFCS is good for your body or not. In a news story like this you may want to sell your stocks so that you don't lose money. Also you may want to give this news a little time to dissipate and then re-buy your stock because it will most likely be at a lower rate and when it rises again you can make a profit. Another feature of news following is maybe something gets mentioned like "cash for clunkers", this may cause you to invest in car companies which will give you a short term money making profit however you need to know when to sell you stocks to make money.

5.2 Companies Selected

After the recent economic downturn I believe that consumer goods is going to be an industry that is interesting to follow. I have always wanted become a chef. After taking a few classes in High School in Culinary Arts I learned that most of the money made is off of drinks. Usually alcoholic but they still make money on carbonated beverages also. Since I am doing a project on the stock market I felt that the beverage companies will make out good in the next few months due to the holidays in which carbonated beverages are bought. Another reason is that

people have to drink something everyday, some people never drink soda, however other people drink nothing but soda.

This industry will be interesting to follow and one of the companies that I choose was the Pepsi Bottling Company (PBG). This company was founded in 1999 and the headquarters are in Somers NY. This company is involved in the carbonated beverage industry and has many ready to drink beverages on the market today. This company sells their product in bottles or in fountain drinks to many different restaurants and fast food places. Pepsi sells their product to distributors and wholesale distributors throughout the US, Turkey, Canada, Spain, Greece, Russia, and Mexico.

Another company that I choose is also well known for its product, The Coca Cola Company (KO). The Pepsi and Coca Cola companies are well known for their competition against one another. Some people won't drink Pepsi while other people won't drink Coke. The company was founded in 1886 and its headquarters are located in Atlanta, Georgia. This company manufactures and distributes nonalcoholic beverages and syrups worldwide. The company also sells energy drinks as well as non-flavored and flavored water. The company owns smaller mineral water companies and soft drink companies in other countries. The Coca Cola company mainly sells to distributors and restaurants that buy their syrup concentrate for their soda fountains.

Another company that I have seen in various stores around is the Jones Soda company (JSDA). Whose claim is that they use pure cane sugar instead of high fructose corn syrup in their soft drinks. The sugar is supposedly better for you than high fructose corn syrup. The company uses independent distributors to sell its product to. The company also has energy drinks and water beverages on top of the soda that they manufacture and sell. The company has an online

store where clothing and candy can be bought. The company was founded in 1986 and headquarters are located in Seattle, Washington.

The final company that I looked into is National Beverage Corporation (FIZZ). This company manufactures and distributes its products throughout the United States. The company was founded in 1985 and is based out of Ft Lauderdale, FL. The company has many juices, sodas, energy drinks, and water. However they distribute these beverages under other names such as Everfresh, Mr Juice, Lacroix, crystal blue, and etc... The company also supplies their products to many different buyers such as schools military, grocery stores, and etc...

5.3 Choosing The First Stocks

For long term stocks I have chosen two beverage companies that I have grown up with and don't see going out of business any time soon. The two companies I choose to have a long term investment with are The Coca Cola Company (KO) and Pepsi Bottling Company (PBG). I have always liked drinking soda and found it interesting to be able to run a simulation with the two major soda beverage companies. The Pepsi company has released a statement that they will be doing a webcast of a conference call in the following article.

(<http://www.reuters.com/article/pressRelease/idUS199418+15-Sep-2009+PRN20090915>)

After looking at some moving averages I found the JSDA company which specializes in using pure cane sugar in their soda rather than high fructose corn syrup which researchers have related to obesity in the United States. The last stock I choose looked like it may be due for an upswing because the moving averages over the year show almost a wave in their stock so it looks like the company may be on an upswing. The National beverage company has looked like it has been on a downturn as of late but from previous charts it looks like it has a wave therefore I believe that its stock will raise.

5.4 Simulation

IQP 9-27-09

After seven days of the stock market being open I have profited a total of \$435.00. However this since I spent about 59,000 dollars on the stocks I do not believe that this is that great. Another note is that during the course of the seven days the max profit was about 2,200 dollars. But that is why we play the game because you can't really predict what can happen and if you did you could make a lot of money off of the stock market. The main point is trying to determine what the best time to sell your stocks. I wish I had known that when I saw the 2000 dollar profit.

The stocks that I have purchases are part of the beverage industry. The four stocks that I currently own are KO, coca cola, Pepsi(PBG), Jones soda company(JSDA), and National Beverage corporation(FIZZ). Coca cola is the most expensive stock at 53 dollars a share. The cheapest is the Jones soda company at 85 cents a share. Therefore an increase in JSDA stock will make a bigger percent profit and because it is cheaper more stocks were purchased. The Jones stock fluctuates the most so, during the day trading my total profit rises and falls dramatically. I have about 10000 shares of JSDA. However I waited too long, because the stock is back where it started after seven days.

The following are the 3 month chart for each of the stocks, these graphs came from yahoo finance and they are the coca cola company, Pepsi bottling company, National Beverage Corporation, and Jones Soda, respectively.



Figure 5.1: KO 3 Month Technical Chart

As you can see the KO stock is down right now so I believe that this stock will rise sometime in the near future.

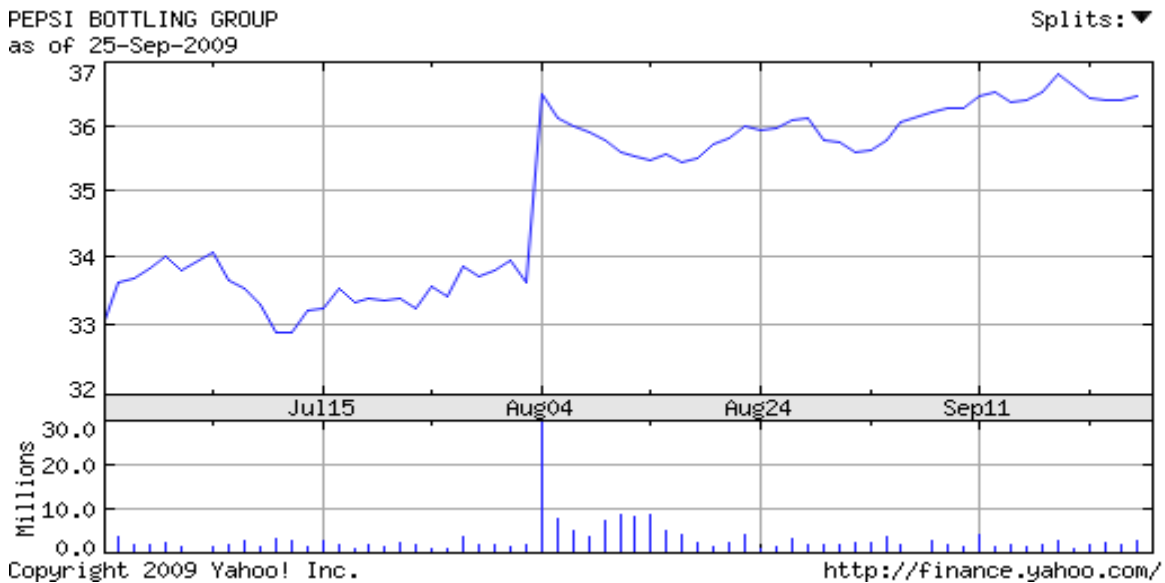


Figure 5.2: PBG 3 Month Technical Chart

The PBG stock is on a rise so I may want to sell this stock so I don't lose money if it begins to fall again.



