Market Tracking Assignment

I. Objective

To help you become familiar with current trends in financial markets, you are expected to keep a record of key financial data. There will be two questions on the mid-term and two questions on the final based on the data you collect (sample questions are listed below). Pay attention to whether you are recording an index number, a price, or a yield. For prices and index numbers, you will need to know percentage price changes from the beginning until the end, in addition to knowing price levels.

II. Data Collection

You are responsible for collecting data as of the close of business (4pm) every Tuesday during the semester. You can get the data from Wednesday’s print version of *Wall Street Journal* or you may use the internet to get the data but then you must access the Wall Street Journal online (www.wsj.com) Tuesday afternoon after 4:30 but before 6:30 (when the Far East begins Wednesday trading).

A) Wall Street Journal, Print Version:

Look at the *Wall Street Journal* every Wednesday morning during the semester for the following information (reflecting Tuesday’s closing prices). Items 2, 4, 5, 6 and 8 are listed in a row, right below the masthead, on the front page (section A) of the Journal. Items 1 and 3 appear in section C (usually page C4) in Tables labeled Major U.S. Stock Market Indexes and International Stock Indexes, respectively. Item 7 appears in section C in a table labeled Money Rates under the heading Treasury bill auction (13 weeks).

1. S&P500 – an index
2. Nasdaq Composite – an index
3. Nikkei 225-- an index
4. Euro--price of one Euro in terms of dollars
5. Japanese Yen--price of dollar in terms of yen
6. Price of Oil--price per barrel
7. 3 month Treasury bills--yield
8. 10 year Treasury bonds-- yield

From section C (usually page C4) of the Journal (at the bottom right)

9. Slope of Yield Curve-- a picture

From the listing of Biggest 1,500 Stocks on the New York Stock Exchange (towards the end of section C)

10. GE Closing Price--price of one share
B) Wall Street Journal, Online Version:

Go to [www.wsj.com](http://www.wsj.com) on Tuesday afternoon between 4:30 and 6:30 pm (after the US has closed and before the Far East opens) and click on Market Data. Items 1 through 8 appear on the main data page. I have reproduced the top part of that data page (on the next two pages) and labeled the items that you must collect (#1 through #8). To get item #9, the yield curve, click on the U.S.10 Year label under Government Bonds on the right hand side of the data page. A new screen will pop up. Scroll down towards the bottom and the yield curve is on the left. You can copy the image with ‘prtscn’. (You can also get yield curves of other countries by clicking on their names on the right.) To get item #10, the closing price of GE, type GE in the ‘News, Quotes, Companies’ search box on the upper right, and hit the search button. Remember: FOR ALL ITEMS you must search the Wall Street Journal online between 4:30 and 6:30 pm on Tuesday afternoon to access the proper data. (Note: The 3-month bill rate can differ in the two data sources for reasons we will discuss in class. This is acceptable. Other data discrepancies are minor.)

III. Sample Questions

1. Since the semester began, the S&P 500 has:
   a) increased by more than 10 percent
   b) decreased by about 5 percent
   c) increased but then declined below its original level
   d) decreased but then increased above its original level

2. Since the semester began, the level of the 3-month Treasury bill has:
   a) stayed around .5 percent
   b) stayed around 2 percent
   c) been below the 10 year yield
   d) been above the 10 year yield

3. Since the semester began, the value of the U.S. dollar has:
   a) been about 90 yen per dollar
   b) been about 100 yen per dollar
   c) decreased against the Euro and yen
   d) increased against the Euro and yen
   e) increased by more than 10 percent against the yen

4. A U.S. investor purchased $1000 worth of the S&P 500 and $1000 worth of the Nikkei 225 at the beginning of the year and reversed those transactions at the end (including the necessary foreign exchange transactions).
   a) those two investments earned the same return
   b) the Nikkei earned five percent more than the S&P
   c) the Nikkei earned five percent less
   d) all of the above

IV. Additional Information

The *Wall Street Journal* provides the most comprehensive daily coverage of financial and economic news. The most insightful economic and financial commentary is published weekly in *The Economist*.

You must know the high, low, beginning and ending numbers for each series since you **MAY NOT** bring this data into the exams.