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Stock Market Simulation

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Stock Market Simulation

An Interactive Qualifying Project Report

Submitted to the faculty

of the

Worcester Polytechnic Institute

in partial fulfillment of the requirements for

the Degree of Bachelor of Science

by

Chad Munchbach

Date:

August 2009

Approved by:

Professor Dalin Tang, Project Advisor

Acknowledgement

I would like to thank Professor Dalin Tang for his help and advising in the completion of this project. I would also like to thank Worcester Polytechnic Institute for the opportunity to be a member of the student body. Finally I would like to thank my family for all their support throughout my life.

Abstract

A nine-week stock market simulation was conducted using two different trading strategies, penny stock trading and short term trading methods, to gain experience in stock market trading and investment. The two methods and simulation results were compared to find out the differences of the methods and techniques when applying them in real trading. The knowledge gained can be used for future investments.

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1 Introduction

1.1 Goals

The Goal of this IQP is to explore that stock market. This will be done through the researching of short term market trading strategies, such as short term trading and penny stock trading. Finally the project will consist of a nine week stock market simulation with the goal to make the maximum profit with the minimum risk. The simulation will start with \$100,000 on Monday June 8th and end Friday August 7th with analysis at the end to determine with method worked the best and explain any particularly good and bad trades.

1.2 History of stock market

The idea of a stock markets originated in the seventeenth century mostly in England and Holland. The idea blossomed through to after world war one where the global stock market centered on New York Stock Exchange because of the free trade allowed in the United States. (Boyer, 2001) The amount of stocks grew quickly because of the growth of companies that needed money to expand. The market originally was less regulated with very little government interference till 1934 the government passed the exchanges and security act which created the securities and exchange commission that regulates the American stock market. (Stock Market History, 2004). The stock exchange continued to grow around the world. The biggest stock exchange is the New York Stock Exchange That was founded in 1792 and now trades for over 2,900 companies (Boyer, New York Stock Exchange, 2001).

1.3 General Trading Strategies

There are two ways to trade stock as an individual. The first is through a stock broker who is a professional economist who will advise you on what trades you should make based on his beliefs and his research. This method is good for a person who is just looking to make gains out of their savings with out to much work and risk. The down side to trading with a broker is that they take a percentage commission for every trade which can deduct from your earnings.

The second way to trade is through an online trade website. This option allows for you to pay a flat rate for each trade that averages around ten dollars depending on amount of trades you make and how much money you have invested. The simplicity of trading online makes it very appealing to the everyday person. To start trading online all you have to do is sign up and then transfer money to that trading company and then you can buy and sell trades as you want. The downside for trading online is that for less experienced traders there is no individual guidance warning of bad trades.

1.4 My Trading Strategies

I will be simulating as an individual investor with 100,000 dollars investing with the goal to make the most amount of money in a ten week span trading with the online trading website etrade.com. I will limit myself to buy and selling stocks and not trading with options.

1.5 Outline of the Project

The project consisted of 4 chapters. The first chapter will explain my project along with outlining the general rules I will follow and how I will complete the project. The second chapter will show my first strategy of Penny stock trading. This will consist

of 3 parts explaining penny stock trading, the actually simulation well using the strategy and finally the analysis of the strategy. The third chapter also consists of 3 parts the first part is describing my second trading strategy (Lansing, 2006) which is short term trading, the second part of the chapter is the simulation of the trading with short term trading. The final part of the chapter is the analysis of the trading strategy. The forth chapter consists of the conclusion of the project along with comparison of the two strategies and explaining the project experiences.

2 Penny stock trading

2.1 What is penny stock trading?

A penny stock is a stock trading at low price according to the U.S security and exchange commission it is truly defined as a stock priced below five dollars. Penny stock trading is intriguing because it allows for great rewards because of the ability to buy many shares and that those shares can increase over 100% quickly. With the chance of great reward comes the chance that the stock could also lose money quickly and could go to bankruptcy quickly.

2.2 Penny stock trading strategies

Well trading penny stocks the strategy will be to find a company that sounds promising within a proven industry and follow the stocks closely and make many day to day trades. The primary industry that I will be looking to trade in is pharmaceuticals as they have a long track record of strong growths. Due to the risk of penny stocks I will initially limit my penny stock budget to ten thousand dollars.

2.3 Company research

Spongetech (SPNG)

Spongetech is a company that sells innovative sponges which just recently becoming more main stream including a big deal with Costco. The stock rose from \$0.04 to \$0.132 from 6/1-6/9 when I bought 10,000 stocks for \$1320. On 6/11 it peaked at \$0.25 and closed on 6/12 at \$0.17.



