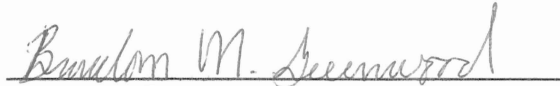



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Project Number: DZT0506-49

Stock Market Simulation
An Interactive Qualifying Project Report:
Submitted to the faculty
of the
Worcester Polytechnic Institute
In partial fulfillment of the requirements for
The Degree of Bachelor of Science
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Abstract

The goal of this project is to develop a basic understanding of the stock market and investing strategies in different sectors of the stock market over a seven-week period. By conducting extensive research on companies and stock performances and active trading in 5 different sectors, all members of the IQP group gained valuable insight into the different sectors of the market as well as different techniques to be successful investors.

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Chapter 1: Introduction

1.1 Goals

The goal of this project is to conduct an analysis of the stock market while gaining experience in investing by trading and comparing five different types of stocks. The chosen stock types will be technology, mineral, industry, entertainment, and agriculture. Each group member will select an area of the stock market to research. We will all start out with \$200,000 each to begin our transactions. Over a ten week period we will check our stocks and base our decisions off of common trading practices which will be discussed within each sections strategies and goals. Over the ten week period each member will buy and sell stocks they own on a daily basis. At the end of the simulation, an analysis of the data collected will be assessed and conclusions will be drawn in hopes of finding a pattern behind the rise and fall of stocks within each sector.

In this chapter we will discuss further the history of the stock market. We then will compare the two different markets we will be trading on, and discuss our group investment plans.

1.2 History of the stock market

The history of the New York Stock exchange can be traced all the way back to 1792. Twenty Four stock brokers signed an agreement under a Buttonwood tree located at 68 Wall Street, New York. The agreement came to be known as the Buttonwood agreement. On March 8th 1817, the signers of the agreement

drafted a constitution and renamed the organization “New York Stock and Exchange Board.” The name was then shortened in 1863 to its current form “New York Stock Exchange”, along with naming its first President, Anthony Stockholm.

Every since that day the NYSE has remained open, aside from a short closing in July of 1914 at the beginning of World War 1, it was reopened in November of the same year to help raise money for the war effort by selling war bonds. Black Thursday was a day that no-one will forget. On October 24th, 1929 the NYSE crashed causing a self-panic, creating the Great Depression. Many wealthy Americans lost everything and had to start all over again.

In the present day, there are many different markets a potential investor can invest in. In the United States the main markets are the NYSE, the NASDAQ, and the S&P markets. These markers have different trading practices affecting the interaction level of the investors, and the brokers in each market. For this project, we will focus mainly on the NASDAQ and NYSE as the markets with in which we will trade

1.3 NASDAQ vs. NYSE

To begin, a stock, also called a share, which is a percentage of a company. All shares of a company are divided into equal portions. Because a owning a stock means you own a portion of the company, normally a single person own

51% of the shares. This person is called the principle shareholder. This leaves the remaining shares to be traded on which ever market the company chooses.

The NASDAQ and NYSE, although based on the same idea of selling and buying of percentages of a company, are run in different ways. The NYSE is run by stockbrokers. Stockbrokers are the only people allowed to trade directly on the floors of the NYSE. For their service, they charge a certain commission to make the transactions for their customers. This is in contrast to the NASDAQ stock exchange, which is done without any physical person to person interaction. The NASDAQ is done completely through a telecommunication network. A “market maker”, unlike stockbrokers, buys and sells stocks for customers and gets reimbursed for their transactions. The market revolves entirely around demand for certain shares of a company. The more the demand for the company, the higher the prices go.

1.4 What is investing?

As discussed in the previous section, both the NASDAQ and the NYSE are operated in completely different ways. However, the ways in which stocks are traded on an investor level is the same throughout both markets. The investor has two different methods of trading. One of these is through a stock broker, and the other is individual buy of certain stocks. For this project we will focus on individual trading of stocks. To do this, the internet will be used as a buy and sell mechanism for our transactions which are based off of our own intuition and

passed progress. Each member of the group will be given a total of \$200,000 to trade within the market sector they are assigned.

Chapter 2: Technology Stocks

2.1 Background

The technology sector of the stock market has had its ups and downs. The “golden years” of the dotcom’s of the 1990’s started a craze which continues to this day. The tech sector is comprised of many different aspects of the market including software companies, telecommunication companies, and even satellite providers.

Unlike other industries, the technology sector is a rapidly changing. Newer devices, faster machines, and new revolutionary ideas cause this rapid rate of rising and falling companies. If a company can’t keep up the fast pace which of another, the company will inevitably fail. The dotcoms of the 1990s are an example of this ride and fall. Dotcoms which failed did not meet the faced paced market for their sector. It is because of this that many people are now frightened by trading in the technology section of the market. It takes a lot of time and energy to research companies to determine the proper buy and selling technique to use to be a successful investor.

2.2 Strategies and Goals

In this project, I will focus on the many different parts of the technology sector. I will begin by selecting five different stocks based on past three month performance, and base my decisions on trading on my intuition and past investments in the technology sector. I will try to show the trend that most stock

are lower value at the beginning of the week and higher at the end of the week. I will try and capitalize on this trend by buying stocks at the beginning of the week and selling at the end of the week. This will not apply if my past experience and general view of the market says that I should do something different than originally planned.

2.3 Stocks

Microsoft Corporation (NYSE: MSFT)

Microsoft Corporation, founded in 1975 by Bill Gates and Allen, is the world's largest producer of software with revenue of over 40 billion dollars annually. The company dominates the operating system market with their Windows Operating System and office tools. Because of their dominant stance, Microsoft has become the center of many antitrust suits based on their business practices and bundling of their software. However, the company is listed in the fortune 500 list of companies for 2005. The company is also the producer of the Xbox and the Xbox-360. Since the release in November, Microsoft's stock value has risen. The holiday season may bring about a larger increase in stock value.



Figure 2.1 Microsoft Three Month

International Business Machines (NYSE: IBM)

International Business Machines (IBM), founded in 1953 by Thomas Watson, is the world's largest manufacturer of mainframe computers. With a partnership with Microsoft, IBM released the first PC (Personal Computer) in 1980 based on the IBM 8086 architecture. Since then IBM has grown into a more business oriented company providing support for large scale business computing.

IBM also provides many different chips to other companies. With a partnership with Sony, IBM is going to launch the Cell Processor, which will be used in the Play station 3, as well as the next step in personal computers. The cell processor is the first processor to use networked parallel processing to provide an unlimited range of computing power.



Figure 2.2 IBM Three Month [1]

Google Inc. (NASDAQ: GOOG)

Google Incorporated, founded in 1998 by Larry Page and Sergey Brin, is the world's most frequently used search engine on the web. Since its creation, Google has expanded its capabilities and now provides a wide range of services. Aside from searching the web, as any search engine does, Google provides image, directory, and news search engines free of charge.

A new feature provided by Google is GMail (www.gmail.com) a free web-based email service which allows the user to have an unlimited amount of web space. Being the first provider of a free service with that amount of space, Google's website has brought on a lot more daily traffic.



Figure 2.3 Google Three Month [5]

Apple Computer Inc. (NYSE: AAPL)

Apple computers was the first company to release PC (personal computers) for home users. Since their creation in 1976 by Steve Wozniak, Apple has been a provider of cutting edge computer hardware and peripherals. One of these is the Apple iPod. With the creation of the MP3 format, the iPod is the leading iPod in the market.

Apple has even gone as far as to incorporate ways to allow the costs of their devices. One of these cheaper products is the iPod Shuffle which allows the same playback quality as any other iPod version. With newly released iPod Nano, Apple has seen an increase in stock value.

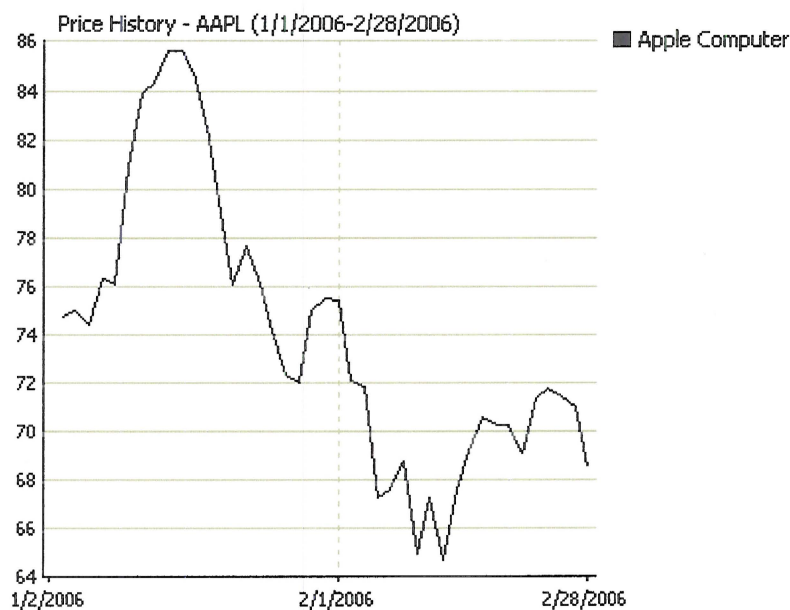


Figure 2.4 Apple Three Month [1]

Sony Corporation (NYSE: SNE)

Sony Corporation, founded in 1946 under another name, is a Tokyo based consumer electronics company responsible for most of our current technological products today. From the creation of such devices as the Walkman, the televisions, and the ever popular play station, Sony has had its hands in every aspect of cutting edge devices.

Recently, in a joint venture with IBM, the company has created the Cell Processor which is said will revolutionize the computer industry. Its first use will be the power the Play station 3, Sony's upcoming console.



Figure 2.5 Sony Three Month [1]

Neoware Inc. (NYSE: NWRE)

Neoware Incorporated is a producer of software of a variety of different platforms. The company mainly focuses on computer security and deals with corporate computer systems. The company also produces server side applications which allow large corporations to manage different desktops simultaneously. In a recent venture, AirCanada purchased Neoware's "Thin Client" which extended the life of their current systems and saved money.

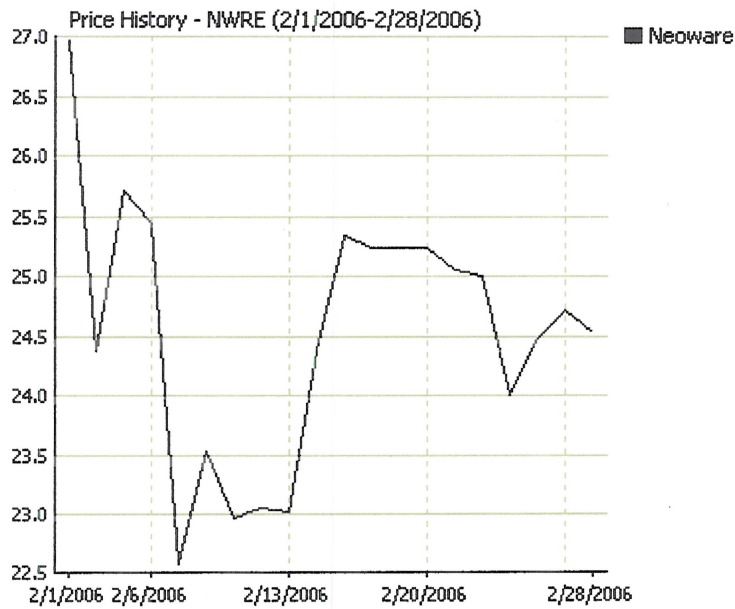


Figure 2.6 Neoware Three Month [1]

Nvidia Corporation (NASDAQ: NVDA)

NVIDIA Corporation is a major supplier of graphical processors and media devices for PCs and gaming consoles. Founded in 1993, NVIDIA first released the NV1 which was used on Sega game consoles. The company then released graphics cards for the PC with the TNT models. Since then, NVIDIA has been manufacturing chips for the late Xbox, and the soon to be play station 3.

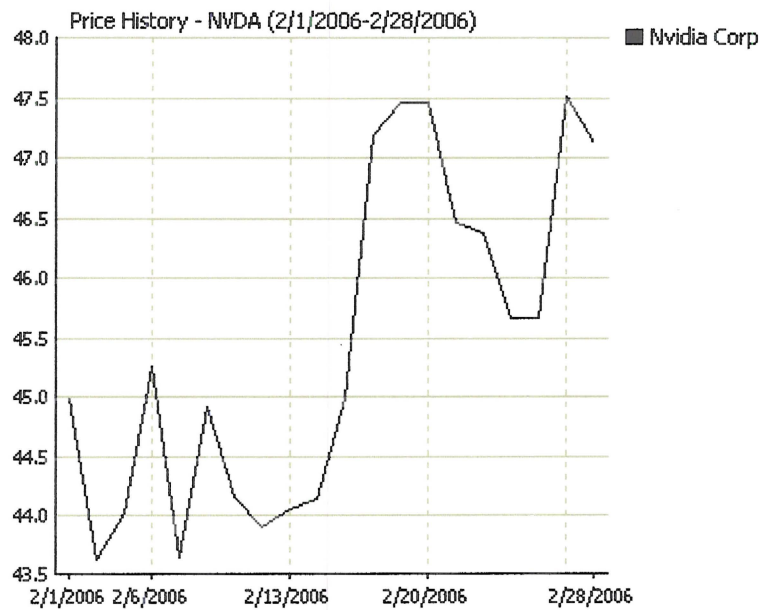


Figure 2.7 Nvidia Three Month [1]

Computer Science Corporation (NYSE: CSC)

Computer Science Corporation is an information technology and business service company founded in 1959 by Roy Nutt and Fletcher Jones. In the past, CSC provided programming tools such as compilers and assemblers to companies in the US. Some of their current clients include many fortune 1000 companies and national governments around the world.

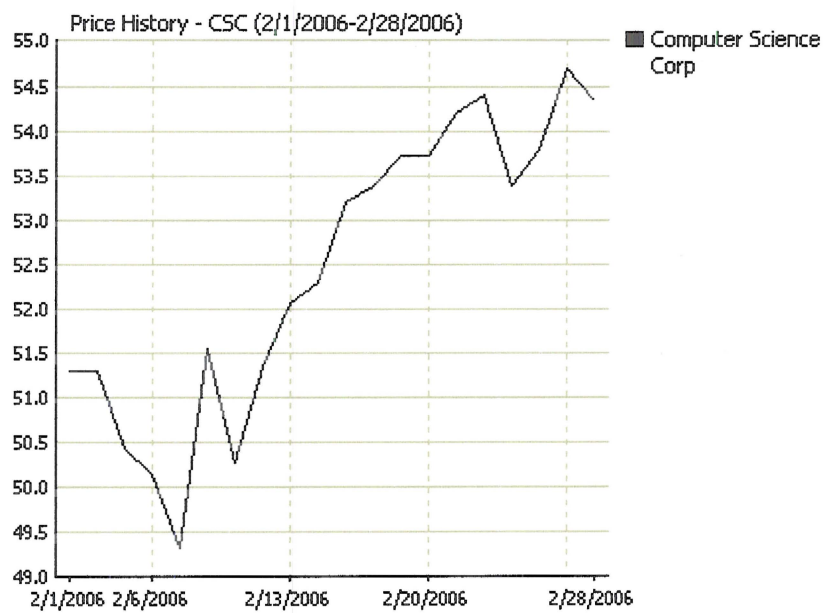


Figure 2.8 Computer Science Corp Three Month [1]

Seagate Technology (NYSE: STX)

Seagate technology is a manufacturer of hard disk drives for computers. Founded in 1979, Seagate is the oldest manufacturer of storage devices still in business. Recently, Seagate acquired Maxtor another manufacturer of hard drives for 1.9 billion dollars. The acquisition caused Seagate's stock value to rise. The company was also listed at Forbes top company of the year at the end of 2005. Seagate is now producing hard drives based on their latest technology called "Perpendicular Recording" which allows smaller hard drives for laptops to store more data.