Figure 5.3: FIZZ 3 Month Technical Chart

The FIZZ stock fluctuates daily by this chart but a moving average suggests that it is rising so I'll probably sell some of the stocks this week to make a profit. Right now I believe it is at its peak so selling now will give me the most profit.



Figure 5.4: JSDA 3 Month technical Chart

The JSDA stock is on a downturn but based off of this chart I believe that it will raise vary shortly thus I will gain a big profit off of this stock. The three month charts are the most helpful for me because we will be simulating for roughly three months, and it shows how the economy is affecting the stock over the last three months. If the economy stays the same the stock should repeat itself.

This week I plan on selling stocks and buying new ones. I have only spent a total of 59,000 so I have roughly \$41,000 left plus the profit I have right now. Hopefully this week something is mentioned in the news to boost my stocks so that I can sell them before they depreciate again.

IQP 10-4-09

After another week of trading my possible profit if I sold every share at the start of the day tomorrow would be \$404. However I sold and bought more stocks this week. I bought shares of Nevada Gold Holdings at .14 cents a share. I sold 350 shares of FIZZ because I believed that the stock would go down and it did end up going down. So the profit I made from selling the FIZZ shares is \$185.50. I only sold 350 shares because this stock fluctuates a lot during the trading day so I hope that at some point during this simulation I can pick the right time to sell the rest of the stocks so that I can maximize my profit.

The NGHI stock is relatively new because they don't even have a 1 year chart that can be looked at. However, when I saw the three month chart I was convinced that the stock would rise in the near future, so I purchased 500 shares. The figure below shows the 5 day chart for the week of September 28-October 2. If I was watching the stocks all day all week I may have been able to sell these shares to make a profit however I didn't watch them that closely and I will have to ride this stock at least for another day of trading.



Figure 5.5: NGHI 5 Day Technical Chart

The National Beverage Company hit a mid week plunder but they are capable of putting their stock above the price that I bought the shares at. The price dropped below my original purchasing price so it was beneficial that I sold some of the shares at the beginning of the week.



Figure 5.6: FIZZ 5 DAY Technical Chart

The Coca-Cola Company is on a steady rise after looking at a yearlong chart. This has the potential to give me the most profit in this simulation. However I don't believe that it will keep rising so I am going to sell half of the shares that I currently own because you never know what will happen to the stocks. The chart below is the 5 day chart and as shown there was a down time during the middle of the week and a spike at the beginning of the week on Monday so selling midday on Monday may net the most profit.



Figure 5.7: KO 5 DAY Technical Chart

If you want a stock that fluctuates a lot during the week and also during the day JSDA is the stock you want to buy. This stock can rise and fall in the blink of an eye. The price of one share has dropped below my initial buying point so hopefully this week I can catch this stock at a peak during the day and sell my shares so that I don't lose money in the long run. This five day chart shows that constant up and down in this stock but the general direction is down so I really need to get rid of this stock before it causes a deficit in my simulation.



Figure 5.8: JSDA 5 Day Technical Chart

As you can see Pepsi had a spike tremendous rise on Friday because of a news related event. The Deutsch bank raised its profit estimate for PBG for the year 2010. The article can be found online at

<http://finance.yahoo.com/news/PepsiCo-rises-after-Deutsche-apf-901302407.html?x=0&.v=1>.

Therefore I need to sell this stock because I don't believe that it will stay this high. Another news related item is that PepsiCo is planning on buying PBG so selling the shares may be profitable. Selling all of the shares at the beginning of the day tomorrow gives me a profit of \$415. This is reasonable however I had to buy 500 shares to make that profit and it cost me about 18,000 dollars. Therefore it took 18,000 dollars and two weeks to make \$415 dollars. Also I wouldn't have made this much money if there wasn't this news report that came out.



Figure 5.9: PBG 5 Day Technical Chart

In conclusion this week's stock simulation went well I'm planning on selling a bunch of stocks at the start of the day tomorrow so that I have a small profit. I will have to search for news results to figure out what other stocks I would like to purchase.

IQP Week 10-11-09

Once again this week my possible profit from the stocks that I still have in the market has earned a possible profit of 113.50. Except for the selling and buying on Monday I did change any of my other stocks. Still I only have about 23,000 dollars invested in the market right now. I believe this is a good choice because overall throughout the week the stock market hasn't been that great and most of the beverage companies stayed the same or gained very little. The Pepsi Bottling company stocks that I sold went up during the week but then at the end of Wednesday the stock plummeted and took until late Friday to get back to the price that I sold it at. So selling the PBG stocks wouldn't have given me a profit or deficit.

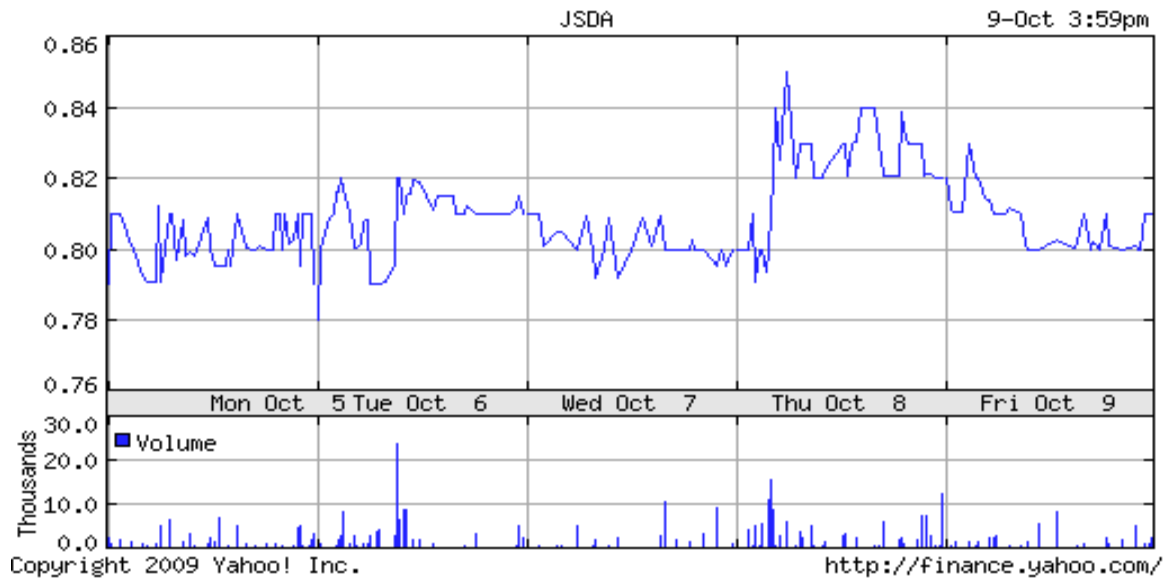


Figure 5.10: JSDA 5 Day Technical Chart

The JSDA stock is still lower than my purchasing price but, as shown in figure 5.10 the JSDA stock stayed the same throughout the week. However there was a peak in the price in the morning of Thursday October 8th, even though the stock peaked, it eventually reached its previous price by the end of the day on Friday. This stock fluctuates a lot every week and every day. I bought this stock for 85 cents a share and right now it is at 81 cents a share. Hopefully at some point this week I can sell this stock at a peaking point so I can make a profit on this stock instead of having a deficit. This stock is causing a net loss of about 400 dollars; this is the stock that is hurting my simulation the most. When this price goes above my purchasing price I'm going to sell most if not all of the stocks so that I won't have a four hundred dollar deficit each week.



