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## **Stock Market Simulation**

An Interactive Qualifying Project Report:

Submitted to the Faculty

Of the

Worcester Polytechnic Institute

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the Degree of Bachelor of Science

by

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Michael Orlando

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Approved:



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Professor Dalin Tang, Advisor

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## **Abstract**

Using information and tools available on the internet, I researched fourteen different stocks and many strategies that I used in a five week simulation. At the end of the five week period I calculated my profits for each strategy and compared each of them. During the five week period I also made observations regarding stock market trends and the effect of the market on the economy. This experience will help me to become a better investor in the future.

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## Chapter 1: Introduction

### 1.1: Personal Goals

This IQP is a simulation of the stock market. My plan is to invest in 14 different stocks and use 2 different trading methods. In addition to the two different trading methods, I will create a constant by taking the 14 stocks and observing how they did over the 5-week period. I will conclude by analyzing the results of my trading and compare it to the change in the stock over the five weeks. Over the five weeks, my goal is to make a profit on at least 5 of the 7 stocks under each different trading method. In addition I plan on making a greater profit using the two trading methods. Finally I plan on learning as much as I can about every aspect of the market so I will be wiser when I begin investing later in life.

My IQP is structured into six different chapters. The first chapter describes what I intend on achieving in this IQP. It also contains information including a brief history of the stock market and also the difference between the NYSE (New York Stock Exchange) and the NASDAQ (National Association of Securities Dealers Automated Quotation). Finally the first chapter discusses who invests in the stock market, how to get started, and the benefits and dangers of investing.

The second chapter discusses information on how to invest in the stock market. First it identifies sources of stock market information. That is where to obtain stock quotes, trading strategies, and information on different stocks. Next it provides information on how to read a stock quote. This includes an explanation of each category of information and how to tell if the stock has gone up or down and how much. This chapter also describes how the floor of the NYSE works and what types of stocks are

traded there and in the NASDAQ market. Finally it describes basic trading strategies and which ones I chose.

The third, fourth, and fifth chapters describe the trading strategies I chose in a little more detail. It also tells what stocks I chose and a slight history of the stock. Finally these three chapters will show in detail the results I obtained from trading each stock and diagrams of the stock activity over the 5-week period. The third chapter will deal with Penny Stock Trading, and fourth chapter will deal with Day Trading, and the fifth chapter will deal with Long Term Trading.

The sixth and final chapter will be the conclusion. It will summarize the result of my trading each of the 14 stocks and which strategy made more money and why. It will also compare my trading strategies to how well the stock did by itself over the five weeks. This chapter will also discuss how the overall market changed over the five-week period and what my have contributed to that.

## 1.2: A Brief History of the Stock Market

The Wall Street we know started during the 17<sup>th</sup> century. The street got its name from the large wooden walls that were on both sides of the street. The walls were built by the Dutch for protection from the British forces. Back then the city was known as New Amsterdam and wasn't called New York until the city was taken over by the British in 1664. The wooden walls were torn down and the materials were used to build a church and the city hall. The street kept its name and became a thriving business place where pewterers, tailors, attorneys, and other businesses called home.

In 1792 the country was growing in prosperity and expansion but there was one large problem. Since they had separated themselves from Britain, they had to find a way

to finance their own activities since capital was no longer being brought in from Britain. An even bigger problem was that the government was in great debt after financing the Revolutionary war.

The Secretary of State Alexander Hamilton had the answer. He proposed that the government eliminate the debt by selling \$80 million of bonds to the citizens. However he met some opposition from some members of congress. Virginia and some other states had already paid off their wartime debts and did not want to help other states pay off theirs. Hamilton had to use some bargaining to gain the support of the southern states. He offered to move the countries capital from New York to a southern site on the Potomac River only if the members of congress agreed to accept his debt assumption plan. The deal was made in 1790 between Hamilton and Thomas Jefferson.

Not only would the \$80 million in bonds be sold but citizens could also put money into ventures that they felt would be profitable in the future. Some bought and sold items such as molasses, tobacco, and furs while others were dealing with land and insured cargoes at sea. Alexander Hamilton opened the first federal bank in 1792 and shares of the bank were offered to the public. By this time securities, stock, and government bonds were available to be bought and sold but there was no organized way to do this business.

Trading activity increased to winter of 1791-1792 and Wall Street businessmen began to schedule auction for the sale of stocks and bonds similar to how they auctioned off commodities. These businessmen began holding daily securities actions before long at 22 Wall Street. The auctioneer would receive a commission for each stock and bond sold as well as the buyer's agent, better known as his broker. Buyers began competing



for each stock and bond and it would be sold to the highest bidder, while sellers offered their shares for the highest price. There were some businessmen who only came to observe the current trading prices. After the auction these men would offer the same securities for the same price but a lower commission rate.

On May 17<sup>th</sup>, 1792, twenty-four men met beneath a buttonwood tree across from 68 Wall Street and they signed what is now known as the Buttonwood Agreement. They all agreed only to trade their securities with each other and they would all charge a fixed commission rate. These men formed the organization that is now known as the New York Stock Exchange. The men continued trading under the tree until they moved into the Tontine Coffee House at Wall and Water Streets in 1793. On March 8<sup>th</sup>, 1817, the men that founded the agreement created a new agreement creating the New York Stock and Exchange Board.

This new agreement established rules for membership, conduct of sales, commission rates, and the delivery of contracts. Each morning the members would sit down and listen to a list of securities that would be auctioned that day and made bids and offers as each was named. The stock exchange works very the same way today but no one is seated anymore. However members still do have seats in the New York Stock Exchange (the name was adopted in 1863).

Today the NYSE is located in the Merchant's Exchange building, spanning a corner between Wall and Board Streets. There are two trading floors now, the main floor is referred to as "the Garage," and the other floor is called the Blue Room. Above the trading areas is a continuous stream of abbreviated stock names along with their current prices and sales volume data. This is known as the ticker tape which was once long tape

of paper printing out the stock names, prices, and sales volume. The name “Wall Street” now represents the entire financial district in the city of New York.

### 1.3: NYSE vs. NASDAQ

The New York Stock Exchange is not the only organization that partakes in the trading of stocks, bonds, and securities. Since the creation of the Buttonwood agreement, there have been other businessmen that have wanted to trade under their own rules. The first biggest competitors were AMEX (American Stock Exchange) and the OTC (Over the Counter) market. The biggest difference between these organizations and the NYSE was that they sold not only stocks that were listed but sold stocks that were not listed as well. The AMEX grew from trade in stocks that were considered too risky to trade in the NYSE. The businessmen traded on curbs of New York and the organization was known as “The New York Curb Exchange” until they adopted the name AMEX in 1952.

As both the AMEX and NYSE grew, start-up companies could not meet the strict standards they set to have stocks traded. The OTC was formed to accommodate such companies. The OTC is still around today but when a stock does well enough, it gets admitted into the NASDAQ. In 1998 NASDAQ and AMEX joined together to create the NASDAQ-AMEX Market Group and is now called “The Market of Markets”.

There are a few fundamental differences between the NYSE and the NASDAQ. One is how the stocks are traded in each market. The NYSE uses a centralized auction place. Stocks are bought and sold by exchange members on the floor acting on the orders from individual investors and institutions. In this market prices are determined by supply and demand. On the other hand, the NASDAQ is a decentralized market. It is made up of a network of market makers and electronic communication networks.

There are other differences like the speed at which stocks are traded and quote spreads. The SEC (Securities and Exchange Commission) conducted a study on both the NASDAQ and NYSE to compare these two. The first observation that the study made was that if you are a small investor, you are much more likely to profit investing in the NYSE. To compare quote spreads, the SEC purchased 100-499 shares of similar companies stock. They found that the NASDAQ stocks traded 5.7 to 11 cents per share wider than the similar NYSE stocks. The SEC again purchased 100-499 shares of stock in both markets to compare the speed of order execution. The NASDAQ won by a large margin by achieving times between 3.4 and 7.8 seconds, while the NYSE had times between 9.8 and 18.7 seconds. The SEC conducted the same test but purchased 2000-4999 shares of stock. They found that the NYSE had a faster time of 53.2 seconds beating the NASDAQ who had a time of 91.4 seconds. Each market seems to have its advantages and disadvantages, but the investor should research both and see which one he or she feels more comfortable with.

#### 1.4: Benefits and Dangers of Investing

In the case of investing in the stock market, the dangers vastly outweigh the benefits. When someone invests money in stocks they are gambling and there is a good chance they will lose some if not all of it. There is however a chance that you can make large amounts of profit with a little research and a lot of luck. Take the case of day traders in recent years. Many of them turned aggressive and frequent trading into a career. In the case of some they became very wealthy in a short period of time. In other cases, people lost everything including their lives. There were a few instances in past

years where day traders lost everything and decided to take their own lives and or the lives of others.

There is a misconception about the stock market. Many people feel that investing will only be a waste of money and cause hardship. Anyone can make money in the market with a little research into the trends of the market and some educated stock investments. To make smart investments you first need to understand that the market has two states. The market is said to be either a “Bull Market” or a “Bear Market”. A “Bull Market” is when the stock market is going up. In this state, if you have stocks it is a great time to sell them. A “Bear Market” is when the stock market is falling. This is the best time to purchase stock. Even though these trends can be identified, there is no way to tell when the stock is going to hit its highest or lowest point.

It has been said that people have more of a chance of making a profit in casinos rather than the stock market. There is a great chance that when someone invests they will lose their money. Why don't people just put their money in savings accounts, bonds, or CD's? There is a better chance of making some profit without any risk. However it takes a long time to make a significant profit in any of these investments. Investing in stocks can get you a much higher return in less time. One can also lose a lot in the same short amount on time. This was seen in the past year or so when the stock market and technology stocks specifically dropped a large amount.

Another risk is called an asset risk. If someone invests most or all of their money in a specific type of stock, they are very likely to lose great amounts. It is very common for a whole genre of companies to lose money at the same time. For example; if someone invested in all Internet stocks and has not sold any, they will have lost great amounts of

money since almost all of the Internet stocks dropped significantly. The way to avoid this risk is to do what brokers call “diversify”. When you are diversifying your portfolio, you are investing in many different types of stocks so that if a genre of companies takes a hard hit, you still have money in others.

Another type of risk is called an event risk. This refers to a great event that affects the stock market directly. An event may be a great natural disaster, a huge political event, or some other crisis. This type of event causes investors to question or have a positive outlook for the future. For example; the recent war with Iraq caused the stock market to rebound and the price of gasoline to drop.

Another type of risk is called a liquidity risk. This occurs when you want to retrieve your money invested in a short amount of time but complications and laws require you to wait and that causes you to lose more money in the process. Despite all these risks many people still invest because they can gain so much money in so little time.

### 1.5: Who Invest and How

Anyone can invest in the stock market and there a few different ways they can do it. One of the ways and the oldest way to do it is to contact a broker. This is a person who can manage your portfolio for you and give you investing advice. Their job is to listen to their clients and invest their money as they are told and to research the market and find out the most profitable ventures at the time. To purchase through a broker, you must contact them, tell them what stocks to buy and how many shares and provide them with the money to do so. The one down side to using a broker is that you have to pay them a fee to invest and a fee to sell. This called a commission. When you sell stocks,

the broker makes a certain percentage of the money you make. The way to avoid this is invest by yourself using the Internet. You will not have to pay high commissions but you will not have someone aid you in investment choices and you have to pay a small fee to the company providing the service. This means you will have to do a lot of research by yourself to make a single purchase or sale of a stock. The other advantage to investing online is that the purchase or sale often takes place in a shorter amount of time. The transaction has fewer middlemen handling it. When you invest through a broker, you must contact him, and then he performs the transaction. When you invest on the Internet you are performing the transaction yourself. Both investing processes have advantages and disadvantages; you just need to find out which one caters better to your needs.

## Chapter 2: How to Invest

### 2.1: Information Sources

There are many sources that you may use to find information about stocks, stock quotes, and stock market information. It can be found in newspapers, magazines, published reports, books, and the Internet. Brokers can also be hired to provide information to an interested investor.

One of the many sources is the Earnings Forecaster. This is a small stock report issued weekly. It contains estimates predicted by a few influential investment firms and provides information on many different stocks. Another similar source is the Value Line Investment Survey. This provides information from 1700 different stocks and is published quarterly. It contains weekly reports of each stock, earnings, and other figures that investors might find useful.

Another source of data is newspapers. The most popular of which is the Wall Street Journal. This newspaper is distributed by the Dow Jones Company and is dedicated to business news. It contains daily stock quotes as well as many different news articles regarding businesses and finances. Another newspaper is called the Wall Street Transcript. This paper contains reports from analysts. One other newspaper is called the Business Week. This paper also contains stock quotes and business news as well as other useful information. Many other papers around the country contain daily stock quotes as well as useful business sections.

The Internet is a great source for stock and business information. Many websites such as Yahoo and MSN provide great financial and business information as well as delayed stock quotes. These are live quotes that reach the website about fifteen minutes

or so after the information is posted at the stock exchange. Other sites such as Ditech provide stock trading services. On this type of site an investor may buy and sell stocks live online for a fee each time.

One other source of stock and business information is a broker. Brokers are stock market researchers who work for large firms that provide the service of buying and selling stocks for investors. These individuals study hard and are well informed about different companies and how these companies work. They also study trends within the stock market and can make fairly accurate predictions regarding how a stock may perform in the near future. They also use economic and industry conditions to make these predictions. There is however one down side to brokers. Unlike hard information, they are human. This means they have can be biased, can make an error, or even worse, they can lie to an investor.

There are many sources of information to choose from. From newspapers, reports, the Internet, and brokers. Some may cost an investor large amounts of money, others are free. Some are also better than others but all are helpful.

## 2.2: How to Read a Stock Quote

When you see a stock quote published in a newspaper, stock report, or the Internet, you see a bunch of numbers and some cryptic words above them. What do they all mean? Some are the company, the amount it went up in a day, and the daily high.

Often the quote begins with the stock name, which is titled Stock. Sometimes these are abbreviated and other times they have pf in their name. The pf stands for preferred stock. If a stock does not have a pf in its name then it is a common stock. A common stock can be bought by anyone and the holders of that stock are at the bottom of



the management ladder. If a company goes bankrupt a common stock holder does not receive any of the company's assets until every debt holder, bondholder, and preferred stock holder has been paid.

Another category titled Ticker is the ticker symbol. This is an abbreviation of the company name used to easily identify the stock. These symbols are shown on the ticker tape and you can identify what stock is being displayed by this symbol.

Two categories that are typically displayed next to each other are the 52-week high and low. They are often titled as 52W high and 52W low. These two categories provide information regarding the highest and lowest prices a particular stock has been traded at over a 52-week period. It does not include the previous day's trading.

Another category typically titled as Div, is the dividend per share. This indicates the annual dividend payment of the stock per share. If the category is left blank, then the company is not paying out dividends.

The category often titled as Yield % is the dividend yield. This is the percentage return on the dividend. It is calculated as annual dividends per share divided by the price per share.

The category typically titled as P/E is the Price/Earnings ratio. This value is calculated by dividing the current price of the stock by the earnings per share from the last four quarters.

Another category is trading volume, which is often titled Vol. This number shows the total number of shares that was traded that day, listed in hundreds. If you add two zeros to the end of the number, you will get the actual amount of shares traded that day.

Two categories that are always listed next to each other are the daily high and low. These categories are titled High and Low and provide the highest and lowest trading price of the stock for each day.

The category titled Close is the price at which the stock ended up as when the stock market closed. If the stock has gone up or down more than 5% than the last days close, it is often shown in bold-faced lettering. If you plan on buying that stock the next morning, the price may be different because it takes time to enter a purchase.

The last category listed is the net change for the day and that is typically titled Net chg. This value is the amount the stock has changed during the day from the previous day's closing price in terms of dollars. If the number has a plus sign before it then the stock went up in value and if there is a minus sign in front of it then the stock went down in value.

### 2.3: What is the Floor and How Does it Work?

Each stock exchange has a floor. In the case of the NYSE, it is where stocks are bought and sold. When an investor places an order to buy or sell shares with their brokerage firm, the firm checks the investor's account and enters in the bid-asked price and some other information. This order is then sent to what is called the Order match system. This system sends the order to the NYSE trading floor by either computer or telephone. The order is then sent to a broker's booth or a specialist. If the stock is sent to a broker's booth, the broker manning the booth contacts another broker on the floor and provides him the information regarding what to buy or sell. The broker on the floor takes the order to a trading post where the stock is being traded. This is where the brokers compete with each other for the best price. If the order is sent to a specialist, they make

the trade in a smaller and more specific market called an agency auction market. The specialist trades in this market to get a better price for the investor who placed the order. In either case, when the order is completed, a transaction report is sent to the investors firm confirming the trade. The firm then updates the investors account and adds or subtracts the number of shares bought or sold and charges the investor a fee for their services. Even though there are many steps to this process, the whole transaction takes place very quickly. The process has become even quicker with the improvements in information technology and the release of more high tech hand held devices.

#### 2.4: Types of Stocks

There are many different types of stocks and before an investor begins purchasing stocks, they need to decide which type of stock they want. Stocks are separated into seven different categories. There are five major categories, which are Basic, Consumer, Technology, Energy, and Interest Sensitive and one minor category, Inflation Beneficiaries.

The Basic category is made up of companies that offer products or services sold to other businesses or goods sold to consumers. Some of the products produced by this type of companies are heavy equipment, chemicals, electrical equipment, and vehicles. Some of the companies under this category are Caterpillar, General Electric, and General Motors.

The Consumer category is made up of companies that make consumable products or low priced products. Some of the products produced by this type of companies are beverages, health care products, tobacco products, food, and other household products.

Some of the companies under this category are Pepsi, Bayer, Philip Morris, and Proctor and Gamble.

The Technology category is made up of companies that produce high tech components and equipment. These are often sold to other companies. Some of the goods produced are electronic instruments, computers, and integrated circuits. Some of the companies under this category are Hewlett Packard, IBM, and Texas Instruments.

The Energy category is made up of companies that provide energy producing products like oil, gas, coal, and uranium. These companies also transport these goods. Some of the companies that are under this category are Exxon, Halliburton, Superior Oil, and Tenneco.

The Interest Sensitive category is made up of companies that deal with money and credit and services that deal with them. Some of the services offered by these companies are financial services, insurance, and banking. Some of the companies under this category are MasterCard, State Farm, and Fleet.

The Inflation Beneficiaries category is made up of companies that produce goods that rise in price more than the inflation rate. Some of the goods produced by these companies are gold, silver, platinum, and special metals. These companies also deal with real estate.

To be an informed investor, people need to understand what the categories are and what the companies in each category produce. By understanding that investors can then understand what affects each category. For example; the companies in the Basic category are affected by the strength of the dollar. Being an informed investor will help you predict the actions of the market and profit greatly.

## 2.5: Basic Trading Strategies

There are many strategies to follow when trading. Some of the strategies describe what type of stocks to trade. Others help investors decide when to buy and sell stocks or how aggressive to trade. All strategies help investors make smart investments and in some way or another help them make a profit.

Some strategies that help investors decide what stocks to buy are penny stock trading and earnings reports trading. Penny stocks are stocks whose trading value is close to one dollar. When the price changes very little, a large profit can be made but conversely money can also be lost quickly. Earnings reports trading helps investors buy and sell stocks according to a company's earnings report.

Some strategies that help an investor decide how aggressively to trade and when to buy and sell stocks are day trading and channel trading. Day trading has been proved to make very aggressive traders a lot of money. It has also proved that it can cause a trader to lose everything. Day trading is a time consuming practice. A day trader must be constantly watching quotes and buying and selling quickly according to the limits they set themselves. Day traders can use the practice of channel trading. Channel trading is when an investor sets themselves limits as to when they are going to buy and sell a particular stock. The channels that investor sets can be horizontal or they can have a rising or falling trend.

These are only some of the many trading strategies. Each can help you decide what to trade, when to trade, and how to trade. All these strategies help investors make smart decisions no matter how risky they might be. The best strategy does not involve

math or intensive studies. The best strategy is to be patient and stick your guns no matter what happens.

## Chapter 3: Penny Stock Trading

### 3.1: What is Penny Stock Trading?

There are many different types of trading strategies and equally as many if not more different types of stocks to trade. One of the types of stocks that aggressive investors like to trade is Penny Stocks. Penny stocks are stocks whose value is around one dollar. The stock may be trading so low because the company is just starting to trade publicly or because a company has just had very tough times and taken a large hit in the market. Either way the stock can be bought and sold for large amounts of money since its value is so low. Since the value of the stock is so low, some investors figure that the only place for the stock to go is up.

There are however down sides to investing in Penny Stocks. The first is that you can lose money as easily as you can make it. If the stock is valued at six cents and you have one-hundred shares, you make one dollar when the value reaches seven cents. Conversely when the value drops to five cents you lose one dollar. Since the value of the stock is so low, investors typically buy large amounts of stock. So if you had 100,000 shares and the stock lost one cent, you would lose one-hundred dollars. The other down side to Penny stocks is that you need to buy enough and the price has to be just high enough to make any profit at all. Since the value of the stock is so low and you have a lot of shares, the commission ends up being very steep for each purchase or sale you make. Investors need to balance the amount owned and the value of the stock carefully to make any money at all. Even though there are great risks in trading Penny stocks, like most other stocks, great profit can still be made.

### 3.2: Penny Stock Trading Strategies

There are many trading strategies that investors use to try and maximize their profit. There is channel trading, day trading, and earnings reports trading, which I discussed last chapter and there are many other strategies as well. I used a combination of a few and set a lot of goals for myself so that I was acting aggressive but not too aggressive.

First off I used the channel trading strategy. Using this strategy, an investor looks at the graphs of a stock for the previous day, week, or month, whichever they feel is best. Then the investor sets an upper bound and lower bound and essentially creates a channel within the graph. The upper bound is the minimum value that the investor is willing to sell the stock at and the lower bound is the maximum value they are willing to buy the stock at. The channel can move up and down or have an upward or downward slope depending on how the stock is behaving.

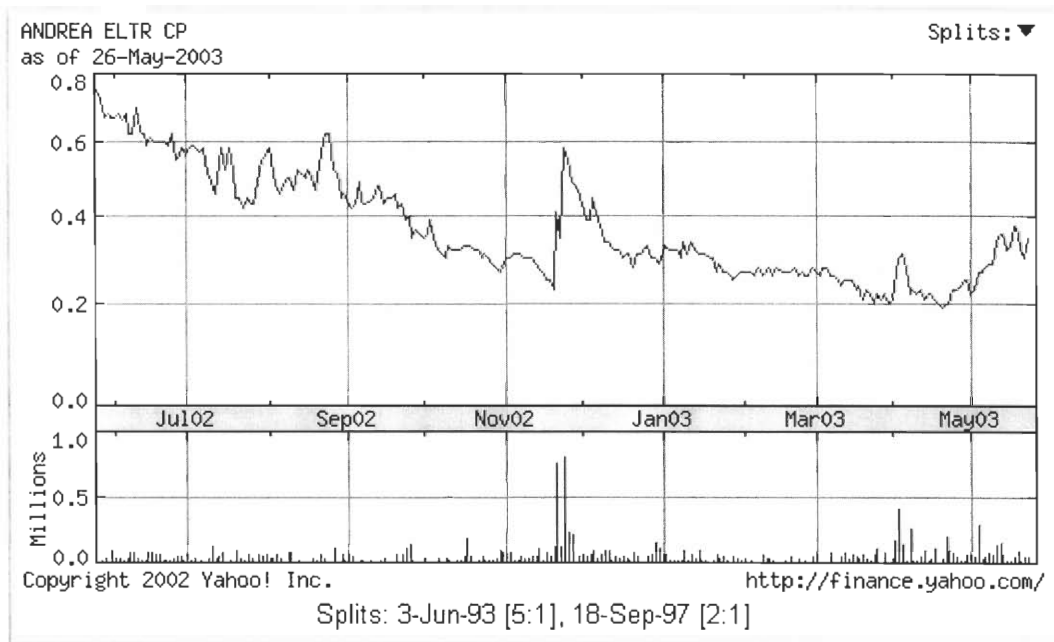
Every week I looked at the graph of each stock for the previous week. From there I set my channel and tried my best to buy and sell at those given values. Sometimes the stock would not reach the goal and I traded anyway and other times I bought the stock above my maximum value because I felt that the stock was going to continue to rise in value. I set my values conservatively because that is my nature and I wanted to play it safe and make some money. I also tried to make about five transactions per week for each stock but some weeks were slower than others. I hope to make some a fair amount of money and lose very little and on the last day I will try to sell the rest of my stock at the highest price of that day.