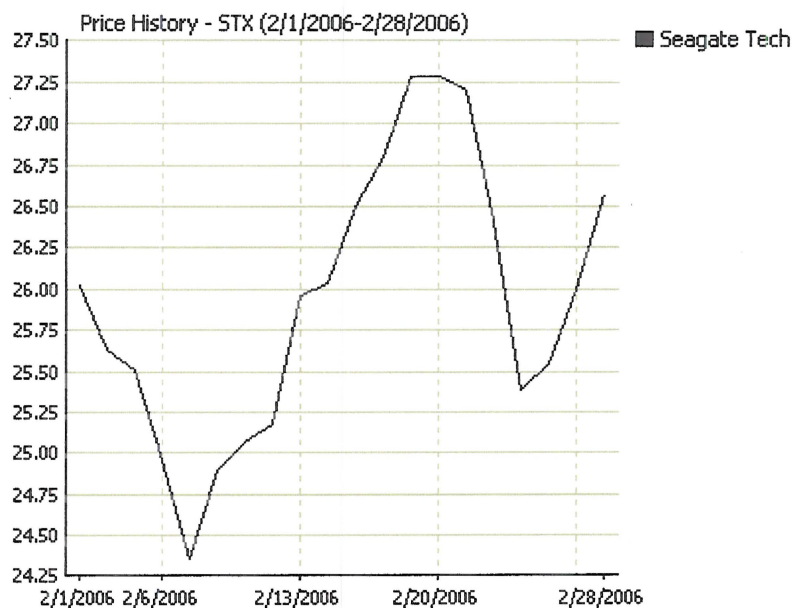


Figure 2.9 Seagate Technologies Three Month [1]

Broadcom Corporation (NASDAQ: BRCM)

Broadcom is the leading manufacturer of integrated circuits which deal with broadband communications. Founded in 1991, Broadcom produces network interface cards for such industries as the PC and telecommunications networking market. Recently, Broadcom's technologies have been employed in the new Apple iPod Video, and will soon be used in Nintendo Entertainment's next generation console.

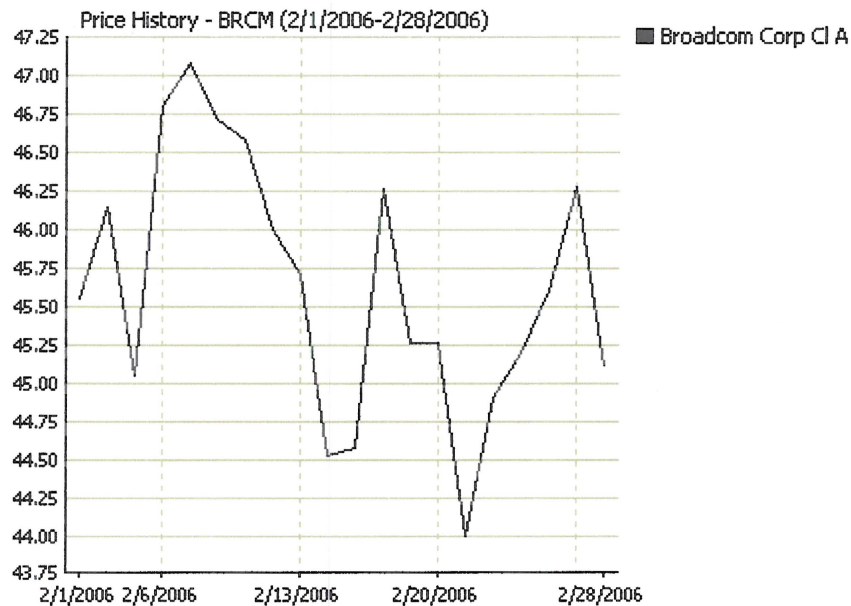


Figure 2.10 Broadcom Corp Three Month [1]

2.4 Transactions

Date	Symbol	buy/ Sell	Price	Shares	Shares Owned	Total Cash	Stock Value	Total Assets
1/2/06	MSFT	BUY	\$26.85	900	900	\$175,835.00	\$24,165.00	\$200,000.00
1/2/06	IBM	BUY	\$82.10	304	304	\$150,876.60	\$24,958.40	\$200,000.00
1/2/06	GOOG	BUY	\$437.00	300	300	\$19,776.60	\$131,100.00	\$200,000.00
1/6/06	MSFT	SELL	\$26.90	200	700	\$25,156.60	\$18,830.00	\$200,045.00
1/6/06	IBM	SELL	\$83.70	104	200	\$33,861.40	\$16,740.00	\$200,531.40
1/6/06	AAPL	BUY	\$76.00	400	400	\$3,461.40	\$30,400.00	\$200,531.40
1/9/06	GOOG	SELL	\$467.00	250	50	\$120,211.40	\$23,350.00	\$209,531.40
1/13/06	IBM	SELL	\$83.75	150	50	\$132,773.90	\$4,187.50	\$209,541.40
1/13/06	AAPL	SELL	\$85.60	350	50	\$162,733.90	\$4,280.00	\$213,381.40
1/17/06	SNE	BUY	\$44.60	400	400	\$144,893.90	\$17,840.00	\$213,381.40
1/20/06	SNE	SELL	\$42.30	100	300	\$149,123.90	\$12,690.00	\$212,461.40
1/23/06	GOOG	SELL	\$428.70	50	0	\$170,558.90	\$0.00	\$210,546.40
1/23/06	SNE	SELL	\$47.70	300	0	\$184,868.90	\$0.00	\$212,166.40
1/27/06	IBM	SELL	\$79.97	50	0	\$188,867.40	\$0.00	\$211,977.40
1/27/06	MSFT	SELL	\$27.54	700	0	\$208,145.40	\$0.00	\$212,425.40
1/30/06	NWRE	BUY	\$29.00	800	800	\$184,945.40	\$23,200.00	\$212,425.40
1/30/06	NVDA	BUY	\$45.75	800	800	\$148,345.40	\$36,600.00	\$212,425.40
2/3/06	NWRE	SELL	\$25.72	600	200	\$163,777.40	\$5,144.00	\$209,801.40
2/3/06	NVDA	SELL	\$44.02	100	700	\$168,179.40	\$30,814.00	\$208,417.40
2/3/06	AAPL	SELL	\$72.79	50	0	\$171,818.90	\$0.00	\$207,776.90
2/7/06	NWRE	SELL	\$25.48	200	0	\$176,914.90	\$0.00	\$207,728.90
2/10/06	CSC	BUY	\$49.40	2000	2000	\$78,114.90	\$98,800.00	\$207,728.90
2/10/06	STX	BUY	\$24.54	2000	2000	\$29,034.90	\$49,080.00	\$207,728.90
2/10/06	BRCM	BUY	\$44.88	300	300	\$15,570.90	\$13,464.00	\$207,728.90
2/21/06	STX	SELL	\$27.20	2000	0	\$69,970.90	\$0.00	\$213,048.90
2/24/06	CSC	SELL	\$53.98	2000	0	\$177,930.90	\$0.00	\$222,208.90
2/24/06	BRCM	SELL	\$46.50	300	0	\$191,880.90	\$0.00	\$222,694.90
2/24/06	NVDA	SELL	\$46.42	700	0	\$224,374.90	\$0.00	\$224,374.90

Figure 2.11 Trading Table

2.5 Analysis

Through the entire time of trading, I used different methods to choose which stocks to buy and sell. I tended to follow a specific pattern when doing this by buying at the beginning of the week and selling at the end of the week. By doing this, I had hoped to buy when stocks are naturally lower in value at the beginning of the week and then selling when they are higher. When it came to decisions on which companies to buy and sell, I used news reports and company history to make these decisions. The decisions I made lead to a profit which was what the project was looking for.

We started our project on the second of January after the markets opened up from the New Year. I had selected three separate stocks to begin trading. One of these was Microsoft Corporation. Microsoft had shown great promise in the company's direction and had a successful holiday season with the release of their next generation game console, Xbox 360. The next company I decided to trade was IBM. The company had shown a lot of promise with their upcoming release of their Cell Processor, a joint venture with Sony, and had shown a 10 point value between the months of November 2005 till the end of December 2005. The last company I selected was Google Incorporated. The company's stock value had grown over 100 point from October 2005 till January 2005. Google itself was about to release it's quarterly earnings which would increase the value of the stock prices. Google was also listed as one of the top rated technology stocks to trade by many different news articles including MSN Money.

The next week I sold the stocks I owned in Microsoft and IBM at a profit. With Google I decided to go against my original buy and sell technique of buying at the beginning of the week and then selling off the stock at the end of the week. Google had seen a 30 point increase over the first week, so I decided to sell off some of my total stocks in the hopes that the release of their projected quarterly would increase the value of the stock more. By the second week, Google had released their report which did not meet their projected revenue. The result of this was a drop in their stock value by more than 50 points in a one week period. Because of my earlier decision to sell half of the stock, I lost over \$10,000 in selling off the rest of my shares of Google.

The next stock I selected was Apple Computers. Apple had been listed as one of the top rated technology stocks to trade and with the release of new versions of their popular iPod; Apple's stock value was going to grow. Apple's stock value increased by almost 10 dollars within the first week. I sold half of the stock at the end of that week in hopes that Apple would continue its increase in value. This was not what happened. In the next two weeks I continued to keep my Apple shares in hopes that the value would go up a little more so I could sell them off at a higher price. Apple then released its second-quarter report which had shown a large profit, but its financial forecast was below what was expected. The stock value dropped by more than 10% in a single day. I therefore sold off all my shares at a loss. My earlier profit with the stock had been significant enough that I didn't lose as much as I could have.

The next stock I decided to trade was Sony Corporation. Sony was the main contributor with the Blue-Ray disk technology which would increase the amount of storage for removable media. In January, Sony had announced a roll out of this technology which caused a steady rise in stock value. I therefore decided to trade with Sony using my buy at the beginning of the week and sell at the end. Sony's stock fell 2 points during that week, but still had potential to rise. Therefore I decided to sell only half of the stock in hopes that in the next week it would rise again and I could generate some profit. During the next week, Sony's stock increased 4 points and I sold the rest of it at a profit of \$1 per stock I originally bought.

The next stock I decided to trade was Neoware Inc. Neoware was listed as one of the top rated technology stock to trade and their stock value had been hovering around twenty five dollars per share. Neoware's stock value fell two points during the week due to market conditions. During that week, the NYSE had fallen on average of 5 points. This could be a factor as to why Neoware's stock fell.

NVidia Corporation, another company listed as the top rated technology stocks, had shown an increase in stock value of over 10 points in the past month. I bought eight-hundred shares of NVidia at the beginning of the fifth week of trading in hopes that NVidia would continue its upward trend. After the first week, the stock value had fallen a little over a point. I felt this was little cause for alarm

so I kept half the stocks. After looking over the stock's history, it had been fluctuating for the past three weeks between 47 and 43. I decided to keep the rest of the stocks till I noticed an increase again which would result in a profit. I sold the stocks as my last transaction which resulted in a half dollar increase per stock in my net profit.

Computer Science Corporation, a manufacturer of business applications, was on a steady rise since the beginning of February with the release of their quarterly results. In the month of February, the company had over a 5 point increase per share. I bought the stock at the beginning of the second to last week and sold it at the end of the simulation. In two weeks, the stock value had risen over four points resulting in personal net profit over five thousand dollars.

The next company I bought was Seagate Technologies. Seagate had recently acquired hard drive manufacturer Maxtor in a 1.9 billion dollar deal. In the past two months, Seagate's stock value had been on a steady rise and with the release of their quarterly revenue, the company showed great promise in increasing stock value. I bought the stock in at around twenty four dollars per share and sold it at the end of the simulation at twenty seven dollars per share. The result was a three dollar profit per share.

Broadcom Corporation was the next traded stock. In the past two months before the trading, the stock had seen little major activity and hovered between

forty four dollars and forty seven dollars. The stock did presented a great opportunity for showing my trading technique of buying at the beginning of the week and selling at the end of the week. In the past three weeks before trading, the company had exhibited the characteristic of being lower at the beginning of the week and higher at the end. On average, the stock grew over a dollar during the week. Because of this characteristic I bought at the beginning of the last week and sold it all at the end of the simulation. The result was a profit of over two dollars per share and a net profit of almost two thousand dollars.

By the end of the simulation, I had learned a lot about the stock market. Originally I had a preconceived notion that I would be able to buy and sell weekly and generate a profit from this. While two of my stocks exhibited this pattern, the majority of them did not which goes to show that technology stocks are a fluctuating sector of the market. One second stock values can be up, the next it's down. A great example of this is with Google Inc.'s fall in stock value after releasing their financial results for the quarter. Although the projection showed that the company would show a profit, the fact that this profit was not what was projected decreased the stock value significantly by over 50 points. In the end of the simulation, I had a total of \$224,374.90. From my original starting value of \$200,000 I had a total net profit of \$24,374.90. I was a little timid when it came to buying stocks. At some points during the simulation I had over \$100,000 in cash. If I had used it, my net profit would have been higher. The simulation was a great

experience for me and I was even able to show something for my efforts, a significant profit.

In figure 2.12 you can see how a direct correlation between the decisions I made which were discussed in this section and the amount of money I had and made during the simulation. As you can see, the drop in the value of Google caused my total assets to drop significantly.

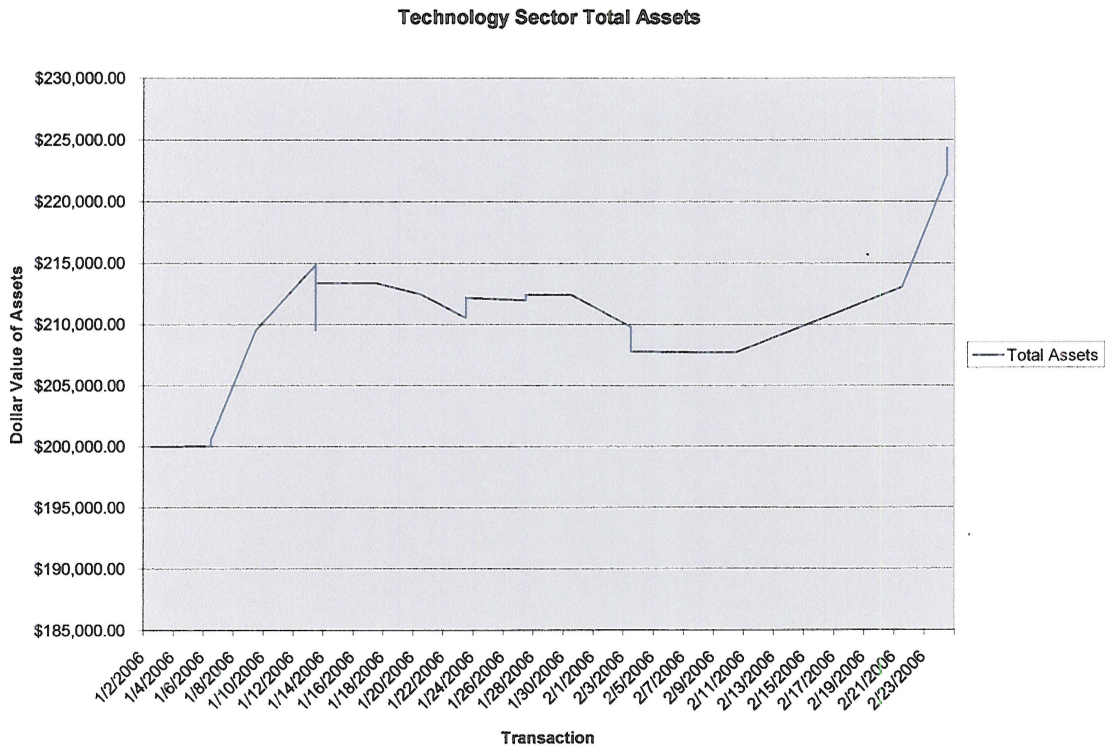


Figure 2.12 Transaction Graph

Chapter 3: Mineral Stocks

3.1 Background

The single most precious commodity as we know it today is crude oil. Oil companies were formed in 1865 for little or no cost. This oil frenzy of 1865 resulted in fraudulent claims to oil rich land and petroleum stocks were heavily manipulated. According to Edward Chancellor's Devil Take the Hindmost, "*Shares were run up to a great height before the petroleum bubble evaporated into thin air*". Oil stocks, unlike most others, are easily affected by many things. They have gone through many "Boom and Bust" cycles, and before the 1870's, oil was viewed as almost useless.