Figure 5.11: KO 5 Day Technical Chart

The reliable Coca Cola Company was my most profitable stock this week as the stock rose 6 cents during the day on Friday. The stock is about 2 dollars higher than what I purchased the stock at so I made roughly 500 dollars on this stock over the course of three weeks. However I did sell half of the stocks that I had in this company. If I still had all of my stocks then I would have made almost a thousand dollars on this company. As shown in figure 5.11 the stock rose quite a bit during the morning of Wednesday October 7th but like the JSDA stock it began to level out again. I plan on keeping this stock to see what will happen but if I see another jump in price I might sell the rest of the stocks. There would be no point in buying more stocks because it is at its highest price in a year so ill have to ride out with the current stocks I have in KO.



Figure 5.12: FIZZ 5 Day Technical Chart

The FIZZ stock is an interesting one because it is still higher than my purchasing price however as seen from figure 5.12 this stock could have made plenty of profit this week because all week it was rising except on midday Thursday when it began to fall again. When I look back at the 3 month chart I see that this stock if history repeats itself will fall again as it did about a month ago after peaking the month before. So I'm going to sell all of these stocks Monday morning making a 20 dollar profit thinking that this stock is going to fall. Next week I will re purchase this stock and hopefully history will repeat itself and I can make a profit.



Figure 5.13: NGHI 5 Day Technical Chart

Once again this week the NGHI stock is all over the place but it finished the week at the exact same price it started the week. As shown in the stock chart every time there is a peak the stock kind of flat lines and holds there for about an hour so I think that if I can catch a peak at some point during the week then I will be able to sell this stock because it is a penny stock a peak in price will make a big profit compared to the price of one stock. Although looking at the figure 5.13 at only one point during the week was the stock higher than my purchasing price. This stock is going to be hard to make a profit off of.

Monday morning I will sell all of my FIZZ stocks for a profit of 21 dollars. And hopefully during the week I can find peaks in the market so I can sell NGHI stocks and JSDA stocks. Right now I only have about 21,000 dollars invested in the stock market. However looking at 3 month charts of many different beverage company stocks I see that most of them are on up trends so I don't want to buy them because they will most likely just fall again and I don't want to lose money by buying stocks in companies that are almost at their peak if not at their

peak. I'm still waiting for a big news report to come out so that I can purchase stocks that will rise and I can make a quick profit off of.

IQP Week 10-18-09 and 10-25-09

After another two weeks of simulation my profit has risen and I have gained a total of \$1621.50. This previous week the housing market was at its highest mark in two years. Some economists say that the housing market is a good implication of the economy. However the stock market fell this past week and many stocks took a hit. For instance KO the Coca Cola Company stock which had risen almost two dollars in the previous weeks fell .92 cents just on Friday. Luckily I sold this stock at the end of the previous week or I would have lost close to 200 dollars.

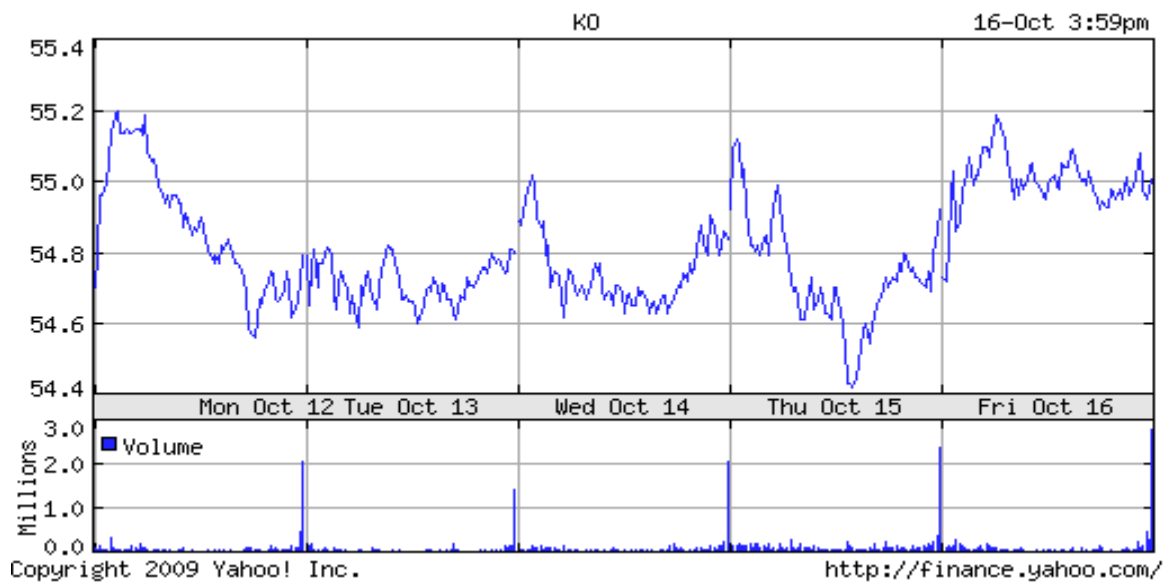


Figure 5.14: KO 5 Day Technical Chart

As shown from the technical chart The Coca-Cola company sees many ups and downs throughout the week. When I sold it made me a profit and it was near the in the middle of the peaks during the course of the week. If you look at figure 5.14 you can see that at the beginning of the week the stock fell and then stayed the same for the rest of the week with except on Friday when it rose again. At this point I felt that the stock would not rise again for a while so I decided

to sell the stocks I had invested in KO. I felt like two dollars in a few weeks was a lot to jump up so I decided that it would be time to sell. From this sale I profited close to 600 dollars. After looking at this stock for another week the stock fell 1.77 dollars. So for now I made a good choice. Maybe buying more stocks at this lower price will result in another amount of profit but for now I'll stay out of KO.



Figure 5.15: JSDA 5 Day Technical Chart

Finally the JSDA stock has risen. The stock that I bought at 85 cents a share had been below the 85 cent mark for the past few weeks however on October 16th the Stock once again raised above 85 cents a share like it did during the first two weeks of the simulation, when the profit if I had sold the stock would have been about two thousand dollars. As shown in figure 5.15 there is an upward trend for this stock. When I sold this stock I had 10000 shares of it and the stock made a profit of 700 dollars.