### 3.3: Stocks Chosen

I chose seven stocks for my Penny Stock trading simulation. I tried to diversify my portfolio as much as possible and chose some risky stock and others that were not. All were around one dollar when I started and all of them were active the month before.

### 3.3a: Andrea Electronics Corporation



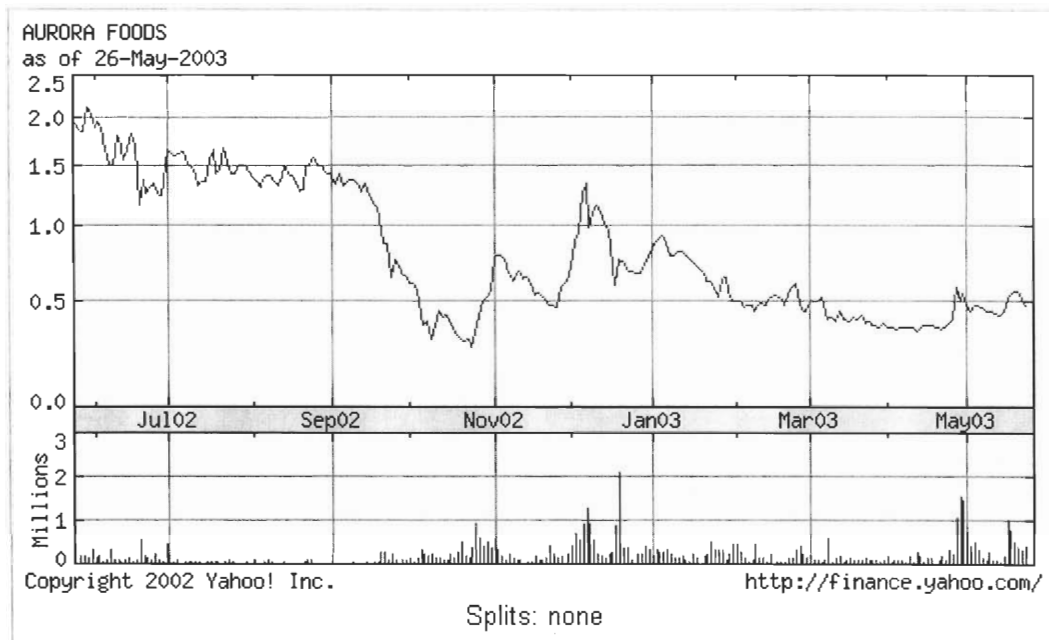
Andrea Electronics Corporation is a company that develops, designs, and provides speech and anti-noise technology. It was founded in 1934 as the Andrea Radio Corporation. It became Andrea Electronics and began public trading in 1960 in the American Stock Exchange under the ticker symbol AND.

The first type of products that Andrea Electronics provides is speech enhancement products. They develop and build many different types of microphones, head sets and software so that their products may be used in a digital environment. Their products not only record and produce high quality, clear voice signals, but their technology also filters out ambient noise. Andrea Electronics has worked with defense companies such as Bell, Boeing, and Lockheed and provided them with new intercom systems for high noise environments such as aircraft. The intercom systems filter out the vast majority of the

cockpit noise using techniques like white noise transmission. Their technologies vastly improved pilot to pilot speech intelligibility.

Andrea Electronics Corporation is run by Douglas Andrea (Chairman), Christopher Sauvigne (President, CEO, Director), and Richard Maue (CFO). The stock is rated as a risky stock and in the month before I began trading it, it was fluctuating some days up to eleven percent. I thought this to be a very good stock to use in my Penny Stock simulation since the value was below one dollar and it was highly volatile.

### 3.3b: Aurora Foods

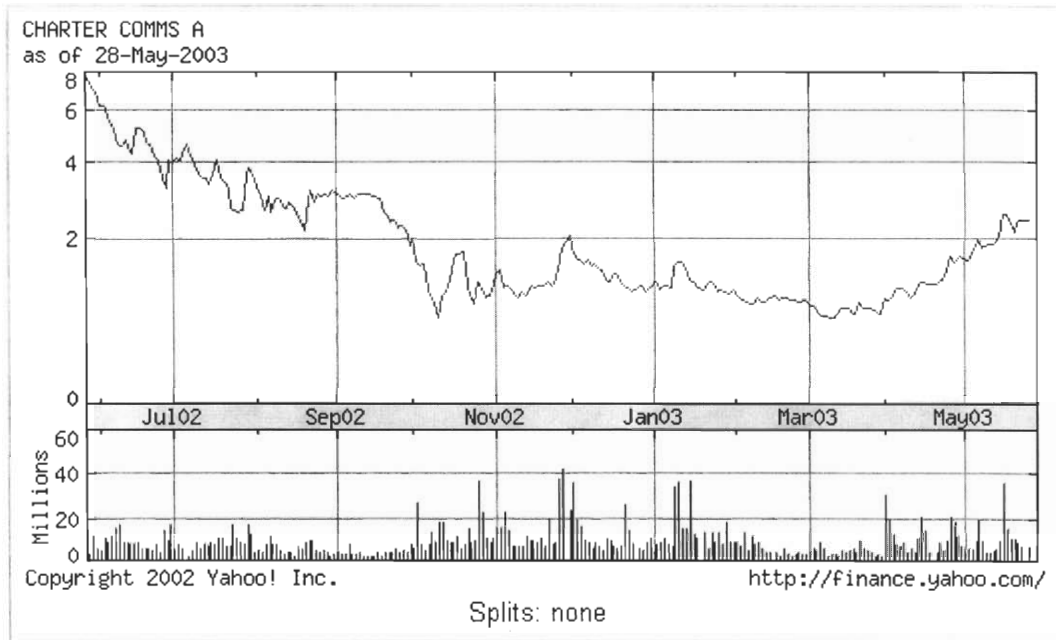


Aurora Foods is a leading producer and marketer of premium branded foods. It was formed in 1995 with the goal of producing great and well known brand name foods. Their business strategy is to acquire well recognized brands and heavily market them in the hope of future growth.

Aurora Foods owns a few different types of food products. It produces syrup products such as Aunt Jemima, Mrs. Butterworth's, and Log Cabin. It produces frozen seafood such as Van de Kamp's and Mrs. Paul's. It produces other frozen foods such as Aunt Jemima frozen waffles, Celeste frozen pizzas, and Chef's Choice frozen skillet meals. Aurora groups their brands into three different categories; retail, food services, and other retail channels. They sell their products in wholesale clubs, retail grocery stores, military services, and other channels.

Aurora Foods is run by Dale Morrison (Chairman, CEO), Erik Brenk (Co-President, Co-COO), Michael Hojnacki (Co-President, Co-COO), and William McManaman (CFO, Executive VP). This stock was rated as a risky stock and in the month before I began trading it, it fluctuated in a given day up to thirteen percent. I thought this stock would be good in my Penny Stock simulation since it is volatile and I also needed to diversify my portfolio with a foods stock.

### 3.3c: Charter Communications

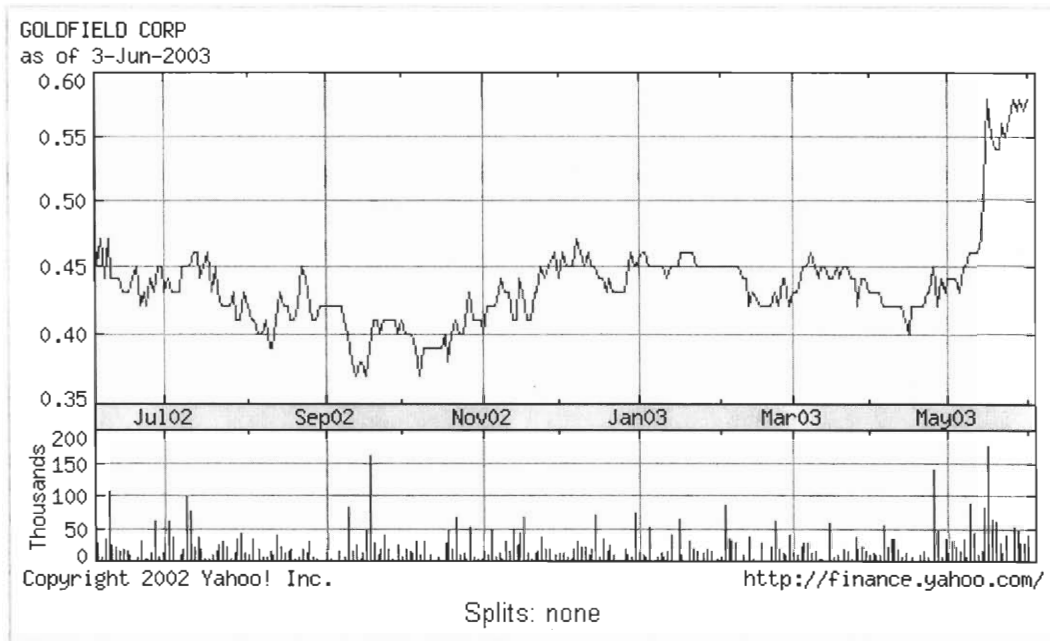


Charter Communications is a communications provider throughout the United States. It was formed in 1993 and has grown and now owns many subsidiaries which provide their many services. Their goal is to provide its customers with high-quality service, the latest technology and a range of programming at a fair price.

Charter Communications provides their services through their subsidiaries to communities in forty states. They are operators of cable systems and provide many different types information. They provide cable and digital cable TV, high speed broadband internet service, and some business services. Charter is working with other types of technology. They are providing and improving Video on Demand which is a pay per view service. They are also working on interactive video programming and voice-over Internet protocol telephony.

Charter Communications is run by Paul Allen (Chairman), Carl Vogel (President, CEO, Director), Steven Schumm (Interim CFO), Margaret Bellville (COO, Executive VP), and Stephen Silva (Executive VP, CTO). This stock is rated as very risky and the month before I traded it, it fluctuated in value up to fifteen percent. I thought this would be a good stock for my Penny Stock simulation even though the value is a little higher than some of the other stocks I am using. I also chose it to diversify my portfolio with a communications stock.

### 3.3d: Goldfield Corporation



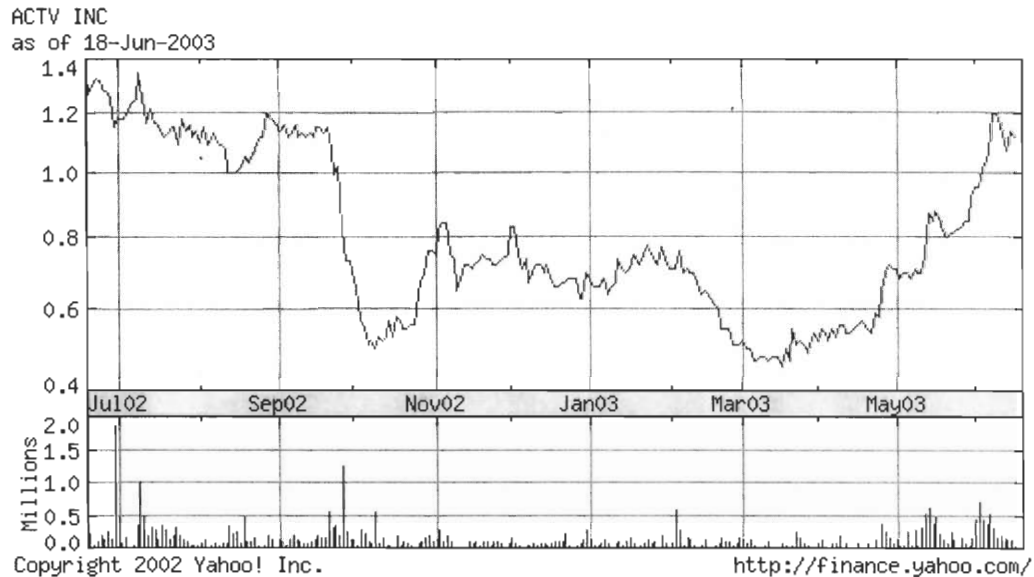
The Goldfield Corporation was started in 1906 and is a leading provider of electrical construction and maintenance services. They provide their goods and services in the southeastern and mid-Atlantic regions of the United States. The Goldfield Corporation had some mining subsidiaries but they were sold in 2002.

The Goldfield Corporation specializes in electrical construction. They construct towers for high tension power lines and run cables for these towers. They run many different types of wires on their towers including fiber-optic cables and high voltage lines. They also wire up real estate developments like condominium complexes. Recently they have been working on many small high-end, waterfront condominiums in Florida. The Goldfield Corporation used to own mining subsidiaries. They were the St. Cloud Mining Company and the Goldfield Consolidated Mines Company and they were sold on November 30, 2002.



The Goldfield Corporation is run by John Sottile (Chairman President, CEO, Director), Stephen Wherry (CFO, Vice President, Treasurer), Dwight Severs (Sec., Director). This stock is rated as risky and during the month before I traded it, the value fluctuated up to twelve percent in a given day. I felt this stock would be good for my Penny Stock simulation since it was fairly volatile, it was trading at a low value, and it would be good to diversify my portfolio with a construction company.

### 3.3e: ACTV Inc.

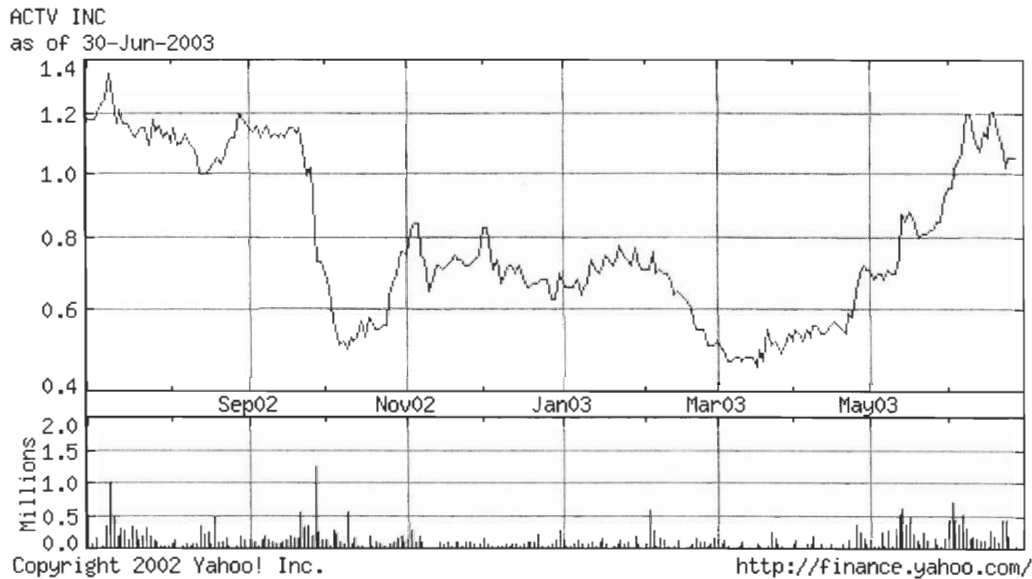


ACTV Inc. is a digital media company that provides many different technical services, tools, and programs for television viewers. It was founded in 2000 and has been providing many homes around the country their television services. ACTV develops and markets new viewing features which they call enhanced media.

ACTV Inc. provides their digital media services to many homes in the country. The company is separated into two different business segments. The first is the Digital TV segment. This segment provides targeting, interactivity, and accountability for television. This segment allows viewers the option to customize their viewing options and use the many programming features they provide. The second segment is the Enhanced Media segment. This segment provides technologies that allow viewers to enhance both video and audio content. It also provides web-based interactive products for both entertainment and education.

ACTV Inc. is run by David Reese (Chairman, President, CEO), Christopher Cline (CFO), Bruce Crowley (Vice President), and Day Patterson (Executive VP, General Counsel). This stock is rated as a risky stock and during the month before I traded it, it fluctuated up to twelve percent in a day. I chose this stock for my Penny Stock simulation since it was fairly volatile, it was trading low when I began, and I wanted to diversify my portfolio with a communications company.

### 3.3f: Sirius Satellite Radio Inc.



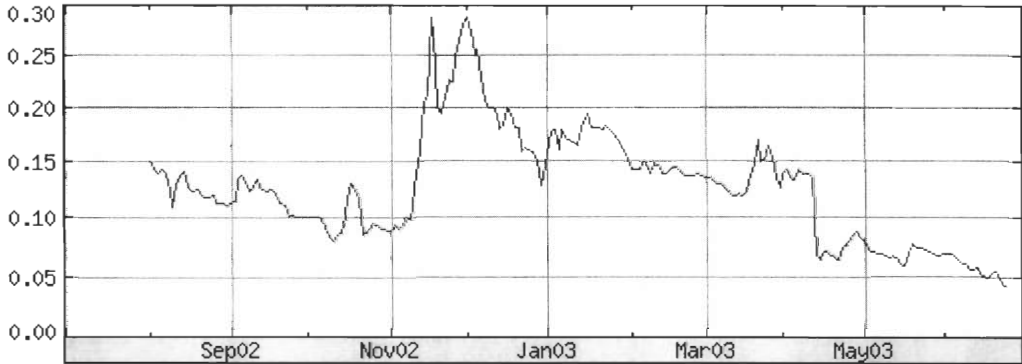
Sirius Satellite Radio Inc. is an up and coming company that is a satellite radio provider. Through its satellites orbiting the earth, Sirius Satellite Radio Inc. can provide its commercial free radio services throughout the United States.

Sirius Satellite Radio Inc. provides digital quality radio programs to the entire United States using three orbiting satellites. Sirius transmits 60 different streams of commercial free music which covers almost every genre. They also provide over forty streams of news, sports, weather, talk, comedy, public radio and children's programming. The channels provided by Sirius can not be picked up by any radio receiver. If a customer wants to listen to a Sirius program, they must purchase a special satellite receiver and have it installed into their existing sound system. Sirius is one of only two companies that hold licenses provided by the FCC to operate a national satellite radio system. By December 31, 2002, Sirius already had 30,000 subscribers.

Sirius Satellite Radio Inc. is run by David Margolese (Chairman), Joseph Clayton (President, CEO, Director), David Frear (CFO, Executive VP), Patrick Donnelly (Executive VP, General Counsel), and Guy Johnson (Executive VP). This stock is rated very risky since it is a new company and in the month before I traded it, its value fluctuated up to sixteen percent in a given day. I felt this stock would be good for my Penny Stock simulation because it was an up and coming company that was trading low and was volatile. I also chose this stock to diversify my portfolio with a communications company.

### 3.3g: WorldCom

WorldCom Group  
as of 25-Jun-2003



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WorldCom was started by a few partners led by a former basketball coach Bernard Ebbers. It was started in 1983 in a coffee shop and sketched out their idea for a long distance phone provider on a napkin. They started their company called LDDS (Long Distance Discount Service) and over the years they acquired other companies and became a powerful telephone service company.

LDDS was started in 1983 and began providing the long distance services in 1984. Bernard Ebbers was named CEO in 1985 and he helped the company go public in August 1989. They grew larger and larger in the next fifteen years through acquisitions and mergers. It culminated in the merger with MCI in 1998 that was worth forty billion dollars and was the largest merger in history. The company flourished and the stock peaked at \$64.51 in June of 1999. That same year CEO Bernard Ebbers was rated by Forbes magazine as one of the richest men in the United States. At their peak WorldCom had professional basketball player Michael Jordan doing their MCI commercials. They tried to acquire Sprint but it was vetoed by the Department of Justice and the company

began to fall apart. In 2002 they were involved in accounting scandals and they caused WorldCom to file for bankruptcy later that year.

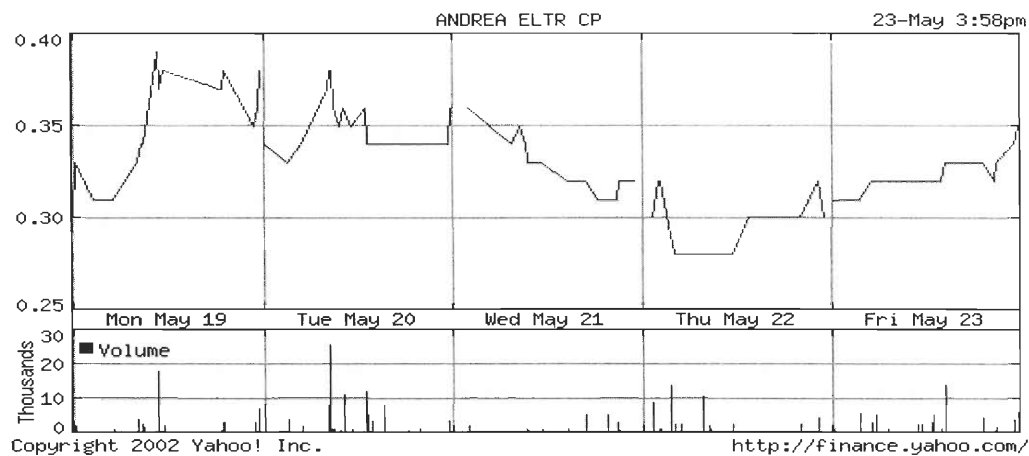
WorldCom was headed by the CEO Bernard Ebbers. This stock was rated very risky since it was both trading very low and the company is filed under bankruptcy but it is still trading and in the month before I began trading it, it fluctuated up to twenty percent in a given day. I felt this would be a good stock for my Penny Stock simulation since it was trading so low but was very volatile. I also chose this stock to diversify my portfolio since it is a telecommunications company.

### 3.4: Simulation Results

#### 3.4a: Andrea Electronics Corporation

I started this simulation by investing \$100,000 into this stock which bought me 322,581 shares.

