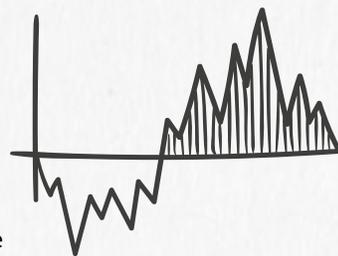


Activity 2



TRACKING MARKET TRENDS

Investment analysts and stock experts study market trends and individual stock activity to try and make predictions for how the stocks and the economy as a whole will behave in the future.

Follow the steps below to select stocks from various market sectors and study their performance over a given time period. Use that data to analyze stock trends and answer the questions related to risk and diversification.

1. Select a stock from each of the market sectors listed below, and one from an industry of your choice. Write the name of the stock and its ticker symbol next to the sector. To get started, visit finance.yahoo.com.

SECTOR	COMPANY NAME AND TICKER SYMBOL
Energy	
Finance	
Healthcare	
Technology	
Transportation	
Your Choice	

2. Using data from the past 30 days, create a line graph or chart that illustrates each stock's performance during that 30-day time period. You may do this on a separate sheet of paper, print charts from an internet resource, or create them using spreadsheet software.

3. In the space below, describe the performance of each stock over the 30-day period you tracked. Note things such as price fluctuations and overall gains and losses over the course of the 30 days.

Energy stock: _____

Finance stock: _____

Healthcare stock: _____

Technology stock: _____

Transportation stock: _____

Your choice: _____

4. Choose one of your stocks and compare its performance over the 30-day period to the Dow Jones Industrial Average and the S&P 500.

Stock chosen for comparison: _____

5. Do you see any positive correlation between any of the stocks you selected? If so, explain the positive correlation. If not, explain why the stocks are uncorrelated. _____

6. Of the stocks you analyzed, which appears to be the most risky? Why? _____

7. Which appears to be the least risky? Why? _____

8. Do the six stocks you analyzed seem a good selection for an investor who wants to diversify as a means of reducing risk? Why or why not? _____