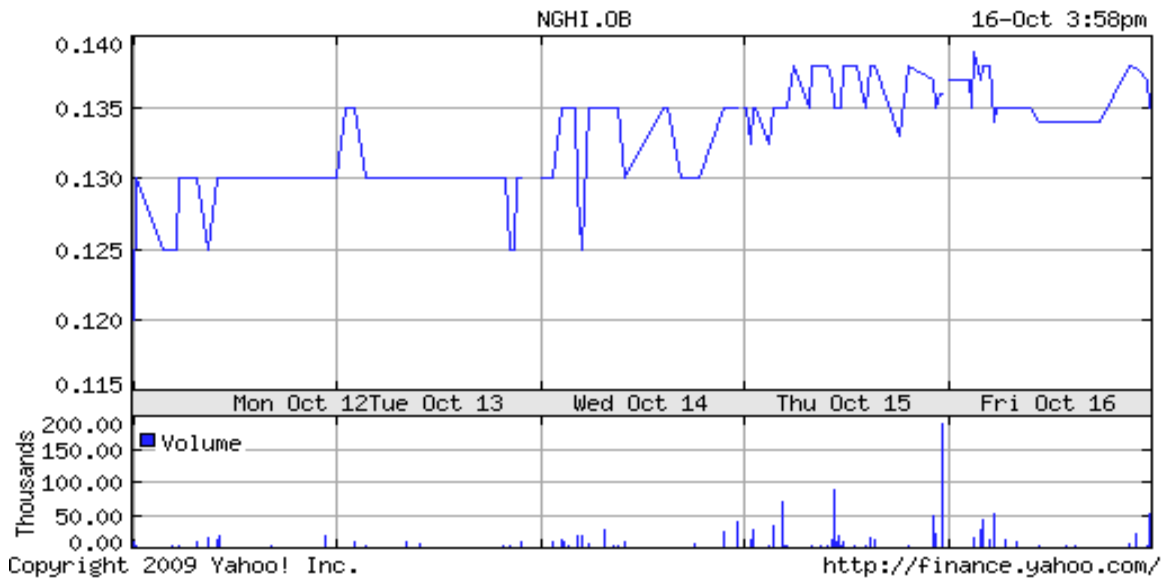


Figure 5.16: NGHI 5 Day Technical Chart



Figure 5.17: NGHI 5 Day Technical Chart

The final stock that I had invested in is NGHI; this stock is driving me crazy because it hasn't gone above its initial buying point. As shown in figure 5.17 and 5.16 you can watch the stock during the day and it can stay at one spot for like 5 or 6 hours. So it is very hard to make a profit off of this stock eventually though I'm going to have to cut my losses and go ahead and sell the shares that I own.

Overall the past two weeks were a good week for my stocks. This week hopefully the NGHI stock can rise above 14 cents at some point. I also plan on looking in to other stocks that are in the beverage industry hopefully these stocks will benefit me and gain a profit for me. The housing market up should make for a better stock market week but as I mentioned earlier the market actually fell on Friday after learning that the housing market was at its highest in two years.

IQP Week 11-1-09

Realizing the market was on a downturn I thought that maybe if I bought stocks now then soon the stocks will raise and I will make a profit. However after a few days after buying the stocks I actually had a profit loss of about 500 dollars. Also among my stocks the stock market fell on Friday. I figured I would re-buy the stock that fluctuates a lot JSDA. And I wanted to experiment with another stock so I also bought shares in Celsius Holdings Inc, hoping it would bring better luck for me. So after seven weeks of simulation my net profit is roughly 1000 dollars and I currently have 12,000 dollars invested in the market. The beverage industry does not have a high amount of money involved in the stocks. Therefore you can buy thousands of shares and spend only a couple of thousand dollars for those shares. Therefore I would have to buy a hundred thousand shares to be able to use all of the allotted money that we had when we started the simulation.

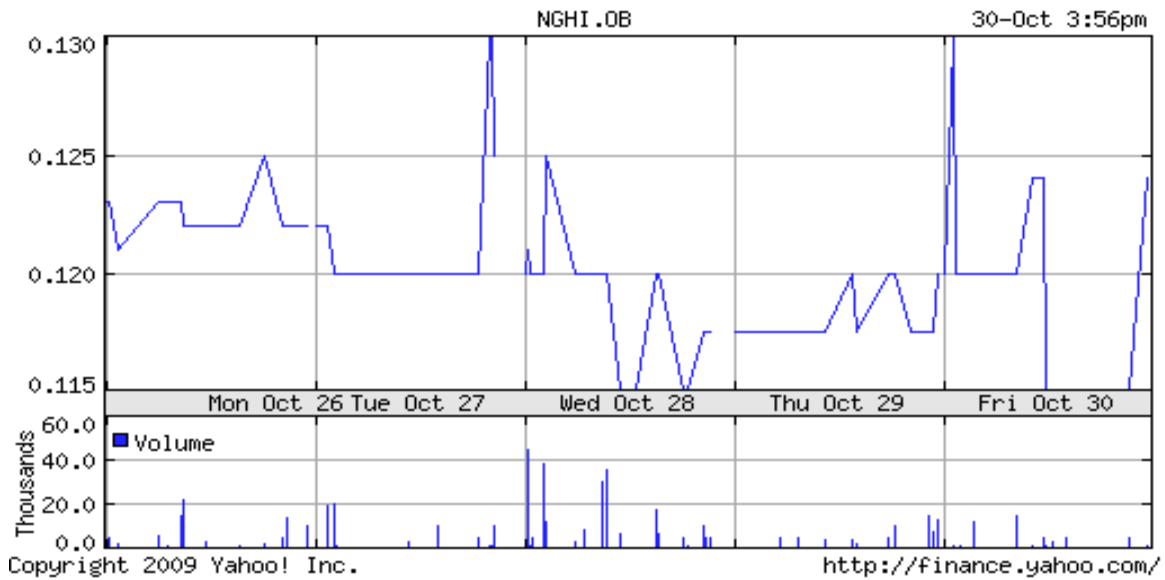


Figure 5.18: 5 NGHI 5 Day Technical Chart

Once again the NGHI stock has remained around the same and the stock has not gone above the amount that I purchased the initial shares at. Therefore because I have only invested 70 dollars into this stock it is relatively small and I'm going to cut my losses of \$7.50 and try and make a better investment.



Figure 5.19: JSDA 5 Day Technical Chart

Once again I find myself riding the roller coaster that is present in the JSDA stock. The stock fluctuates a lot during the course of the day and also during the course of the week. I bought 10000 shares of the stock on Tuesday and as seen in figure 5.19 as Wednesday began the stock dramatically fell. However there is an upward curve from Wednesday to the end of the week. I believe that if I stay with this stock then I will eventually make a profit as I have done previously.