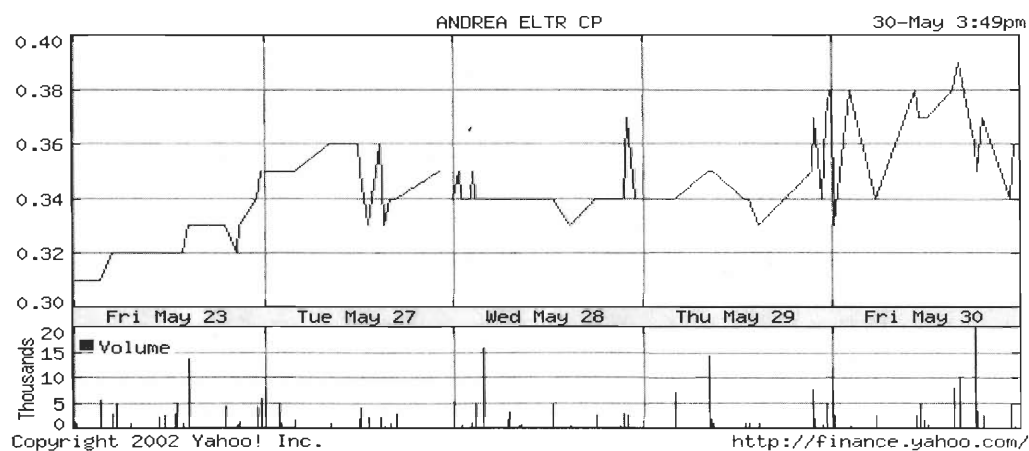
##### Week 1



I began this week with the goal that I wanted to sell at any price over 35 cents and buy at 25 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
19-May		50,000	0.37	18,500	
20-May		25,000	0.36	9,000	
21-May		10,000	0.36	3600	

##### Week 2

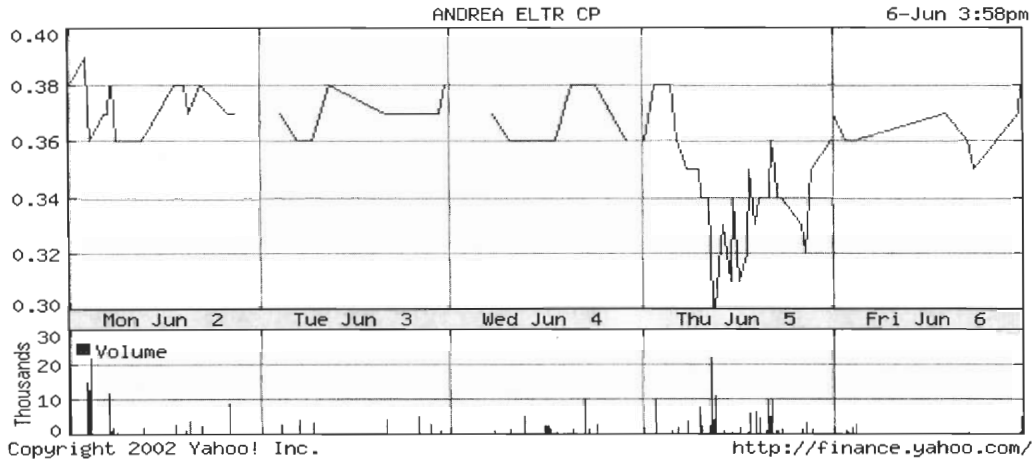




I began this week with the goal of selling above 36 cents and buying below 32 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
26-May	20,000		0.31		6,200
28-May		10,000	0.365	3,650	
29-May		25,000	0.37	9,250	
30-May		25,000	0.38	9,500	

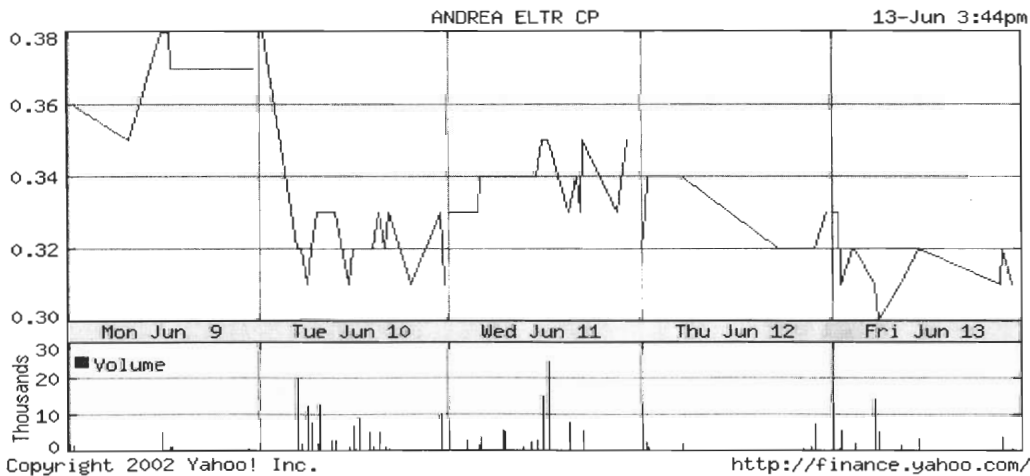
Week 3



I began this week with the goal of selling 38 cents and buying below 36 cents.

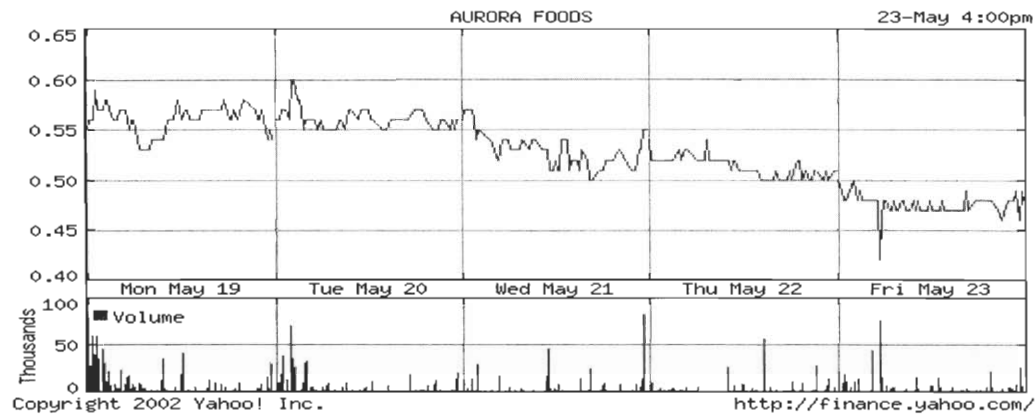
Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		25,000	0.38	9,500	
5-Jun	10,000		0.36		3,600
5-Jun	10,000		0.33		3,300
5-Jun	20,000		0.32		6,400

Week 4





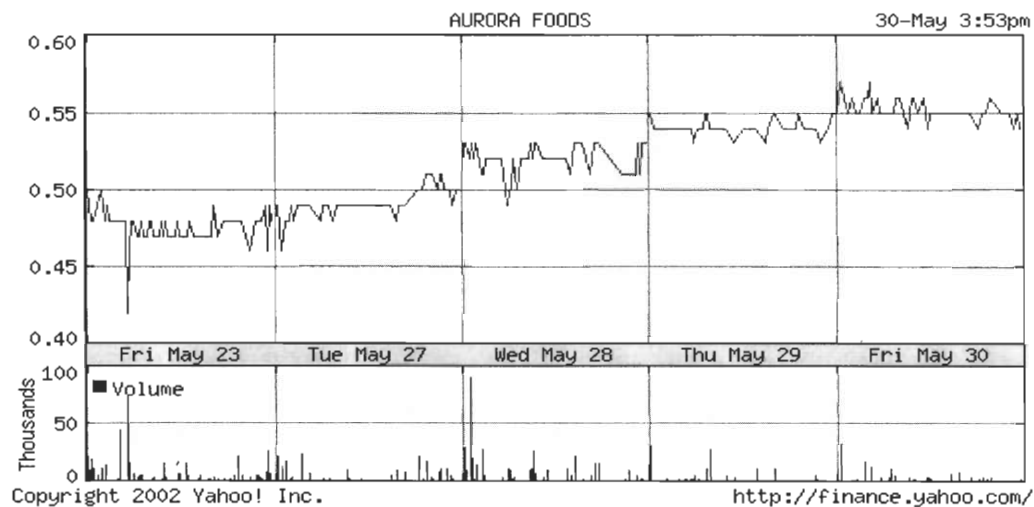
## Week 1



I began this week with the goal of selling above 56 cents and buying below 50 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
19-May		20,000	0.58	11600.00	
21-May	10,000		0.53		5,300
23-May	10,000		0.48		4,800

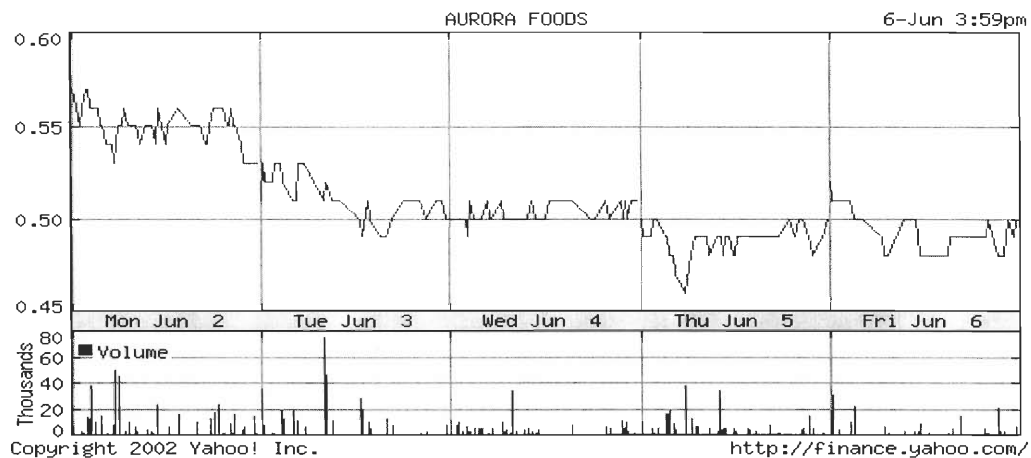
## Week 2



I began this week with the goal of selling above 52 cents and buying below 48 cents

Date	Amount Bought	Amount Sold	Price	Profit	Cost
26-May	5,000		0.46		2,300
28-May		10,000	0.53	5300.00	
29-May		10,000	0.54	5400.00	
30-May		20,000	0.55	11000	
30-May		10,000	0.56	5600	

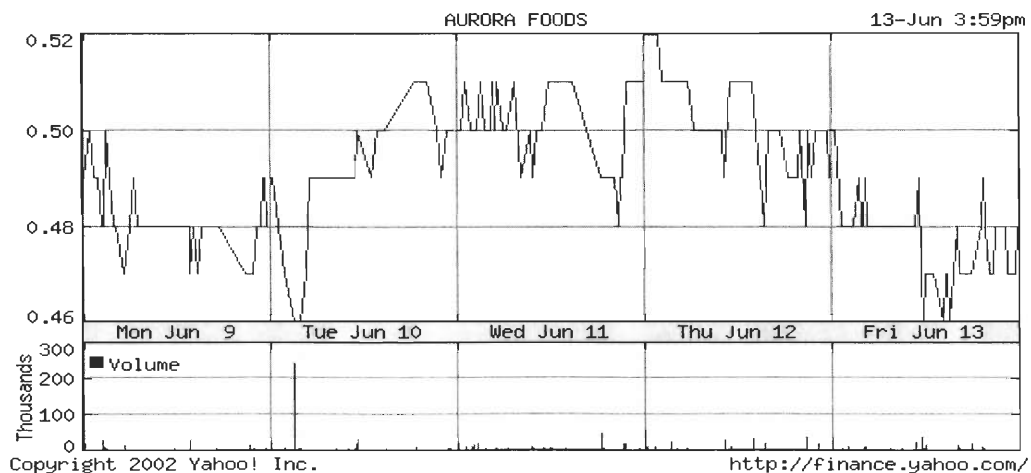
### Week 3



I began this week with the goal of selling above 55 cents and buying below 50 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		20,000	0.56	11200.00	
5-Jun	10,000		0.48		4800.00
6-Jun	10,000		0.48		4800.00

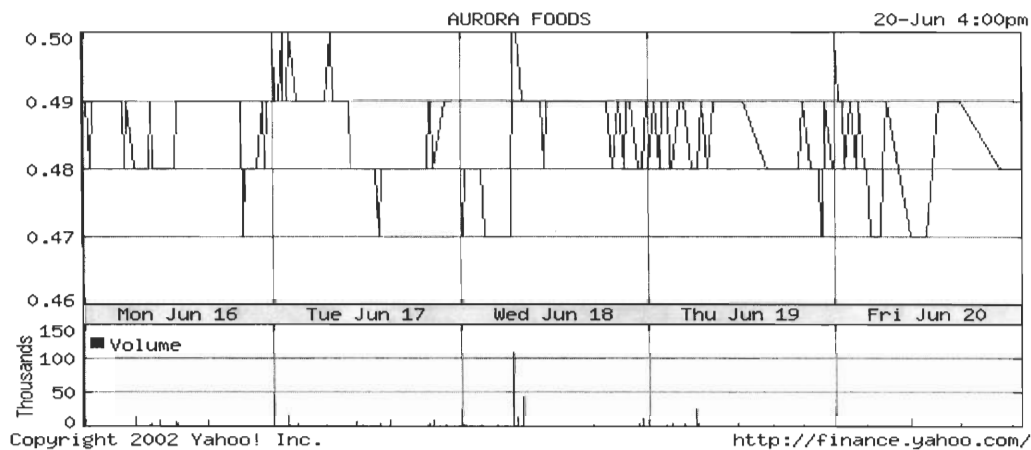
### Week 4



I began this week with the goal of selling above 50 cents and buying below 46 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
10-Jun		10000	0.51	5100	
11-Jun		10000	0.51	5100	
12-Jun		20000	0.51	10200	

### Week 5



I began this week with the goal of selling above 50 cents and buying below 46 cents.

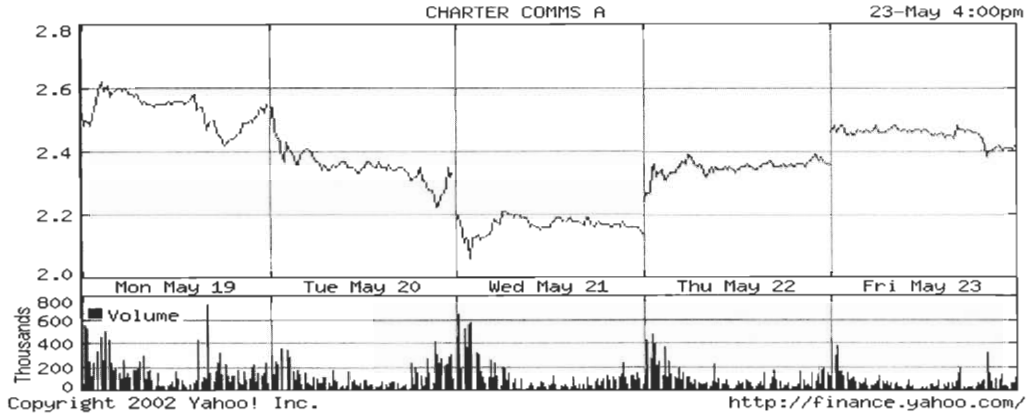
Date	Amount Bought	Amount Sold	Price	Profit	Cost
17-Jun		20,000	0.50	10000.00	
18-Jun		20,000	0.49	9800	
20-Jun		53,571	0.49	26249.79	

After all the buying and selling I ended up with \$94,549.79. I took a loss of \$5,705.21 including commission. I don't think I could have done much better since the stock dropped consistently over the five week period.

### 3.4c: Charter Communications

I began this simulation by investing \$100,000 which bought me 38,760 shares.

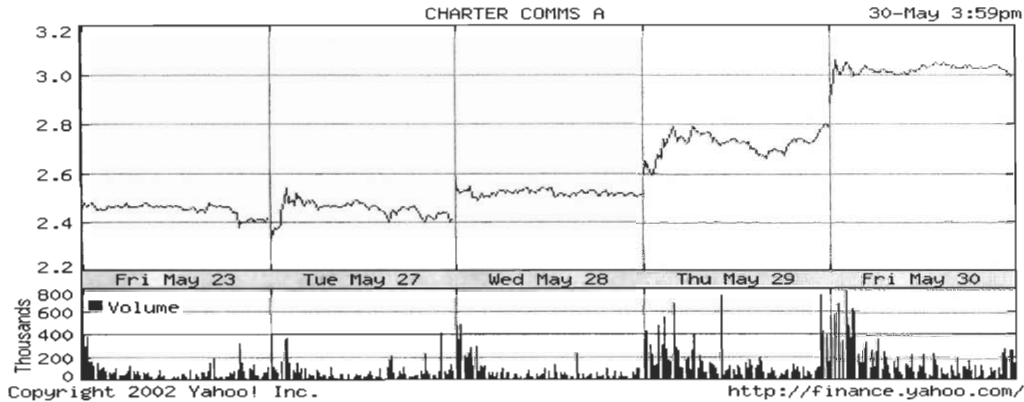
Week 1



I began the week with the goal of selling above \$2.58 and buying below \$2.40.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
19-May		5,000	2.60	13000.00	
20-May	5,000		2.25		11250

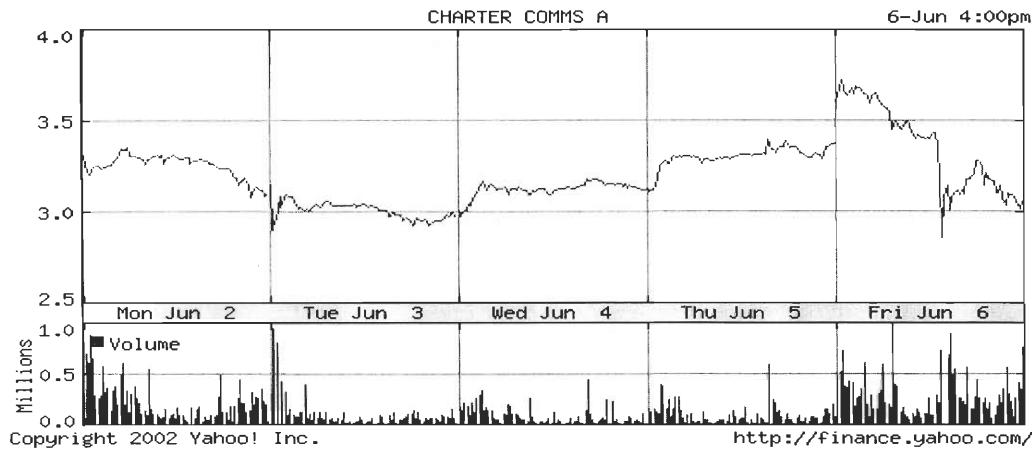
Week 2



I began this week with the goal of selling above \$2.60 and buying below \$2.40.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
29-May		5,000	2.65	13250	
29-May		5,000	2.72	13600	
30-May		5,000	2.91	14550	
30-May		5,000	3.00	15000	

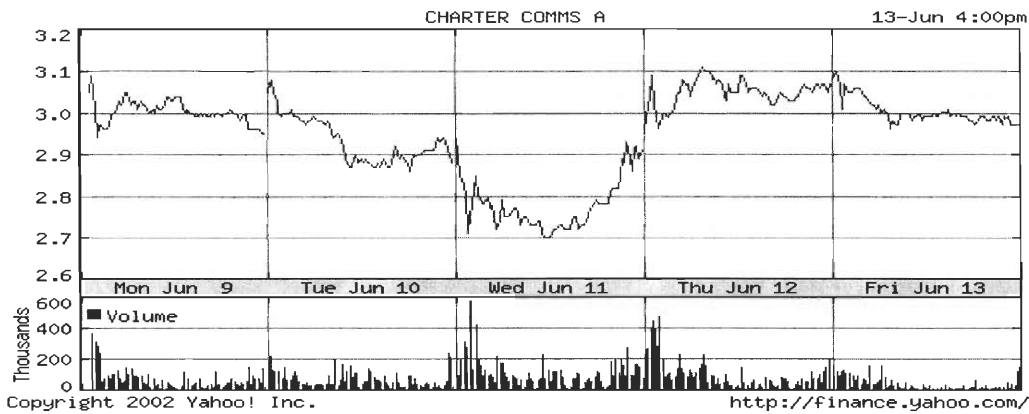
Week 3



I began this week with the goal of selling above \$3.00 and buying below \$2.90.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		5,000	3.20	16000	
3-Jun	2,500		2.90		7250
4-Jun		2,500	3.15	7875	
5-Jun		2,500	3.30	8250	
6-Jun		5000	3.55	17550	

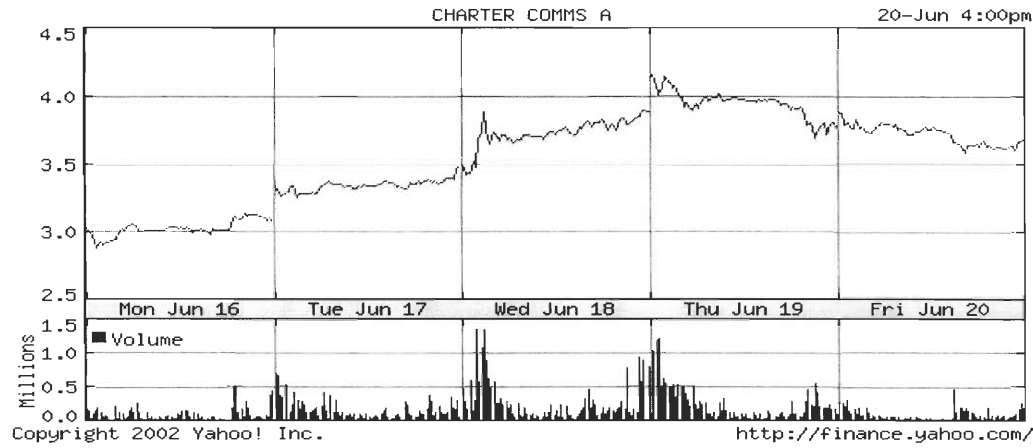
Week 4



I began this week with the goal of selling above \$3.10 and buying below \$2.90.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
11-Jun	2,500		2.80		7,000
11-Jun	2,500		2.75		6875
12-Jun		2,500	3.10	7750	

Week 5



I began this week with the goal of selling above \$3.10 and buying below \$3.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
16-Jun	2,500		2.95		7,375
16-Jun	2,500		3.00		7500
17-Jun		2,500	3.35	8375	
18-Jun		2500	3.70	9250	
19-Jun		2500	3.95	9875	
20-Jun		6260	3.65	22849	

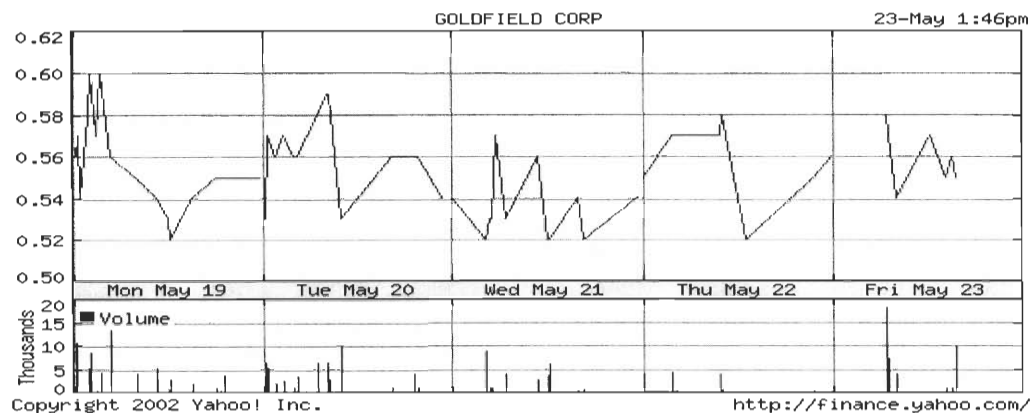
After all the buying and selling I ended up with \$129,924. That is a profit of \$29,624 after the commission is taken out. I feel I did a very good job trading this stock and it shows by a large profit.

