

What do I Invest In?



Video

- <http://www.youtube.com/watch?v=TksNZ8PxNu8>

How do I Make money

- Buy low and sale high. Although this might sound easy it is very difficult to do.
- If on Oct 4th I bought 500 Microsoft stocks for 23.65 and on October 6th is sold all my shares at 24.43. Profit = $(24.43 - 23.65) * 500 = 390$



How is a stock price determined?

- Stock price changes by the minute because different investors are willing to pay/sell the stock at different price depending on the most current information.
- If Apple Inc was undergoing a lawsuit, and if found guilty would have to pay 2 billion in compensation. At 2:30 a verdict was announced and Apple Inc was found not guilty. Lets talk about this scenario.



SLB	170	0.03	0.03%	0.01	0.01
MAL	4.38	-0.01	-0.02%	0.02	3
NE	2.42	-0.07	-1.25%	0.02	3
NV	5.64	0.32	1.58%	0.01	5
OTVV	2.95	-0.01	-1.32%	0.01	5
HYOS	9.13	-0.04	-0.18%	-0.35	8
PLUG	11.61	-0.05	-1.34%	0.17	8
ESLR	21.14	-0.11	-0.54%	-0.67	11
LMT	26.37	-0.04	-0.34%	0.11	3
CD	62.20	-0.01	-0.19%	0.01	2
IOC	21.77	0.53	0.04%	0.07	7
TY	26.6	0.13	0.86%	0.0	6
	19.59	-0.35	-1.3%	0.09	3
	49.06	0.09	0.46%	0.8	4
	39.16	-0.16	-0.33%	0.06	5

What affects stock price

Stock Price Factors (just a few)



Market Expectations and Projections

- If a company surpasses market expectation stock price will increase
- If a company fails to achieve market expectation the stock price will fall
- Market expectations are based projections made after reviewing companies wealth and performance.



Bad News or "Good" Bad News

- **Layoffs**

This is usually good for the company and its stock price because expenses will be reduced significantly and quickly. This should help increase earnings right away. It is not always a major warning sign; it could just be a reaction to a slower economy. It is one of the quickest ways a company can cut expenses if sales have not been meeting expectations.

- **Store Closings**

This event often causes the stock price to go up for the same reasons as layoffs. However, this is not always the case. Closing stores actually requires a lot of money, and the positive effects of it do not take place immediately. This could be a sign that the company is truly in trouble at the moment. They probably have lower sales and higher expenses than they want, possibly due to a slowdown in the industry or the overall economy. The good news is that their management is being pro-active about maintaining profitability. Unfortunately, the stock price may go down for the next few months.



Bad News or "Good" Bad News

- **Firing of CEO or Company Official(s)**

This may sound very negative at first, but it does show that the company's board of directors was bold enough to take drastic actions to help the company in the long run. The stock price could go up or down after this announcement, depending on the situation. In some cases this event could be a sign of corruption that reaches beyond these individuals and there could be more negative announcements to come.

- **Market Scandals**

Traders tend to frown upon corruption in the stock market. Mutual fund scandals that have occurred in the past few years and corporate corruption such as Enron are two such examples. If people cannot trust the stock market, why would they invest their hard-earned money in it? In these situations it is harder for the market to go up because there is a lower demand for stocks.

Day Trading

- Day trading is the act of buying and selling the same stock (or other investment type) within a single trading day.
- This activity has become very popular among traders. It can be **very profitable** - you can make thousands of dollars in a very short amount of time. On the other hand, you can **lose** that money just as quickly.
- One of the main challenges for a day trader is that stock prices usually change very little throughout the day. In order to make a sizeable profit, you must put large amounts of money into the stock.

Should I ask the Fortune Ball?

- Many traders rely on experts' opinions about companies and future stock prices. Are they always correct? Of course not. Nobody can predict what will happen in the future. They can, however, make educated guesses based on past performances and future prospects for the companies and industries they follow.



Which Stocks Should I Buy?

- That is a very good question, and there is no easy answer, unfortunately. Everyone has their own opinion on which stocks to buy and how long to hold them.
- **Several factors to consider:**
 - How long can I invest for?
 - How do I have to invest?
 - How much risk can you afford?

Lets see how these websites work

- Finance.yahoo.com
- Finance.google.com