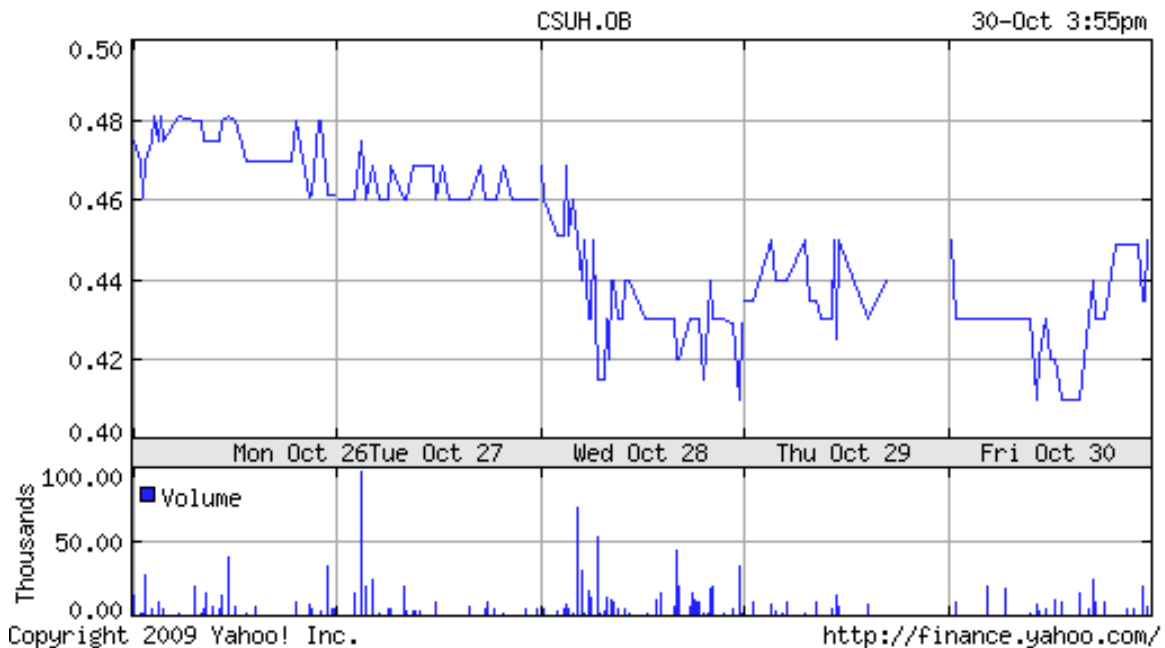


Figure 5.20: CSUH 5 Day Technical Chart

On Tuesday the Celsius Holding company hadn't changed much in their stock over the course of the month. However after looking at the yearlong chart the stock is on an upswing so I believed that the stock would continue to rise so I bought some shares. As shown in figure 5.20 just like JSDA stock it fell on Wednesday; however this stock only began to rise on Friday so hopefully this continues on to next week so that I can sell shares to make more profit.

The last few weeks in the stock market have been harsh. Many of the stocks that have raised a lot, about a month ago, have fallen tremendously. The stock market has started to

tumble. It may be because of the change of seasons but it is hurting my profits during this simulation. This week I want to carefully watch the stock market so that I can pick strategic stocks for the end of this simulation. I would like to invest more of the money that I have instead of just holding on to it during the simulation.

IQP Week 11-8-09

For the first time in the simulation my net profit has gone negative. I have lost money even though I only have two stocks and 10000 shares of them each. However the stock just keeps falling throughout the whole week. Every day I hope that they will rebound but they just keep dropping. Maybe I should have waited a little longer before I bought these stocks, however maybe the upcoming holidays will make these stocks rise again.



Figure 5.21: JSDA 5 Day Technical Chart

I bought this stock at 79 cents a year. As shown in figure 5.21 the only day that the stock was above 79 cents was early Monday morning however during the rest of the week there is a downward trend and on Friday the stock plummeted again and never regained its previous state. Even though this is the case I'm still going to hang on to this stock because I believe that it will

fluctuate as it has in previous weeks and will raise above 79 cents a share. However due to this plummet I have lost about 1000 dollars just on this one stock.



Figure 5.22: CSUH 5 Day Technical Chart

This stock was just something that I wanted to try out and see whether it could make a profit for me but so far this stock has just netted a loss in profit. This stock was purchased at 46 cents and at the end of the day Friday was 40 cents a share. With 10,000 shares I lost about 600 dollars from this stock. It seems like there is a lot of time during the day where this stock is inactive. From previous stocks when there is down time during the week the stock usually takes a long time to spike up and when it does spike it can rapidly plummet so it is necessary to watch the stock closely all day.

With these two stocks taking a plummet my net profit has also gone negative. If I sell all of my stocks right now then I will have lost money in this stock market simulation. During the course of the week I will be watching these stocks closely because once they rise above the initial buying point I will sell all of the shares. I think I need to go back to more secure stocks like Pepsi and Coke. During the week I plan to buy stocks in Pepsi and or coke to balance out

these stocks that are as strong or reliable. With two weeks left in the simulation I need to make some quick money. Hopefully JSDA will fluctuate and go above the purchasing price to make me more money.

IQP Week 11-15-09

With one week left to go in the stock market simulation, I caught a break because I choose to buy a stock that I had thought had already maxed out for a while. That stock is the coca cola and it made a fair amount of profit for the week for me. Although this stock changed quite a bit, the other two stocks that I have a fair amount of shares in have not gone above the selling point at anytime during the week. The net profit loss from the two stocks is almost 1500 dollars but because I bought stocks in Coca Cola Company I was able to overcome that profit loss.



Figure 5.23: 5 Day JSDA Technical Chart

The Jones Soda Company stock is a very interesting stock to follow. If you pick any day of the week for the past few months, the stock fluctuates a lot throughout the day. If you look at figure 5.23 on Monday Tuesday and Wednesday there was almost the same trend. Each day the

stock spikes and then gradually falls throughout the day. For the last week of trading I might play with the few thousand dollars I have left to try and make a profit off of this trend that is visible in figure 5.23. I bought this stock at 79 cents a share and it has not risen above that spot in the last two weeks which is disappointing but hopefully it will fluctuate to an extreme one day this week so that I can make a profit off of this stock.



Figure 5.24: 5 Day CSUH Technical Chart

Once again this week I tried to find a point at which the CSUH stock rises above my initial buying value but for the second straight week it hasn't risen above 46 cents a share. As seen in Figure 5.24 it looks as if this stock may be on a downturn. There was a spike on Tuesday, but other than that the stock trend seems to be on a downfall. From previous stocks many flat lines during the week usually mean that the stock won't be rising anytime soon, because there isn't much action, thus no profit. Hopefully this last week I will get some luck so that I can profit off of this stock.



Figure 5.25: 5 Day KO Technical Chart

My final stock for the week is the Coca Cola Company. I have bought this stock early in the simulation but I sold it because I thought that it was at its peak. However looking at the past few weeks this stock didn't look like it was going to be going down, so I thought I would go out on a limb and spend just about all of my money on this stock. Luckily as seen in Figure 5.25 the stock rose quite a bit during the week. Hopefully this can continue into this week because I don't plan on selling the shares just yet. I'm going to wait to see what Monday shows for this stock.

Overall this week didn't go to bad. However there was a lucky buy of shares which made the week bearable. With one week left I have about a three thousand dollar profit, hopefully this is a good week for the stock market so that I can finish strong. With the last little bit of money that I have I'm going to try and play around with the JSDA stock and try to make a profit off of the trend that I have seen in the past few weeks as I explained earlier.

IQP Week 11-22-09

For the final week of trading only one stock continued to rise, while the other two kind of stayed limbo. Two of the stocks didn't rise at all over the past two weeks so I sold them when I looked at the stock market on Tuesday. On the other hand the one stock that rose made a very big profit for me. The stock raised another dollar or so from this week and I had 1500 shares so I made a decent profit this week from just that stock.



Figure 5.26: CSUH 5 Day Technical Chart

So for the past two weeks I have been following this stock and have not seen it rise above the price that I purchased at of 46 cents a share. As seen in figure 5.26 the stock pretty much stayed the same on Monday so I figured that the stock would not rise anymore so I just sold the stock on Tuesday. Selling the stock at 36 cents a share cost me a net profit loss of 1000 dollars because I had purchased 10,000 shares because the cost of one stock was so small. It is a good thing I sold the stock on Tuesday because by the end of the week the sock fell to 28 cents a share which would have been another 1000 dollar deficit. Overall this was a poor stock to buy and in the future I would not buy this stock.