(Google finance, 2009)

Figure 2.1: SPNG one month lead up to purchase.



(Google finance, 2009)

Figure 2.2: SPNG during the span of the ownership of the shares.

Geovax Inc. (GOVX)

Geovax Inc. is a biotechnical company that is trying to find a vaccine for the HIV-1 disease. This was long term buy with chance of being a bust because the price of stocks has risen on a scale of 3 months but has since leveled out. On 6/9 I bought 5,000 shares at \$0.28 which has since had no major change. The thought on this purchase was that for a relatively small cost of \$1400 if the company makes a major

discovery it could boom to a couple dollars which could make the investor a lot of money. The stock seems stable so there does not seem like a high chance of the stocks dropping significantly.

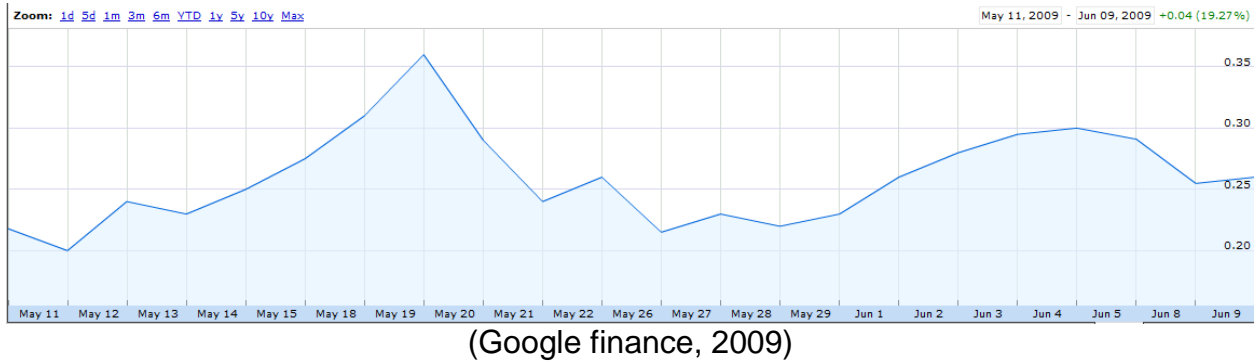


Figure 2.3: GOVX one month lead up to purchase.

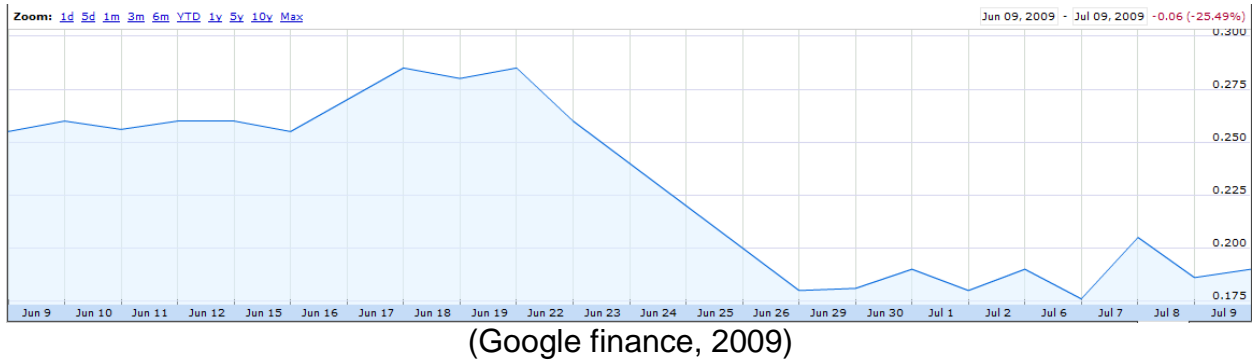


Figure 2.4: GOVX during the span of the ownership of the shares.

China Agritech Inc. (CAGC)

China Agritech Inc. is the top producer of liquid fertilizer in China. This company is looking to expand its product to distribute internationally. On 6/9 China Agritech

signed a deal with a marketing and distributing company. Thinking this would make the stock prices raise the Investor bought 500 stocks at \$1.98 a stock.