3.4d: Goldfield Corporation

I began this simulation by invest \$100,000 which bought me 166,667 shares.



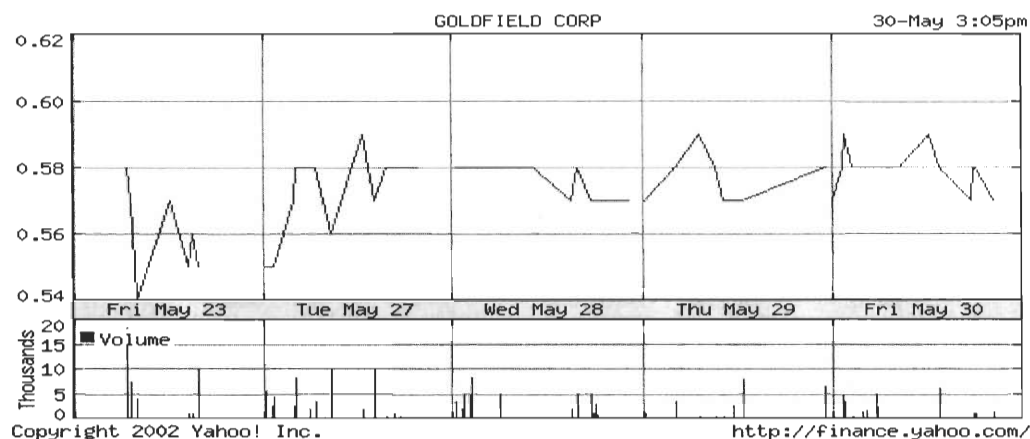
## Week 1



I began this week with the goal of selling above 60 cents and buying below 55 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
19-May	2,500		0.53		1,325
21-May	2,500		0.52		1300

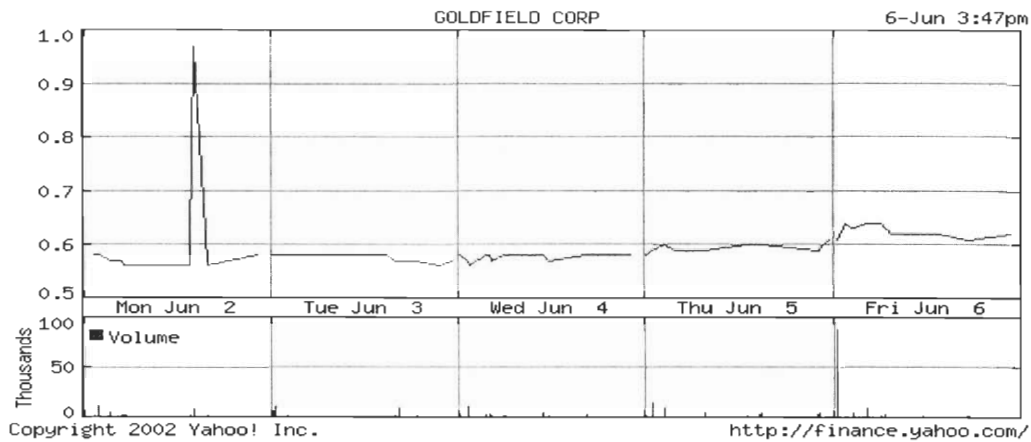
## Week 2



I began this week with the goal of selling above 56 cents and buying below 54 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
26-May		2,500	0.55	1375	
27-May		2,500	0.58	1450	
28-May		5,000	0.58	2900	
29-May		5,000	0.58	2900	

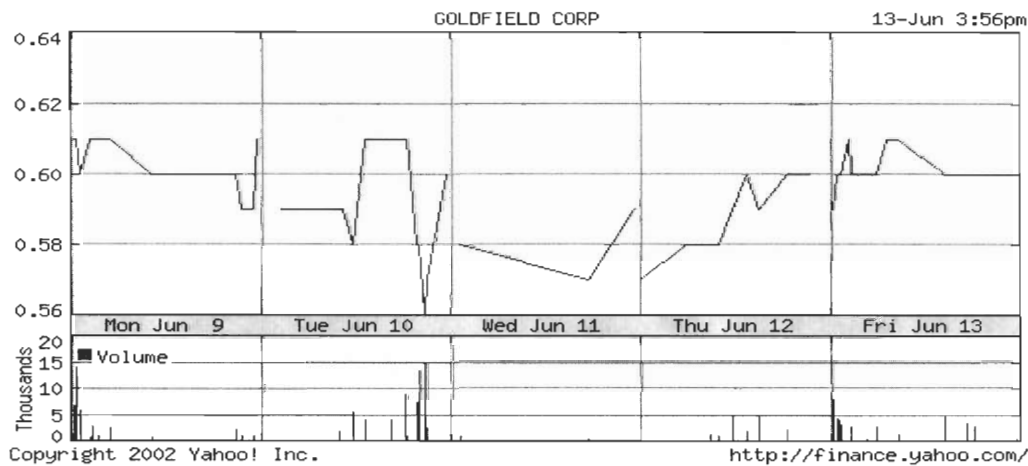
## Week 3



I began this week with the goal of selling above 58 cents and buying below 56 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		10,000	0.83	8300	
2-Jun		10,000	0.95	9500	
2-Jun		10,000	0.87	8700	
5-Jun		5,000	0.60	3000	
6-Jun		10000	0.64	6400	

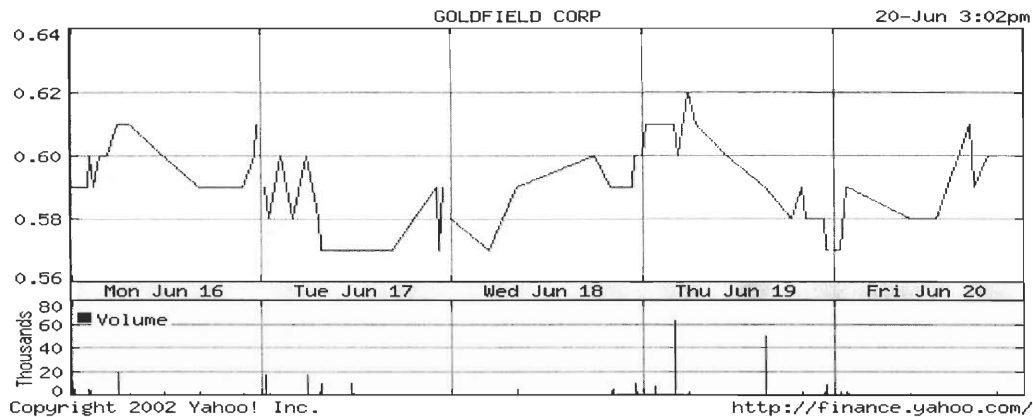
#### Week 4



I began this week with the goal of selling above 60 cents and buying below 56 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
9-Jun		5000	0.61	3050	
10-Jun		5000	0.61	3050	
12-Jun		5000	0.60	3000	
13-Jun		5000	0.60	3000	

## Week 5



I began this week with the goal of selling above 60 cents and buying below 56 cents.

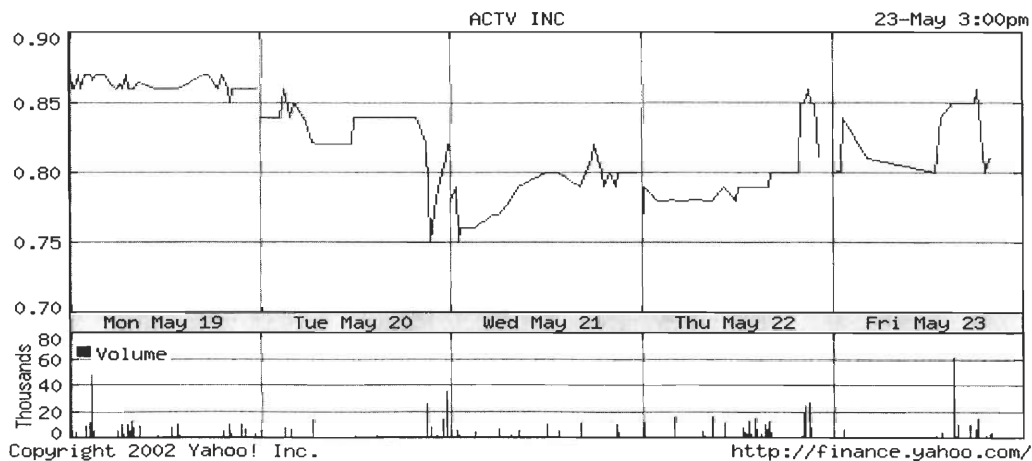
Date	Amount Bought	Amount Sold	Price	Profit	Cost
16-Jun		10,000	0.61	6100	
19-Jun		20,000	0.61	12200	
20-Jun		61,667	0.60	37000.20	

After all the buying and selling I ended up with \$109,300.20. That is a profit of \$9,030.2 after taking out the commission. I feel I did well trading this stock since it really did fluctuate all that much over the five week period.

## 3.4e: ACTV Inc.

I began this simulation by investing \$100,000, which bought me 114,943 shares.

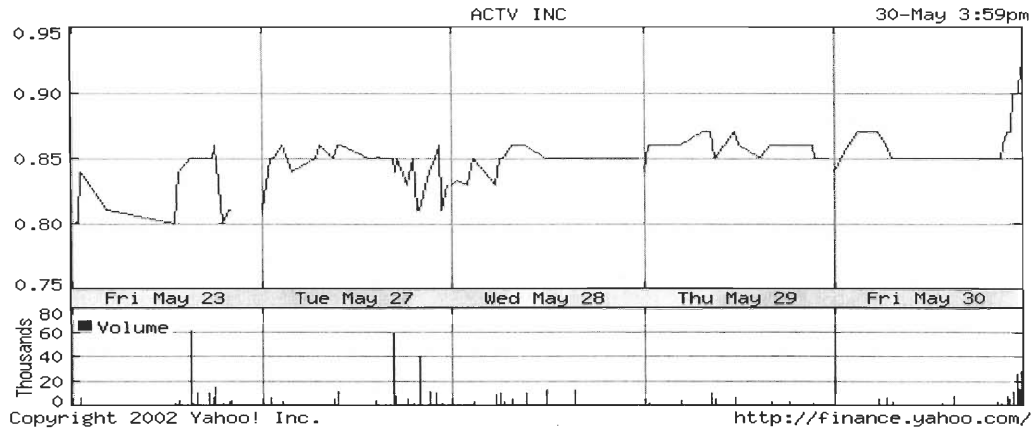
### Week 1



I began this week with the goal of selling above 87 cents, and buying below 80 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
20-May	5,000		0.80		8,000
21-May	5,000		0.77		3850

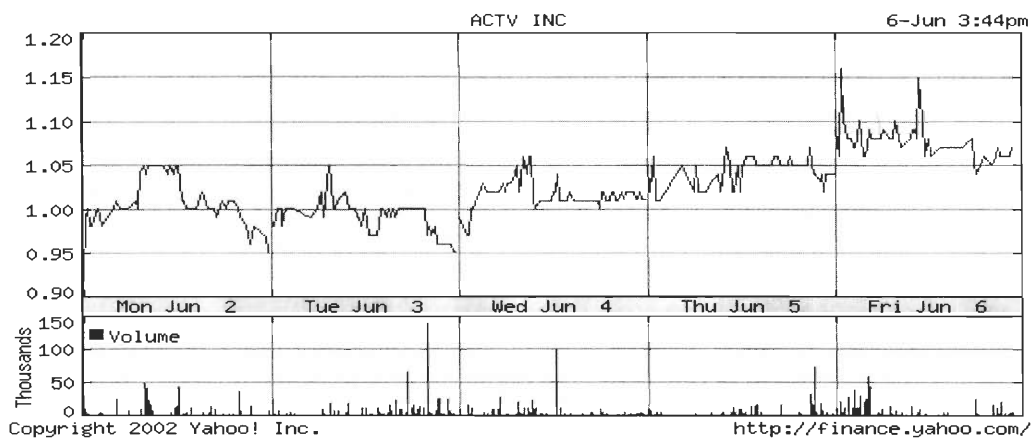
### Week 2



I began this week with the goal of selling above 85 cents, and buying below 80 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
26-May		5000	0.85	4250	
28-May		5000	0.86	4300	
29-May		5000	0.86	4300	
30-May		10000	0.90	9000	

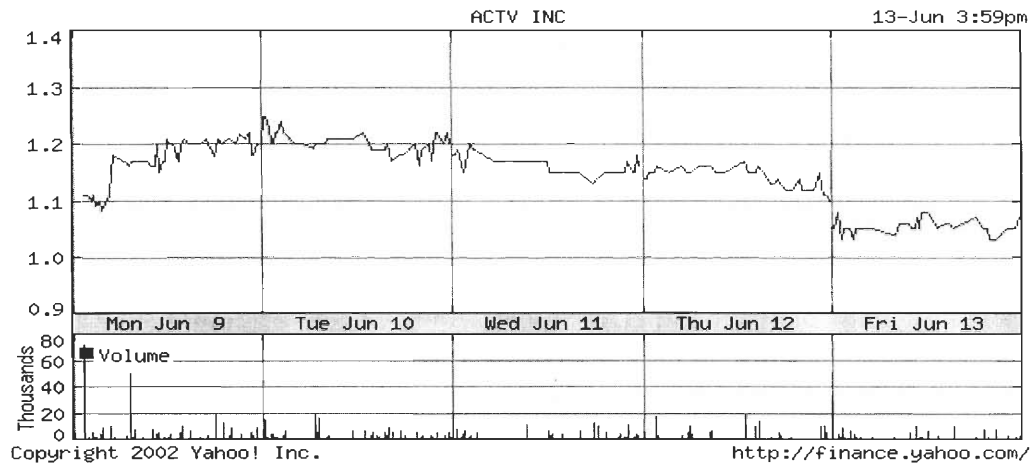
### Week 3



I began this week with the goal of selling above 90 cents, and buying below 85 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		10,000	1.03	10300	
3-Jun		10,000	1.01	10100	
4-Jun		10,000	1.04	10400	
5-Jun		10,000	1.05	10500	
6-Jun		10,000	1.07	10700	

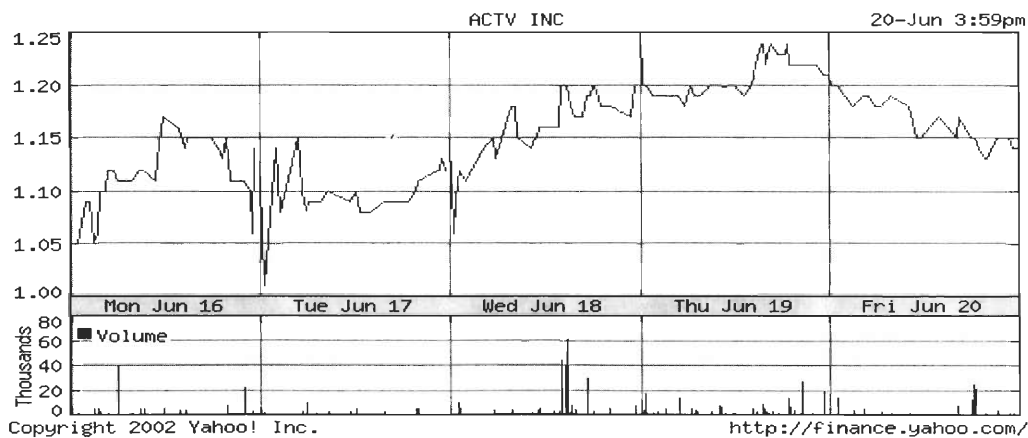
### Week 4



I began this week with the goals of selling above \$1.10, and buying below \$1.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
9-Jun		10000	1.21	12100	
10-Jun		10000	1.20	12000	
11-Jun		5000	1.17	5850	
13-Jun	10000		1.15		11500

### Week 5



I began this week with the goals of selling above \$1.15, and buying below \$1.05.

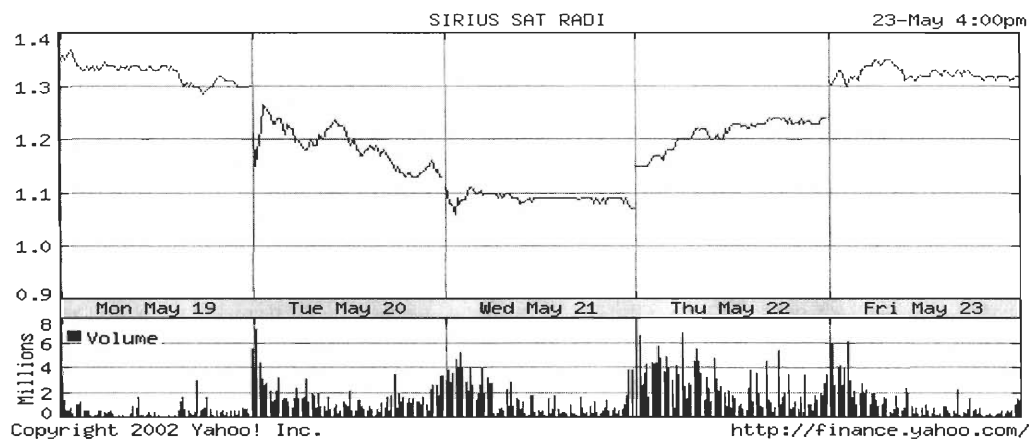
Date	Amount Bought	Amount Sold	Price	Profit	Cost
16-Jun	10,000		1.05		10,500
17-Jun	5,000		1.02		5100
18-Jun		10,000	1.18	11800	
19-Jun		20,000	1.23	24600	
20-Jun		19,943	1.14	22,735.02	

After all the buying and selling, I ended up with \$113,365.02. This is a profit of \$13,065.02 after taking out the commission fees. I feel I did a good job trading this stock since I earned a large profit.

### 3.4f: Sirius Satellite Radio Inc.

I began this simulation by investing \$100,000, which bought me 74,627 shares. I began trading from there.

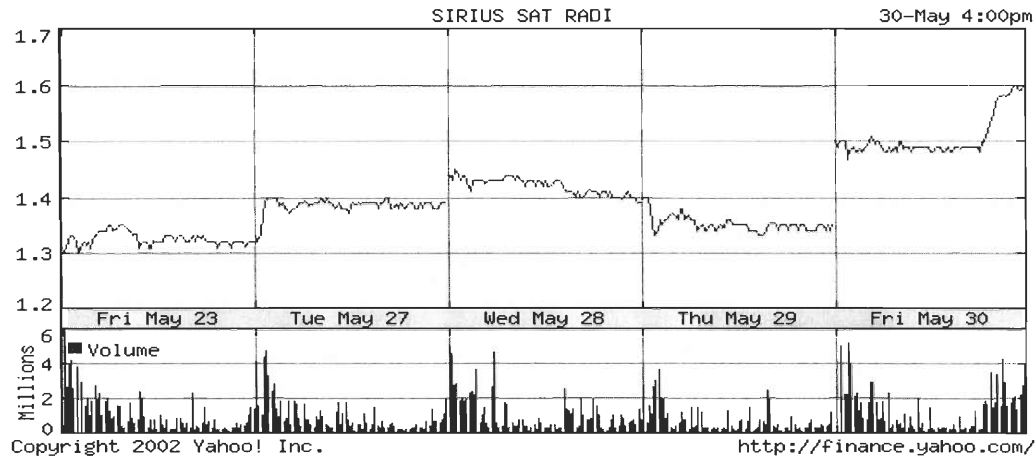
#### Week 1



I began this week with the goals of selling above \$1.34, and buying below \$1.25.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
20-May	5,000		1.14		5,700
21-May	5,000		1.09		5450

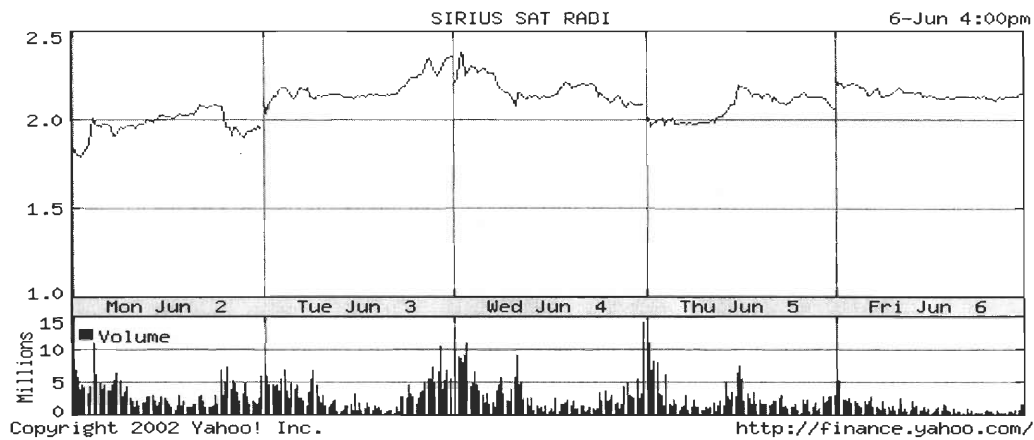
Week 2



I began this week with the goals of selling above \$1.32, and buying below \$1.15.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
27-May		5,000	1.38	6900	
28-May		10,000	1.42	14200	
30-May		10,000	1.51	15100	

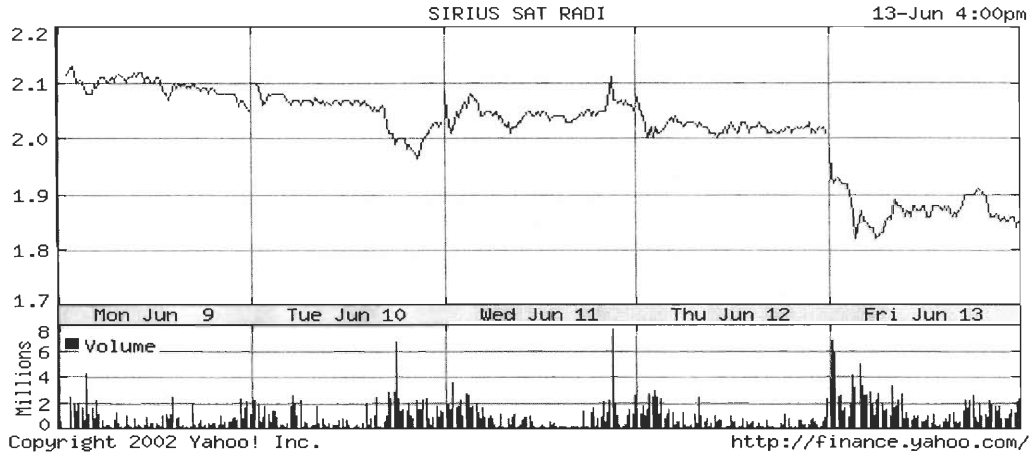
Week 3



I began this week with the goals of selling above \$1.50, and buying below \$1.40.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		5000	2.00	10000	
3-Jun		10000	2.20	22000	
4-Jun		10000	2.24	24000	
6-Jun		10000	2.21	21000	

