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 at least two questions on the mid-term and two questions on the final based on the data you collect (sample questions are listed below). You must know the high, low, beginning and ending numbers for each series since you **MAY NOT** bring this data into the exams.

II. Data Collection

Every Wednesday during the semester check the *Wall Street Journal* for the following information (reflecting Tuesday’s prices). You can also access the data from Bloomberg (www.Bloomberg.com) but if you use Bloomberg, you should record data on Tuesday afternoon. Note whether you are recording an index number, a price, or a yield. For prices and index numbers, you should pay attention to percentage price changes in addition to price levels.

From page C1 in the *WSJ* (Markets Diary column)

1. Dow Jones Industrial average (DJIA)-- an index
2. S&P 500--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 *WSJ* Credit Markets column (towards the end of section C)

9. Slope of Yield Curve-- a picture

From the New York Stock Exchange listing of transactions (Inside Sec. C of *WSJ*)

10. IBM Closing Price--price of one share
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 6 percent
   c) been below the 30 year yield
   d) been above the 30 year yield

3. Since the semester began, the value of the U.S. dollar has:
   a) been about 85 yen per dollar
   b) been about 175 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.