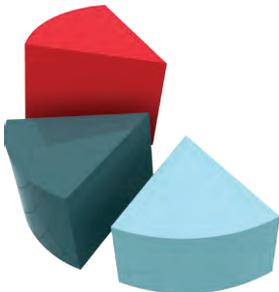




# STOCK MARKET CHALLENGE



## Student's Guide



The University of Manchester  
Alliance Manchester Business School

## Playing the game

Stock Market Challenge will give you the opportunity to experience the excitement of dealing on a live stock market trading floor in competition with other regional schools.

You will be trading in company stocks and foreign exchange just like brokers do on trading floors and on-line all over the world every day.

Each team begins the game with a fund of shares and euros. The object of the game is to maximise your team's fund value by buying and selling shares in the nine listed companies, and by trading in the euro.

The game is divided into five days, a Monday to Friday in the life of a market, with each day lasting around twenty minutes.

Your team is made up of five players: Finance Manager, Investment Analyst, Media Analyst, Floor Trader (Buyer) and Floor Trader (Seller).

The winning team is the one with the highest total value of shares, euros and cash at the close of trading.

## Buying and selling

You will be trading in the listed companies and the euro at the prices displayed on screen. Buying and selling takes place at the central trading pit.

Company shares are bought and sold in certificates of 1,000, which is the price quoted on screen. The euro is bought and sold at its sterling exchange rate.

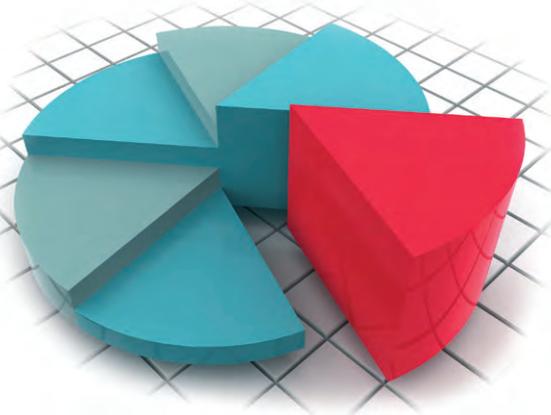
When you buy euros we will multiply the amount of sterling you have by the exchange rate and give you this amount in euros. This amount will be written on a bill of exchange, which can be converted back into sterling at any time. When you sell euros you will be given pounds in return for your bill of exchange at the current rate.

## News and information

Throughout the game you will receive information affecting the companies' and the euro's performance and price. Your decisions about which investments to make will be based on this information.

The information comes from:

- a daily financial newspaper
- TV news bulletins
- radio news bulletins
- news flashes



## Trading information

Company stocks are traded in 1,000-share certificates. The price quoted on screen in the game is per 1,000 shares. The euro trades at its exchange rate with the pound.

### **CLINK**

Internet-bank owned by Irish investment bank Delaney Dunn. Launched in 1999 it passed the one million customer mark last year. The company's main e-finance competitor is Yoke. Both are competing for the lucrative current account market. Its managing director is Mary Houlihan.

### **GO-EASY**

Formed by the recent merger of two budget airlines and now the leading discount air travel operator with 60% market share. The company's main rival is Irish airline Green Air. Go-Easy's Managing Director is Selima Devere.

### **HAPSTONS**

The UK's largest brewer following several aggressive mergers and acquisitions last year. Owns wine bar chain Susie's. Its legendary Slack Jack bitter has been voted the UK's best pint by the Campaign for Real Ale for the past 5 years. Managing director is Edwina Slack.

### **IMMEDIA**

Producers of independent feature films and commercial TV programmes. Though applauded for its highly-acclaimed feature films, the company has been criticised for driving UK broadcasting downmarket with US-style game shows and reality TV. Joint Managing Directors are Baz McGraw and Ed East.

### **INSANTO**

US-owned genetically modified foods and biotechnology company. Underwent major re-financing after merging with a UK biotech firm. No UK competitors in GM foods but several other biotech firms are vying for the potentially lucrative market in gene patents. Managing director is Eddie Langan.

### **ROMAN CARS**

Sports car manufacturer since the 1950s. According to managing director Dick Kelly, the company has been "toughing it out" ever since. Roman has survived several attempted muggings by its larger rivals over the last decade.

### **SAGO**

Console and board games manufacturer founded by Cedric Corcoran. Sales of the company's first game, the ever popular Plunkett, has bankrolled the business for decades. Strong links with the Far East. Managing director Juliet Corcoran is the founder's granddaughter.

### **SINVENTOL**

German pharmaceutical company. The market leader in over-the-counter flu and indigestion remedies. The company also sells combination HIV/AIDS drugs to the developing world. Its main competitor in the overseas market is French company Pharmed. Managing director is Graham Porter.

### **VELOCITA**

UK rail network management company. Bought back by the government following the disastrous reign of private company RailUK and now run as a public-private partnership. Its shareholders hope the government's new policy mantra, 'transport, transport, transport', translates into major investment. Managing director is flamboyant ex-Eurostar chief, Frenchman Jean Vanier.

### **EURO**

There are now ten European countries using euros but the UK is still undecided about whether to join. The government says it will make a decision after the forthcoming referendum. The euro has benefited recently from a weaker dollar as the threat of a US recession has increased.

## Developing your skills

Taking part in Stock Market Challenge will show you what it would be like to work as a trader on the financial markets. You will be buying and selling shares and currency just like professional traders do on trading floors and in offices in cities across the world.

The most valuable thing you will learn from Stock Market Challenge is how to use and develop some of the key skills that you'll need for any job, whichever career you choose to follow.

The most important of these is teamwork. You each have your own role in the game but, just like in any job, you won't get very far working on your own: In today's challenge you will have to learn how to work well together and make decisions as a team.

To get the most out of Stock Market Challenge you will also need to understand the effect that company decisions, people's behaviour and unexpected events in the news can have on share prices. This is another skill you will be using today: the analysis of information.

Stock Market Challenge is not gambling. You will need to do your research and gather information from the news in order to make successful investments. You will need to decide whether a news story about a particular company will have a good or bad effect on the price.

You will also need to use your communication skills, not only to interpret the information you receive but also to keep the rest of your team informed about the latest developments in the news.

Stock Market Challenge is a fast-moving and demanding activity that requires you to work under pressure. As you encounter challenges during the game you will need to use your problem-solving skills, making sure that all times you act together as a team.

## Trading tips

1. Decide which investments you are going to buy and sell before the beginning of each day.
2. Read the daily newspaper and pay careful attention to the TV and radio news bulletins. Then decide together how you think the latest news could affect prices.
3. The way to increase the value of your fund is by buying and selling regularly. If the market is open there will always be another investment worth making.
4. Make sure that your team isn't holding too much cash. It won't increase in value sitting on your table!
5. Make a note of the price at which you bought your shares or euros. Then you will know when is the right time to sell to maximise profits.
6. Make sure you plan ahead. Use the break between the trading days to decide what you're going to buy and sell at the beginning of the next day.