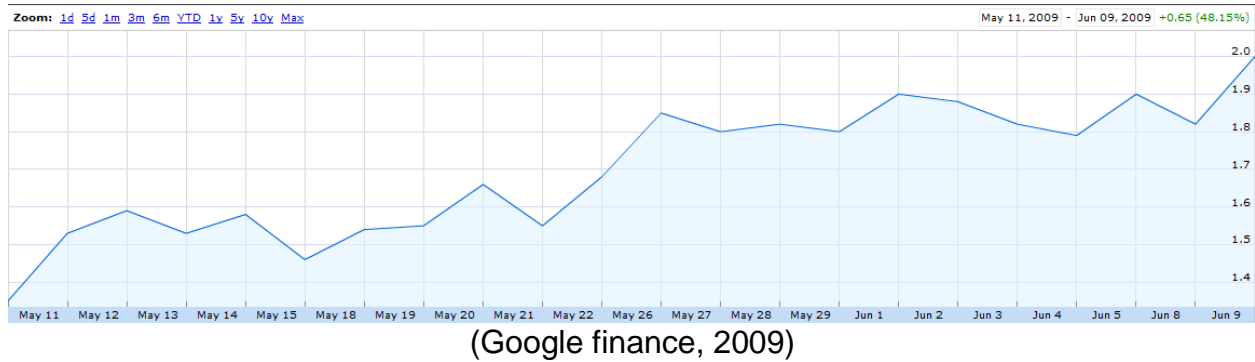


Figure 2.5: CAGC one month lead up to purchase.

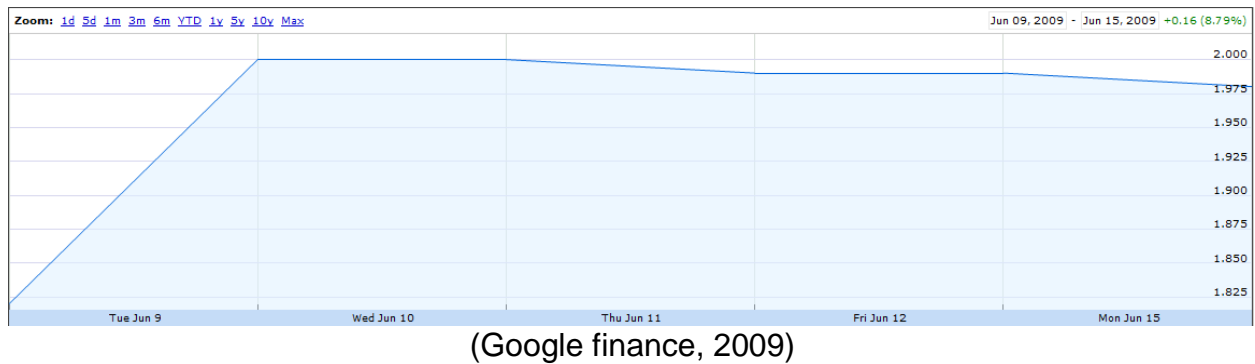


Figure 2.6: CAGC during the span of the ownership of the shares.

Micron Enviro Systems Inc. (MENV)

Micron Enviro Systems Inc. is a small oil company that is collecting oil from Alberta Canada. The company has also expanded to digging for coal in the Saskatchewan province of Canada. On 6/9 the investor bought 10000 shares at \$.0126.



(Google finance, 2009)

Figure 2.7: MENV one month lead up to purchase.



(Google finance, 2009)

Figure 2.8: MENV during the span of the ownership of the shares.

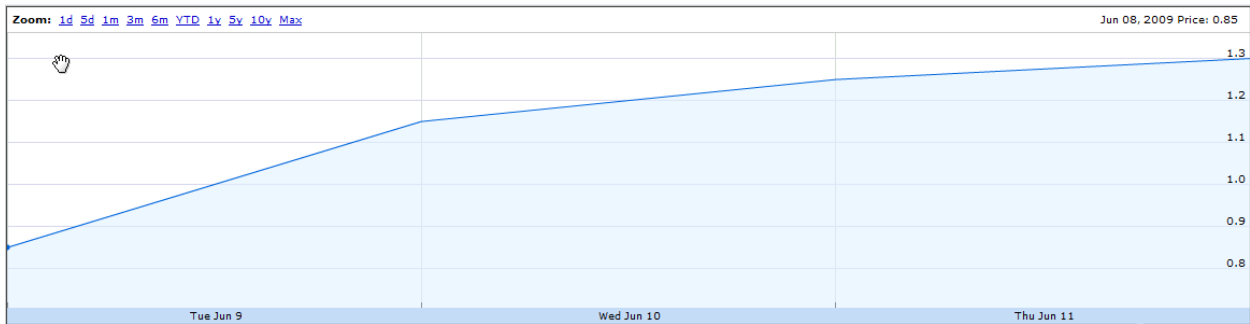
Lightpath Technologies Inc. (LPTH)

Lightpath Technologies Inc. is company finding optical solutions in medicine, defense, and industry. The stocks were growing significantly since the beginning of June where it started at a little over \$0.50 and on 6/9 the investor bought 5000 stocks for \$1.04 the stocks continued to grow. On 6/11 the stock seemed to peak and decline slightly The Investor sold all the stocks at \$1.18 making a total of \$700 on the trade.