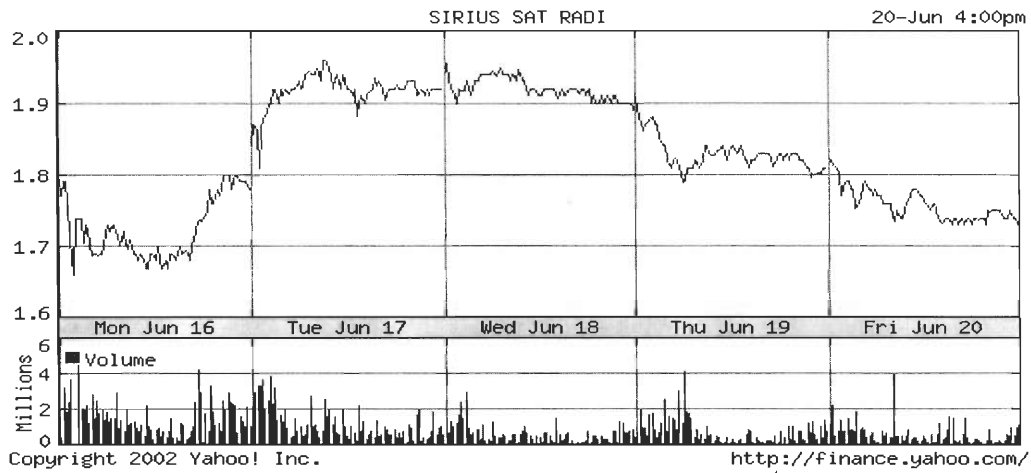
Week 4



I began this week with the goals of selling above \$2.10, and buying below \$2.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
9-Jun		10,000	2.11	21100	
13-Jun	10,000		1.86	18600	

Week 5



I began this week with the goals of selling above \$1.90 and buying below \$1.80.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
16-Jun	5,000		1.71		8,550
17-Jun		10,000	1.94	19400	
18-Jun		5,000	1.92	9600	
20-Jun		4,627	1.74	8050.98	

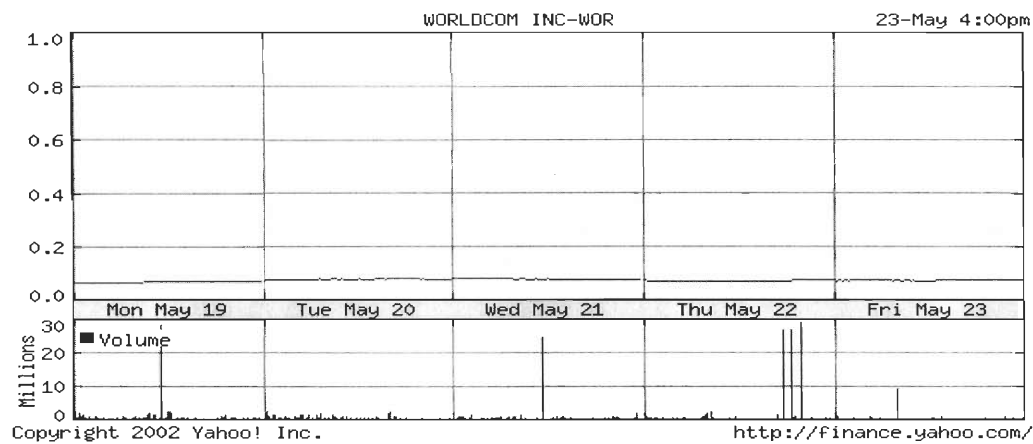


After all the buying and selling I ended up with \$133,050.98. That is a profit of \$32,825.98 after the commission fees are taken out. I feel I did a very good job trading this stock and it shows from the large profit I earned.

### 3.4g: WorldCom

I started this simulation by investing \$100,000 which bought me 1,550,387 shares. I began trading from there.

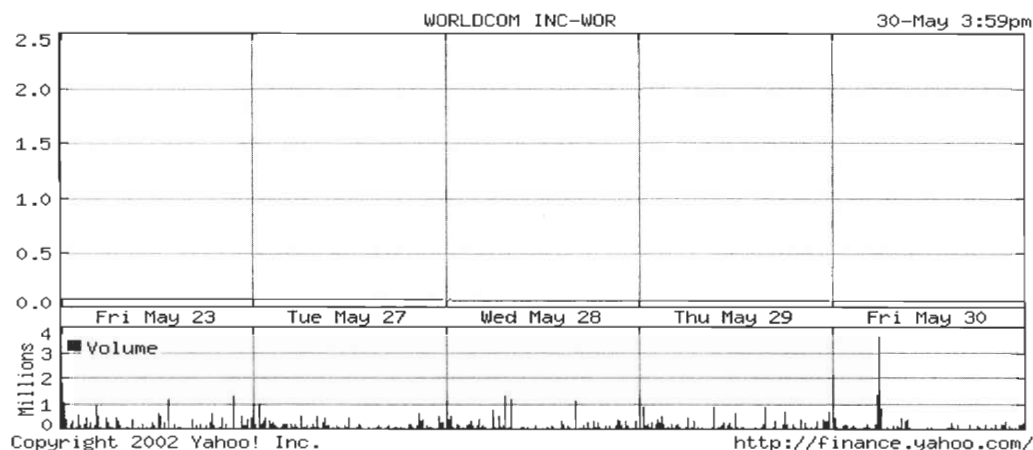
#### Week 1



I began this week with the goals of selling above 6 cents, and buying below 4 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
19-May		20,000	0.075	1500	
20-May		30,000	0.085	2550	
21-May		50,000	0.091	4550	
23-May		30,000	0.087	2610	

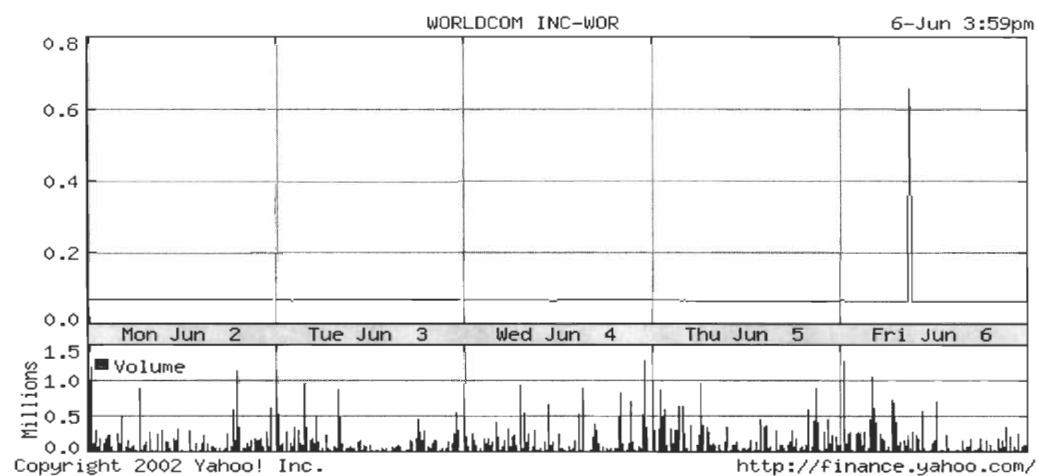
## Week 2



I began this week with the goals of selling above 8 cents, and selling below 7 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
27-May		50000	0.09	4500	
29-May		30000	0.085	2550	

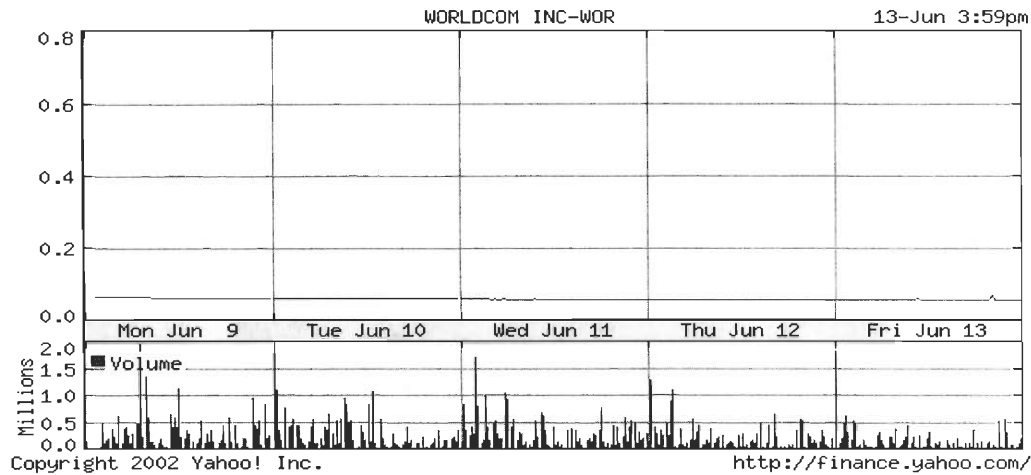
## Week 3



I began this week with the goals of selling above 7 cents, and buying below 6 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
3-Jun		20,000	0.075	1500	
5-Jun		20,000	0.075	1500	
6-Jun		500,000	0.580	290000	
6-Jun		500,000	0.620	310000	

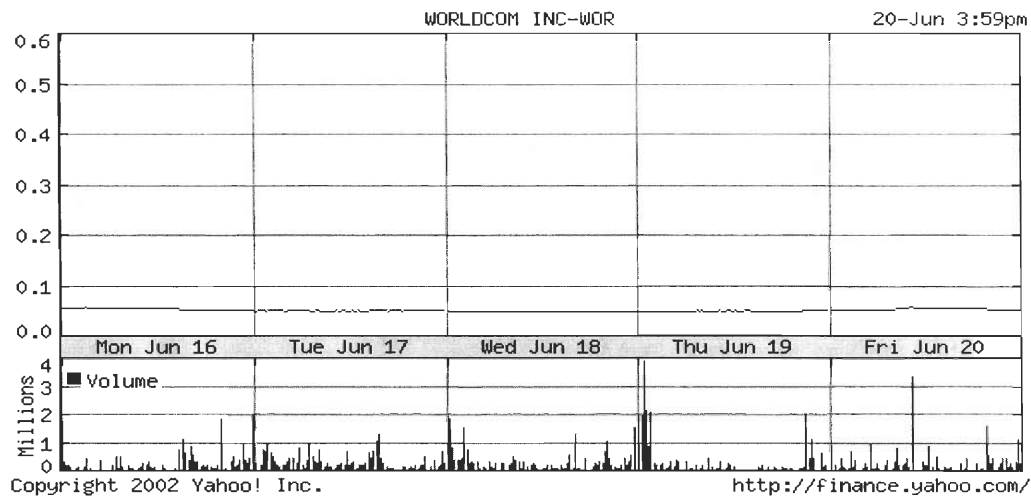
## Week 4



I began this week with the goals of selling above 6 cents, and buying below 5 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
10-Jun		20,000	0.065	1300	
13-Jun		30,000	0.07	2100	

## Week 5



I began this week with the goals of selling above 6 cents, and buying below 5 cents.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
16-Jun		50,000	0.065	3250	
18-Jun		50,000	0.050	2500	
20-Jun		150,387	0.055	8271.285	

After all the buying and selling I ended up with \$638,681.285. That is a profit of \$538,456.285 with the commission fees taken out. I made a huge profit with this stock from the one day it shot up to almost 70 cents. The fact of the matter is that I would not be able to make nearly as much profit as I did. I used a \$15 commission for each transaction when in reality if you bought a stock whose value was that low, you would make next to nothing after commission or you may even owe the brokerage money.

## Chapter 4: Day Trading

### 4.1: What is Day Trading?

There are many different trading strategies and it seems that each investor swears by one or another. There are also many different types of stocks to trade. They can be separated by different industries, by value, and by volatility. I have already described Penny Stock trading and I used that type of stock for my first trading simulation. My second simulation involves a strategy called Day Trading.

Day Trading is a time consuming trading strategy. This strategy has been popular in the last few years with the emergence of online trading. Day trading is when an investor buys and sells volatile stocks very aggressively. There were many individuals who made this a career for a year or so and some made large amounts of money while others lost just as much. To get started in Day Trading, you must have a fairly large amount of money to begin. To Day Trade, an investor must buy large amounts of stock and trade them after the stock goes up a little and then repeat. If you trade right, you can make large amounts of money in a short period of time but you can also lose a lot of money at the same time.

The disadvantage of Day Trading is the extreme risk that is involved. There were many cases in the past years where investors used their life savings to Day Trade and lost it all. This caused a few extreme Day Traders to commit murders, assaults, suicides and other various crimes. There is a high risk in the process. An investor must buy enough shares to ensure a profit. An investor must also buy a stock that has a high enough value so that the commission won't cancel out the profit. Even though there are a lot of risks to

Day Trading, there is a large profit to make when an investor does enough research and invests intelligently.

#### 4.2: Day Trading Strategies

I have discussed many different types of stocks and strategies and I spoke about the strategies I used for Penny Stock trading. In Day Trading I again used a combination of a few different strategies to maximize my profit and reduce the risk of losing a lot of money. I again set myself reasonable goals so that I could trade aggressively, but not too aggressively.

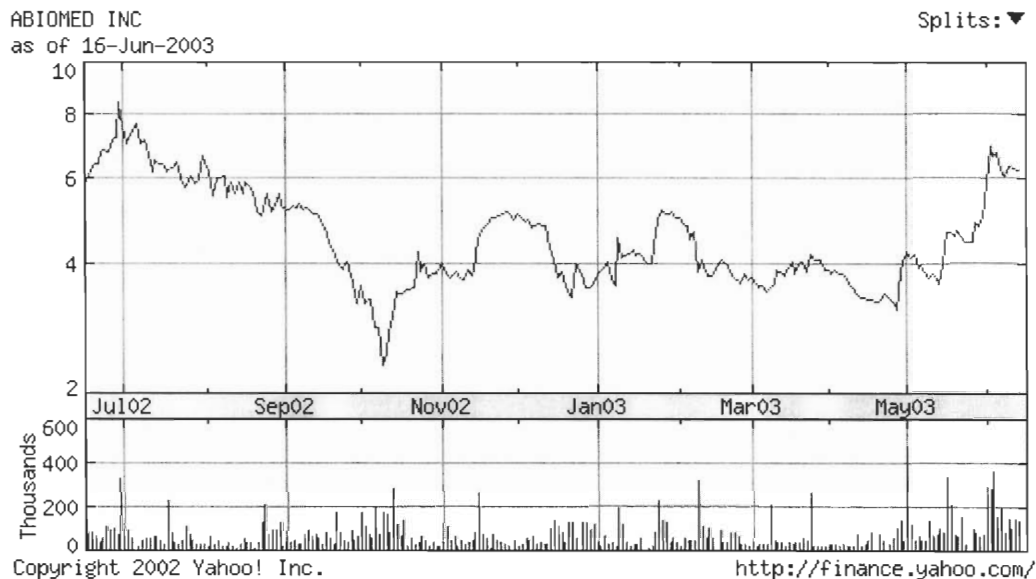
First I used the channel trading strategy. Using this strategy, an investor looks at the graphs of a stock for the previous day, week, or month, whichever they feel is best. Then the investor sets an upper bound and lower bound and essentially creates a channel within the graph. The upper bound is the minimum value at which the investor is willing to sell the stock and the lower bound is the maximum value at which they are willing to buy the stock. The channel can move up and down or have an upward or downward slope depending on how the stock is behaving.

Every week I looked at the graph of each stock for the previous week. From there I set my channel and tried my best to buy and sell at those given values. I did not trade much inside my channel since I did not have many shares to work with. I set my values conservatively because that is my nature and I wanted to play it safe and make some money. I also tried to make about three transactions per week for each stock since I had fewer shares to work with than during my Penny Stock simulation, but some weeks were slower than others. I hope to make a fair amount of money and lose very little and on the last day I will try to sell the rest of my stock at the highest price of that day.

### 4.3: Stocks Chosen

I chose seven different stocks for my Day Trading simulation. I tried hard to diversify my portfolio so as not to lose a lot of money all at once if an industry began to lose value. I chose risky stocks so that I had activity to work with. All of the stocks fluctuated in value at least twelve percent in the month before I traded them.

### 4.3a: Abiomed Inc.



Abiomed is a developer, manufacturer and marketer of unique medical products. It is a Massachusetts based company that was founded in 1981. It is an up and coming company who has recently taking huge steps in the medical world.

Abiomed develops and sells heart replacement and machines that aid the heart and its functions. The BVS 5000 is one of their greatest inventions. This machine is used to aid patients with weak hearts during recover periods. The Bi-ventricle support system (BVS) helps pump the heart while the patient recovers. Another great medical advance by Abiomed is the heart replacement. They currently are working on AbioCor, which is a full heart replacement powered by batteries and the Penn State heart. The Penn State heart is a smaller device that is used to help heart failure patients but is not a full replacement. The technology of the AbioCor heart was first put to the test in July of 2001 when it was implanted in the first human patient. This was the first time that a



human heart was completely replaced by an artificial one. The patient died in November of 2001 but not from causes related from the AbioCor artificial heart.

Abiomed is run by David Lederman, Ph.D. (Chairman, President, CEO), Charles Haaser (CFO), Eugene Rabe (Senior VP), William Bolt (Senior VP), and Robert T. Kung, Ph.D. (Senior VP, CSO). I chose this stock for my Day Trading simulation because it was fairly volatile in the months before I began trading it. It fluctuated as much as fourteen percent in a given day. Another reason I chose this stock was because it was a Massachusetts based company and I wanted to diversify my portfolio with a medical company.

### 4.3b: Archer-Daniels-Midland Company



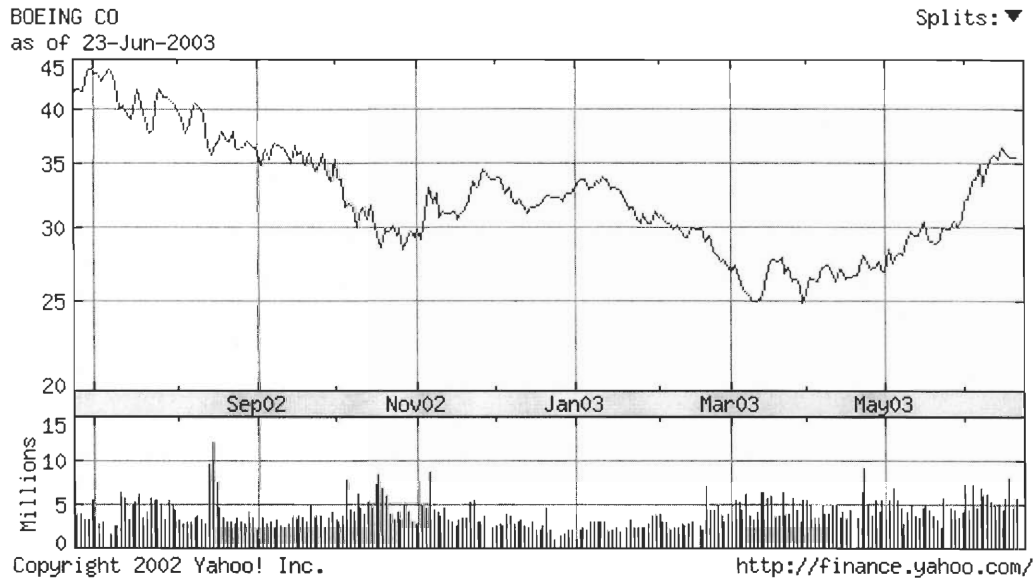
Archer-Daniels-Midland Company procures, transports, stores, processes and advertises agricultural commodities and products. They were founded in 1902 by George P. Archer and John W. Daniels. The company has expanded greatly and has become a major player in the agricultural business world.

Archer-Daniels-Midland started as a linseed crushing business in 1902. It was called Archer-Daniels until 1923 when they acquired the Midland Linseed Products Company and the existing company name was born. Today the company's operations are split into four different segments. The first is the oilseed processing segment which does exactly what its title suggests. The second is the corn processing segment. This segment includes many different corn processing methods including dry milling and wet milling. The third segment is the wheat processing segment. This segment includes the many wheat processing methods as well as the process of making wheat products such as flour. The fourth and final segment is agricultural services which buys, stores, cleans, and

transports the agricultural commodities. They also have another segment that they do not include which produces soy and protein products.

Archer-Daniels-Midland Company is run by G. Allen Andreas (Chairman, CEO), Paul Molhollem (President, COO), Douglas Schmalz (CFO, Senior VP), David Smith (Executive VP, General Counsel), and Lewis Batchelder (Senior VP). I chose this stock for my Day Trading simulation because it was fairly volatile in the months before I began trading it. It fluctuated as much as twelve percent in a given day. I also chose it because I wanted to diversify my portfolio with a agricultural company.

### 4.3c: Boeing Company

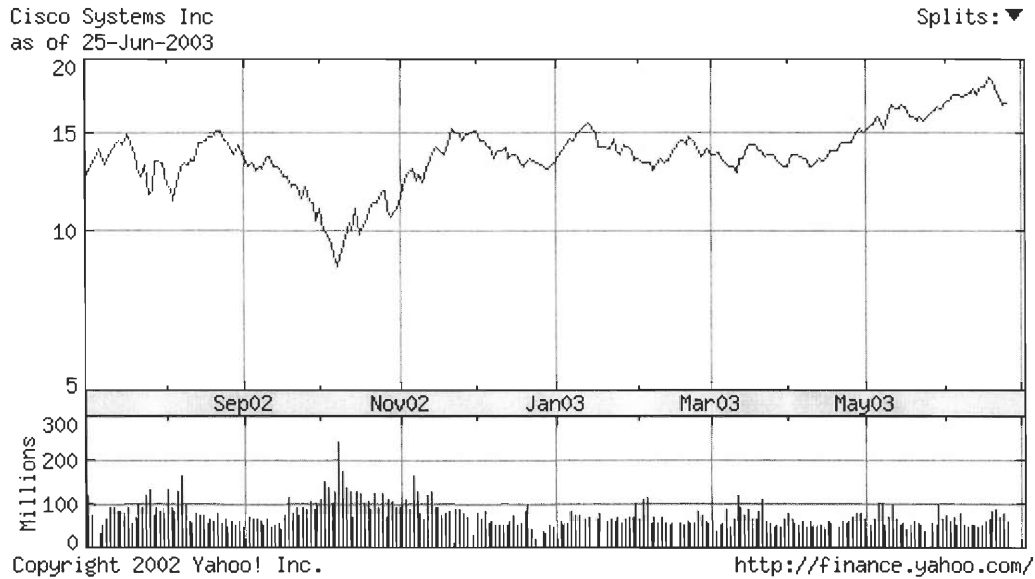


The Boeing Company produces aircraft for many different applications. It was started in 1916. They provide aircraft for both military and commercial use. They also build aircraft for personal use.

The Boeing Company operates in four different segments. The first segment is the commercial airplane segment. They provide aircraft to many commercial airlines like Delta, American Airlines, and United Airlines and also provide support services. The second segment is the military aircraft and missile systems. This segment researches, develops, produces, modifies, and supports their military aircraft. The third segment is the space and communications segment. This segment involves research, development, production, modification, and support of their space systems, missile defense systems, satellites and their launching vehicles, rocket management, and battle management. The last segment is the BCC, or the Boeing Capital Corporation. This segment engages in the financing of commercial and private aircraft and other commercial equipment.