Oil in the 1860's wasn't used the same way as we use it today. It was used as a disinfectant, a pesticide, as hair oil, boot grease, and even as a cure for kidney stones. The true importance of oil wasn't understood until World War II. Oil wasn't discovered in Texas until the 1930's, and in 1933 the U.S. paid \$275,000 to Saudi Arabia for an oil concession. The British did not think there was oil there, resulting in Saudi Arabia's King Ibn Saud sale of the concession. In 1938, The U.S. struck it big and found "arguably the single greatest prize in all history" according to experts. At the same time, in March of 1938 the Mexican government expropriated the UK's and US's assets of the oil companies in Mexico. This showed that it was risky to do business in underdeveloped countries. Starting after World War II, it was clear that a great amount of oil would be needed, and the government was there to help.

Exxon, Chevron, and Socony-Vacuum (Mobil) joined into the incentives the governments were giving. The United States and Saudi Arabia were going to split the oil profits evenly between the countries containing the oil and the companies doing the work. At the same time, the British were creating oil companies to do the same thing, but in Iran. However, they struggled to reach an even split for the profits. This resulted in Iran taking the oil industry from the British and nationalizing their oil industry.

The Middle East began to take control of the oil industry in the 1960's. Major Western oil companies had lowered prices once again, this being the last straw for Middle Eastern countries. Soon, Libya was found to have vast oil reserves and a U.S. company built the infrastructure. However, the terms were drastically changed by the Libyans and they became the first producing country to dictate the terms to the West. This was a major turning point in the oil industry, the U.S. heyday was over and the Middle East held the power.

For more than a hundred years, the British had policed the Middle Eastern countries, but in 1971 they withdrew their fleets. President Richard Nixon decided to send the Shah of Iran to take over for the British police. In 1973, the Arab Israeli War broke out and the United States attempted to secretly fly planes into Israel at night to help them fight. However, this plan was flubbed when the U.S. actually flew in during the day time, allowing themselves to be filmed by

television crews. This resulted in the Arab oil embargo, which caused rising oil prices and panic in the West.

Section 3.2

In this project, I will focus on many mineral stocks, especially oil companies. I will select stocks based mainly on researching oil companies and try to pick ones based on up and coming companies. I will also use items such as news articles and online sources to determine what I should use.

3.3 Stocks

EXXON MOBIL

The chief predecessors of these two oil giants were started by John D. Rockefeller in 1882. Rockefeller acquired a diversity of kerosene interests and organized them under the Standard Oil Trust. Standard Oil Company of New Jersey and Standard Oil Company of New York were incorporated in 1882 and they became the chief predecessors of Exxon and Mobil.

In 1911 the Standard Oil Trust was forced to dissolve by the U.S. Supreme Court. What resulted was a spin-off of 34 companies, including The Standard Oil Companies of New York and New Jersey. In the same year, the kerosene industry was being overshadowed by another fuel byproduct, gasoline. The expanding automobile industry inspired the product trademark Mobil oil, which was registered in 1920.

The two standard oil companies of New York and New Jersey became better known as “Socony” and “Jersey Standard” respectively. Over the next two decades each company built up their businesses by installing pipeline and generating research. They learned to transform refinery by-products into many petrochemicals. The two companies each advanced their technologies and established markets in more than 100 nations since the end of World War II. Mobil Chemical Co. was formed 1960 and Exxon Chemical was formed in 1965. The two companies combined in 1998 and the merger was officially completed November 30, 1999.



Figure 3.1 Exxon Mobil Three Month

Chevron Texaco

Chevron is the fifth largest energy company in the world. It can trace its roots to the discovery of oil in 1879 at Pico Canyon in California. This led to the formation of the Pacific Oil Company, which later became the Standard Oil Co. of California. Texaco can trace its roots back to 1901 when the Texas Fuel Co. was formed in Beaumont, Texas. It later became known as The Texas Co., and eventually Texaco Inc.

These two oil giants merged in 2001 to form ChevronTexaco. The company name was eventually changed to Chevron in 2005, when they merged with Unocal. Chevron and Texaco were both instrumental in transforming a fledgling oil business into today's multifaceted, global, high-tech energy industry. The two companies were destined to become partners and cross paths at a number of key junctures, even if it could not have been foreseen one hundred twenty five years ago.

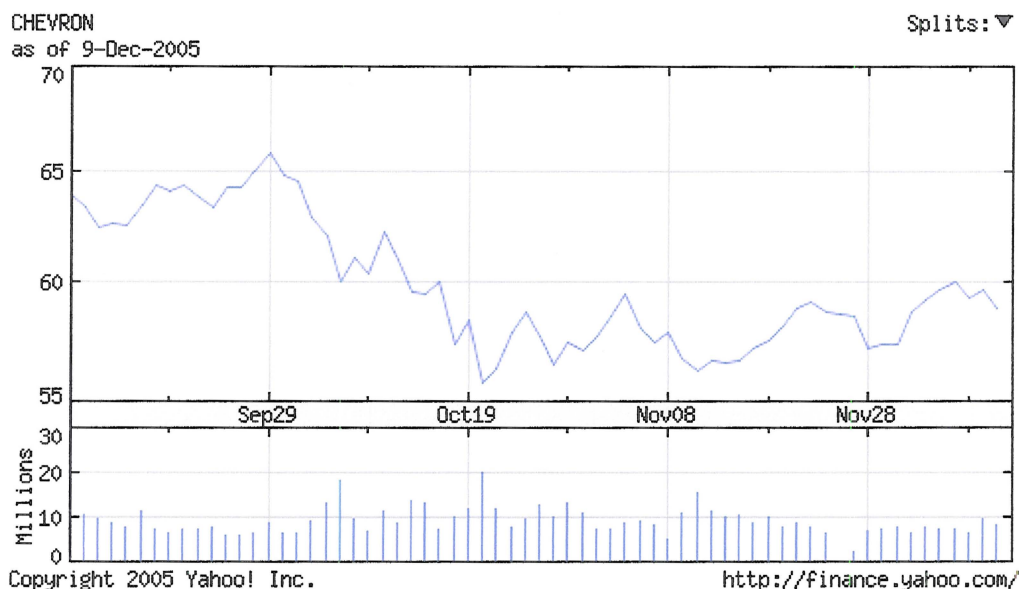


Figure 3.2 Chevron Texaco Three Month

Anadarko Petroleum Corporation (APC)

Anadarko Petroleum Corporation engages in the exploration, development, production, and marketing of natural gas, crude oil, condensate, and natural gas liquids primarily in the United States. As of December 31, 2005, Anadarko had proved reserves of 7.9 trillion cubic feet of natural gas; and 1.1 billion barrels of crude oil, condensate, and natural gas liquids (NGLs). The company also purchases natural gas, crude oil, and NGL volumes for resale, as well as owns and operates seven gas gathering systems in its primary producing areas. In addition, it involves in the hard minerals business in several coal, trona, and industrial mineral mines. Further, the company owns exploration acreage in Tunisia, West Africa, Indonesia, and off the coast of Georgia in the Black Sea. Anadarko was founded in 1959 and is headquartered in The Woodlands, Texas.

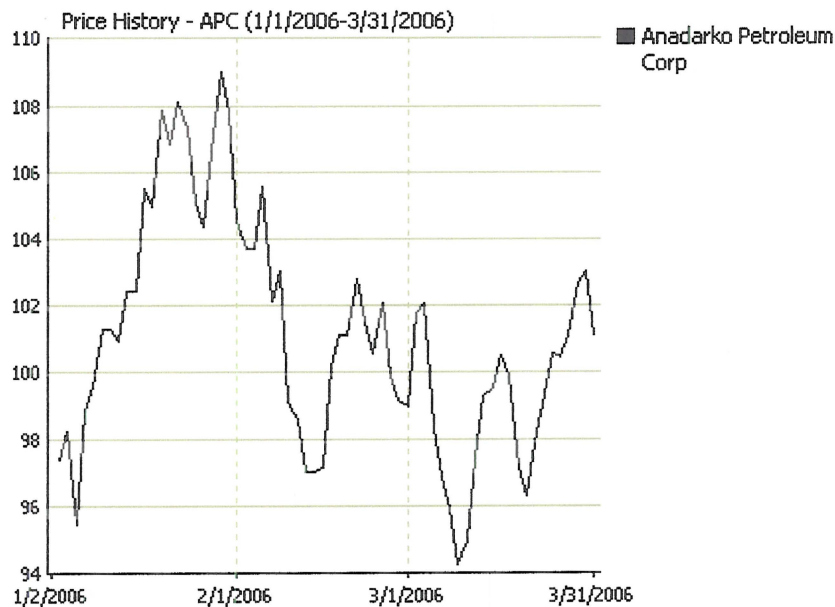


Figure 3.3 Anadarko Petroleum Three Month Chart

Apache Corporation (APA)

Apache Corporation engages in the exploration, development, and production of natural gas, crude oil, and natural gas liquids primarily in North America. It has exploration and production interests in the Gulf of Mexico, the Gulf Coast, east Texas, the Permian Basin, the Anadarko Basin, and the western Sedimentary Basin of Canada. The company also holds exploration and production interests onshore Egypt, offshore Western Australia, offshore the United Kingdom in the North Sea, offshore the People's Republic of China, and onshore Argentina. As of December 31, 2005, it had total estimated proved reserves of 976 millions of barrels of crude oil, condensate, and natural gas liquids; and 6.8 trillion cubic feet of natural gas. The company was formed by Truman Anderson, Raymond Plank, and Charles Arnao in 1954 and is based in Houston, Texas.



Figure 3.4 Apache Three Month Chart

Burlington Resources, Inc. (COP)

Burlington Resources, Inc. engages in the exploration, production, and development of crude oil, natural gas liquids, and natural gas in the United States, Canada, the United Kingdom, the Netherlands, North Africa, China, and South America. Its projects and properties in North America comprise the San Juan Basin in northwest New Mexico and southwest Colorado; the Madden Field located in the Wind River Basin; the Williston Basin; the Anadarko Basin located in western Oklahoma; Permian Basin; the Fort Worth Basin in north-central Texas; and the Onshore Gulf Coast. The company also engages in the exploration and development activities in Alberta, British Columbia, and Saskatchewan in Canada. Burlington's International projects comprise the East Irish Sea assets consisting of seven operated gas fields, including Millom and Dalton producing gas fields, and the Rivers sour gas fields in the Northwest Europe; exploration and development programs in Algeria and Egypt, North Africa; the Panyu offshore oil project in the Pearl River Mouth Basin of the South China Sea, and onshore Chuanzhong Block in the Sichuan Basin, located in the People's Republic of China; and working interests in various projects in Ecuador, Argentina, Peru, and Colombia, South Africa. As of December 31, 2005, the company had proved developed and undeveloped reserves of 8,375 billion cubic feet of gas equivalent of natural gas, natural gas liquids, and crude oil in the United States; proved developed and undeveloped reserves of 2,982 billion cubic feet of gas equivalent of natural gas, natural gas liquids, and crude oil in Canada; and proved developed and undeveloped reserves of 1,127 billion cubic feet of

gas equivalent of natural gas and crude oil internationally. Burlington Resources was founded in 1988 and is based in Houston, Texas.

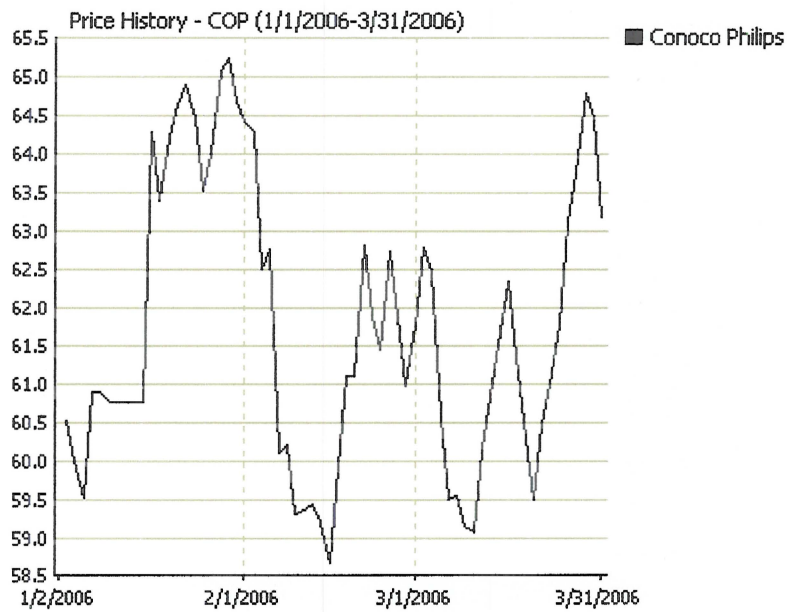


Figure 3.5 Burlington Resources Three Month

3.4 Trading

Date	Symbol	buy/ Sell	Price	Shares	Shares	Total	Stock Value	Total
					Owned	Money		Assets
01/02/06	XOM	BUY	\$56.10	200	200	\$188,780.00	\$11,220.00	\$200,000.00
01/02/06	CVX	BUY	\$56.47	200	200	\$177,486.00	\$11,294.00	\$200,000.00
01/02/06	APC	BUY	\$93.15	200	200	\$158,856.00	\$18,630.00	\$200,000.00
01/06/06	APC	SELL	\$107.14	50	150	\$164,213.00	\$16,071.00	\$202,798.00
01/06/06	APA	BUY	\$71.36	500	500	\$128,533.00	\$35,680.00	\$202,798.00
01/13/06	XOM	BUY	\$60.99	500	700	\$98,038.00	\$42,693.00	\$203,776.00
01/13/06	CVX	BUY	\$60.62	300	500	\$79,852.00	\$30,310.00	\$204,606.00
01/17/06	APC	BUY	\$105.53	300	450	\$48,193.00	\$47,488.50	\$204,364.50
01/20/06	XOM	SELL	\$62.06	300	400	\$66,811.00	\$24,824.00	\$205,113.50
01/23/06	APA	SELL	\$73.89	200	300	\$81,589.00	\$22,167.00	\$206,378.50
01/27/06	BR	BUY	\$92.12	300	300	\$53,953.00	\$27,636.00	\$206,378.50
01/30/06	XOM	SELL	\$63.96	200	200	\$66,745.00	\$12,792.00	\$207,138.50
02/03/06	BR	BUY	\$87.61	400	700	\$31,701.00	\$61,327.00	\$205,785.50
02/06/06	XOM	SELL	\$62.61	200	0	\$44,223.00	\$0.00	\$205,515.50
02/06/06	APC	SELL	\$106.80	200	250	\$65,583.00	\$26,700.00	\$206,087.00
02/08/06	CVX	SELL	\$58.18	200	300	\$77,219.00	\$17,454.00	\$204,867.00
02/08/06	XOM	BUY	\$60.64	200	200	\$65,091.00	\$12,128.00	\$204,867.00
02/09/06	APA	SELL	\$72.85	150	150	\$76,018.50	\$10,927.50	\$204,555.00
02/09/06	BR	SELL	\$87.61	700	0	\$137,345.50	\$0.00	\$204,555.00
02/10/06	CVX	SELL	\$56.00	100	200	\$142,945.50	\$11,200.00	\$203,901.00
02/13/06	XOM	SELL	\$60.35	200	0	\$155,015.50	\$0.00	\$203,843.00
02/21/06	APA	SELL	\$70.58	150	0	\$165,602.50	\$0.00	\$203,502.50
02/21/06	XOM	BUY	\$60.65	600	600	\$129,212.50	\$36,390.00	\$203,502.50
02/24/06	XOM	SELL	\$61.30	200	400	\$141,472.50	\$24,520.00	\$203,892.50
02/24/06	CVX	SELL	\$57.97	200	0	\$153,066.50	\$0.00	\$204,286.50
02/24/06	XOM	SELL	\$60.73	400	0	\$177,358.50	\$0.00	\$204,058.50
02/27/06	APC	SELL	\$101.60	250	0	\$202,758.50	\$0.00	\$202,758.50

Figure 3.6 Trading Table

3.5 Analysis

Wednesday January 11

On January 11 we bought stock in APC because energy company Enterprise Products Partners LP announced that it was expanding its pipeline and processing hub systems in the Gulf of Mexico after finding three new fields. This project is estimated to cost \$28 million.