(Google finance, 2009)

Figure 2.9: LPTH one month lead up to purchase.



(Google finance, 2009)

Figure 2.10: LPTH during the span of the ownership of the shares.

Javelin Pharmaceuticals Inc. (JAV)

Javelin Pharmaceuticals Inc. is a pharmaceutical company specializing in the development of painkillers and pain management. On 6/8 the stock price hit a low after a high peak thinking the stock would rebound the investor bought 200 stocks at \$1.28 on 6/9. As of closing on 6/12 the stock has fluctuated from \$1.25-\$1.30 but has yet to rebound.



(Google finance, 2009)

Figure 2.11: JAV one month lead up to purchase.



(Google finance, 2009)

Figure 2.12: JAV during the span of the ownership of the shares.

Gws Technologies Inc. (GWSC)

Greenwindsolar Technologies inc. is an alternative energy development company looking to make improvements in collection of solar and wind energy. The Investor bought 2500 stocks on 6/11 at \$1.35 a stock. The stock rose from \$0.20 at

opening on 6/10 to \$1.35 on 6/11 when the Investor bought the stock and at closing on 6/12 is trading at \$1.80.



(Google finance, 2009)

Figure 2.13: GWSC one month lead up to purchase.



(Google finance, 2009)

Figure 2.14: GWSC during the span of the ownership of the shares.

Greenchek Technology Inc (GCHK)

Greenchek Technology Inc. is an alternative energy company that is based on using hydrogen as an energy source in transportation. The Investor bought 5000 stocks at \$0.25 a stock on 6/11. The company peaked on 6/8 at \$0.29 and dropped to \$0.25 at

time of purchase and looked to be rebounding but continued to fall to \$0.198 at closing on 6/12.



(Google finance, 2009)

Figure 2.15: GCHK one month lead up to purchase.



(Google finance, 2009)

Figure 2.16: GCHK during the span of the ownership of the shares.

Vertex Energy Inc. (VTNR)

Vertex Energy Inc. refines and markets petroleum products whether from crude oil or used petroleum products and then distributes throughout the United States. The Investor bought 2000 stocks at \$0.25 a piece on 6/11. The stock was steady at \$0.21 a

share before then jumped to \$0.75 on 6/11 when the investor bought expecting more growth. The stock stayed at \$0.75 before dropping to \$0.55 for closing on 6/12.

Santa Fe Gold Corp. (SFEG)

Santa Fe Gold Corp. is a gold and silver mine company that is changing from a company searching for gold to actually mining and producing gold. The reason for purchasing the stocks was due to that the stocks were raising and the company just announced that they were in the works of purchasing two new mines. Another reason for the purchase was that the price of gold has been rising greatly. All of these reasons seem to make the stocks a good purchase.

The investor bought 1400 shares at \$1.16 a stock at 6/15 at 10:15 AM. At closing on 6/19 the stock was trading at \$1.08 a share



(Google finance, 2009)

Figure 2.17: SFEG one month lead up to purchase.



(Google finance, 2009)

Figure 2.18: SFEG during the span of the ownership of the shares.

Citigroup Inc. (C)

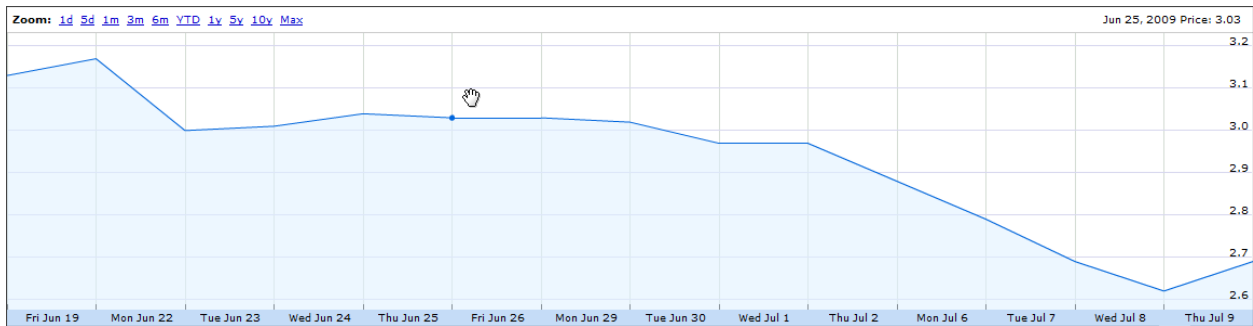
Citigroup Inc. is an investing firm that covers five fields real estate, private equity, hedge funds, global fixed income and infrastructure. This seems like a risky purchase due to the recent recession. The reason for the purchase was that the stock has shown growth over the past 2 months after dropping to almost \$2 the stocks are trading at time of purchase at \$3.189 but were trading at over \$20 a year ago so it has a lot of potential.