Boeing Company is run by Philip Condit (Chairman, CEO), Michael Sears (CFO, Executive VP), Laurette Koellner (Executive VP, Chief People and Administrative Officer), David Swain (Executive VP, CTO), and James Albaugh (Executive VP, President and CEO of Integrated Defense Systems). This stock is rated risky and the month before I traded it, it fluctuated up to sixteen percent in a given day. I felt this was a good stock for my Day Trading simulation because it was volatile and because it helps diversify my portfolio with an aviation company.

### 4.3d: Cisco Systems, Inc.



Cisco Systems, Inc. was founded in 1984 by a group of computer scientists, and manufactures and sells networking and communications products. It also provides services and support for the products it produces. They connect large businesses, college campuses and even buildings with their many different products and services.

Cisco Systems, Inc. provides many different goods and services around the world. They are found in every size communications system ranging from large corporations, public institutions, and telecommunication companies to small, start up businesses. They provide a broad range of products. They have products for transporting data, voice, and video from office to office or worldwide. They sell networks that are scalable, which means they can grow or shrink easily, and this covers a range of customer needs. They have products and services that allow companies to build their own networks so that they can communicate with their customers, partners, suppliers, and employees. They also

create products for computer communication so that large or small computer networks can communicate, send, and receive data quickly and easily.

Cisco Systems, Inc. is run by John Morgridge (Chairman), John Chambers (President, CEO), Donald Valentine (Vice Chairman), Dennis Powell (CFO), and Richard Justice (Senior VP of Worldwide Field Operations. This stock is rated risky and a month before I began my trading, its value fluctuated up to fourteen percent within a given day. I felt this stock would be good for my Day Trading simulation since it was volatile and I wanted to diversify my portfolio with a telecommunications company.

### 4.3e: EMC Corporation



EMC Corporation was founded in 1979 and designs, manufactures and supports networked storage platforms. They provide large and small companies products and services to store and manage the huge amounts of data they produce. They have many different types of products to serve the needs of any size corporation.

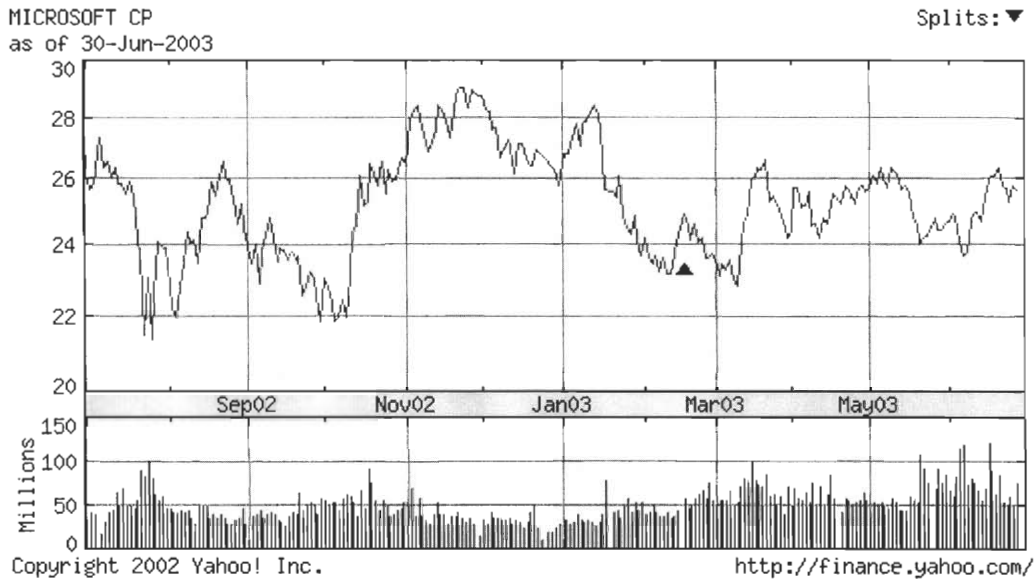
EMC Corporation designs, manufactures, and supports networked storage platforms and also provides software and support to manage their systems. Their products are designed to enable companies of all sizes to manage, protect, and share information in the most efficient and cost-effective manner. They provide these services in many ways. They provide storage area networks (SAN), network attached storage (NAS), and content addressed storage (CAS) and also provide direct attached storage environments. This allows their costumers to manage many different types of data including transactional and file based data. EMC operates in two segments. The first is the information storage products, which is in charge of creating the products and



software. The second is the information storage services, which supports the products and software they provide.

EMC Corporation is run by Michael Ruettgers (Executive Chairman), Joseph Tucci (President, CEO, Director), William Teuber, Jr. (CFO, Executive VP), David Goulden (Executive VP of Global Marketing and Business Development), and David Donatelli (Executive VP of Storage Platform Operations). This stock is rated risky since it dropped greatly in the recent past and the month before I traded it, the value fluctuated up to eighteen percent. I chose this stock because it was volatile and I wanted to diversify my portfolio with a technology company.

## 4.3f: Microsoft Corporation



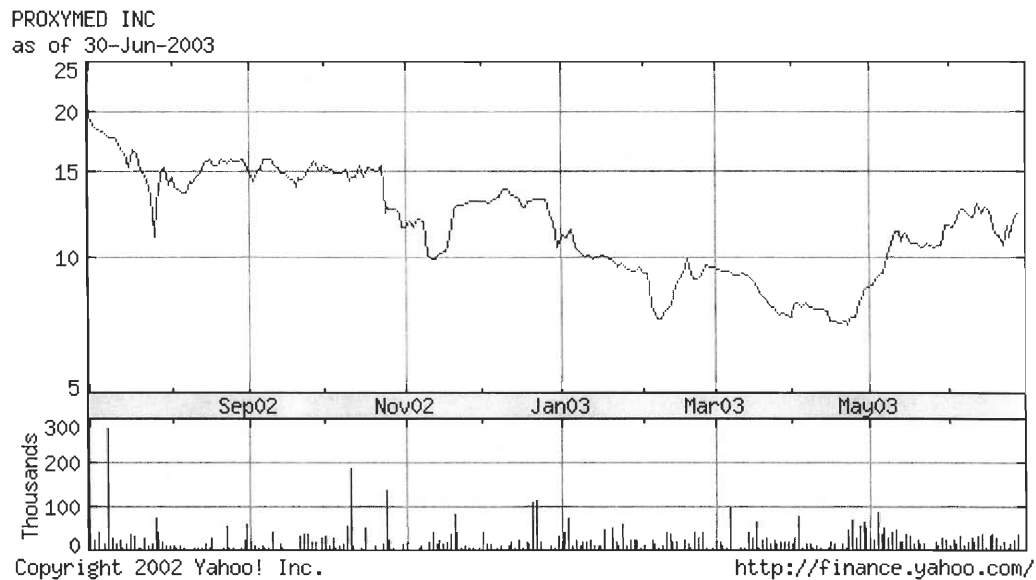
Microsoft Corporation was founded in 1975 by William Gates, III. He created a computer with a partner and advertised it for sale in the Popular Electronics magazine. Microsoft Corporation now develops, manufactures, licenses, and supports many different software products for a wide range of needs.

Microsoft Corporation develops, manufactures, licenses, and supports a wide range of software products for a multitude of computing devices. One of their products is a scalable computer operating system called “Windows”. This operating system is designed for servers, personal computers, and intelligent devices. They use the operating system for client/server applications, information productivity applications, business solution applications, and software development tools. On June 30, 2002 Microsoft Corporation made a big jump by releasing a video game system called the Xbox. They also have a hand in the internet business. They market products, services and alliances

with companies involved with broadband access and various forms of digital interactivity.

Microsoft Corporation is run by William Gates, III (Chairman, Chief Software Architect), Steven Ballmer (CEO, Director), John Conners (CFO, Senior VP), Craig Mundie (Senior VP, CTO, Advanced Strategies and Policy), and David Vaskevitch (Senior VP, CTO, Business Platform). I felt this stock was good for my Day Trading simulation because it was rated slightly risky and the month before I traded it, the value fluctuated up to fourteen percent in a given day. I also chose this stock because it is a very reputable company which I like and because I wanted to diversify my portfolio with a software company.

### 4.3g: ProxyMed, Inc.



ProxyMed, Inc. is an electronic healthcare transaction processing services company. It was founded in 1989 and provides services that connect doctors and hospitals with many different other medical offices. These services are used around the United States.

ProxyMed, Inc. provides value-added products to physician offices, payers, medical laboratories, pharmacies and other healthcare institutions. They maintain an open electronic network for electronic transactions. They do this with no equity ownership in businesses engaged in the front-end or the back-end. The front-end is physician practice management software system vendors and other physician desk top vendors. The back-end is payers, laboratories and pharmacies. They also provide automated financial, clinical, and administrative transaction services primarily between small physician offices and payers, clinical laboratories and pharmacies.

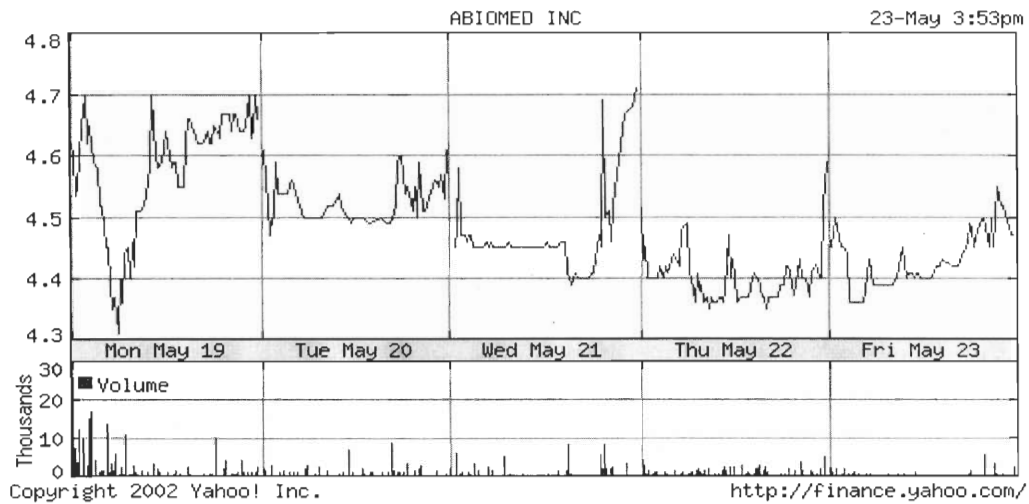
ProxyMed, Inc. is run by Michael Hoover (Chairman, CEO), Nancy Ham (President, COO), Judson Schmid (CFO, Executive VP, Treasurer), John Guinan (Executive VP of Prescription Services), and Lonnie Hardin (Senior VP of Payer Services). I felt this stock was good for my Day Trading simulation since it was rated risky and in the month before I traded it, the value fluctuated up to sixteen percent. I also chose this stock to diversify my portfolio with a medical stock.

## 4.4: Simulation Results

### 4.4a: Abiomed Inc.

I began this simulation by investing \$100,000 in this stock which bought 21,739 shares. I began trading from there.

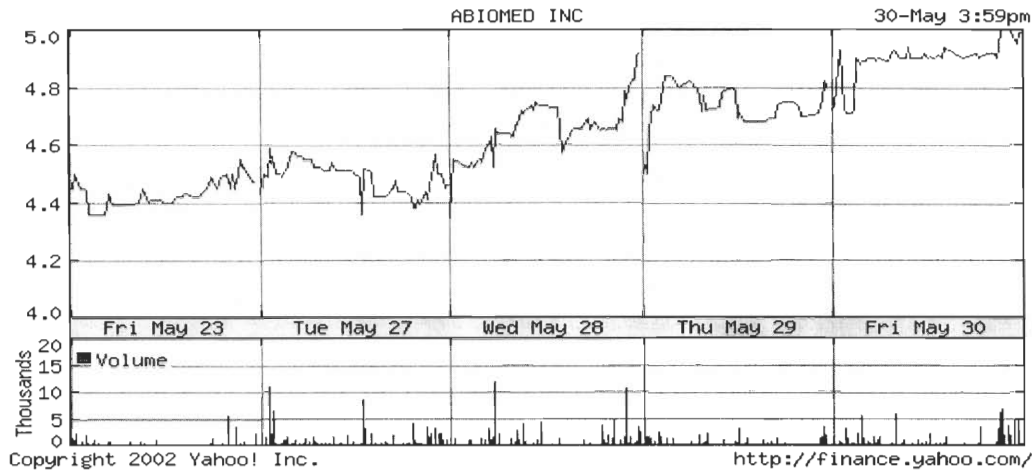
#### Week 1



I began the week with the goals of selling above \$4.65 and buying below \$4.40.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
19-May		2000	4.70	9400	
22-May	1000		4.38		4380

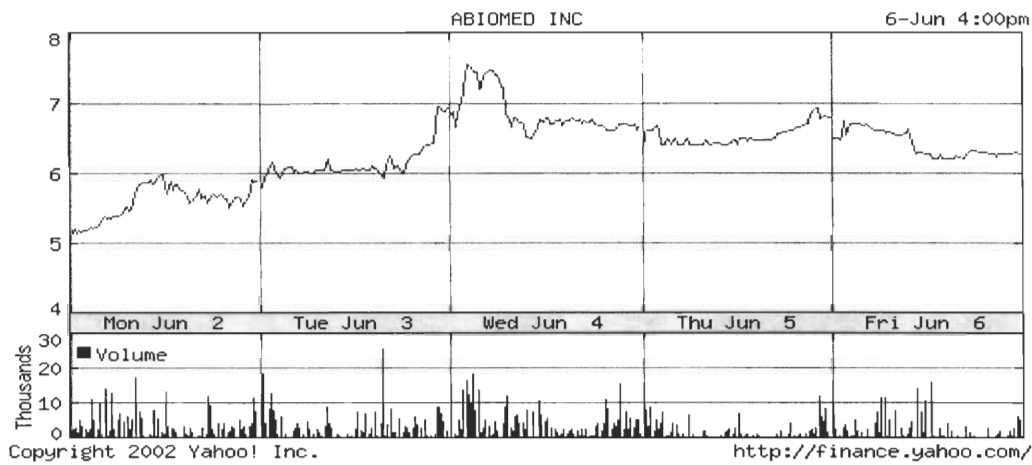
Week 2



I began this week with the goals of selling above \$4.60 and buying below \$4.40.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
28-May		1000	4.76	4760	
29-May		1000	4.81	4810	
30-May		2000	4.91	9820	

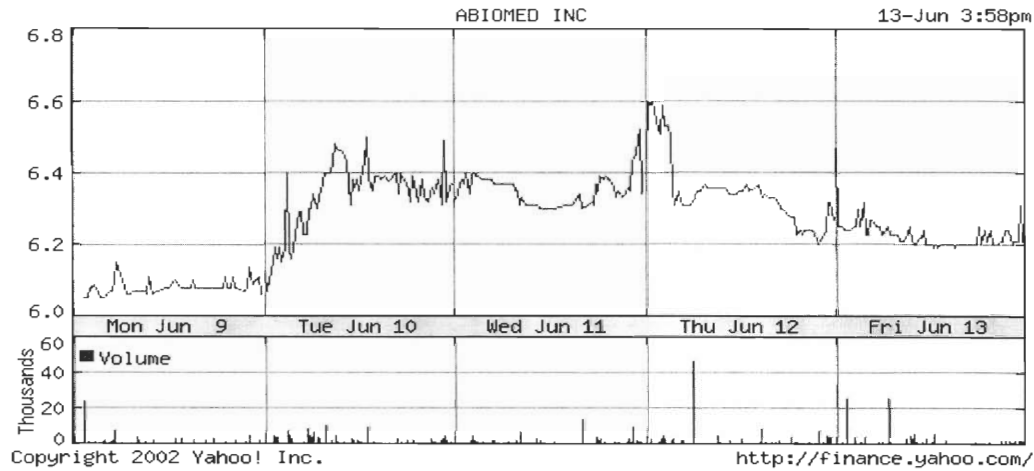
Week 3



I began this week with goals of selling above \$4.95 and buying below \$4.80.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		2000	5.72	11440	
3-Jun		2000	6.00	12000	
4-Jun		2000	6.94	13880	
6-Jun		1000	6.23	6230	

## Week 4



I began this week with the goals of selling above \$6.00 and buying below \$5.80.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
10-Jun		2000	6.42	12840	
11-Jun		1000	6.31	6310	
12-Jun		1000	6.36	6360	

## Week 5

I began this week with the goals of selling above \$6.20 and buying below \$6.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
17-Jun		2000	5.68	11360	
18-Jun		1000	5.54	5540	
20-Jun		2739	5.50	15064.50	

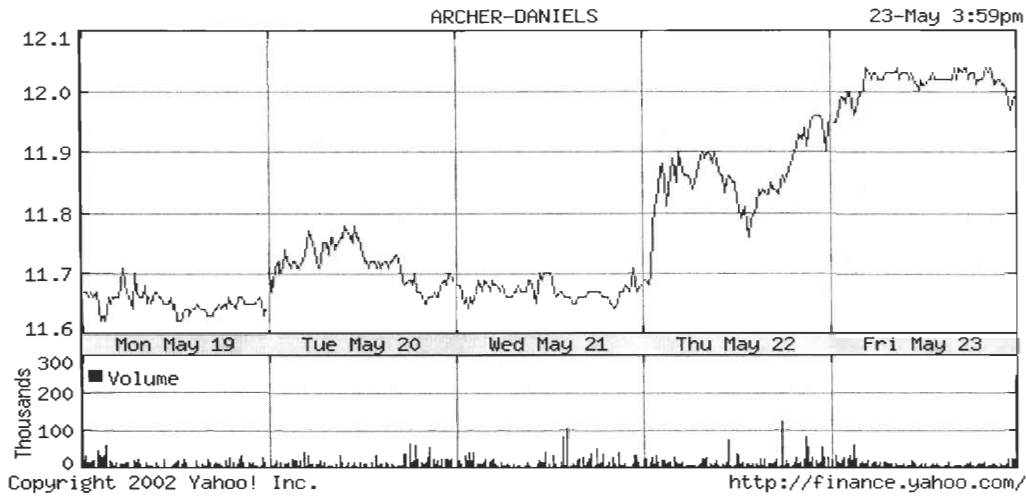
After all the buying and selling I ended up with \$125,434.50. That is a profit of \$25,209.50 after taking the commission out. I feel that I did a good job trading this stock since I made a large profit in the end.

### 4.4b: Archer-Daniels-Midland Company

I began this simulation by investing \$100,000 in this stock which bought me 8,576 shares. I traded from there.



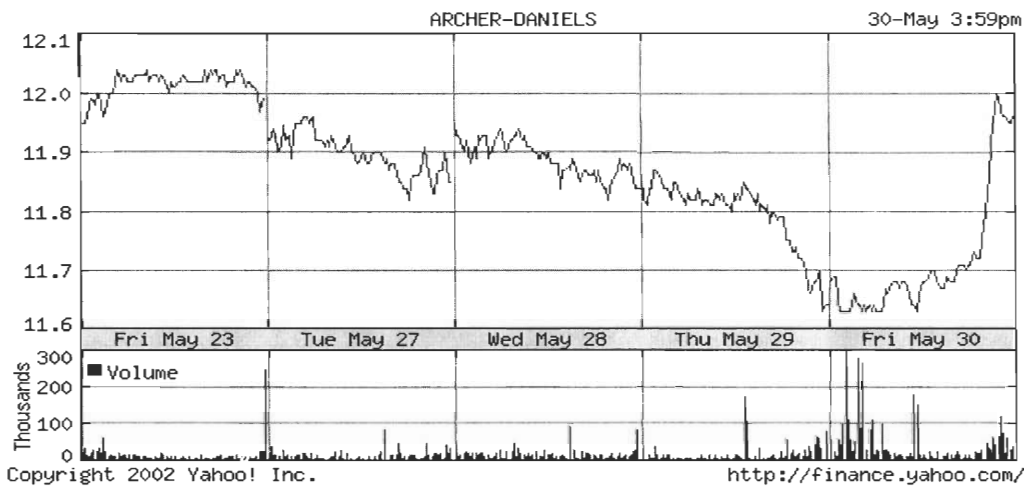
## Week 1



I began this week with the goals of selling above \$11.65 and buying below \$11.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
20-May		250	11.74	2935	
22-May		500	11.88	5940	
23-May		1000	12.03	12030.00	

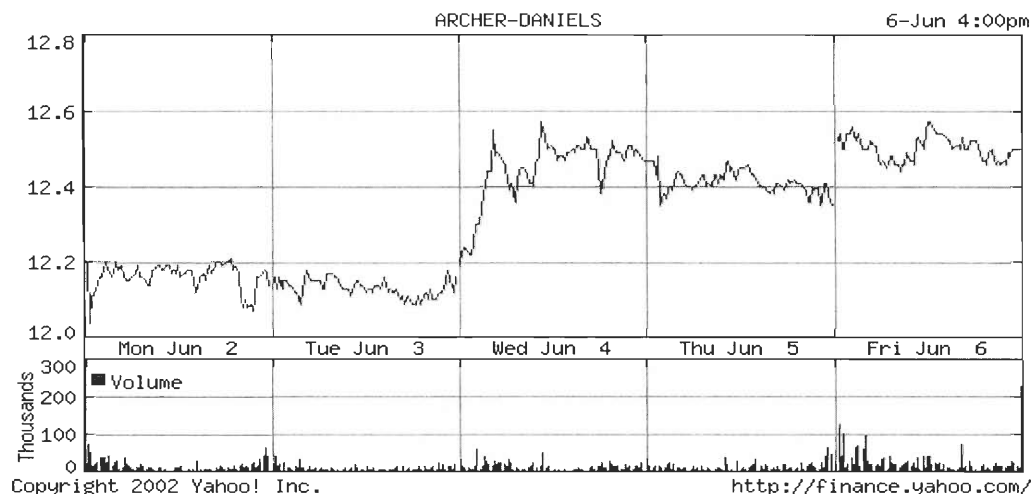
## Week 2



I started this week with the goals of selling above \$11.95 and buying below \$11.80.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
26-May		1000	12.02	12020	
30-May	1000		11.65		11650
30-May		1000	11.97	11970	

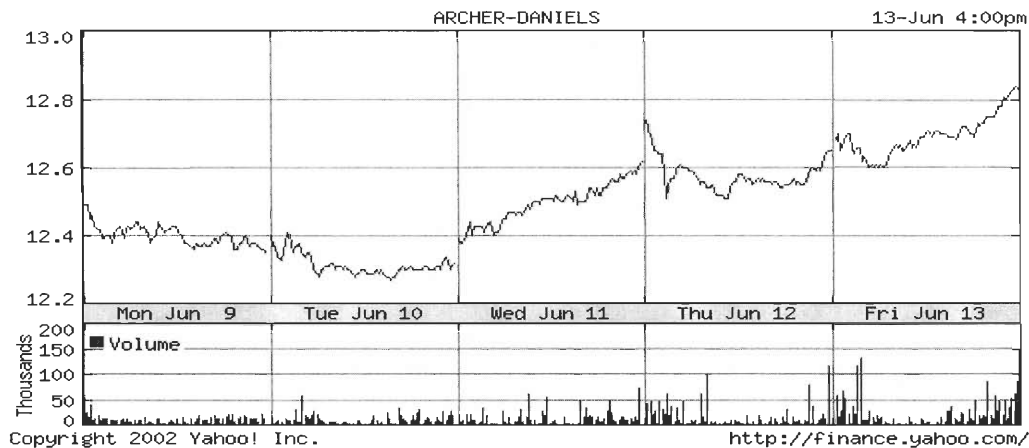
Week 3



I began this week with the goals of selling above \$12.00 and buying below \$11.90.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		500	12.20	6100	
4-Jun		1000	12.42	12420	
5-Jun		500	12.40	6200.00	
6-Jun		500	12.53	6265	

Week 4



I began this week with the goals of selling above \$12.40 and buying below \$12.20.