EPP's partner in this project is Atwater Valley Producers, which includes APC. They plan to expand the operations in an agreement that will accommodate an anticipated boost in natural gas production from three additional fields that were discovered in the area.

January 18,

We purchased additional stock in APC on January 18. Marketocracy's top stock pickers announced that crude oil prices are rising to \$70 per barrel. This resulted in the pickers doubling their holdings of APC. Many experts and analysts are expecting Anadarko to achieve 12% annual growth over the next 5 years. It is ranked #25 in guru portfolios.

January 26

Warren Resources announced that it would like to triple its production and to do this they will need the help of APC. Anadarko is expected to produce two

thousand natural gas wells for Warren which will support a project life span of thirty to fifty years. Also, they will allow Warren to use their vast acreage to help them expand in the future.

Feb 2

We decided to sell stock in APC today. APC's board of directors declared dividends on their preferred and common stocks and declared an authorization of a 2 for 1 split of the common stock.

At the company's annual meeting, the authorization of the issuance of new shares by the shareholders came through. If all goes as planned APC's transfer agent will give each holder one additional share for every common stock held. The split will be in the form of a stock dividend on May 26, 2006 and APC's common stock will begin trading on May 29th on a post-split basis. Anadarko will have approximately 450 million shares of common stock still outstanding after the proposal. This information is based on outstanding shares based on the end of the 2005 year.

Feb 6, 2006

APC announced on February 6 its earnings for the fourth quarter.

According to yahoo finance,

“EXPECTATIONS: Analysts expect the company to earn \$3.35 per share on sales of \$2.09 billion. [3]

ANALYST TAKE: In a Jan. 13 note to clients, Prudential analyst Jason D. Gammel lowered the firm's earnings estimate to \$3.20 from a \$3.25 to account for effects of Hurricane Rita on the quarter and lower realized natural gas prices. He forecast a 14 percent, year-over-year decline in production volume due to asset sales. A year ago, the company earned \$2.04 per share, he said.

Anadarko has 24 percent of its North American gas production hedged in the fourth quarter, which Gammel said will lower its average realized price by about 97 cents per thousand cubic feet and its per-share earnings by 31 cents. The company also hedged 28 percent of its worldwide oil production volume, which is expected to reduce its average realized price by \$3.71 per barrel and per-share profit by 15 cents.”

Through November and December the stock climbed and reached a year high of \$110.15 on Jan 30, up from the previous year low of \$64.91.

The purchase of crude oil stocks is expected to not necessarily become a sound decision. On the week of January 4, 2006, Crude oil closed out at a four month high, but later that week the Energy Department released its weekly petroleum and natural gas inventory reports. They reported that crude supplies will suffer a drop of between 200,000 and 2.4 million barrels, resulting in a drop in gasoline stocks of approximately one million barrels.

Natural gas stocks are expected to fall as well, by roughly 150 million cubic feet. This is due mostly to the fact that heating demand typically exceeds domestic production during the winter months. At this point I will most likely be careful in buying oil stocks because the supplies are so low and the prices will most likely rise.

On January 26, Chevron reported their earnings for the fourth quarter. Experts expect Chevron to post earnings of \$1.89 per share. Boston analyst Mark Flannery stated, "While we expect refining earnings to be lower than in the third quarter, the fourth quarter will still be a very strong quarter," Other analysts predict close 73 percent earnings growth from the in-company aspect and 20% in the chemical division. Refining earnings will most likely increase approximately 40% from the third quarter. [3]

Chevron is a good buy at this time because in late December they drilled the deepest well ever in the Gulf of Mexico. Chevron also announced that they planned on convert oil well contract in Venezuela into joint-ventures owned by state. At this point Chevron is buying up a great deal of other people's problems. They are basically "cleaning up" the Hurricane Katrina results and despite temporary set backs, are making more money now than ever. The stock climbed from its year low of \$49.81 in May to \$65.98 in late September, right after the hurricanes.

I have made purchases in Burlington Resources (BR). CEO of Conoco Phillips reported at the end of January a 4th quarter income of \$3679 million, up over a billion from a year before, Conoco Phillips reached an agreement with Burlington Resources. CEO of ConocoPhillips, Jim Mulva stated:

"We are very pleased to have reached an agreement with Burlington Resources and are confident in the opportunities it provides our respective companies and shareholders. Integration teams composed of employees from both companies currently are working transition details, and we anticipate completing the transaction in the first half of 2006. With this transaction, ConocoPhillips will expand its portfolio of high-quality, low-risk, long-lived gas reserves and become a leading producer of natural gas in North America. Additionally, the transaction enhances ConocoPhillips' North American natural gas supply position in projects involving conventional and unconventional resources, as well as long-term LNG and Arctic gas projects. [14]

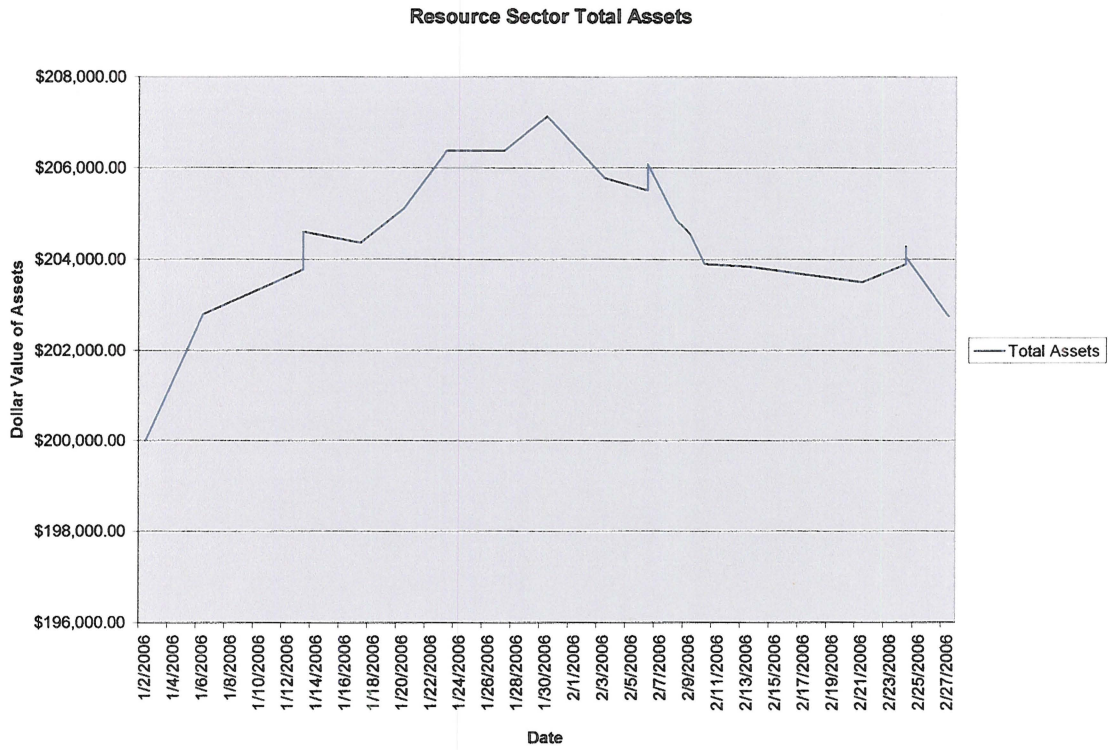


Figure 3.7 Chart of Total Assets over time

Chapter 4: Industry Stocks

4.1 Background

The history of Industry in the United States can be traced back to almost the birth of the country. The Industrial revolution was no doubt the biggest acceleration in the early twentieth century where Industry is concerned. One of the largest Industries to come about and last during this time was the Automotive Industry, which can be traced all the way back to 1896 when Charles E., and J Frank Duryea introduced the Duryea Motor Wagon. Also in the same year the “Quadricycle” which was the first car ever built, was introduced by Henry Ford himself. Henry Ford also went on to perfect the assembly line creating a very cost effective way to produce automobiles at a very high rate, making each unit cost very low, which ultimately resulted in most homes being able to afford the transportation. This boom also opened the door for the rest of the century, cementing the automobile in our culture.

Another Industry that has changed our way of life is the Computer Industry. Computers are an essential part of our everyday life when just two decades earlier, only very few homes contained a computer. The computer that we know today would not be possible without the invention of the microprocessor. This small chip has made it possible to build computers that can fit in the palm of your hand. Without the help of Apple computers founder Steve

Jobs and Microsoft founder Bill Gates, we still may be using computers that can barely fit in a single room, and not have the benefits of the worldwide internet.

There are thousands of different Industries that are traded on in the United States today, these are only two examples which contain industries in themselves. Industry is not one simple subject that has an exact date of when it started, because all different industries take off at all different times. The main stocks of Industry that I will be focusing on in this IQP will be those of Automotive Industry. There are so many new technologies opening up for automobiles, there are equally as many new companies that will be producing these new products.

4.2 Strategies and Goals

My plan for this term of trading is fairly simple. I would like to keep one long term stock and then decide on a group of others that I can rotate investments in, timing it just right enough that if one starts to drop, I can sell my shares and pick up the same number of shares in the other stock. Keeping an eye on all the short term stocks daily, trying to generate as much profit as possible. In choosing the long term stock, I will look at a variety of stocks and pick out one that is a good reputable company that has a low price per share and judging by the charts over the past weeks and months, that the stock is due to increase.

4.3 Stocks

Ford Motor Company

Ford Motor Company became a business on June 16, 1903, when Henry Ford and 11 business associates signed the company's articles of incorporation. With \$28,000 in hand, these twelve men gave birth to what was to become one of the world's largest corporations. There are not many companies that are as closely identified with the history and development of industry and society throughout the 20th century as Ford Motor Company. As with most successful companies, Ford began as a modest company. The company had anxious moments in its infancy. The earliest record of a delivery of a car is July 20, 1903, almost one month after the company's formation, to a Detroit physician. With the company's first sale came hope—a young Ford Motor Company had taken its first steps. With mass production on the line, perhaps Ford Motor Company's single greatest contribution to automotive manufacturing was the moving assembly line. First implemented at the Highland Park plant (in Michigan, US) in 1913, the new technique allowed individual workers to stay in one place and perform the same task repeatedly on multiple vehicles that passed by them. Creating easy, cheap assembly, ease of repairs after delivery, and low unit cost.



Figure 4.1 Ford Three Month

General Motors

General Motors (GM) was founded by Billy Durant in 1908 with his merger of the Oldsmobile and Buick automotive companies. He added Cadillac the next year and the company just kept on growing. GM was the first company to gross more than \$1 billion in a year. It dominated the U.S. and world car markets for most of the twentieth century, while its management structure had a major influence on the way large corporations are run. Ford brought no-nonsense motoring to the masses, but GM made the automobile an international symbol of modern America. From finned Cadillacs to the 1957 Chevy, GM has built many of the definitive American cars.

Unlike Henry Ford, whose skill was in manufacturing, Durant was a whiz at striking deals. He started out with car manufacturers, but then added component suppliers so that he could control every aspect of the business. When Alfred Sloan took over in 1920, GM's cars became statements about a person's social

status, tastes, and desires. The Chevy was a cheap first car; then you worked your way up through Buick and Oldsmobile. A Cadillac was something to dream about. But GM sometimes went too far in trying to sell its products. In 1949, GM was convicted of criminal conspiracy to replace electric trams with GM buses in forty-five American cities.

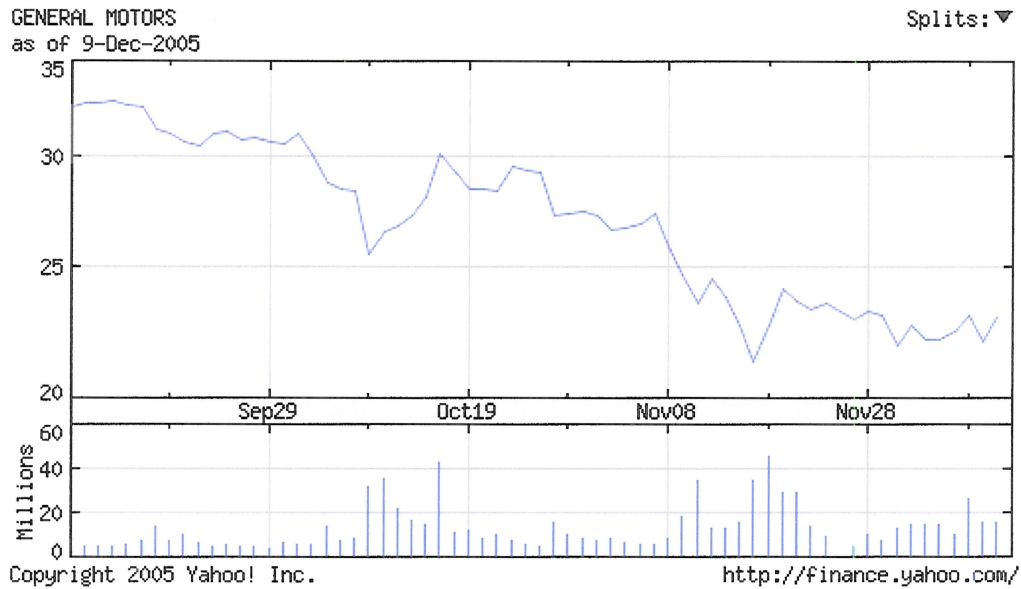


Figure 4.2 GM Three Month

Chrysler Company

The Chrysler Company is another huge and influential automotive company. The company was formed by Walter Percy Chrysler on June 6, 1925 with the remaining assets of Maxwell Motor Company. In 1928 Chrysler founded the Plymouth and the DeSoto brand as their low end models. Chrysler also purchased the Dodge Brothers automobile company; all of this was in order to set up a full range of brands similar to that of the General Motors corporation. This process reached its logical conclusion in 1955, when the Imperial was made a brand of its own and Chrysler marketed a GM-like five-brand lineup. Even before then, though, Chrysler Corporation had become noted both for its engineering features and its periodic financial crises. By the end of the 1930s, the DeSoto and Dodge divisions would flip-flop spots in the corporate pecking order making the line-up Plymouth, Dodge, DeSoto, Chrysler, and Imperial. In the 1930s, the company introduced the Chrysler Airflow, featuring an advanced streamlined body which was among the first to be designed according to scientific aerodynamic principles. Chrysler also created the industry's first wind tunnel to create them. Unfortunately, it was not well accepted by the public, and it was the lower end Dodge and Plymouth sections, which had not been given an Airflow model, that pulled them through the Depression with its traditional, popular body styles.



Figure 4.3 Chrysler Three Month

Toyota Motor Company (TM)

The Toyota Motor Company was brought into conception in the year 1933 when the company Toyoda Automatic Loom created a new division for producing automobiles. Then the Toyota Motor Company branched off to become its own independent business in 1937, and with it the name Toyoda was switched to the spelling still used today of Toyota.