The investor bought 1000 shares at \$3.189 a share at 11:09 AM on 6/19.



(Google finance, 2009)

Figure 2.19: C one month lead up to purchase.



(Google finance, 2009)

Figure 2.20: C during the span of the ownership of the shares.

Left Behind Games Inc. (LFBG)

Left Behind Games Inc. is an independent developer, producer, and distributor of video games many of which are made for reinforcing positive values in kids. The reason for the purchase was that on 6/15 they released a sequel to their most popular game and on 6/19 they were approved to be sold in Wal-Mart stores which should increase sales and then leading to another increase in share prices.

The investor bought 10000 shares at \$0.10 a share on 6/19 at 11:13 AM.



(Google finance, 2009)

Figure 2.21: LFBG one month lead up to purchase.



(Google finance, 2009)

Figure 2.22: LFBG during the span of the ownership of the shares.

Noble Innovations Inc. (NOBV)

Noble Innovations Inc. is a company that researches and develops household product to save energy and to make your home more green. There major product is a tank less water heater which is the newest innovation in green water heaters. These water heaters reduce lower energy and water bills making it the choice of people

building new homes and people replacing their old water heaters. The reason for the purchase was that the share had been trading at average \$0.35 over the past two months and had been jumping up and down in a slow reduction after 6/15 on 6/19 it hit appeared to hit bottom at under \$0.10.

The investor bought 10000 shares at \$0.17 a share at 6/19 at 11:19 AM. This was because the investor felt that the drop was nearing the end and to buy at the lowest point would allow for the greatest gain although it was very risky.



(Google finance, 2009)

Figure 2.23: NOBV one month lead up to purchase.



(Google finance, 2009)

Figure 2.24: NOBV during the span of the ownership of the shares.

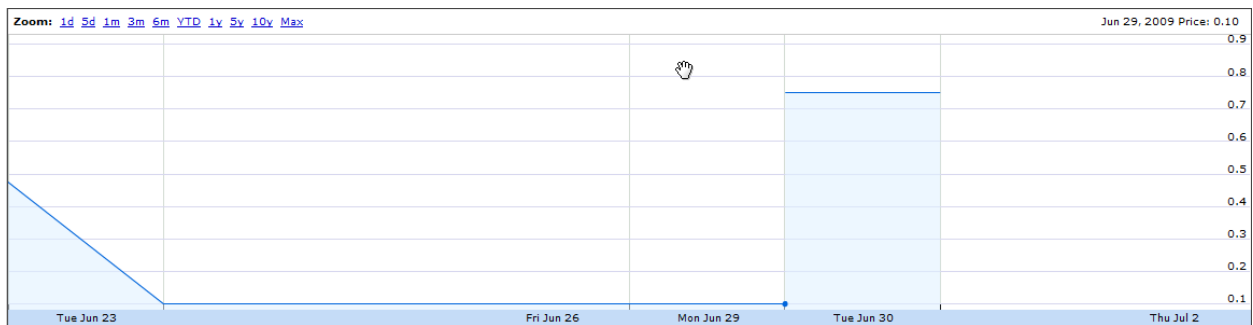
Small Cap Strategies Inc. (SMCA)

Small Cap Strategies Inc. is a business dealing with closed end management investment funds. The reason the investor bought shares in SMCA was because for the majority of the last month the shares have been trading at \$0.85 but throughout the past 3 months have drops significantly just to rebound to the prior amount a few days later. The Investor was able to spot this company well the stocks were trading at \$0.10 a share and bought 10000 shares with the hopes that it would rebound and with the relatively small risk that only \$1000 was invested.



(Google finance, 2009)

Figure 2.25: SMCA three month lead up to purchase.



(Google finance, 2009)

Figure 2.26: SMCA during the span of the ownership of the shares.