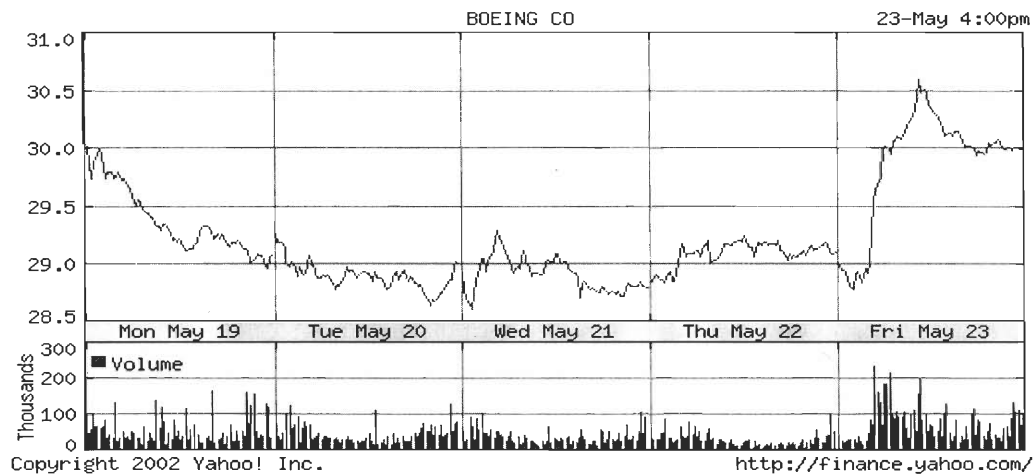
Date	Amount Bought	Amount Sold	Price	Profit	Cost
11-Jun		1000	12.51	12510	
12-Jun		1000	12.60	12600	
13-Jun		1826	12.73	23244.98	

After all the buying and selling I ended up with \$112,584.98. That is a \$12,389.98 profit with the commission taken out. I feel that I did a fairly good job trading this stock since I made a good profit.

#### 4.4c: Boeing Company

I began this simulation by investing \$100,000 into this stock which bought me 3,357 shares. I began my trading from there.

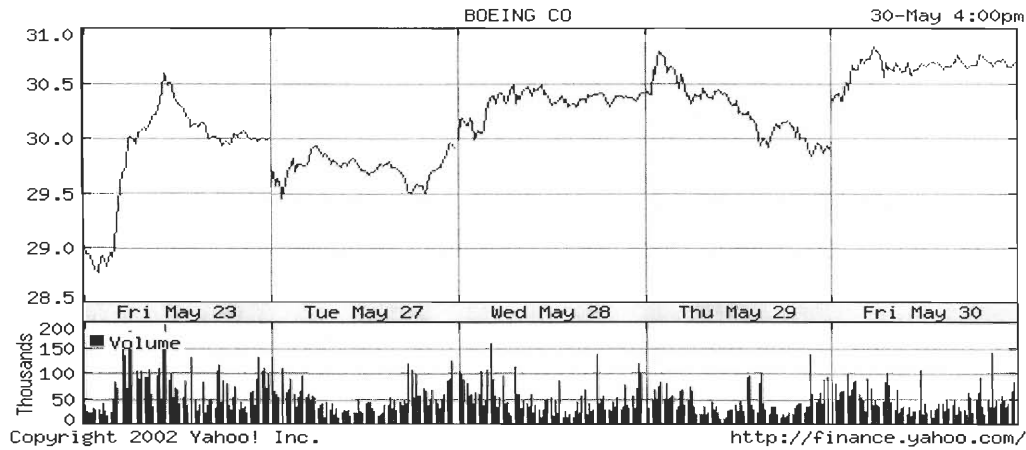
#### Week 1



I began this week with the goals of selling above \$30.00 and buying below \$29.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
21-May	250		29.10		7275
23-May		250	30.44	7610	

Week 2



I began this week with the goals of selling above \$30.00 and buying below \$29.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
26-May		250	30.36	7590	
29-May		250	30.48	7620	
30-May		500	30.73	15365.00	

Week 3



I began this week with the goals of selling above \$30.50 and buying below \$29.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		250	32.42	8105	
3-Jun		250	32.00	8000	
4-Jun		250	33.26	8315.00	
6-Jun		250	35.02	8755	

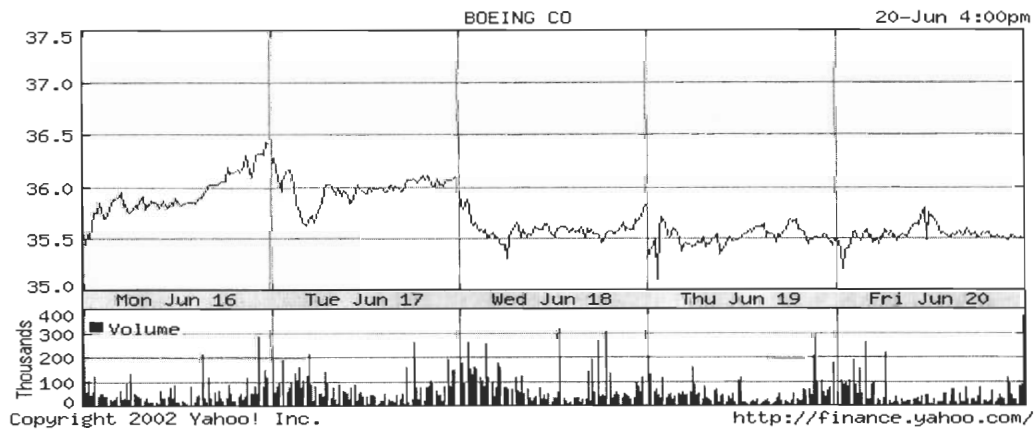
Week 4



I began this week with the goals of selling above \$35.00 and buying below \$34.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
12-Jun		250	35.67	8917.5	
13-Jun		500	35.52	17760	

Week 5



I began this week with the goals of selling above \$35.50 and buying below \$35.00

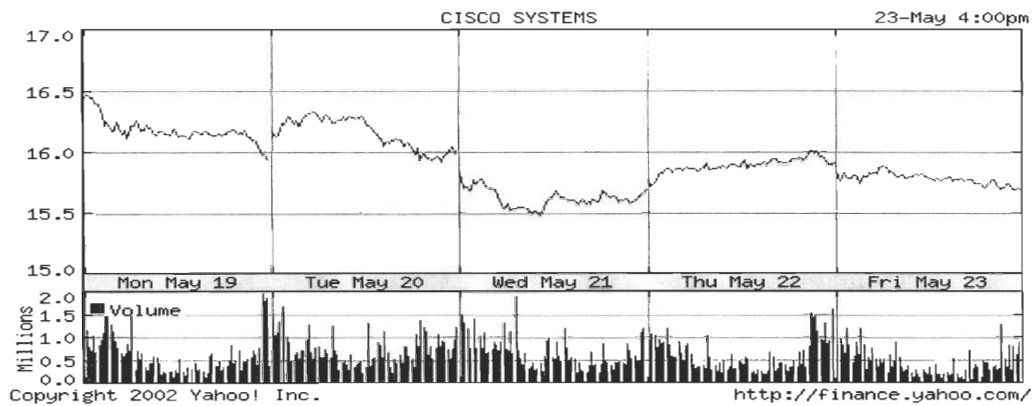
Date	Amount Bought	Amount Sold	Price	Profit	Cost
16-Jun		250	36.03	9007.50	
17-Jun		250	35.99	8997.50	
20-Jun		107	35.71	3820.97	

After all the buying and selling I ended up with \$112,588.47. That is a profit of \$21,378.47 after taking out the commission. I feel that I did a pretty good job of trading this stock since I followed my strategies well and made a good profit.

#### 4.3d: Cisco Systems Inc.

I began this simulation by investing \$100,000 into this stock which bought me 6,192 shares. From there I began trading this stock.

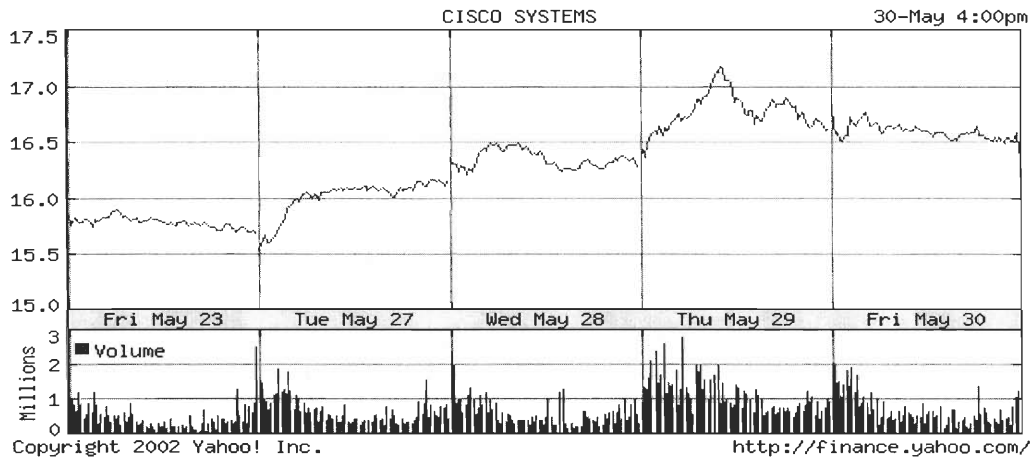
#### Week 1



I began this week with the goals of selling above \$16.20 and buying below \$16.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
19-May		500	16.31	8155.00	
20-May		500	16.33	8165.00	
21-May	250		15.50		3875

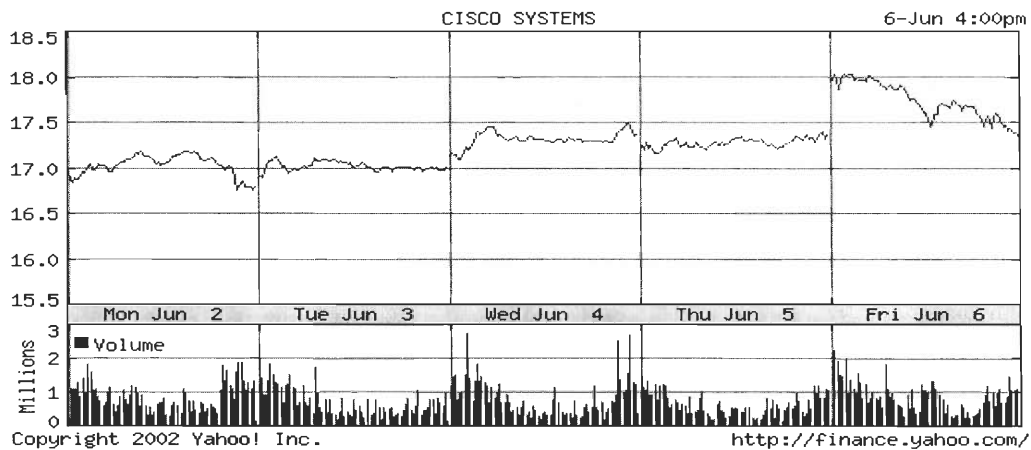
## Week 2



I began this week with the goals of selling above \$16.30 and buying below \$15.80.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
28-May		500	16.50	8250.00	
29-May		500	16.93	8465.00	
30-May		500	16.52	8260.00	

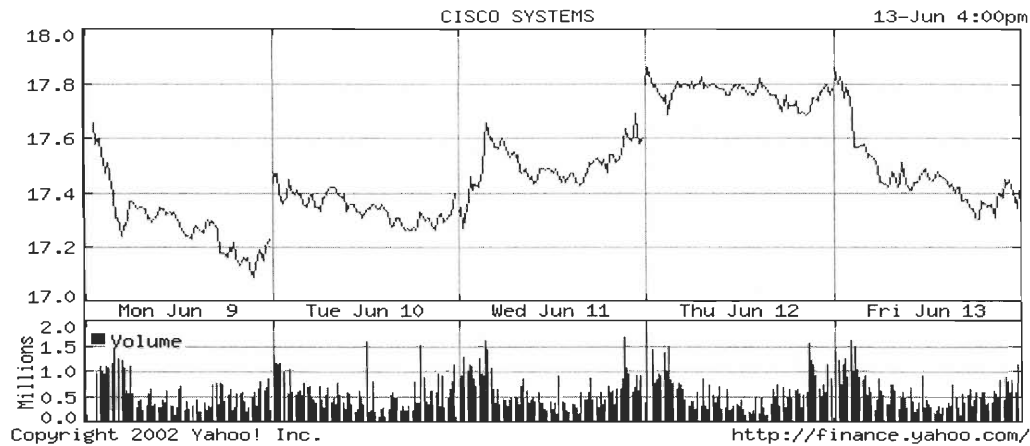
## Week 3



I began the week with the goals of selling above \$16.50 and buying below \$16.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
4-Jun		500	17.42	8710.00	
6-Jun		500	18.01	9005.00	

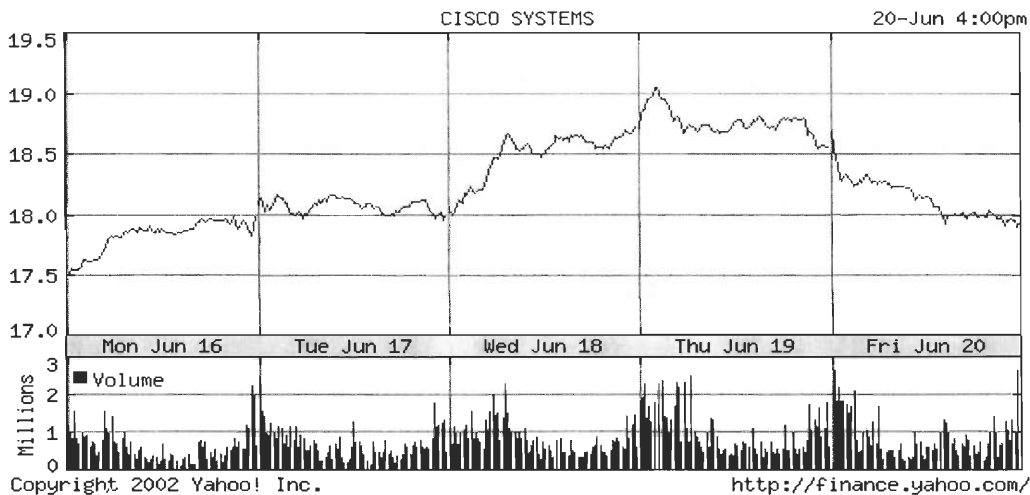
## Week 4



I began the week with the goals of selling above \$17.50 and buying below \$17.20.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
9-Jun	500		17.18		8590
11-Jun		500	17.62	8810.00	
12-Jun		500	17.80	8900.00	
13-Jun		500	17.73	8865.00	

## Week 5



I began this week with the goals of selling above \$17.80 and buying below \$17.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
17-Jun		500	18.21	9105.00	
18-Jun		500	18.54	9270.00	
19-Jun		500	18.72	9360.00	
20-Jun		442	18.15	8022.30	

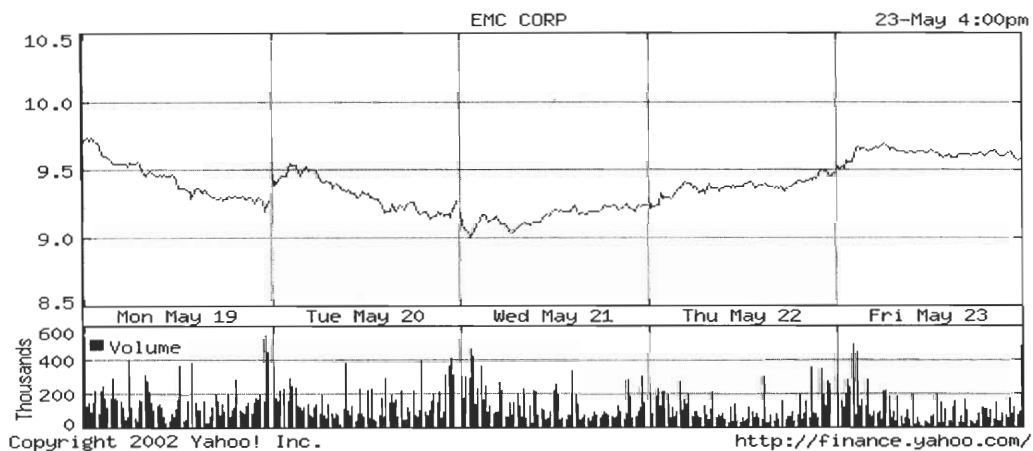


After all the buying and selling I ended up with \$108,877.3. I ended up with an \$8637.30 profit after I took after commission. I feel that I could have traded this stock better since it grew a fair amount in the five weeks I traded it and I only made just over \$8500.

### 4.3e: EMC Corporation

I began this simulation by investing \$100,000 into the company which bought me 10,000 shares. From here I began trading this stock.

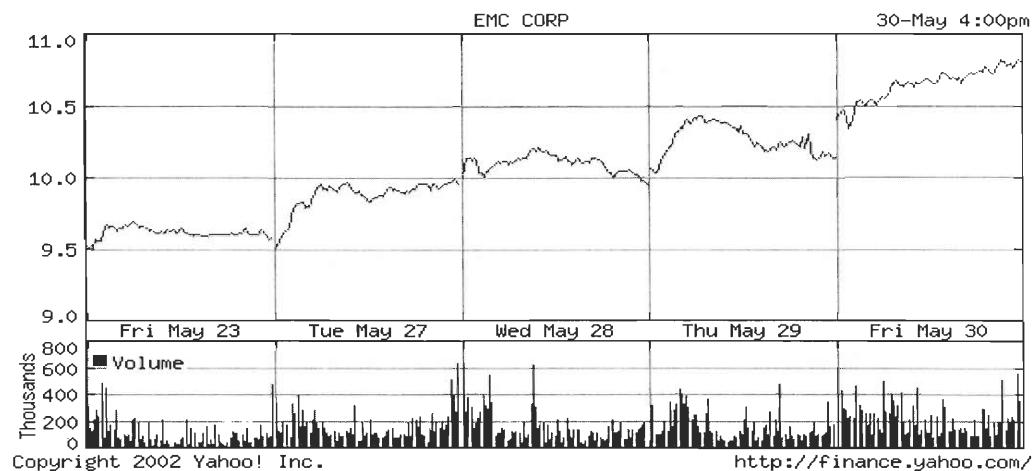
#### Week 1



I began this week with the goals of selling above \$10.00 and buying below \$9.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
20-May	500		9.47		4735
21-May	500		9.00		4500

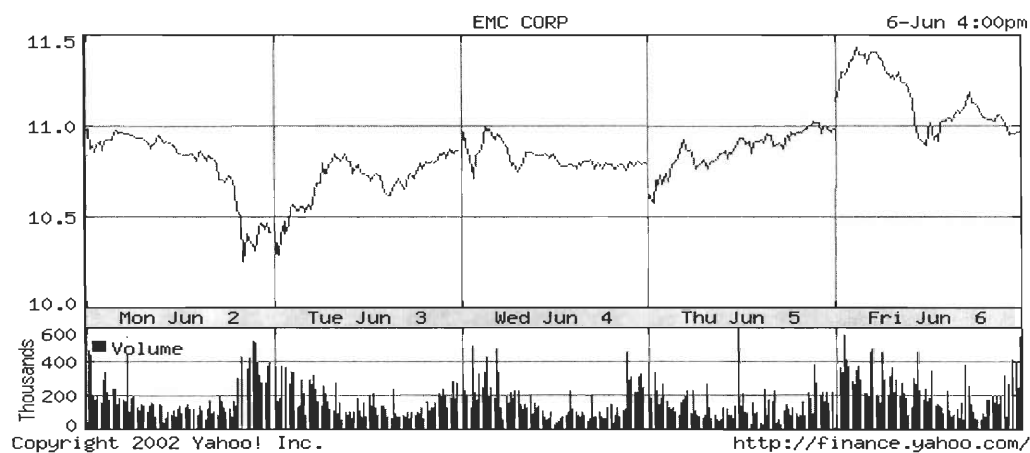
## Week 2



I began this week with the goal of selling above \$9.75 and buying below \$9.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
27-May		500	9.83	4915.00	
28-May		500	10.21	5105.00	
29-May		500	10.34	5170.00	
30-May		500	10.68	5340.00	

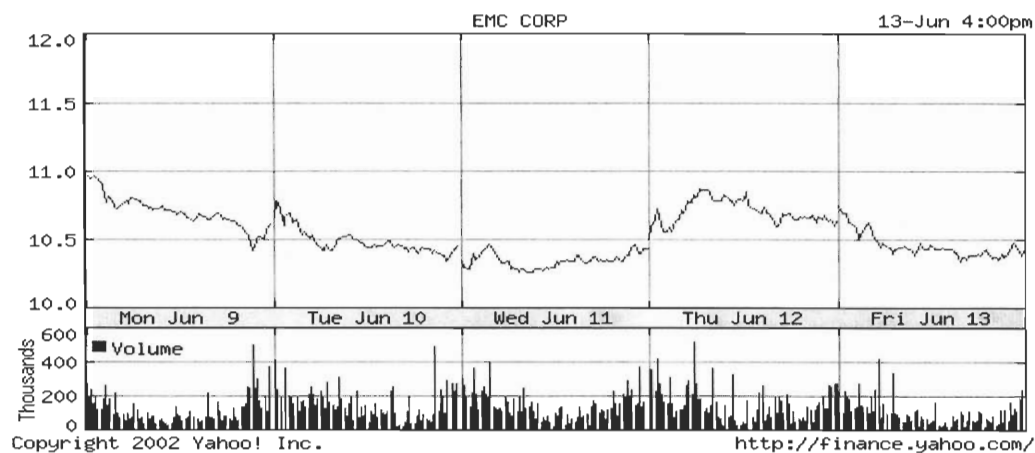
## Week 3



I began this week with the goals of selling above \$10.75 and buying below \$10.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		500	10.97	5485.00	
4-Jun		500	10.94	5470.00	
6-Jun		1000	11.43	11430.00	
6-Jun		1000	11.29	11290.00	

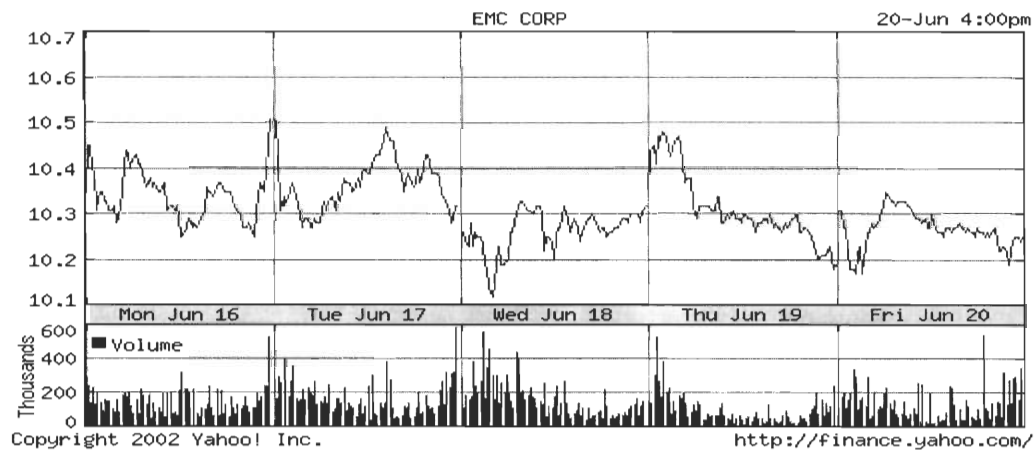
Week 4



I began this week with the goals of selling above \$11.00 and buying below \$10.75.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
9-Jun		1000	10.76	10760.00	
12-Jun		1000	10.68	10680.00	
13-Jun		1000	10.52	10520.00	

Week 5



I began this week with the goals of selling above \$10.50 and buying below \$10.25.

