BUS-123 Spring 2013 Market Simulation Name: _______________

Instr: F. Paiano

Following the ups and downs of the stock market is bewildering. Why did the market go up today? Why did it go down? The financial media will invariably offer some plausible reason for the price movement. "Stocks rose today on the anticipation of good earnings reports." "Worries from the continuing Euro-zone problems drove down stock prices." You will then hear fellow investors parroting the phrases to one another. However, these reasons are simply guesses. Did the financial journalists ask each and every one of the hundreds of thousands of investors around the world why they sold? Why they bought? No, that is impossible. The only reason you can be absolutely sure of for why the market went up was because there were more buyers than sellers. If the market went down, you can be absolutely sure there were more sellers than buyers. It is that simple.

The stock market as a whole simply reflects the aggregate price movements of the individual stocks that constitute the market. The price of each and every stock is governed by what price the sellers are willing to accept for the stock and by what price that buyers are willing to pay for the stock. It is supply and demand.

Our market simulation will give us the flavor of that supply and demand. We will simulate the floor of one of the stock exchanges. Each of you is a broker that trades shares of Tayktha, Moni & Runne (TMR). You have a list of transactions that have been forwarded to you from your office. *Your job is to get the best price for your firm's clients.* In the table below, we will record each transaction as it occurs. Here are the types of transaction orders:

Market order: Get the best price you can get for your client as soon as possible (*do not just sit there – yell out your price!*)
Stop order: Once the stock hits the price that is indicated, it becomes a market order; get the best price you can find (*do it!*)

Xact Number	**Number of Shares**	**Price**	**Tick (Up or Down)**

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