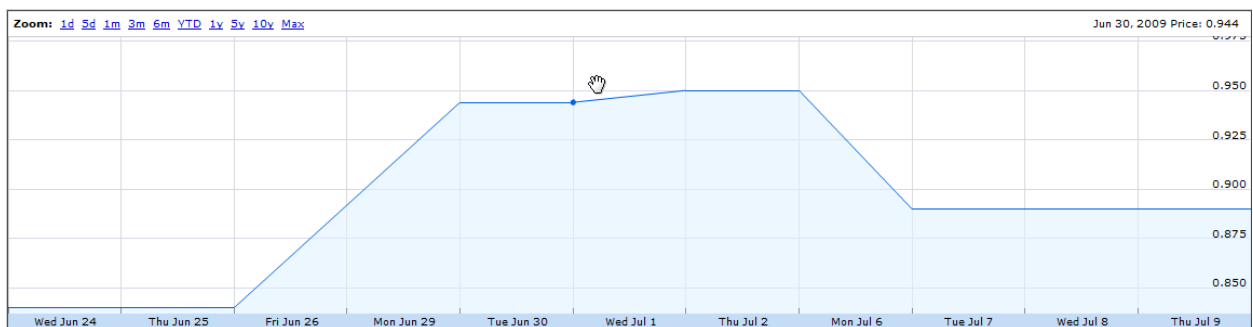
Zynex Inc. (ZYXI)

Zynex Inc. is a medical producer of electrotherapy products that pain relieving devices. The company had peaked on 6/9 at \$1.20 a share then dropped to \$0.82 and appeared to level out. On 6/23 Zynex Inc. began introducing a new product line seeing this, the investor felt that the stock was going to rebound and bought 1500 stocks at \$0.826 a share on 6/23 the shares have already increased to \$0.95 at closing on 7/3.



(Google finance, 2009)

Figure 2.27: ZYXI one month lead up to purchase.



(Google finance, 2009)

Figure 2.28: ZYXI during the span of the ownership of the shares.

Trans World Corp. (TWOC)

Trans World Corp. Is a Cable, internet, and phone provider with over one million customers. The stock has been trading mostly at about three dollars for the past two months with a few declines but it always seems to bump right back to the three dollar area. On 6/23 TWOC dropped to \$2.20 a share then started quickly rising back toward \$3.00. The investor made a hasty decision to buy 700 shares at \$2.30 a share. This seemed to pay off as the shares were trading at \$3.00 by the end of the day.



(Google finance, 2009)

Figure 2.29: TWOC one month lead up to purchase which doesn't show the drop to \$2.30 a share because it was so for such a short period of time.



(Google finance, 2009)

Figure 2.30: TWOC during the span of the ownership of the shares.

Green Star Products Inc (GSPI)

Green Star Products Inc. is a company that is researching biodiesel, ethanol production, and super lubricants all in an effort to get better fuel economy in vehicles. On 6/23 the shares had just fell from \$0.014 and started to rebound seeing this the investor bought 20000 shares at \$0.015 with hopes the rise would continue up but it soon down turns but constantly showing a sign it might turn to the positive at closing on 7/2 the stock was trading at \$0.0126 the Investor would sell but since there is only \$300 dollars invested and the company is not nearing bankruptcy he feels it's better to just hold onto the stocks and see if they eventually raise.



(Google finance, 2009)

Figure 2.31: GSPI one month lead up to purchase



(Google finance, 2009)

Figure 2.32: GSPI during the span of the ownership of the shares.

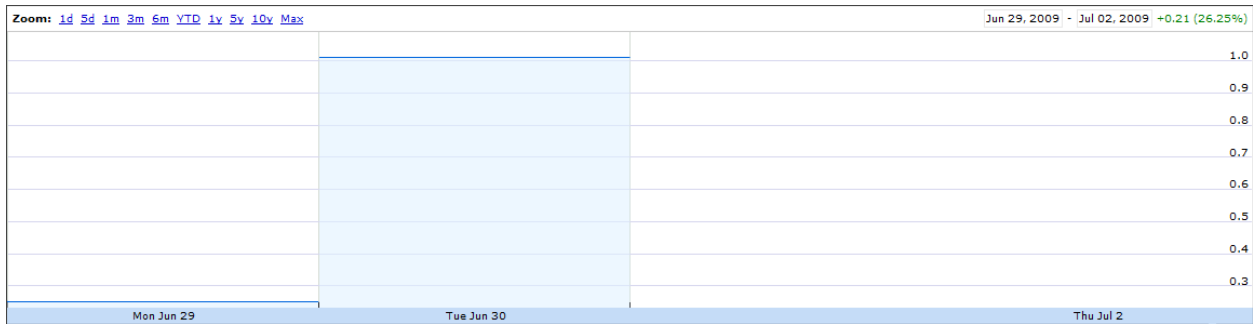
BioBridge Science Inc. (BGES)