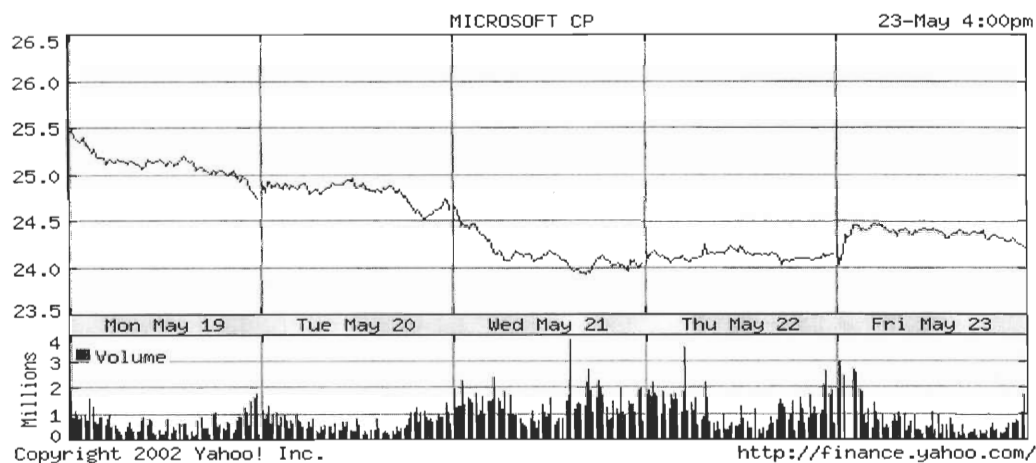
Date	Amount Bought	Amount Sold	Price	Profit	Cost
16-Jun		1000	10.49	10490.00	
17-Jun		1000	10.48	10480.00	
20-Jun		1000	10.32	10320.00	

After all the buying and selling I ended up with \$108,220. I ended up with a profit of \$7,980 after taking out the commission. I feel that I could have traded this stock better. I did not sell enough at the highest point and it shows with the small profit.

### 4.3f: Microsoft Corporation

I began this simulation by investing \$100,000 into this stock. This bought me 3,950 share of that company. I began trading this stock from there.

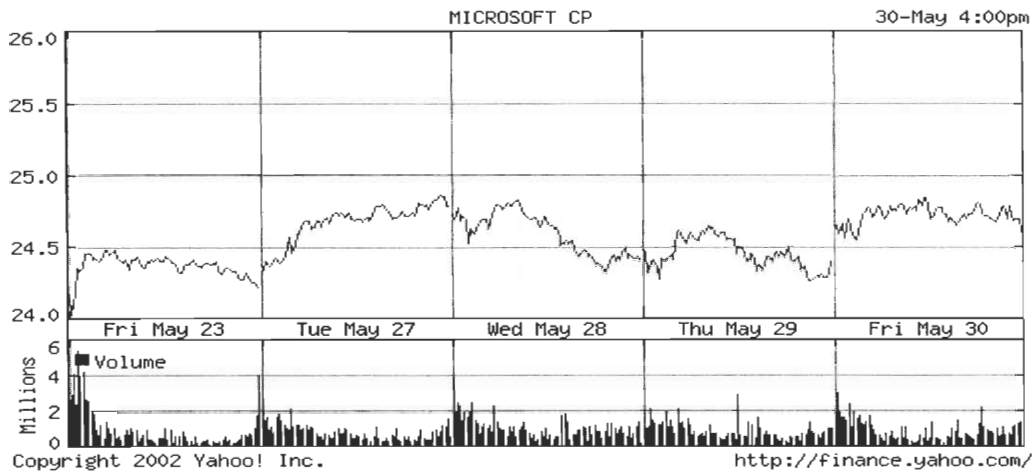
#### Week 1



I began this week with the goals of selling above \$25.50 and buying below \$24.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
21-May	250		24.11		6027.5
22-May	250		24.24		6060

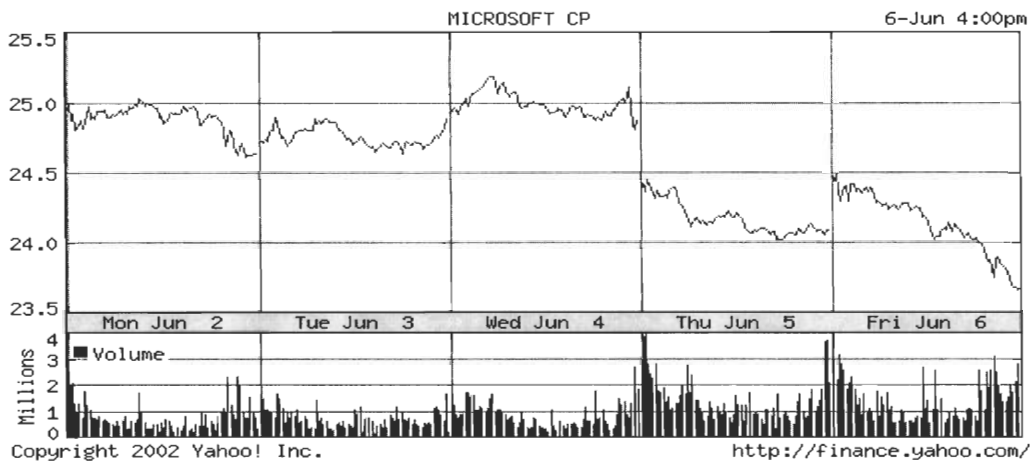
## Week 2



I began this week with the goals of selling above \$24.50 and buying below \$24.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
27-May		250	24.67	6167.50	
28-May		250	24.72	6180.00	
30-May		250	24.63	6157.50	

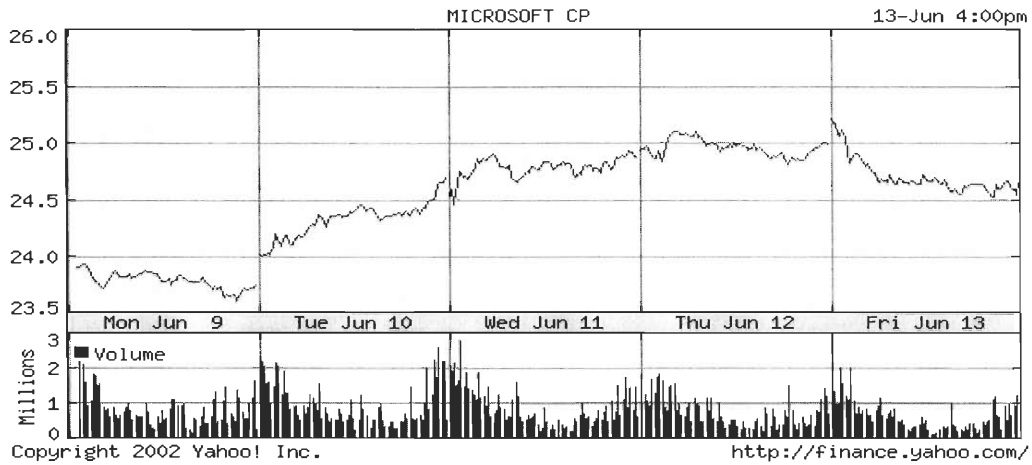
## Week 3



I began this week with the goals of selling above \$25.00 and buying below \$24.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		250	25.00	6250.00	
4-Jun		500	25.21	12605.00	
4-Jun		500	25.16	12580.00	

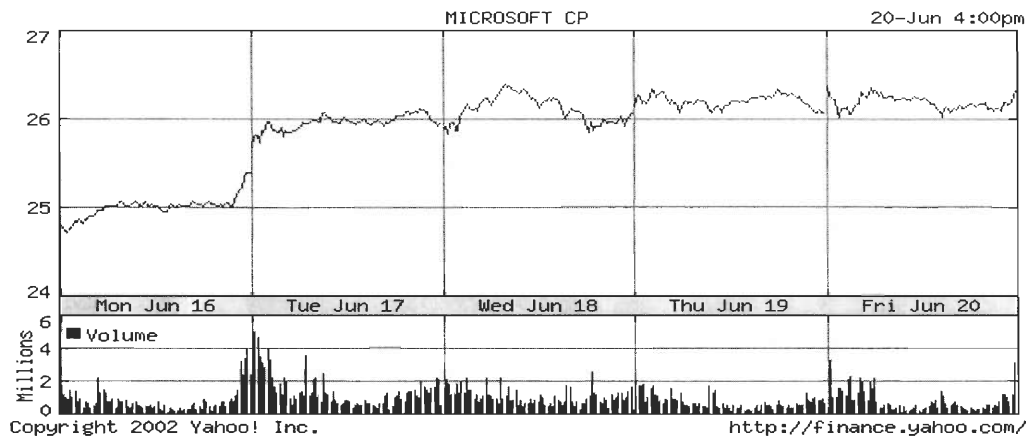
## Week 4



I began this week with the goals of selling above \$24.50 and buying below \$23.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
11-Jun		250	24.77	6192.50	
12-Jun		500	25.12	12560.00	
13-Jun		250	25.06	6265.00	

## Week 5



I began this week with the goals of selling above \$25.00 and buying below \$24.00.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
18-Jun		500	26.48	13240	
19-Jun		500	26.35	13175	
20-Jun		450	26.29	11830.5	

After all the buying and selling I ended up with \$88637. I ended up losing \$11,573 with the commission added in. I feel that I could not have traded this stock much better since it was down most of the time during the five weeks.

#### 4.3g: ProxyMed, Inc.

I began this simulation by investing \$100,000 in this company which bought me 9,091 shares. From that point on I traded the stock.

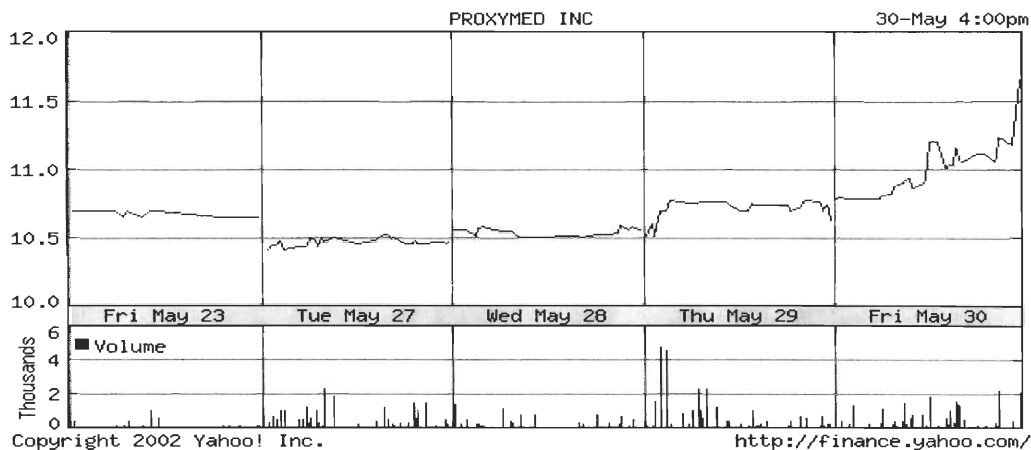
##### Week 1



I began this week with the goals of selling above \$11.00 and buying below \$10.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
20-May	250		10.47		2617.5
21-May	250		10.54		2635

## Week 2



I began this week with the goals of selling above \$10.75 and buying below \$10.50.

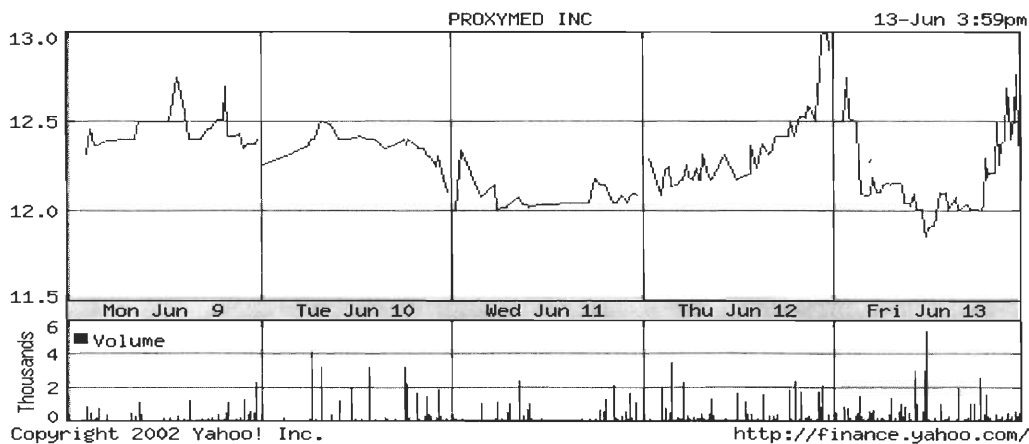
Date	Amount Bought	Amount Sold	Price	Profit	Cost
29-May		500	10.76	5380	
30-May		500	11.03	5515	
30-May		1000	11.48	11480	

## Week 3

I began this week with the goals of selling above \$11.25 and buying below \$10.50

Date	Amount Bought	Amount Sold	Price	Profit	Cost
2-Jun		1000	11.34	11340	
3-Jun		500	11.21	5605	
5-Jun		500	11.63	5815	
6-Jun		1000	12.17	12170	

## Week 4

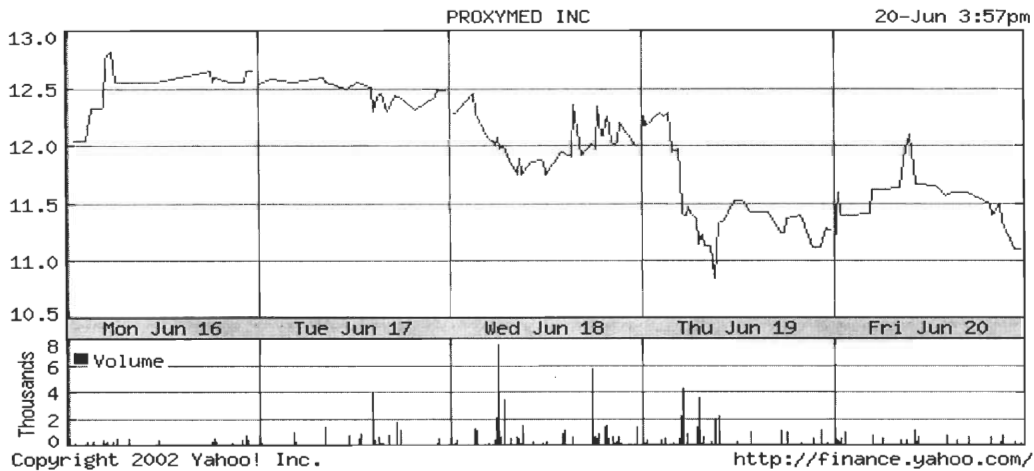




I began this week with the goals of selling above \$12.25 and buying below \$11.75.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
9-Jun		1000	12.64	12640	
12-Jun		1000	12.82	12820	
13-Jun		1000	12.57	12570	

### Week 5



I began this week with the goals of selling above \$12.50 and buying below \$11.50.

Date	Amount Bought	Amount Sold	Price	Profit	Cost
16-Jun		1000	12.76	12760	
20-Jun		1091	12.02	13113.82	

After all the buying and selling I ended up with \$115,956.32. This gives me a profit of \$15,746.32. I feel that I traded this stock well since I stuck to my strategies well and made a good profit.

## Chapter 5: Long Term Trading

### 5.1: Stock Research

There are many places where stocks can be researched. There are newspapers, magazines, and other publications that specialize in the analysis of stocks and stock behavior. An investor can also research stock information through brokers who make a career out of stock analysis. The internet is also a source for stock information. It is also the information source that I used to pick my stocks.

When I was researching my stocks, I used three different web sites containing many different services. The first one I used was Yahoo and its Finance section. This section can give you delayed stock quotes up to twenty minutes. They also allow a user to create a portfolio and track their stocks as well as make transactions such as purchases and sales of shares. The portfolio manager changes your number of shares and profits accordingly. I used this service to manage my portfolio for the five weeks of trading.

Another Internet service I used to research my stocks was MSN. MSN has a Money section which provides a plethora of information regarding stock and business information. The feature I used on this site was the stock rater. This rates the volatility of a stock and tells you how risky it is to trade. MSN also has a portfolio manager feature which is very similar to the Yahoo manager but in my opinion it was a little more difficult to use.

When I was researching my stocks, I researched both the Day and Penny stocks in the same way. I looked for stocks that had been trading at a good sized volume for the past three months and I looked for their volatility at the same time. I used to MSN stock rater to find risky stocks that would be good for both simulations. The one major

difference between the stocks I was looking for the two simulations was the value they were trading at. I wanted my Penny stocks to be as close to one dollar as possible and I did not have a preference of the value at which my day stocks were trading. The last thing I was looking for when I was researching my stocks was a variety of stocks. I wanted to choose stocks for each simulation that were from different industries. This is called diversifying your portfolio and helps an investor avoid losing a lot of money if a given industry begins to fall.

## 5.2: Stocks Chosen

Instead of choosing separate stocks for my long term trading simulation, I used the fourteen stocks that I chose for the other two simulations. I was curious on whether I would make more money with a stock by trading it often or by leaving it alone. The stocks that I used were:

### Penny Stocks:

- Andrea Electronics Corporation
- Aurora Foods
- Charter Communications
- Goldfield Corporation
- ACTV Inc.
- Sirius Satellite Radio Inc.
- WorldCom

### Day Trading Stocks:

- Abiomed Inc.
- Archer-Daniels-Midland Company

- Boeing Company
- Cisco Systems, Inc.
- EMC Corporation
- Microsoft Corporation
- ProxyMed, Inc.

I kept a record of the beginning and ending price of each stock over the five week simulation and calculated the value of each at the end.

### 5.3: Simulation Results

I used the fourteen stocks that I used for my other two simulations and recorded here the beginning and ending prices as well as the amount of shares and the value of my shares at the end of the five week period.

#### Penny Stocks

Name	Buying Price	End Price	# of Shares	Value	Profit	Loss
Andrea Electrical	\$0.310	\$0.290	322581	\$93,548.00	\$0.00	\$6,451.51
Aurora Foods	\$0.560	\$0.480	178571	\$85,714.00	\$0.00	\$14,285.92
Charter Comm.	\$2.580	\$3.680	38760	\$142,636.80	\$42,636.80	\$0.00
Goldfield Corp.	\$0.600	\$0.600	166667	\$100,000.00	\$0.00	\$0.00
ACTV Inc.	\$0.870	\$1.140	114943	\$131,035.02	\$31,035.02	\$0.00
Sirius	\$1.340	\$1.730	74627	\$129,104.71	\$29,104.71	\$0.00
WorldCom	\$0.060	\$0.055	1550387	\$85,271.29	\$0.00	\$14,728.72

#### Day Stocks

Name	Buying Price	End Price	# of Shares	Value	Profit	Loss
Abiomed Inc.	\$4.600	\$5.400	21739	\$117,390.60	\$17,390.60	\$0.00
Archer-Daniels	\$11.660	\$12.770	8576	\$109,515.52	\$9,515.52	\$0.00
Boeing	\$29.790	\$35.530	3357	\$119,274.21	\$19,274.21	\$0.00
Cicso	\$16.150	\$17.930	6192	\$111,022.56	\$11,022.56	\$0.00
EMC	\$10.000	\$10.230	10000	\$102,300.00	\$2,300.00	\$0.00
Microsoft	\$25.320	\$26.330	3950	\$104,003.50	\$4,003.50	\$0.00
Proxymed Inc.	\$11.000	\$11.100	9091	\$100,910.10	\$910.10	\$0.00

There were some differences in the profits I made between the long term and other two trading strategies. I made a little more money or lost a little less in most of the stocks. Overall I was successful in my long term trading and made a large profit.

## Chapter 6: Conclusion

### 6.1: The Best Strategy & Why

There are many strategies used by investors to make a profit. I used three such strategies. The first was Penny Stock trading. This is where an investor purchases stocks that are trading around one dollar. A large profit can be made using this strategy because if the stock rises only a bit, there is a large payoff. The second strategy I used was Day Trading. This is where an investor purchases volatile stocks and trades them aggressively. The third strategy I used was to invest in a stock and leave it over a period of time. The pay off using this strategy is not instant but a lot of money can be made over time.

I feel that the best strategy was not the one that made me the most money. I made a very large profit by trading Penny Stocks and made a little less by Day Trading. Both are too risky for my nature and also require large sums of money that I do not have. I feel that the best strategy is long term trading. If an investor does their research carefully, over a few years time they can make a good amount of money without having to do anything. They have to worry less about commission and day to day trading.

### 6.2: How Politics and World Events affect the Stock Market

Society and world events have a large impact on the stock market. Their actions can have a deep impact on specific industries, which can cause its value to rise or drop. For example; war boosts an economy and the stock market. The best example of this was the war we just engaged in Iraq. Before the war, the stock market was faltering and the economy was low. During the war the market began to rise and sustained that rise for weeks. The oil industry was affected when its value raised as a result of the war and the

oil and gas prices around the United States dropped after being very high. Other events can cause shifts in the stock market including political changes and natural disasters.

### 6.3: How the Stock Market Affects the Economy

The stock market has an impact on the economy and vice versa. When large corporations do well, they add to the value of the market. When the market does well, the economy and businesses do well since investors have more money to spend. When there is a period of steady rise in the market, there is a point where investors want to take advantage of that. They want to return for their investments so they sell some of their stock. This practice is called profit taking. This causes a dip in the stock market but as long as the value of the market stays above the value at which the rise occurred, then the stock market is doing well. With this profit, investors can spend more money and further bolster the economy.

### 6.4: Project Conclusion

During this project I learned more than I ever thought possible about the stock market. I never understood the process of how an investment is made and how to make one. I also never could understand why the market would drop suddenly after it had been doing so well over a long period of time. I began to notice trends within the stock market. For example: the market gains ground faster in the beginning of a month, there is a lull in the summer when companies are releasing their reports, and that winning a war helps bolster an economy.

I learned many valuable lessons on trading strategies. I learned the options open to me, an investor, and which ones can yield the highest profit. I learned how to research stocks and make an educated choice when investing. I also learned that trading a lot is

not always the best policy. There were cases in my simulations where aggressive trading made me a hefty profit. But there were also cases where I lost a good amount of money doing the same practice and didn't lose quite as much by just leaving it alone. After finishing this project I feel that I can make better investment choices in the future and hopefully make myself a small profit by working with the stock market.



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