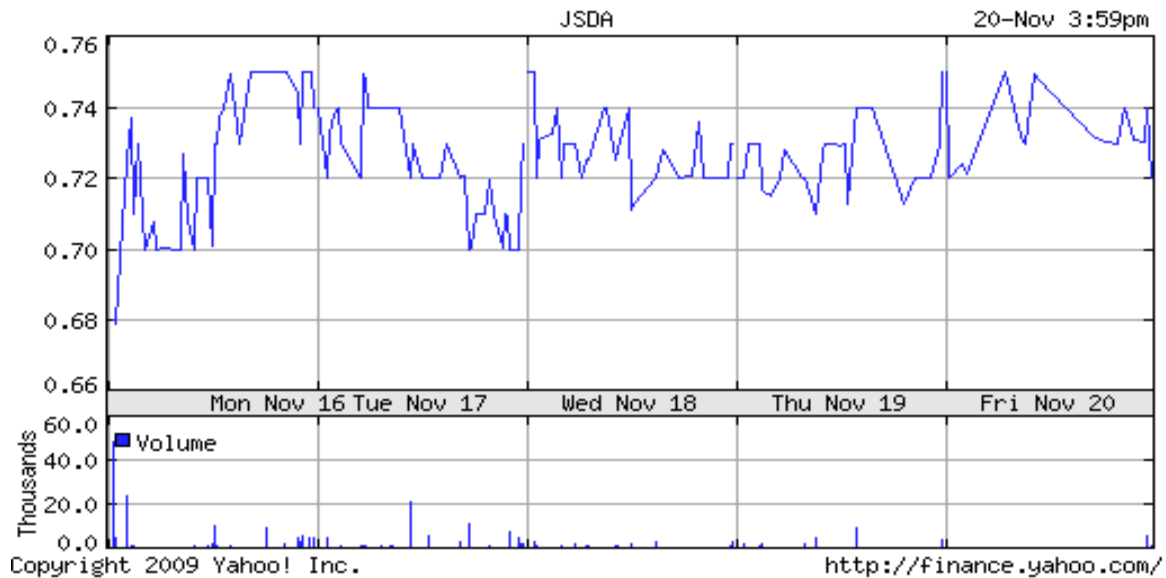


Figure 5.27: JSDA 5 Day technical Chart

This stock has been good for me before in this simulation but this time around I was not able to make a profit because it never rose above my initial buying point of 79 cents a share. This stock does fluctuate a lot especially at the beginning of each day. On Monday I purchased some more shares and waited an hour and sold the stock to make a 50 dollar profit. I did this because as you can see from Monday and the previous two weeks of watching this stock. The stock starts the day off low and there is a quick jump up at the beginning of the day. Three weeks ago I purchased 10000 shares of this stock hoping that at some point it would rise above 79 cents a share as it had done earlier in the simulation. However this never happened and on the last day of simulation I logged on about an hour after the market opened and sold all of my stocks at 75 cents a share. This netted a profit loss of about 400 dollars which isn't really that much money for the total simulation but when you have 8,000 dollars invested in the stock and you loss 400 dollars it's a big difference. I would buy this stock at the beginning of the day and sell it about an hour after opening because that seems to be the trend for this stock. This is an extreme risk that

worked once for me. Also this stock fluctuates a lot so you can make a big profit if you pick the right time. It worked once and failed once for me during this simulation.

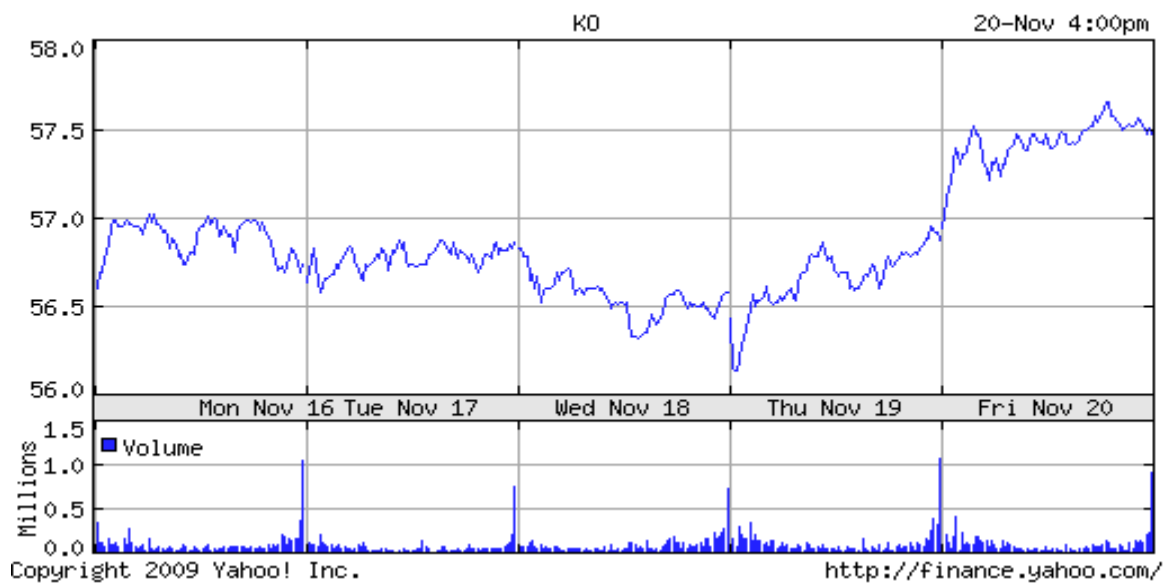


Figure 5.28: KO 5 Day Technical Chart

When I sold this stock initially about a month ago I thought that it was at the top and that it would start to fall again. However this stock has risen almost three dollars in the last two and a half weeks. The only reason that I bought this stock was because I needed to put more money into the simulation and this stock had the most money involved. Luckily this stock hit a hot streak right at the end of my simulation which netted a profit of about 4,500 dollars. This stock has netted the most amount of profit during my simulation. The stock was expensive to buy but in the end it was worth it. If I had held onto this stock for the whole simulation I would have netted about a 7000 dollar profit but that is why we do a simulation because you never know what is going to happen. If I were to buy a simulation again I would buy this stock because it netted the most profit for me during this simulation.

In conclusion this week didn't go as well as I would have liked but the one stock that rose made a huge difference in my simulation. I wanted the two other stocks to rise but they haven't

moved that much in the past few weeks so I was really hoping that it might happen but it didn't.

My net profit for the week was about three thousand dollars.

5.5 Results

The whole simulation can be captured in Table 5.1. For each transaction I made, \$10 was subtracted to account for the commission fee. On the first day of the simulation, 9/16/09, I had \$100,000 in cash. After I sold all of my stocks on the final day of the simulation, 11/20/09 I had \$105,131.50 in cash, making a total profit of \$5,331.50.