BioBridge Science Inc. is a company that is based off a vaccine for papilloma pseudovirus which is patented. The patent gives the investor security because this leads there to be less competitors. The stock was trading steadily at \$0.80 for the past month when on 6/28 it started to drop and dropped to \$0.25 and leveled out for a few hours seeing this the investor bought 3300 shares at \$0.25 like the investor hoped the shares jumped back up and were trading at \$1.01 a share by the end of the day 6/30 the Investor sold his shares on 7/2 at \$1.01 a share making \$2508 more than invested.



(Google finance, 2009)

Figure 2.33: BGES one month lead up to purchase



(Google finance, 2009)

Figure 2.34: BGES during the span of the ownership of the shares.

Promerica Bank (PMRA)

Promerica Bank is a bank chain located in southern California that strives to be the leading financial supporter of Latino owned small businesses. The shares were trading at \$2.00 manly for the past month but have dropped to an resent low at \$1.40 on 7/2 when the investor bought with no new news from the company leads the investor to feel the price of shares will rebound and rise back to \$2.00 a share with the 3000 shares bought that would lead to a \$1800 dollar profit.



(Google finance, 2009)

Figure 2.35: PMRA four month lead up to purchase and the one month ownership of the stock starting on 7/2

Mother Lode Bank (MOLB)

Mother Lode Bank is a business, personal, and real estate bank located in California. It is a relatively small bank with only 3 locations but it just got a charter in 2003. Over the past 2 months the stocks have been trading between \$3.50-\$2.75 a share when on 7/2 they dropped to \$2.50 a share the investor feels that the summer rally the shares should rebound back up over \$3.00 a share making a significant profit with the 1500 shares bought.



(Google finance, 2009)

Figure 2.36: MOLB two month lead up to purchase

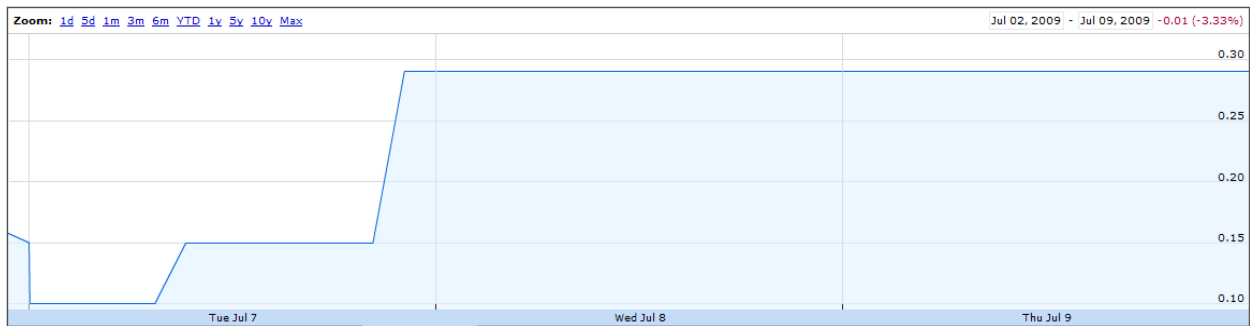
Adama Technologies Corp. (ADAC)

Adama Technologies Corp. is an Israeli wireless communications device developer. The stocks have been trading for the past month at just under \$0.30 a share on July 30th it dropped to about \$0.125 the quickly jumped back up to \$0.30. On 7/2 the shares dropped again to \$0.15 when the investor bought 10000 shares with the feeling that the stock will rebound back to \$0.30.



(Google finance, 2009)

Figure 2.37: ADAC one month lead up to purchase



(Google finance, 2009)

Figure 2.38: ADAC during the span of the ownership of the shares.

Corpus Resources Corp. (CUSRF)

Corpus Resources Corp. researches, designs and manufactures dental surgical tools. Their shares have been slowly raising for the last month getting close to \$0.20 a share on 7/2 the price dropped to \$0.10 a share when the Investor bought 10000 shares with hopes the stocks would rebound to that \$0.20 a share.

