

Stock Trak Groups

By

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Teaching Motivation

- I teach Principles of Macroeconomics to 4 sections
- Students have a hard time meeting people in class
- Economics is theoretical – yet there are tons of real life examples that make economics real
- Group work is a way to get students connected with each other and learn about a common objective

Real World Motivation

- Students have a different understanding of the stock market
- The world of defined pensions provided by companies and governments is coming to an end
- Workers will be required to plan for own retirement through investing on own and using choice accounts such as 401k's, Roth IRAs
- This project can help students learn some of the basics before going out in the real world

Semester Contest part 1

- Students are randomly assigned to a group of 4 – 6 people
- Group is in charge of managing \$500,000 for a time encompassing 10 weeks
- Students pay \$24.95 as a group for the semester to Stock Trak to have them carry mock trades in stocks, bonds, mutual funds, etc.

Semester Contest part 2

- Students are responsible for correspondence, meetings outside class, and collection of \$24.95
- Each group picks a portfolio (after the diversification lecture) at the beginning of the semester
- Each group turns in a 1-2 page paper of what financial assets they picked and why at the beginning of the semester

Semester Contest part 3

- Students then manage portfolio – actively or passively throughout the 10 – 12 weeks
- At the end of the semester each group writes a 2 – 3 page report on why they think their stock trak portfolio performed the way it did during the semester
- Top 2 – 3 groups of 4 sections (out of 25 – 30 groups) receive 7.5% bonus on the final exam

Evaluation of Groups

- Paper at the end of semester receives most of weight – 30 points/50 points on group work
- Students rate themselves and each group member (on who is left in the class at the end of the semester) on a scale of 1 – 15 on contribution during semester.
- I take the average out of 15 points of their rating as their grade on peer evaluation.
- I use the last 5 points to reward contributors and punish laggards. Most get the full 5 points.

My Reaction after 2 Semesters (1)

- Some students like the groupwork (said during final papers); some do not (said during student evaluations)
- I tell students that I am “throwing them into the deep end of the pool” because this is something they will have to do later in life.
- Students have told me which group members were not performing last semester. These evaluations hurt these students’ grades.

My Reaction After 2 Semesters (2)

- I have a couple of “stragglers” this semester that might not receive any points if they do not get their acts together.
- Most students have this portion of the course work help their grade; It especially helps those with lower grades who receive close to full credit.

My Reaction After 2 Semesters (3)

- I don't know if the lessons that short term trading is profitable in a strong bull market both semesters (see actual performance).
- Yet I do know that those who paid attention to their portfolio closer with the higher trades did better.
- When the stock market declined 417 points, it came just as groups were turning in picks. Procrastination was rewarded by the marketplace.
- Sometimes the hardest part for students was placing the initial order on the first transaction

Ideas for Change Next Semester

- I might use yahoo/finance next semester as they have updated their web investing services.
- I might have group members ask to “fire” group members that do not participate in the beginning of the semester.
- I might use different measures of gain/risk – the most actively traded accounts usually were the winners in both semesters.