Toyota Motor Company got its feet wet in the automotive industry in the beginnings of World War II, producing trucks which were purchased by Japan. Passenger cars started rolling off the assembly line in the mid to late 1940's with the model SA. Today, Toyota Motor Company owns factories and production facilities around the world. They are one of the top 3 auto makers in the entire world and continue to strive towards creating vehicles that run cleaner and much more efficient than before.

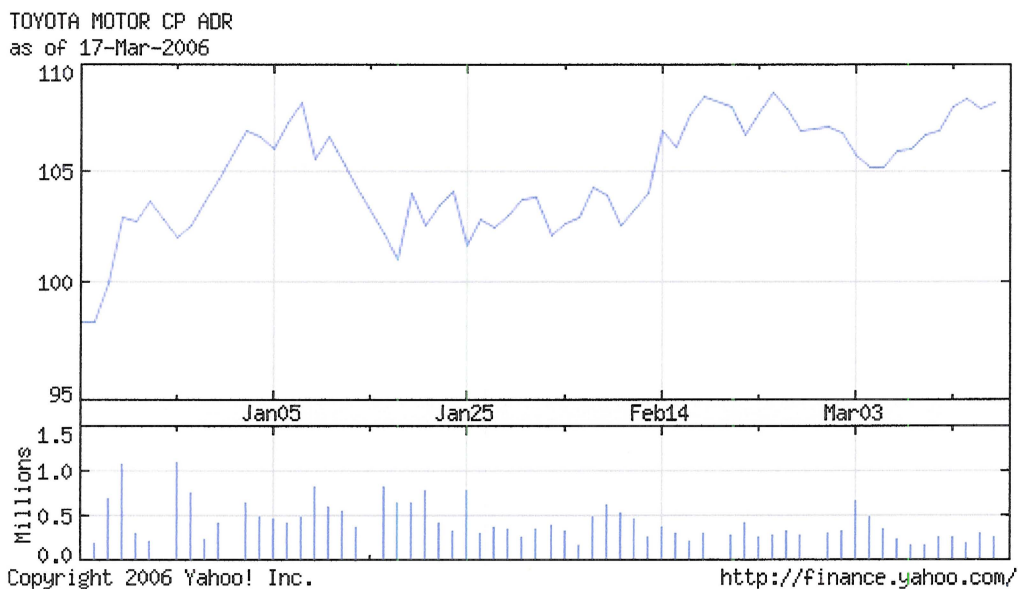


Figure 4.4 Toyota Three Month

Volvo Automotive Company (VOLVY)

The Volvo Automotive Company was founded by Assar Gabrielsson and Gustof Larson in 1924. The brand was formed because the American import cars were not suited for the climate of Scandinavia and an alternative was needed. The solution was to produce a car with good solid Swedish steel. The result was a successful business that was turning out 900 cars per year in 1937. Over the next fifty years the company grew in leaps and bounds. In 1983, Volvo was producing over five million vehicles per year including the high-end 760 series. In the early 90's, Volvo introduced its 850 series, which was the first car in the world to feature side air bags.

In the year 2000, Volvo Motor Company was purchased by the Ford Motor Company and is still today a very high-end luxury automobile manufacturer. With competition like BMW and Mercedes-Benz, Volvo has kept up and in many ways surpassed these other famed producers.

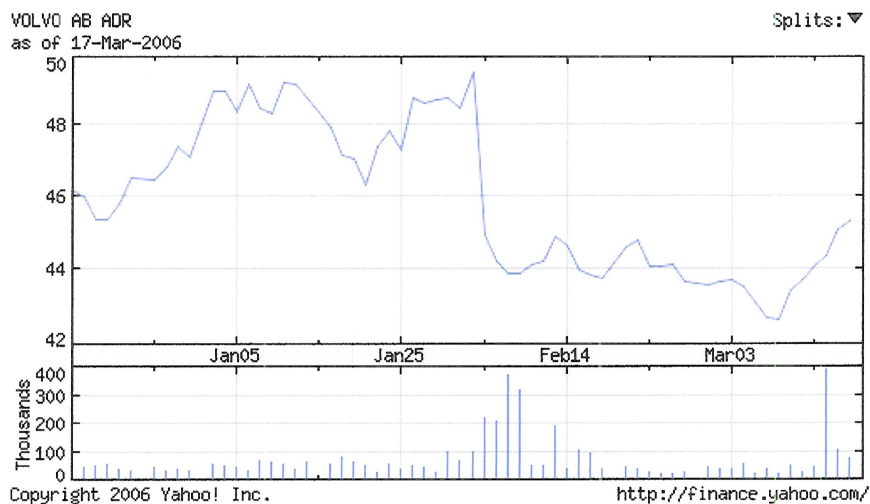


Figure 4.5 Volvo Three Month

4.4 Transactions

Date	Symbol	buy/ Sell	Price	Shares	Shares Owned	Total Cash	Stock Value	Total Assets
1/2/06	F	BUY	\$7.70	10,000	10000	\$123,000.00	\$77,000.00	\$200,000.00
1/2/06	DCX	BUY	\$51.90	1,000	1000	\$71,100.00	\$51,900.00	\$200,000.00
1/2/06	GM	BUY	\$19.82	1,000	1000	\$51,280.00	\$19,820.00	\$200,000.00
1/30/06	GM	SELL	\$23.80	1,000	0	\$75,080.00	\$0.00	\$203,980.00
1/30/06	TM	BUY	\$51.40	500	500	\$100,780.00	\$25,700.00	\$255,380.00
2/10/06	DCX	Sell	\$57.76	1,000	0	\$158,540.00	\$0.00	\$261,240.00
2/10/06	VOLVY	BUY	\$44.18	1,000	1000	\$114,360.00	\$44,180.00	\$261,240.00
2/17/06	TM	Sell	\$108.54	500	0	\$168,630.00	\$0.00	\$289,810.00
2/17/07	GM	BUY	\$21.92	500	500	\$157,670.00	\$10,960.00	\$289,810.00
2/24/06	F	Sell	\$8.24	10000	0	\$240,070.00	\$0.00	\$295,210.00
2/24/06	VOLVY	Sell	\$45.10	1000	0	\$285,170.00	\$0.00	\$296,130.00
2/24/06	GM	Sell	\$21.85	500	0	\$296,095.00	\$0.00	\$296,095.00

Figure 4.6 Trading Table

4.5 Analysis

This section of the report covers how I traded and some of the decisions I made over the trading period and the tools that helped me make those decisions. To start with some of the tools I used were MSN money, and Yahoo finance. Both of these offered all of the daily trading information of each stock chosen, as well as a detailed graph of the stocks' performance over a variety of dates, with the three month interval being used the most out of all.

To start with, the Ford Motor Company was chosen to be bought. Ford has been introducing new models lately, which most of them are very high quality, fairly fuel efficient, and very good price for what is offered. The stock was bought at a fairly low price of \$7.70 per share as well. I opted to buy ten thousand shares of this stock. With \$200,000 to start with, this did not seem to be too unreasonable. The stock had also been declining for a good period of time, and as the rule of thumb in trading says, I bought low in hopes to sell high. So what goes down must come up, and the strategy worked in this case.

The next stock I purchased was one thousand shares of General Motors at 19.82. Chevrolet Motors which is a division of General Motors was in the middle of unveiling the new Corvette Z06, which is the fastest production Corvette ever produced. This car was very heavily anticipated and was received very well which was the main reason that I bought the stock. The three month average was on pretty much an even keel so it was not a buy low sell high situation.

Following that purchase came the purchase of 1,000 shares in Daimler-Chrysler Motor Company. One of its subdivisions, Dodge, has been for the last few years producing some of the highest end trucks available on the market today. Since trading began during the winter months, and Dodge being known for the trucks, I thought it would be a good idea to buy some of the companies stocks. The shares were somewhat expensive at \$51.90 per share.

After two weeks, the General Motors had gone up and again started to decline, so I decided to sell the entire 1,000 shares at \$23.80 per share. This gave me the option of picking up another stock. I decided to purchase 500 shares of the Toyota Motor Corporation. The stock was at \$51.40 per share and was down a small amount in its three month average and I decided as well as the stock being traded low lately, gas prices were on the rise and it was an excellent time to buy into Toyota.

Over the last decade or so, Toyota has been one of the industry leaders in developing economic vehicles. As of lately, they have made huge advances in hybrid technologies, that is cars that run on both gas and electrical charge. With gas prices in the mid \$2.00, more and more people who do not need a truck or want a sports car are looking for an alternative. These cars are excellent choices which include many of the high-end luxury features that are included on conventional gas powered vehicles. Many of these hybrids obtain gas mileages

of 70 or 80 miles to the gallon of gas. Hopefully the high gas prices would help pull up the Toyota Motor Corp.'s stock prices.

Once again, I kept an eye on the overall performance of each stock, and noticing that the Daimler-Chrysler stock had hit a peak and was beginning to decline so I opted to sell the 1,000 shares of that and pick up 1,000 shares of the Volvo Motor Corporation. The next move in the trading scheme was to see which stocks had reached an earning peak and sell the stock that had reached the highest peak. That stock turned out to be the Toyota Motor Corporation shares. This was a fairly profitable move and also worked out because with the warmer months approaching, many consumers will be looking for a sportier vehicle, possibly a convertible. Having bought the shares for \$51.40 per share and selling them for \$63.54, this gave me a gain of \$6,070.00

I decided once again to invest in the General Motors Corporation. I bought five hundred shares of the companies stocks. Along with the Corvette ZO6 that had been introduced, Chevrolet had also unveiled a car that was a huge moneymaker over the last four decades, the new Camaro. The Camaro had been cancelled after it was losing the battle against its long-time rival, the Ford Mustang. The new model was greatly anticipated and is expected to have a huge selling year in its new production.

This was the last change in trading until the last week of trading. I decided to keep the three stocks that I started the last week with until the end, and sell them all at the same time, hopefully making as much money as was possible. The first stock to speak of was the Ford Motor Corporation shares. Having bought ten thousand shares of the stock at the beginning and holding onto them throughout, I was hoping that over the long term, the stock would eventually end up higher than what it was originally purchased. Thankfully, it was, bought at a price of \$7.70 per share and selling them at a price of \$8.24 per share. This gain multiplied by ten thousand shares gave me a total profit of \$5,400.00. This was pretty good news to see, after all it was more than what I started out with.

The next stock to sell was the Volvo Motor Company. I had bought one thousand shares of this stock for \$44.18. Once again, the stock had gone in my favor shooting up almost a dollar per share finally selling it at \$45.10, giving me another \$920.00. Even more good news because my bank account was growing at a nice fast rate giving me \$6320.00 total earned between Volvo and Ford.

Coming to the final stock, the General Motor Corporation, of which five hundred shares were purchased at a price of \$21.92. Hoping this would be a smart investment with the new model being introduced, I was very excited to see what the stock would do. However the stock fell to \$21.85 per share and I took a loss of only \$35.00.00. This thankfully was a relatively small loss and did not hurt my bank account very much at all.

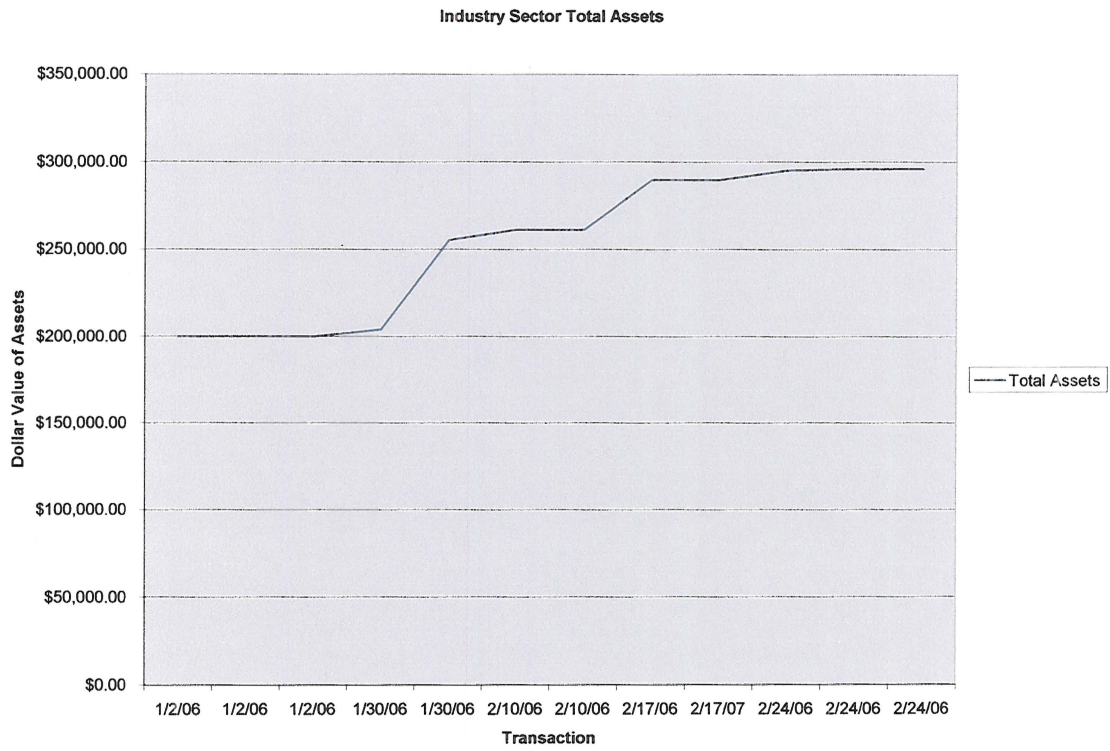


Figure 4.7 Trading Chart

Chapter 5 Entertainment Stocks

5.1 Background

A large part of anyone's life is entertainment, be it movies, television, books, magazines, toys, casinos, music, radio, websites, etc. To go along with all of these forms are publicly traded companies. For example: Marvel Enterprises, Regal Entertainment Group, World Wrestling Entertainment Inc., Clear Channel Communications Inc., and John Wiley and Sons Inc..

Marvel Enterprises contains a library of over 5,000 proprietary characters. That is one of the reasons why Marvel is one of the world's most well-known character-based entertainment companies. Marvel is basically split up into four areas: entertainment (Marvel Studios), licensing, publishing, and toys (Toy Biz). Marvel as of fairly recently is heavily involved in the creation of entertainment projects such as feature films, DVD/home video, video games, and television based on its characters. Marvel is one of the foremost owners of intellectual property. Marvel was first put on the New York Stock Exchange in 1988 after Ronald Perelman bought the company.

Another publicly traded company involved in entertainment is the Regal Entertainment Group. Regal is basically involved in theaters and all that goes into the theater experience (snacks, refreshments, films, etc.). Regal was

founded in 1989 and first became a publicly traded company on May 8, 2002 and began trading on the New York Stock Exchange on May 9, 2002.

World Wrestling Entertainment is also a very large publicly traded company involved in entertainment. The WWE first became publicly traded on October 19, 1999 and has gotten bigger and bigger with each passing year. The WWE is a televised sports entertainment show that is also involved in video games, clothing, toys, etc. They also own a large amount of intellectual property as well.

Clear Channel Communications is a very large company that is heavily involved in the entertainment industry. Their main areas are radio, billboards, television, and concerts. The company was founded in San Antonio, Texas in 1972 by Lowry Mays and Red McCombs. Clear Channel currently employs 60,000 people and earns about \$2.7 billion a year.

The last company is John Wiley & Sons Inc. Wiley is a global publisher of print and electronic products, specializing in scientific, technical, and medical books and journals; professional and consumer books and subscription services; and textbooks and other educational manuals. Wiley is in the forefront of electronic publishing, with products and services available online or on CD-ROM. Wiley has more than 14,500 active book titles and 400 journals. The company publishes 1,500 new titles in a variety of formats each year. The company has

more than 2,500 employees worldwide. The company began in 1807 when Charles Wiley opened a small printing shop at 6 Reade Street in lower Manhattan. In 1814, Wiley becomes a publisher and within five years begins to produce works by New York City's literary set, notably Washington Irving, James Fenimore Cooper, and Nathaniel Hawthorne.