Date	Symbol	Buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
9/16/09							\$100,000.00	
9/16/09	PBG	Buy	\$36.42	500	\$18,210.00		\$81,780.00	
9/16/09	KO	Buy	\$52.67	500	\$26,335.00		\$55,435.00	
9/16/09	JSDA	Buy	\$0.85	10000	\$8,500.00		\$46,925.00	
9/16/09	FIZZ	Buy	\$11.31	500	\$5,655.00		\$41,260.00	
9/28/09	FIZZ	Sell	\$11.84	350	\$4,144.00	\$185.50	\$45,394.00	\$185.50
9/28/09	NGHI	Buy	\$0.14	500	\$70.00		\$45,314.00	
9/28/09	PBG	Sell	\$37.25	500	\$18,625.00	\$415.00	\$63,929.00	\$600.50
9/28/09	KO	Sell	\$53.87	250	\$13,467.50	\$300.00	\$77,386.50	\$900.50
10/5/09	FIZZ	Sell	\$11.45	150	\$1,717.50	\$21.00	\$79,094.00	\$921.50
10/12/09	JSDA	Sell	\$0.92	10000	\$9,200.00	\$700.00	\$88,284.00	\$1,621.50
10/12/09	KO	Sell	\$55.01	250	\$13,752.50	\$585.00	\$102,026.50	\$2,206.50
10/27/09	JSDA	Buy	\$0.79	10000	\$7,900.00		\$94,116.50	
10/27/09	CSUH	Buy	\$0.46	10000	\$4,600.00		\$89,506.50	
11/2/09	NGHI	Sell	\$0.12	500	\$60.00	(\$10.00)	\$89,556.50	\$2,196.50
11/8/09	KO	Buy	\$54.49	1500	\$81,735.00		\$7,811.50	
11/16/09	JSDA	Buy	\$0.68	1000	\$680.00		\$7,121.50	
11/16/09	JSDA	Sell	\$0.73	1000	\$730.00	\$50.00	\$7,841.50	\$2,246.50
11/17/09	CSUH	Sell	\$0.36	10000	\$3,600.00	(\$1,000.00)	\$11,431.50	\$1,246.50
11/20/09	JSDA	Sell	\$0.75	10000	\$7,500.00	(\$400.00)	\$18,921.50	\$846.50
11/20/09	KO	Sell	\$57.48	1500	\$86,220.00	\$4,485.00	\$105,131.50	\$5,331.50

Table 5.1 Ten Week Transaction Record

All of my weekly profit/losses can be seen in Figure 5.29. I made my first profit during week 3. The highest profit I made in a week was during week 10, which I made \$3135.

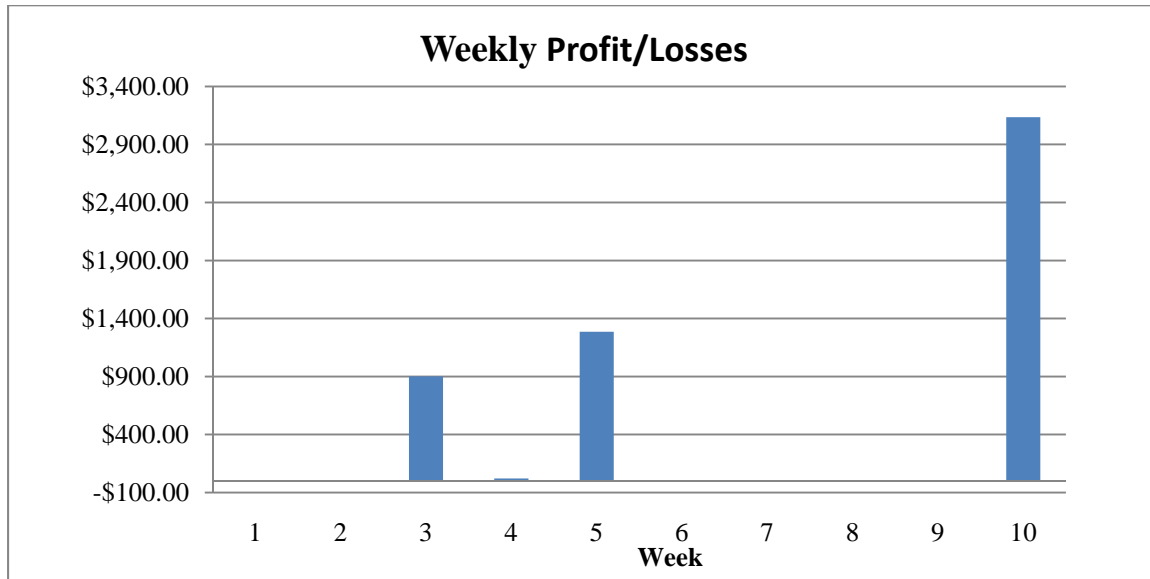


Figure 5.29: Weekly Profit/Loss

During the simulation I kept track of my cumulative net profit, which is shown in Figure 5.30.

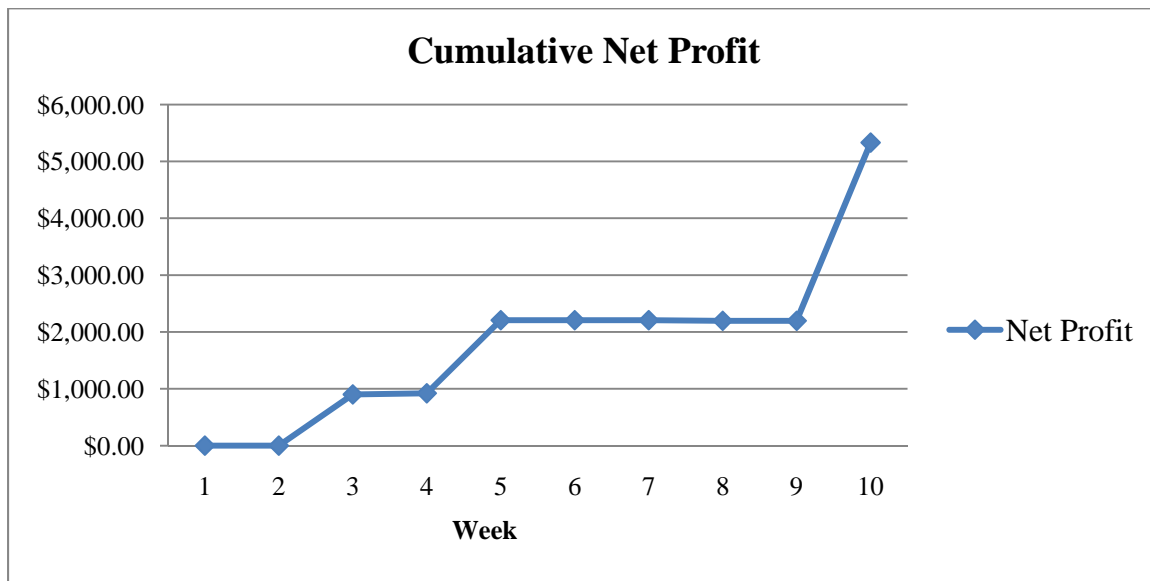


Figure 5.30: Cumulative Net Profit

5.6 Conclusion On News Trading

News trading was extremely hard to do with the beverage industry because there isn't much news that comes out about beverages daily as do other industries like the automotive industry of today or oil industry. However when something big did happen in the beverage company there was a direct relation to the stocks. When Pepsi released the statement saying that the 3rd quarter was up and the profit for 2010 was going to be up the stock immediately jumped up. Another report that was released by The Coca Cola Company stated that they had figured out a way to make bottling and producing more effective and faster. This news report has made the stock rise about 4 dollars over the past few weeks.

