



MIDDLE SCHOOL | UNIT 6

Growing and Protecting Your Finances

Title

The Making of a Stock Market Price

LEARNING OBJECTIVES

Students will:

- **Use** the internet to locate three news stories about a company that interests them.
- **Identify** the central idea of each article.
- **Analyze** the similarities and differences in the key information presented in each article.
- **Categorize** whether each article is helpful, harmful, or neutral to the company's stock price.

Content Area

English Language Arts

Grades

6–8

Overview

What influences stock prices? Students begin this activity by brainstorming companies that are of interest to them. They then work in groups to research and summarize three recent news articles that feature the company of their choice. Finally, students will analyze how the news in each of the articles may have affected the company's stock prices.

Themes

Personal Finance: Stock market, public relations

English Language Arts: Research, central idea, summary

Common Core English Language Arts Standards

R.I. 6.7, R.I. 7.2, R.I. 8.2: Determine two or more central ideas in a text and analyze their development over the course of the text; provide an objective summary of the text.

R.I. 6.9, R.I. 7.9., R.I. 8.9: Analyze how two or more authors writing about the same topic shape their presentations of key information by emphasizing different evidence or advancing different interpretations of facts.

Pathway to Financial Success

In Schools

Connect

How does this connect to the student?

Teenagers' purchasing habits can be affected by their perceptions of a company and its relations with the public. Research also shows that young people can be stringent when they feel that a company is not playing by the rules¹. As advertisers and public-relations managers seek to harness the fond opinions of young people, it is important that students understand the relationship between public relations, purchasing, and stock prices. Teaching objective summary skills and asking students to compare information from multiple sources can help students quickly process and evaluate large quantities of information in an age when they are bombarded with often-conflicting media messages.

How does this connect to careers?

Public relations associate: Public relations (PR) is the practice of managing the spread of information between an individual, business, or government agency and the public. Professionals in public relations help a company maintain a favorable public image, even in times of struggle.

How does this connect to technology?

The use of the Internet has changed the rate at which the public receives information about a company. Information is accessible almost instantly. For example, airlines have been negatively impacted by customers posting negative experiences to social media or live streaming events as they occur.

Key Terms

Personal Finance: stock, stock market, stock price, earnings

English Language Arts: research, central idea, summarize

Prepare

Background: When a person buys **stock** in a company, it means they have a small portion of ownership in the company. Many factors determine a company's **stock price**. Since stocks are sold on a **market**, the price is determined by the price at which owners of stock are willing to sell their shares and how much new buyers are willing to pay. Investors generally purchase stock in companies whose stock prices they anticipate will increase—hence the adage, “buy low, sell high.” While many factors contribute to an individual investor's impression of a company, some of these can be influenced by what he or she reads in the news.

¹<https://www.forbes.com/sites/forbesagencycouncil/2018/07/23/time-to-wake-up-to-the-next-consumer-powerhouse-gen-z/#24b8f37153f4>

Pathway to Financial Success

In Schools

For example, if a company announces strong **earnings** (income usually generated from product or service sales), that is a usually good sign for investors. Meanwhile, a story about poor governance or a scandal with a key executive can harm the company's image, and its stock price might decrease as a result. Current events can influence the stock prices of companies in different ways. For example, natural disasters such as hurricanes, forest fires, or flooding can hurt the stock prices of utility companies and insurance companies. Meanwhile, companies that sell supplies for homeowners and business to rebuild often see an increase in their stock prices.

Additionally, research on the purchasing habits and consumer attitudes of teenagers, in particular, indicate that young people make purchases based on brand reputation and loyalty². Due to the unprecedented rate at which teens consume media, their opinions and purchasing power can have a great impact on the stock prices of a company. Simply put, a company's negative relationship with the public can have devastating economic consequences, and vice versa.

Materials

- **Growing and Protecting your Finances Unit 6 Student Video**
- **News Article Summary Student Handout**—one per student

Engage

- Tell students that today's lesson will focus on companies that interest them.
- Ask students to take out a sheet of paper and answer one of the following questions: What are five brands that you think are cool, or what are five current companies that are of interest to you?
 - If desired, further organize this activity by writing specific industries on the board (i.e., technology/electronics, clothing/apparel, food/drink, and media/online). Then ask students to walk around the room and write their responses in the designated area on the board.
- Allow time for students to record their responses.
- Organize students into groups of four, attempting to group students that selected similar brands together.

Teach

- Show **Growing and Protecting your Finances Unit 6 Student Video** to the whole class.
- Ask students if they would invest—or purchase stock—in the companies they listed before. What would influence their decision to purchase stocks?
- Inform students that the price of stocks is determined by a market in which seller and buyers must agree on a price. That is why stock prices change considerably over time.
- Demonstrate for students how to look up the price of a company's stock using an online tool. Using Google, for example, a search with the company's name followed by "stock snapshot" will yield the stock's current price and additional information. Look up the stock price of a company mentioned during the exercise.
 - Note: Not all companies have stock. Examples of private companies include Staples, Publix, Meijer, and Mars. Some companies or brands may also have a parent company. For example, Sprite is a brand that is produced by Coca-Cola (ticker symbol KO).

²<https://www.forbes.com/sites/jefffromm/2018/01/10/what-you-need-to-know-about-the-financial-impact-of-gen-z-influence/#7baea23156fc>

Pathway to Financial Success

In Schools

- Show students how to view the stock price for different time periods including 1-day (often the default view), one year, five years, and the maximum (max). Most stock price viewers allow you to view the stock price on a specific date, too, by selecting that point on the graph.
- Challenge students to brainstorm news stories topics that might influence the price of a company's stock. Discuss student responses. If needed, reference the Background section above for examples.
- Distribute a copy of **News Article Summary Student Handout** to each student.
- Ask students to work within their groups to locate three recent articles involving their chosen company. Articles should be within a two-year timeframe.
 - Note: If students cannot locate news articles within a recent time frame, it might be indicative of a company that is not currently relevant. Guide students in choosing another company to research.
- Model how to fill out the graphic organizer with one teacher-selected article. Some ideas for a teacher model are Nike, Amazon, Starbucks, or Apple.
- Allow time for student groups to conduct research and record their responses in the graphic organizer.
- Provide an opportunity for student groups to share their findings with the class, including a discussion of how stock prices may have changed before and after each article and why this may have occurred.

Conclude

- Direct students to submit an exit ticket answering this question: How can information presented in the news affect a company's stock price?

Extend

- **Research:** Challenge students to research historical public relations events. How did the company react to the publicity? How were stock market prices affected? Did they recover?

News Article Summary Handout

Directions: Work with your group to research three articles involving a company of interest. Record the title, author, and date of each article. Then identify the central idea of each in the appropriate box.

<p>Title of Article:</p> <p>Author:</p> <p>Date:</p> <p>Company:</p> <p>Stock Price at Date:</p> <p>Central Idea (2-3 sentences):</p>	<p>Title of Article:</p> <p>Author:</p> <p>Date:</p> <p>Company:</p> <p>Stock Price at Date:</p> <p>Central Idea (2-3 sentences):</p>	<p>Title of Article:</p> <p>Author:</p> <p>Date:</p> <p>Company:</p> <p>Stock Price at Date:</p> <p>Central Idea (2-3 sentences):</p>
--	--	--

What are the *similarities* in the way the key information is presented in these articles (format, tone, bias)?

What are the *differences* in the way the key information is presented in these articles (format, tone, bias)?