5.2 Strategies and Goals

There really isn't a set formula for my trading with entertainment companies. By that I mean that there are no guidelines set before trading begins that would dictate either buying or selling certain stocks based on their performance in the market, past or present. I am basically going to buy when I feel that it is a decent price and sell when I feel that the stocks have increased in value enough to make a decent profit. There are a few companies that I will be holding onto for more of a long term profit (hopefully) and some that I will be trading weekly.

5.3 Stocks

Marvel Enterprises

Marvel Enterprises contains a library of over 5,000 proprietary characters. That is one of the reasons why Marvel is one of the world's most well-known character-based entertainment companies. Marvel is basically split up into four areas: entertainment (Marvel Studios), licensing, publishing, and toys (Toy Biz). Marvel as of fairly recently is heavily involved in the creation of entertainment

projects such as feature films, DVD/home video, video games, and television based on its characters. Marvel is one of the foremost owners of intellectual property. Marvel was first put on the New York Stock Exchange in 1988 after

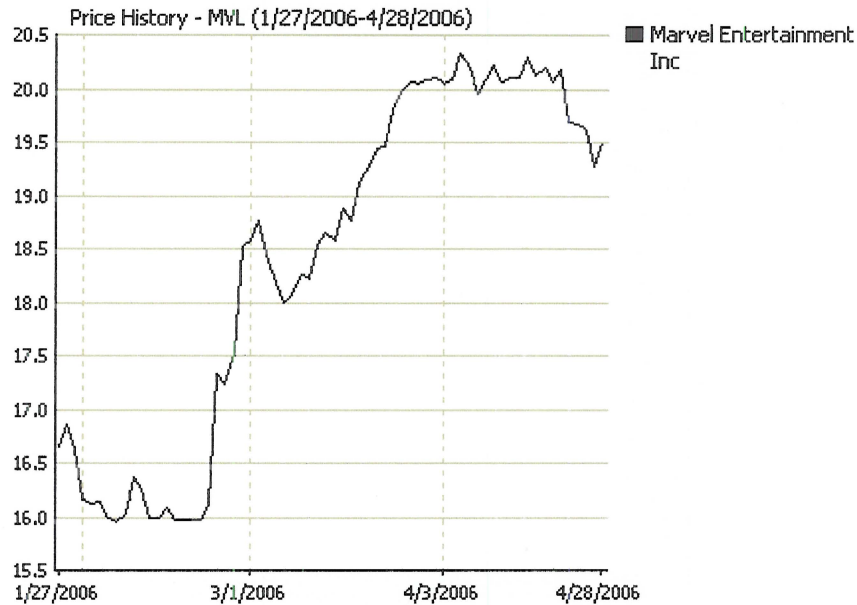


Figure 5.1 Marvel Three Month

World Wrestling Entertainment

World Wrestling Entertainment is also a very large publicly traded company involved in entertainment. The WWE first became publicly traded on October 19, 1999 and has gotten bigger and bigger with each passing year. The WWE is a televised sports entertainment show that is also involved in video games, clothing, toys, etc. They are also own a large amount of intellectual property as well.



Figure 5.2 WWE Three Month

Royal Caribbean Cruises Ltd.

Royal Caribbean Cruises Ltd. Is one of the world's largest cruise companies, operating the Royal Caribbean International and Celebrity Cruises brands, with 22 modern ships and a passenger capacity of approximately 49,988. The company introduced 6 more ships by the end of 2004, and has a total passenger capacity of approximately 57,300. The ships operate worldwide with a selection of itineraries that call on approximately 200 destinations.



Figure 5.3 Royal Caribbean Three Month

XM Satellite Radio Inc. (NASDAQ: XMS)

XM Satellite Radio Inc., an emerging force in broadcasting, was incorporated in 1992 and is a wholly owned subsidiary of XM Satellite Radio Holdings Inc. XM is publicly traded on the NASDAQ exchange since October 5, 1999. XM's founding was prompted by the radio industry's first major technological change since the popularization of FM radio in the 1970s: the creation of a third broadcast medium, transmitted by satellite, now taking its place alongside AM and FM on the radio dial. One of only two companies with a license for this new national audio service, XM has assembled a "dream team" of creative radio professionals and a management team committed to leading the world into the next generation of radio. XM transmits 100 discrete, nationwide radio channels to subscribers throughout the continental U.S. in digital sound from coast to coast.

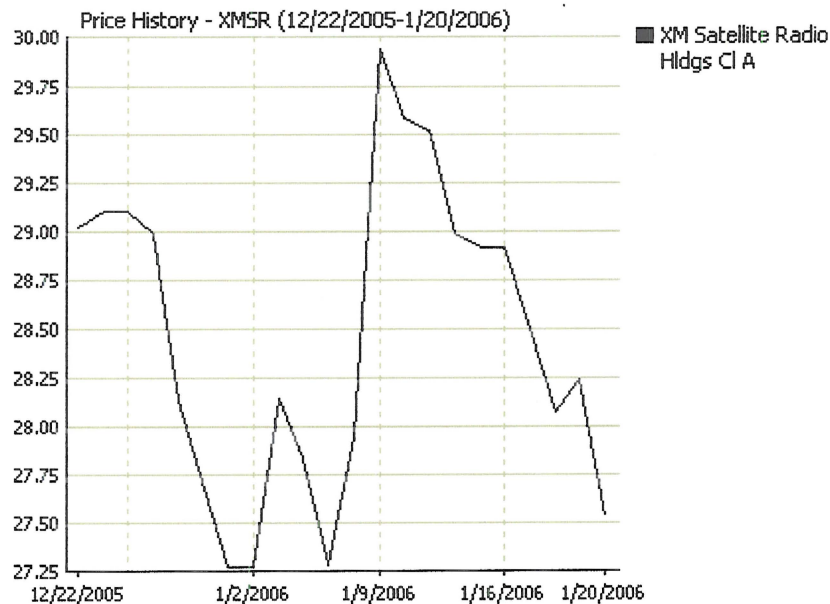


Figure 5.4 XM Satellite Three Month

IMAX (NASDAQ: IMAX)

The IMAX system has its roots in EXPO '67 in Montreal, Canada where multi-screen films were the hit of the fair. A small group of Canadian filmmakers/entrepreneurs who had made some of those popular films, decided to design a new system using a single, powerful projector, rather than the cumbersome multiple projectors used at that time. The result: the IMAX motion picture projection system, which would revolutionize giant-screen cinema. IMAX technology premiered at the Fuji Pavilion, EXPO '70 in Osaka, Japan. The first permanent IMAX projection system was installed at Ontario Place's Cinesphere in Toronto in 1971. IMAX Dome (OMNIMAX) debuted at the Reuben H. Fleet Space Theatre in San Diego in 1973. In March of 1994, the sale of IMAX by the original partners was finalized to Brad Wechsler, Rich Gelfond, and Wasserstein Perella Partners. In June 1994, IMAX was taken public on the Nasdaq stock.



Figure 5.5 IMAX Three Month

Clear Channel Communication (NYSE: CCU)

Clear Channel is one of the many media companies to call the United States home. CCU was founded by Lowry Mays and Red McCombs in 1972. Their company has a considerable influence through its subsidiaries on radio broadcasting, hosting and concert promotion, and fixed advertising in the U.S. CCU owns more than 30 television stations and over 1,200 high-power AM, FM, and shortwave radio stations in the U.S. alone. They also own various other media outlets in other countries. At present, the head of CCU is Mark Mays and headquarters is in San Antonio, Texas.

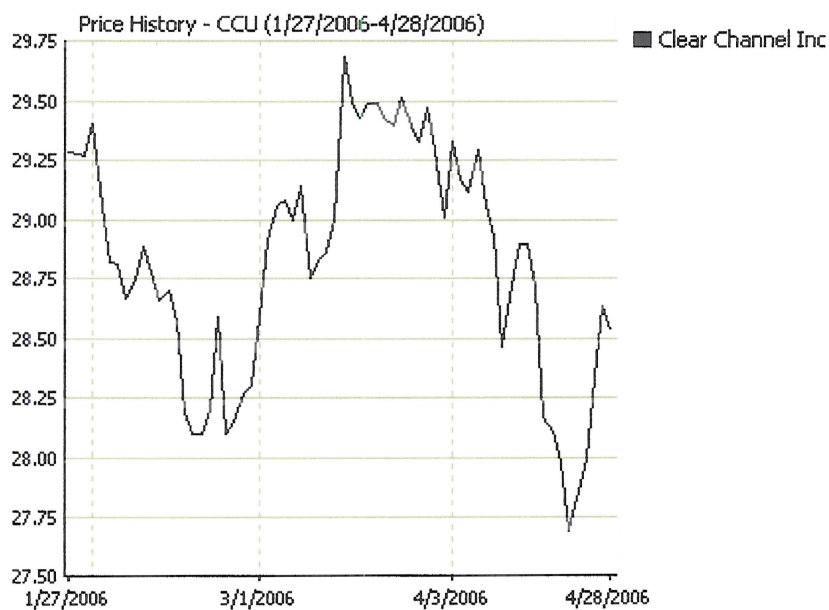


Figure 5.6 Clear Channel Three Month

Warner Music Group (WMG)

Warner Music Group is not only #3 in terms of U.S. market share but they are also one of the largest recording companies in the world. It's main area of business is producing, marketing, and distributing recordings through such label units as Atlantic Records Group and Warner Bros. Records. WMG also controls the rights to more than a million songs. WMG also distributes compilations and reissues through its Rhino Entertainment division. 35% of WMG is owned by Thomas H. Lee Partners which is an investment firm.



Figure 5.7 Warner Music Group Three Month

5.4 Trading

Date	Symbol	buy/ Sell	Price	Shares	Shares Owned	Total Cash	Stock Value	Total Assets
1/20/06	WWE	BUY	\$14.70	2500	2500	\$163,250.00	\$36,750.00	\$200,000.00
1/20/06	MVL	BUY	\$16.40	2000	2000	\$130,450.00	\$32,800.00	\$200,000.00
1/20/06	CCU	BUY	\$31.50	1500	1500	\$83,200.00	\$47,250.00	\$200,000.00
1/29/06	MVL	SELL	\$16.85	2000	0	\$116,900.00	\$0.00	\$200,900.00
1/29/06	CCU	SELL	\$32.50	1500	0	\$165,650.00	\$0.00	\$202,400.00
1/29/06	IMAX	BUY	\$7.80	3000	3000	\$142,250.00	\$23,400.00	\$202,400.00
1/29/06	XMSR	BUY	\$30.00	1500	1500	\$97,250.00	\$45,000.00	\$202,400.00
2/5/06	WMG	BUY	\$20.00	3000	3000	\$37,250.00	\$60,000.00	\$202,400.00
2/24/06	WWE	SELL	\$15.25	2500	0	\$75,375.00	\$0.00	\$203,775.00
2/24/06	XMSR	SELL	\$22.25	1500	0	\$108,750.00	\$0.00	\$192,150.00
2/24/06	WMG	SELL	\$20.80	3000	0	\$171,150.00	\$0.00	\$194,550.00
2/24/06	IMAX	SELL	\$9.90	3000	0	\$200,850.00	\$0.00	\$200,850.00

Figure 5.8 Trading Table

5.5 Analysis

The first three companies we started out with in the entertainment industry were World Wrestling Entertainment Inc. (WWE), Marvel Enterprises (MVL), and Clear Channel Communications (CCU).

The reason I bought stock in WWE was basically a personal choice. World Wrestling Entertainment is also a very large publicly traded company involved in entertainment. The WWE first became publicly traded on October 19, 1999 and has gotten bigger and bigger with each passing year. The WWE is a televised sports entertainment show that is also involved in video games, clothing, toys, etc. They also own a large amount of intellectual property as well. Recently wrestling entertainment has been down in ratings, merchandising, and with ticket sales to weekly shows and pay-per-views. So I figured since WWE was in more of a down-slope, I could purchase shares of the company for a reasonably cheap price. I ended up buying 2500 shares at \$14.70 a share. I knew for a fact that in order to make any sort of profit with WWE I would have to hold onto the shares over the following weeks. So over the following weeks of trading, I held onto the WWE shares that I had owned and slowly but surely the price per share increased week by week until finally on the last week each share was worth \$15.25. So in holding onto the WWE shares I earned \$1,375.

The second company I purchased the first week was Marvel Enterprises. Marvel Enterprises contains a library of over 5,000 proprietary characters. That is one of the reasons why Marvel is one of the world's most well-known character-based entertainment companies. Marvel is basically split up into four areas: entertainment (Marvel Studios), licensing, publishing, and toys (Toy Biz). Marvel as of fairly recently is heavily involved in the creation of entertainment projects such as feature films, DVD/home video, video games, and television based on its characters. Marvel is one of the foremost owners of intellectual property. Marvel was first put on the New York Stock Exchange in 1988 after Ronald Perelman bought the company. This was also a purchase mostly based on personal interest. Marvel is one of the largest and most well known character-based entertainment companies in the world. They own more than 5,000 proprietary characters. Over the years they have branched into almost every form of entertainment imaginable. One of the largest forms of income for the company at the present is the movies being made which are based on Marvel characters and stories. This was one of the main reasons I chose to invest in Marvel, because of the recent boom they've been a part of in the film industry. The first week of trading I purchased 2000 shares of Marvel Enterprises at the price of \$16.40 per share. I sold all of these shares the very next week. My reasoning behind selling them was basically that they had increased \$0.45 over that one week. I already knew that I would be holding onto WWE for basically the duration of the trading process so I really wanted to branch out and see what other areas of the entertainment industry I could invest in. After that one week of

owning the Marvel stocks, I earned \$1,000 which over a week I felt was pretty good. In retrospect I may have wanted to hang onto the Marvel stocks and just invest in another company anyway.

The third entertainment company I invested in during the first week was Clear Channel Communications. Clear Channel is one of the many media companies to call the United States home. CCU was founded by Lowry Mays and Red McCombs in 1972. Their company has a considerable influence through its subsidiaries on radio broadcasting, hosting and concert promotion, and fixed advertising in the U.S. CCU owns more than 30 television stations and over 1,200 high-power AM, FM, and shortwave radio stations in the U.S. alone. They also own various other media outlets in other countries. At present, the head of CCU is Mark Mays and headquarters is in San Antonio, Texas. As we all know, music is a large part of everyone's life so I wanted to invest in at least one company involved with music, whether it be radio, hosting and concert promotion, or even advertising. Clear Channel is involved in all three of these areas of the music business. Not only is Clear Channel involved in the music industry, they are also part of the television industry. They own several television and radio stations in the U.S. alone. During the first week of trading, I bought 1500 shares of Clear Channel at \$31.50 per share. I also sold these shares the very next week. Over just the one week, Clear Channel's price went up \$1.00 so by selling after only one week I earned \$1,500. This was also a company in retrospect I would have wanted to hold onto.

So after the first week of trading I have already bought and sold shares to two separate companies and combined earned \$2,500. So in order to keep on trading with at least 3 companies, I had to purchase shares in at least 2 more companies. One of the next companies I invested in was IMAX. The IMAX system has its roots in EXPO '67 in Montreal, Canada where multi-screen films were the hit of the fair. A small group of Canadian filmmakers/entrepreneurs who had made some of those popular films, decided to design a new system using a single, powerful projector, rather than the cumbersome multiple projectors used at that time. The result: the IMAX motion picture projection system, which would revolutionize giant-screen cinema. IMAX technology premiered at the Fuji Pavilion, EXPO '70 in Osaka, Japan. The first permanent IMAX projection system was installed at Ontario Place's Cinesphere in Toronto in 1971. IMAX Dome (OMNIMAX) debuted at the Reuben H. Fleet Space Theatre in San Diego in 1973. In March of 1994, the sale of IMAX by the original partners was finalized to Brad Wechsler, Rich Gelfond, and Wasserstein Perella Partners. In June 1994, IMAX was taken public on the Nasdaq stock exchange providing IMAX with the capitalization necessary to take advantage of numerous growth opportunities. The reason I had invested in IMAX was basically the fact that they just deal with the movie industry and since the movie industry is a part of everyone's life, I figured that this would be a sound investment, that, and the fact that the shares were extremely cheap and I wanted to see where this company would go. In the beginning I paid \$7.80 per share and bought 3000 shares of IMAX. I ended up holding onto the shares of IMAX until the last week of trading.