So when there was news in the beverage company it helped my simulation tremendously, however more often than not there weren't any news reports about the companies that I had invested in. If I were to do another simulation using news trading, I would use an industry that has more news in it like the automotive industry or pharmaceutical industry.

In conclusion my simulation made a profit in the end so I was pleased with my results and I am glad that I did this simulation. Hopefully in the future this simulation will help me out if I decide to invest money in the stock market. Although it we were using fake money it was still upsetting when my stocks fell or didn't ever rise. It's a good thing that I didn't really invest money because I probably would have had sleepless nights especially when I lost a thousand dollars from one company.

6. Comparisons and Analysis

At the end of the simulation all three trading strategies; Trend following, swing trading, and news trading had been successful and netted significant profits. Their end balances were \$103208, \$116772.40, and \$105151.50 respectively. This resulted in a return on investment of 3.2% for trend following, 16.8% for swing trading, and 5.2% for news trading. These returns are very significant for such a short period of time. Our simulations each had a much higher return on our investment than if we had put our money in any form of bank account. However, to put our results in perspective we must compare our results to the rest of the market. During the same ten week time span the Dow Jones Industrial Average rose about 6.55%, the NASDAQ rose 2.06%, and the S&P 500 rose 3.59%. With this perspective it would appear that the trend following and news trading simulations rose within the bounds of the market. However, the swing trading simulation significantly outperformed both the other simulations and the market as a whole. Figure 6.1 below illustrates the weekly profits or losses in each of the three simulations. Similarly, figure 6.2 shows the net worth of each simulation every week.

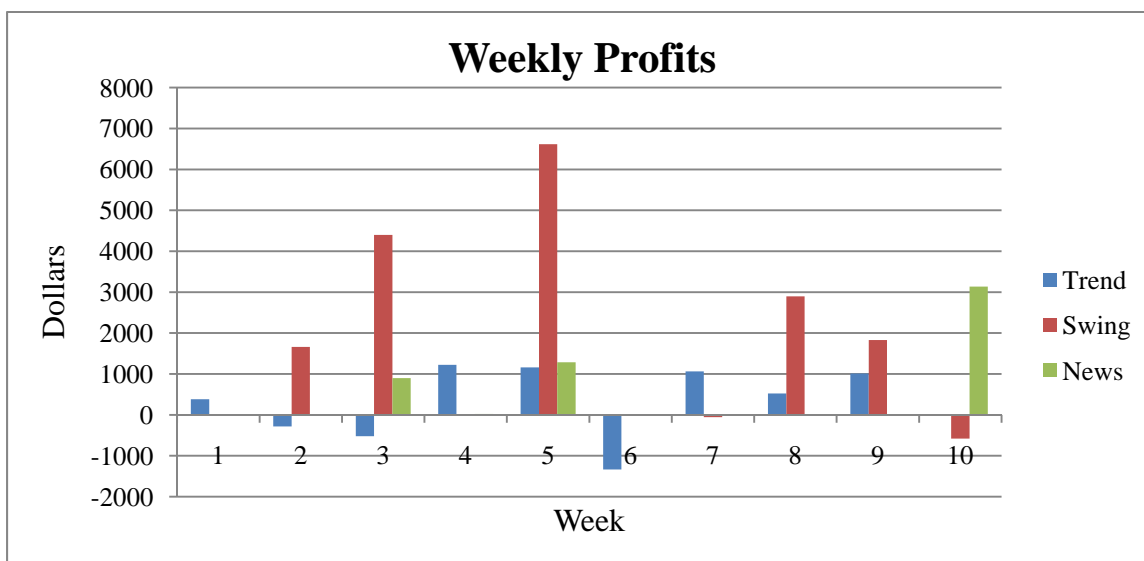


Figure 6.1: Weekly Profits of all 3 Simulations

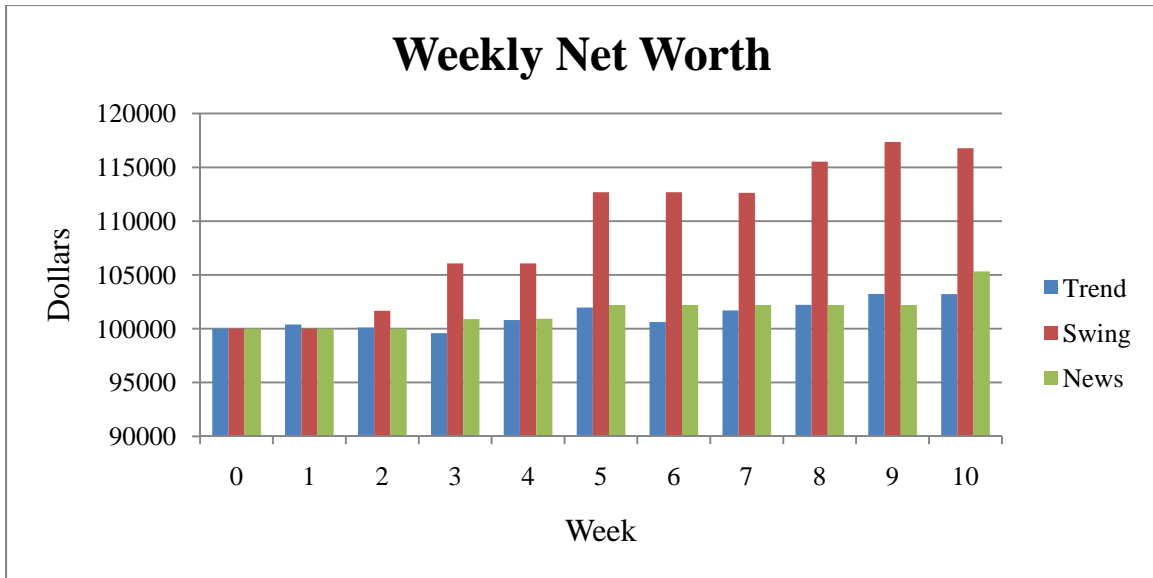


Figure 6.2: Weekly Net Worth of all 3 Simulations

In our stock market simulation, swing trading was clearly the superior strategy. The simulations frequent trading and short holding times created far more transactions and made more profits despite incurring more commission fees.

7. Conclusions

In Conclusion our stock market simulation was a success from the stand point that every type of trading that we chose netted a profit. We had a very short period of time to use the three different types of trading: trend following, swing trading, and news trading. In our future we will be able to use this simulation and the experience and knowledge that we gained from this simulation to make a profit with real money. As shown from the data above investing your money in the stock market is more successful than letting your money stay in a bank account and accumulate interest or in a CD. However there is also a bigger risk involved in the stock market because if your money is not secure, at any point in time the stock market could crash causing a significant amount of money loss.

From our results we have concluded that swing trading is the most effective technique out of the three that were chosen. News trading was the next best thing and trend following was the least effective technique of the three. Although news trading and trend following weren't as successful as swing trading they still netted a profit, which is a win in my book. However given more time I think that the news trading and trend following would have balanced out with swing trading because we only had a few months to follow the news to see what was happening and there were only a few months to trend follow, but that is why we did this simulation to find out what technique works best in this time of economic down time.

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