

# Identifying Symbols and Interpreting Stock Quotes

## Suggested Grade

High School – all levels

## Suggested Time

50 minutes

## Teacher Background

To enter transactions in The Stock Market Game (SMG), teams must enter the ticker symbol of the company or mutual fund they wish to buy or sell. Ticker symbols are what stock exchanges use to identify listed companies. Typically, companies listed on the New York Stock Exchange (NYSE) have one to three letters in their ticker symbols. The NASDAQ Stock Market identifies companies and funds with symbols that maybe as long as five letters.

Most financial news and stock market websites have ticker symbol lookup and quote searches. The online SMG team portfolio has its own ticker lookup and quote tools.

## Vocabulary

**Dividend:**Part of a company’s profits (earnings) paid periodically to stockholders.

**P/E Ratio:** Stands for price-to-earnings ratio. The P/E is the relationship between a company's earnings and its share price. It is calculated by dividing the current price per share by the earnings per share.

**Share:**A share is a unit of ownership in a corporation or mutual fund.

**Stock:**A type of security that signifies ownership in a corporation and represents a claim to a part of the company’s profits or losses. Companies usually issue stock to raise money for a variety of reasons, including expanding or modernizing their operations.

**Volume:** The number of shares traded in a company's stock. Unusual market activity, either higher or lower than average, is typically the result of some external event.

## Performance Objectives

Students will be able to:

- define the term ticker symbol
- look up ticker symbols online
- enter a trade in their online Stock Market Game (SMG) portfolios
- demonstrate the ability to use each of the following terms: share or stock, dividend, P/E ratio, volume or sales, change



FOUNDATION



invest it  
FORWARD

# Materials

Activity Sheet 1: Reading a Stock Quote Table

## Springboard Activity

List a few popular products: Coke, Nike, Apple.

Ask your students: Would you consider buying stock in the companies that make these products? Why? Why Not?

Explain the companies that make these products use a special kind of nickname called a ticker symbol to identify themselves on the exchanges where they are listed. Discuss with the class how an investor might locate the ticker symbol for a company he/she may want to purchase.

## Procedure

With the class in their SMG teams, Inform them that ticker symbols for some companies are easy to figure out. For example, the symbol for IBM is IBM (the actual company name is International Business Machines).

Ask your students: What do you think the symbol for General Electric might be? (GE) General Motors? (GM) Dell Inc.? (DELL)

Display the following ticker symbols and ask the class to make an educated guess on which was the correct one for the Coca Cola Company:

CCLAY  
CCLAF  
KO  
KOF  
CCHOF  
CCH  
CCHBF  
COKE  
CCE

Explain to the teams that not all ticker symbols are easily associated with the companies they represent. Instruct teams to visit <http://finance.yahoo.com> and perform a symbol search for Coca Cola.

Offer the following tips to help them narrow the choices:

- Symbols with more than four letters are usually foreign stocks –that eliminates; CCLAY, CCLAF, CCHOF, CCHBF.
- Sometimes the name of the company is listed next to the symbol like the Hellenic Bottling Company so that rules that out.

KO is the ticker symbol for the Coca Cola Company.

Next, introduce the idea of parent companies and subsidiaries. Banana Republic and Old Navy are subsidiaries of the Gap. While they have their own brands and identities, they are owned by the Gap. Frito Lay and Gatorade are both owned by Pepsi.



FOUNDATION



invest it FORWARD

Ask the class if they are familiar with YUM! Brands, Inc.? Visit [www.zoominfo.com](http://www.zoominfo.com) and look up Yum! Brands, Inc. Do those teams who were familiar with YUM Brands, Inc. recognize additional subsidiaries? Do those who did not know about YUM! Brands, Inc. recognize some of its subsidiaries?

## Novice & Apprentice Levels

Inform your teams that they will be participating in a hypothetical situation where they mistakenly enter COKE as the ticker symbol for the Coca Cola Company. (the owner of familiar beverage brands like Minute Maid juices, Powerade sports drink, and Dasani water). Have the teams visit <http://finance.yahoo.com>, enter COKE in the “Enter Symbol” box, and click “Get Quotes”.

Elicit responses from the teams for the following questions:

1. What company did the “Get Quotes” box bring up?
2. Is it related to the Coca Cola Company? If yes, how?
3. What does it produce?
4. What might be a more accurate way of looking up the Coca Cola Company?

The ticker symbol for the Coca Cola Company is KO. Responses to the last question should be in the vein of typing the company’s official name (as opposed to its nickname or colloquial name) “Coca Cola” in a ticker symbol lookup box and then selecting the appropriate ticker for the desired company.

Next, explain that they will be learning how to read stock quotes. Distribute *Activity Sheet 1: Reading a Stock Quote Table*, which is the guide to reading a stock quote from [www.investopia.com/university/stocks/](http://www.investopia.com/university/stocks/) with questions.

## Master & Grand Master Levels

Review *Activity Sheet 1* to ensure that all students fully understand the stock tables. Have students work in their SMG teams analyze several stocks from one industry sector, using the stock tables only.

Ask your students:

- What would they select and why?
- Why is this incomplete information?
- What else would they want to know about the stock? The company? The industry sector?

## Assessment

### Novice & Apprentice Levels

Have students create up to five rules for determining whether a particular stock is a good investment or not based on information available in its stock quote. They should provide the reasoning behind each of their rules.

### Master & Grand Master Levels

Have students list several stocks they are considering for their portfolios, explain the performance of each and why each is a good investment.



FOUNDATION



invest it FORWARD

# Application

## Novice & Apprentice Levels

Ask your SMG teams to consider adding Great Atlantic & Pacific Tea Company to their portfolio. Teams should prepare a brief report on whether or not it is a good investment. Their report should answer:

- What services or products does the company provide?
- Do they own any subsidiaries?
- Who are their competitors? Name two.
- How does their stock performance compare against their competitors?

## Master & Grand Master Levels

Have students develop a diversified portfolio and justify their purchases based on the information on the stock quote.

## Enrichment Activities

All of the following activities are to be conducted by students accessing on-line information for each company.

### Novice Level

Have students construct a bar graph that shows how the stock prices of three different companies in their SMG portfolios or they wish to buy has changed over a three month period.

### Apprentice Level

Have students compare two stocks in their SMG portfolios or that they wish to include in their portfolios to determine which has a higher percentage growth over a period of three months.

### Master Level

Using the company news section in Investor Research of their team portfolio, have teams explain why a stock in their portfolio or that they wish to include in their portfolio moved in a certain direction over the past three months.

### Grand Master Level

Using the company news section in Investor Research of their team portfolio, have teams explain why the industry sector for the majority of their portfolio investments moved in a certain direction over the past three months. For example, if a portfolio has shares in Dell, Apple, and IBM, the team should report on why stocks in the Technology sector are up or down.



FOUNDATION



# Answer Key

## Activity Sheet 1:

1. Revlon is performing worse than yesterday because it is trading at a lower price than its previous day's closing price.
2. Answers will vary. To find the year end high and low, ask students to click "1y" on the graph and compare the "Close" price with "Low" and "High" prices at the upper left corner of the graph.
3. REV and CVS. Answers will vary regarding whether or not they were surprised by what the ticker symbols were.
4. Revlon did not. CVS did. There are a variety of reasons companies don't pay dividends to their shareholders. It is not a sign that one company is a better investment than another. Answers will vary for this question.
5. PE is a company's closing price divided by its latest annual earnings per share.
6. Answers will vary.
7. Answers will vary.
8. Answers will vary.



FOUNDATION