At the end of the trading period the IMAX shares were worth \$9.80 a piece. The price had increased by \$2.00 and I ended up making \$6,000. My reason for hanging onto these shares was basically the fact that movie releases usually start happening more and more toward the summer.

The next company I invested in was XM Satellite Radio (XMSR). XM Satellite Radio Inc., an emerging force in broadcasting, was incorporated in 1992 and is a wholly owned subsidiary of XM Satellite Radio Holdings Inc. XM is publicly traded on the NASDAQ exchange since October 5, 1999. XM's founding was prompted by the radio industry's first major technological change since the popularization of FM radio in the 1970s: the creation of a third broadcast medium, transmitted by satellite, now taking its place alongside AM and FM on the radio dial. One of only two companies with a license for this new national audio service, XM has assembled a "dream team" of creative radio professionals and a management team committed to leading the world into the next generation of radio. XM transmits 100 discrete, nationwide radio channels to subscribers throughout the continental U.S. in digital sound from coast to coast. My reason for investing in XMSR was basically because satellite radio is a new form of radio that is catching on very quickly around the world and it seemed to me that this was the best time to invest in satellite radio. The price at the time I purchased 1,500 shares of XMSR was \$30.00. The price at the end of the trading period, when I sold the shares, went down to \$22.25. I ended up losing \$11,625 which put a serious dent in the profits I had been making. Perhaps I would have sold

the shares earlier based on past performance of the company but I decided to hold onto the shares until the end.

The last company I had invested in during the 10 week trading period was Warner Music Group (WMG). Warner Music Group is not only #3 in terms of U.S. market share but they are also one of the largest recording companies in the world. It's main area of business is producing, marketing, and distributing recordings through such label units as Atlantic Records Group and Warner Bros. Records. WMG also controls the rights to more than a million songs. WMG also distributes compilations and reissues through its Rhino Entertainment division. 35% of WMG is owned by Thomas H. Lee Partners which is an investment firm. Since I no longer owned shares of Clear Channel, I decided I would invest in another music based company. Warner dealt mostly with the recording area of music. The company specialized in the production, marketing, and distribution of its recordings. The price per share at the time I purchased 3000 Warner stocks was \$20.00. I also ended up holding onto these shares until the very end of the trading period where the price went up to \$20.80. With the \$0.80 increase, I earned \$2,400. I would have liked to see the increases I would have gained if I had held onto these shares for longer than the 10 weeks.

When all of the losses and gains are accounted for, I ended up earning only \$650 throughout the entire 10 weeks of trading. In retrospect I would have liked to diversify the types of companies I was trading and the number of

companies also. I should have invested in more companies for less shares.

That was the main error on my part.

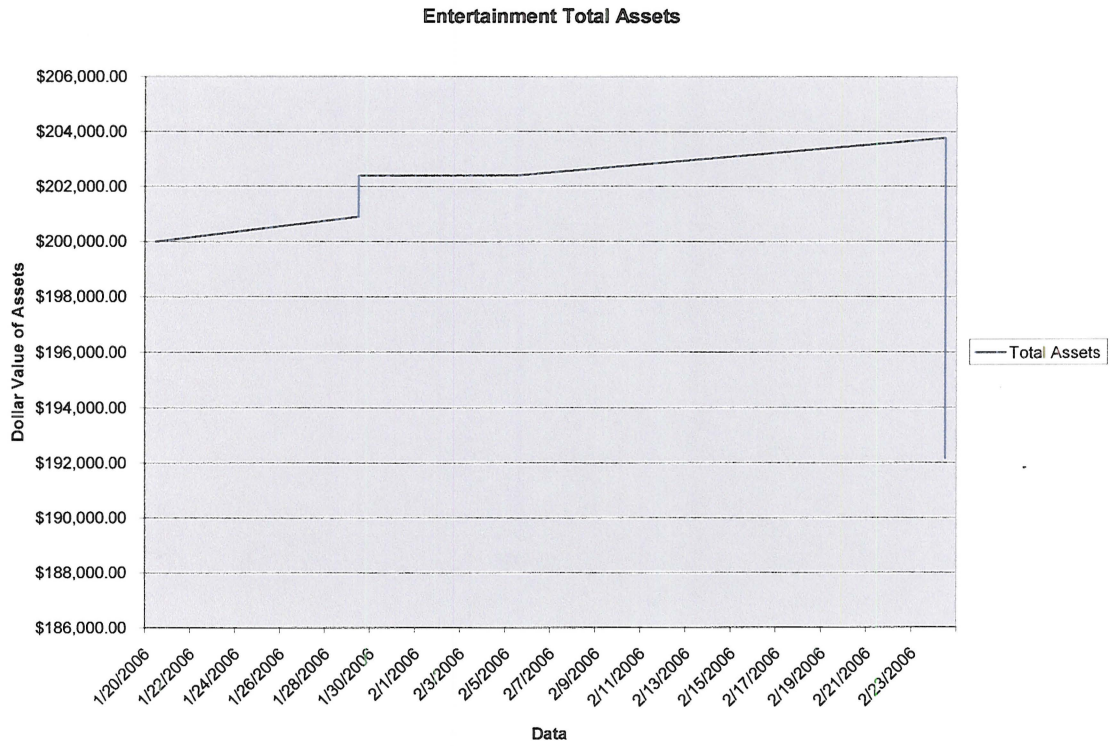


Figure 5.9 Total Assets Chart by Date

Chapter 6: Agriculture Stocks

6.1 Background

Since the birth of this nation, agriculture has been a vital part to the American culture and economy. From the beginning of the New York Stock Exchange in 1791, agriculture has played a major role in such a thriving economy. Not only did agriculture provide America with the strength of self-sufficiency but was a powerful source of trade. With the beginning of the stock market, stocks in agriculture were created.

Throughout the years different stocks have fluctuated, with most stocks seeing their share of ups and downs. Agriculture unlike some stocks has been a constant source in the stock market. Unlike stocks in such areas as entertainment and newer fields such as technology, agriculture has been a constant over the years.

Certain things do however affect such stocks such as weather and the market for such products at that time. Certain growing seasons, natural disasters such as floods, etc. have had a major effect on agricultural stocks and have led to a fluctuating market in this area.

6.2 Strategies and Goals

Throughout the simulation, I will use different methods to determine which stock to trade with and practices I will use. As the simulation goes on, I will adapt

these strategies to better fit my goal of gaining a net profit. In the end, I hope to have a substantial amount of money I gained.

6.3 Stocks

Agrium Inc. (AGU)

The first company I chose to start trading with was Agrium Inc. Agrium Inc. is a company which specializes in the production marketing and distribution of agricultural products. Such products include agricultural chemicals, services, and nutrients. Agrium produces chemicals like herbicides, insecticides, and fungicides, and also provides seed for large crops such as corn, soybeans, and cotton. The company also offers services such as soil testing and product application. Agrium Inc. was founded in 1931 as Cominco Fertilizers which then changed its name in 1995. The headquarters of Agrium Inc. can be found in Calgary, Canada.



Figure 6.1 Agrium Inc Three Month

Delta and Pine Land Company (DPL)

Another company I decided to try was Delta and Pine Land Company (DPL). This company deals with cotton and soybean planting seed. They specialize in producing, conditioning, breeding, and marketing soybean and cotton seed in the United States. Delta and Pine Land markets about 22 varieties of soybean and 45 varieties of cotton planting seed. They also farm about 5500 acres used for research. Delta and Pine Land Company headquarters is located in Scott, Mississippi.



Figure 6.2 Delta Pine Three Month

Lesco Inc. (LSCO)

The last company I chose to invest in was Lesco Inc. Lesco Inc. is another agricultural chemical company which specializes in turf and lawn care products. The majority of their products are fertilizers, turf control products, grass seed, equipment and pest control. Some of their other products are fungicides, insecticides, herbicides and other specialty products. Lesco Inc. was founded by Robert F. Burkhardt and James I. FitzGibbon in 1962, and was known at the time as Lakeshore Equipment and Supply Co. The name was changed to Lesco in 1984. Their headquarters are located in Cleveland, Ohio.



Figure 6.3 Lesco Inc Three Month

Syngenta (SYT)

Syngenta is a company which markets different food quality products. This company has three segments of operation: Crop Protection, Seeds, and Plant Science. The Crop Protection section sells and develops chemicals such as herbicides. Founded in 1999, Syngenta's headquarters are located in Basel, Switzerland. This company operates mostly in Switzerland, the United Kingdom, USA, China, and India.

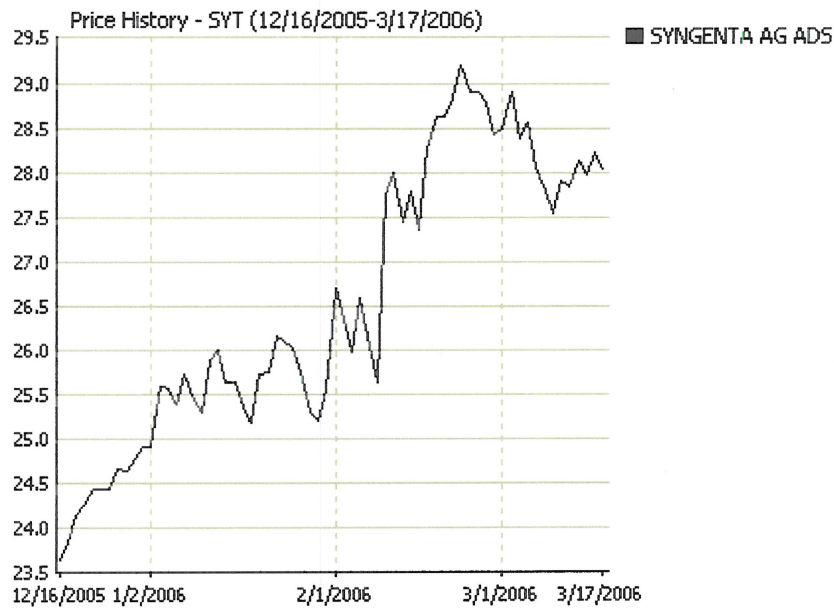


Figure 6.4 Syngenta Three Month

Central Garden and Pet Company (CENT)

Central Garden and Pet Company has been incorporated since 1955. With headquarters in Walnut Creek, California they do business throughout the country. This company is in the production and marketing of lawn and garden products. They deal largely with grass seed, bird feed and accessories, and chemicals such as pesticides.

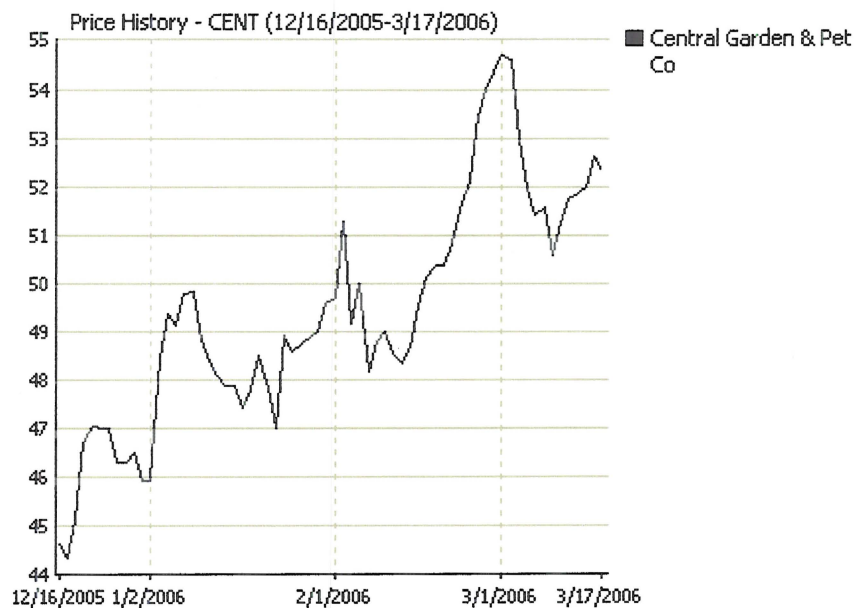


Figure 6.5 Central Garden and Pet Three Month

UAP Holding Corp. (UAPH)

UAP Holding Corp. is a distributor of agricultural inputs to the United States and Canada. It markets products such as chemicals, seeds, and fertilizers. Formed in 1978 UAP Holding Corp. has headquarters located in Greeley, Colorado.



Figure 6.6 UAP Three Month

6.4 Trading

Date	Symbol	buy/ Sell	Price	Shares	Shares Owned	Total Cash	Stock Value	Total Assets
1/2/06	AGU	BUY	23.15	200	200	\$195,370.00	\$4,630.00	\$200,000.00
1/2/06	DPL	BUY	26.23	200	200	\$190,124.00	\$5,246.00	\$200,000.00
1/2/06	LSCO	BUY	15.80	200	200	\$186,964.00	\$3,160.00	\$200,000.00
1/16/06	AGU	SELL	23.15	200	0	\$191,594.00	\$0.00	\$200,000.00
1/18/06	SYT	BUY	25.20	200	200	\$186,554.00	\$5,040.00	\$200,000.00
1/23/06	DPL	SELL	26.23	200	0	\$191,800.00	\$0.00	\$200,000.00
1/24/06	CENT	BUY	48.25	200	200	\$182,150.00	\$9,650.00	\$200,000.00
1/25/06	SYT	SELL	26.00	200	0	\$187,350.00	\$0.00	\$200,160.00
1/29/06	AGU	BUY	23.75	500	500	\$175,475.00	\$11,875.00	\$200,160.00
2/4/06	CENT	SELL	49.20	200	0	\$185,315.00	\$0.00	\$200,350.00
2/10/06	LSCO	BUY	15.22	200	400	\$182,271.00	\$6,088.00	\$200,234.00
2/6/06	SYT	BUY	26.60	500	500	\$168,971.00	\$13,300.00	\$200,234.00
2/13/06	LSCO	BUY	15.30	500	900	\$161,321.00	\$13,770.00	\$200,266.00
2/13/06	UAPH	BUY	21.40	300	300	\$154,901.00	\$6,420.00	\$200,266.00
2/17/06	AGU	SELL	24.99	500	0	\$167,396.00	\$0.00	\$200,886.00
2/17/06	LSCO	SELL	15.47	900	0	\$181,319.00	\$0.00	\$201,039.00
2/17/06	SYT	SELL	28.73	500	0	\$195,684.00	\$0.00	\$202,104.00
2/17/06	UAPH	SELL	22.36	300	0	\$202,392.00	\$0.00	\$202,392.00

Figure 6.7 Trading Table

6.5 Analysis

In choosing agricultural stock to invest in I wasn't sure what approach to take or what references to use in making my investment decisions. I did some research into what investment tools to use and how to best keep on top of how my stocks were doing. While looking into it I discovered how many tools, websites, and companies one could use in reference to making investment decisions. After this research I decided to use MSN Money, particularly the site which charted the stocks (<http://moneycentral.msn.com/investor/charts/chartdl>.) as one of my tools. I used this website mostly for tracking the progress of my stocks and what they had been in the past. MSN Money was my primary

resource for keeping updated once I had invested in a stock. This website proved very useful in adding graphs to my reports on the specific companies I was investing in.

Another tool I used was Yahoo Finance (<http://finance.yahoo.com/>). I felt like this was another website which was a valid source for investing information. They kept track of many headlines and other stories and information on any kind of agricultural stock. This web site came in particularly handy with the background information of my stocks. Another way this site was helpful was with tips on different stocks. Yahoo Finance was probably the most useful tool in my trading and research process. I felt that it presented the most information on my industry. With past articles and news events pertaining to my stocks, I found it somewhat easier to predict different changes in stock value according to how the stock reacted to such events in the past.

Most of my decisions on buying stocks were a result of tips on uprising stocks which I researched with this site. Using the "Industry Center for Agricultural Chemicals" I would check the industry's top performers at the time to get a general idea of who might be a good investment. At that point I would check on any headlines or recent stories about that company. Another approach I had to researching a company before investing in them was to pull up a chart of their recent history and use it to try and gauge whether they were on the rise or fall. Once invested in a company I used this chart to keep track of my stocks progression throughout the week.

When I first started looking for my original stocks in which I would invest I used Yahoo Finance to determine three stocks which were on the rise at that point. After some research I narrowed it down to Agrium Inc. (AGU), Delta Pine and Land Company (DPL) and Lesco Inc. (LSCO).

Agrium Inc. is a company based in Calgary, Canada. This company is involved with the production and distribution of agricultural chemicals, services, and nutrients. They produce such things as insecticides, pesticides and seed for large crops such as cotton.

Delta Pine and Land Company specializes in producing, conditioning, breeding, and marketing cotton and soybean seed in the United States. With headquarters located in Scott, Mississippi, this company also uses 5500 acres of land to farm for research. With such a stable industry and good sights on future business, this company seemed like a wise investment.

Not wanting to rush into the trading and possibly lose a large amount at the beginning of our trading I bought only 200 shares of each of these three stocks. I felt that the first week would be somewhat of a trial for the rest of my investing. After a decline I sold my stock of Agrium Inc. and lost a total of \$90. Although Delta Pine and Land Company had dropped a lot in the week following my initial investments I decided to stick with it after some research and observing the fluctuation in its chart. I ended up breaking even with this stock which was an acceptable turnout for me considering what this stock had reached as a recent low.

Lesco Inc. was one of my initial three investments. Having the lowest priced stock per share at \$15.80, the company seemed to be doing pretty well at the time and was said to be climbing in value. Lesco Inc. took a couple large drops during the first couple weeks but like with Delta Pine and Land I decided to stay with it and not sell just yet. In the end this turned out to be a wise decision and ended up being a very good investment for me. In the final week I owned 900 shares of Lesco Inc.

Syngenta (SYT) was a company that I invested in after dropping Agrium Inc. This company turned out to be a pretty good investment, earning about \$160 when I sold the stock on January 26, 2006.

One stock which I hoped would have done better was Delta and Pine Land Company (DPL). During my initial research of stocks this seemed to be a solid investment of a company that had been making a steady net profit in the weeks prior to my investing. Although I ended up breaking even with this stock, I had planned on it being one stock I would stick with much longer or even invest more in.

One of my best investments throughout the simulated trading was Central Garden and Pet Co. (CENT). On January 24th I bought 200 shares of this company at \$48.25 after selling the rest of my stock in Delta and Pine Land Company. Central Garden and Pet Co. was one of the largest companies I traded throughout the project. With a cost of \$48.25 per share they were my most expensive investment but also produced the greatest net gains. By Feb. 3rd I had already made \$200 on my original investment of \$9,650.

Another profitable stock for me was Syngenta (SYT). This stock showed a pretty steady rise in value during my investment. After originally buying \$5040 worth of stock in this company I was able to sell it 11 days later for a net gain of \$160.

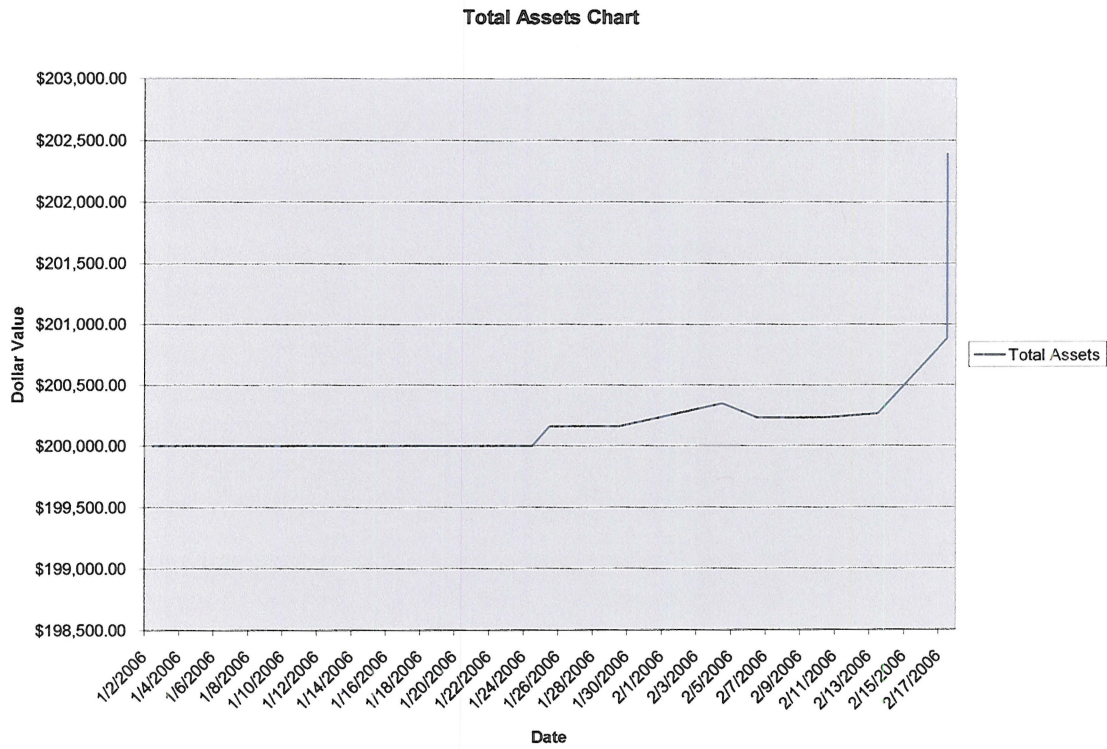


Figure 6.6 Total Assets

Chapter 7 Conclusion

7.1 Our goals and did we accomplish them

We took this interactive qualifying project in the stock market because we wanted to learn something about the market and the different sectors the market had. Our IQP was comprised of three different stages. 1) Research, preparation and setup of the report and project guidelines, 2) Simulation of trading and investing via method of selected student, and 3) Summary, conclusion and editing of the report. Each section was had a seven week period to allow completion of the report.

At the end of the simulation, each group member had used their own techniques to gain a profit over our original \$200,000 per person allowed. The in figure 7.1 you can see the amount of money earned for each sector compared to the entire profit of the group. All together we created a total earning of \$221,875.7.

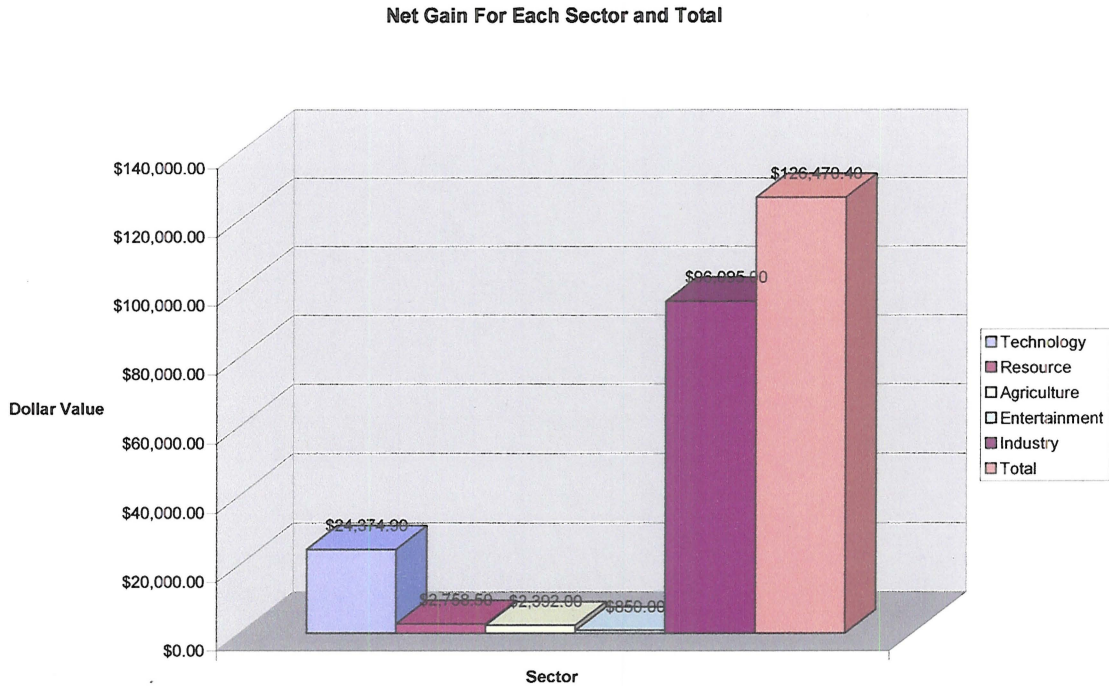


Figure 7.1 Profit from each sector and total profit value

In any stock market simulation your real result is to produce some sort of profit. As you can see by the chart, each group member succeeded with that and produced a profit from their original \$200,000. That wasn't the only thing we were looking for in our IQP. We were also set with the task on comparing five different sectors of the market and determining the pros and cons of investing within them. In the next section, we will discuss our conclusions about the different sectors of the market and how each sector played a role in our total profit.

7.2 Comparison of Different Market Sectors

When determining the best sector to invest in for the seven week period, we looked at the different techniques used by the different sectors. While the technology sector did show the second largest profit when compared to the others, the technology sector is a very volatile market and is always fluctuating. One example previously talked about was Google Inc. Their posted quarterly earnings, although were a lot, did not meet the expectations of investors resulting in drop in their stock value.

As you can see in figure 7.2, the technology sector had a lot of ups and downs throughout the 7 week period. We attribute this to companies releasing their quarterly reports with less profit than was originally intended like with google. This doesn't go to say that somewhere along the line the trading style of buying at the beginning of the week and selling at the end of the week played a part in this fluctuation because no one used the same method to trade as was used in the technology sector. In the end; however, it did pay off with the technology sector paying out the second highest percentage of the total profit for the group. See table in figure 7.3 below for total percentage contributed for each sector.

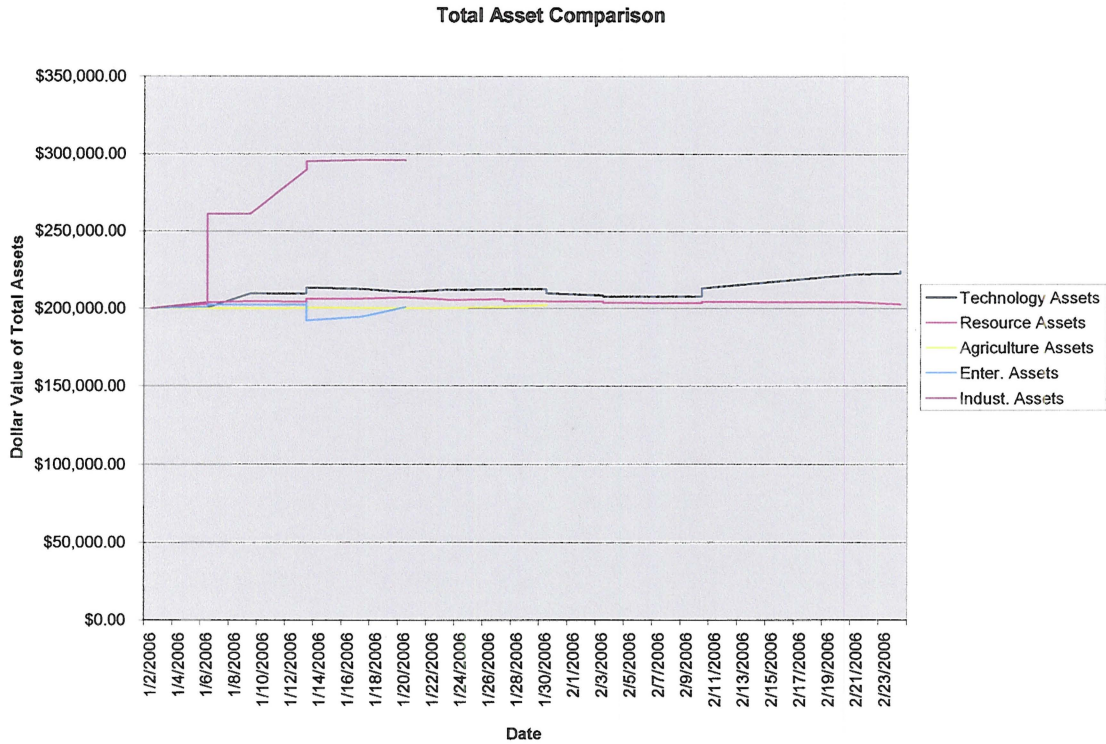


Figure 7.2 Trading Comparison for all 5 sectors

Sector Net Assets	
Technology	\$24,374.90
Resource	\$2,758.50
Agriculture	\$2,392.00
Entertainment	\$850.00
Industry	\$96,095.00
Total	\$126,470.40

Figure 7.3 Table of Net Profit by sector

Because of the fact that the technology sector contributed the second most percentage wise to the entire group profit, one would consider the technology sector to be a good investment. However, as stated before, although the technology sector proved to be a lucrative investment compared to some of

the other sectors, an investor would have to follow the market very closely in order to gain as significant of a profit as made in this project.

The industry sector was the greatest profit maker taking in over a three quarters of the total profit for the group. After comparing the trading method employed by the industrial sector, there was no rhyme or reason behind trading other than selling higher than what you originally bought the stock for. Because of this, one can say that the industry sector, during the time of our simulation was on a basic upward trend. This can be seen in figure 4.7 where simulation had a basic upward slope to the graph which shows the upward trend in the industrial sector.

From this data, we can conclude that the industry sector is the best investment for a potential investor. During the simulation, the industry sector grossing almost seventy-five percent of our total net gain. The sector proved to be not as volatile as the technology sector and proved to have a complete upward trend throughout the simulation.

7.3 Summary

In summary, our project took three seven week cycles to go from our research section, to our actual seven week simulation, and then our analysis and conclusion period. Our group consisted of five people who chose different sectors of the market (technology, industry, mineral, agriculture, and entertainment). We then drew conclusions based on our experiences working in the sector and our net profit within each sector.

The main goal of this project was to create the largest profit using what ever means possible. Each group member started with \$200,000 to start investing with. The most surprising outcome of this project was that all group members produced a profit in the seven weeks even though none of us had any pre exposure to the market and investing. During the project, we also developed our own way of recording the data for later analysis and conclusions. By the end of the project we developed a good understanding of what the different sectors held.

The following table in figure 7.4 shows our resulting profit from each sector, the percentage which each sector contributed to the final net profit, and the net profit for the project.

	Percentage	Total
Technology	19.27%	\$24,374.90
Resource	2.18%	\$2,758.50
Agriculture	1.89%	\$2,392.00
Entertainment	0.67%	\$850.00
Industry	75.98%	\$96,095.00
Total		\$126,470.40

Figure 7.4 Table of percentages and total dollar value of assets

Out of all the different sectors we traded in, the industry sector produced the biggest results producing over 75% of the net profit for the entire group. Through the analysis of the data, one can determine how easy it is to trade within the industry sector. It requires a lot of work and concentration compared to the

other sectors. Compared to the technology sector, the industrial sector proved to be the less volatile with less at risk.

This IQP was a great learning experience for our entire group. We were able to produce results as well as gain valuable insight into the different sectors of the market. We also learned basic trading techniques specific for each sector. All of the experiences we have had will be valuable later in life as we continue to invest in the market and

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