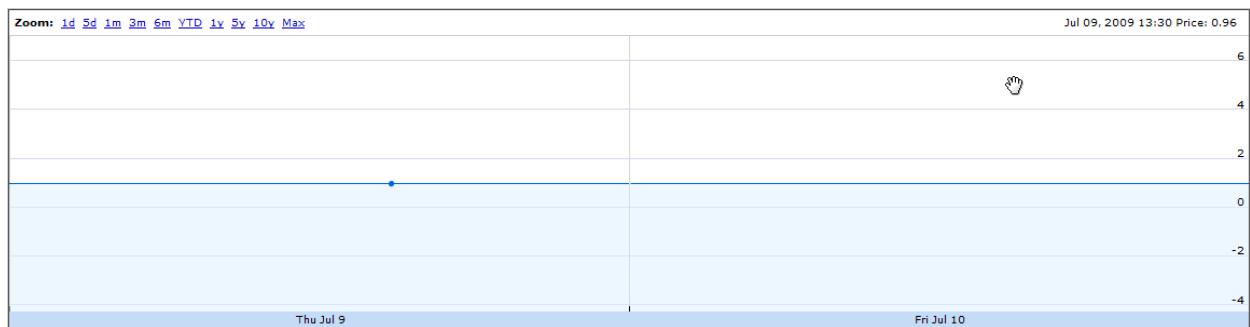
Signet International Holdings Inc. (SIGN)

Signet International Holdings Inc. is a new up and coming Media Company trying to introduce a new technology that will deliver 3-D television channels to your house. The reason the investor was interested in buy stock was because over the past three months the company stocks were sharing at around \$11 a share seeing that the shares have dropped very quickly to \$0.95 a share the investor only bought 1000 shares for \$950 figuring that that relatively small amount is expendable with the possibility if it rises back to \$11 where the profit would be \$10050.



(Google finance, 2009)

Figure 2.39: SIGN one month lead up to purchase



(Google finance, 2009)

Figure 2.40: SIGN during the span of the ownership of the shares.

Plasmatech Inc. (PMAH)

Plasmatech Inc. is a company based on coating surface with plasmas such as parylene. The company is also researching and developing other uses for low pressured plasmas and there processing. This stock is another stock that had had a steady cost of \$0.70 a share bough has fallen to \$0.20 a share without any major news from the company the Investor feels that the price should rebound so he bought 10000 for \$2000.



(Google finance, 2009)

Figure 2.41: PMAH one month lead up to purchase



(Google finance, 2009)

Figure 2.42: PMAH during the span of the ownership of the shares.

Gold Resource Corp. (GORO)

Gold Resource Corp. is a gold and silver mining company that does its mining at four properties in the state of Oaxaca in Mexico. The company is still working on getting their newest property running which they believe has a lot of potential produce a lot of gold. The stock looked like it had potential because it has a very high volume of trades and the company is going through the growing process which leads the investor to feel that the company is going to continue to grow making the share worth more. The Investor bought 1000 shares at \$4.55 a share.



(Google finance, 2009)

Figure 2.43: GORO one month lead up to purchase



(Google finance, 2009)

Figure 2.45: GORO during the span of the ownership of the shares.

Png Ventures Inc. (PNGX)

Png Ventures Inc. is a computer science company based on edgarizing which is a process that converts Microsoft word documents into HTML. The Investor bought 20000 shares at \$0.15 a share he thought this was a good buy because over the past month the stock had been trading at about \$1 a share but for 5 days in the middle of the last month it dropped to about \$0.15 cents then rebounded right back to \$1.10 so that the investor was hoping to buy well the price is low in hopes that it rebounds again and will be trading around \$1.00 again.



(Google finance, 2009)

Figure 2.46: PNGX one month lead up to purchase



(Google finance, 2009)

Figure 2.47: PNGX during the span of the ownership of the shares

Unico Inc. (UNCO)

Unico Inc. is an international company based on the development and production of multi axis intergraded drive systems which are used in a number of industries for the production of many everyday products. This stock has been very active of recent with a high volume it had just dropped with potential to rebound with this thought the investor bought 20000 shares at \$0.012 a share.



(Google finance, 2009)

Figure 2.48: UNCO one month lead up to purchase



(Google finance, 2009)

Figure 2.49: UNCO during the span of the ownership of the shares

ProTech Industries Inc. (PTCK)

ProTech Industries Inc. is a fire protection company that designs and installs water based fire protection products. The Investor saw that this stock had just fell from over \$3.00 and fell to about \$2.20 and was starting a rebound with this the Investor bought 1750 shares at \$2.50 with hopes that it would rebound back over \$3.00.



(Google finance, 2009)

Figure 2.50: PTCK one month lead up to purchase



(Google finance, 2009)

Figure 2.51: PTCK during the span of the ownership of the shares

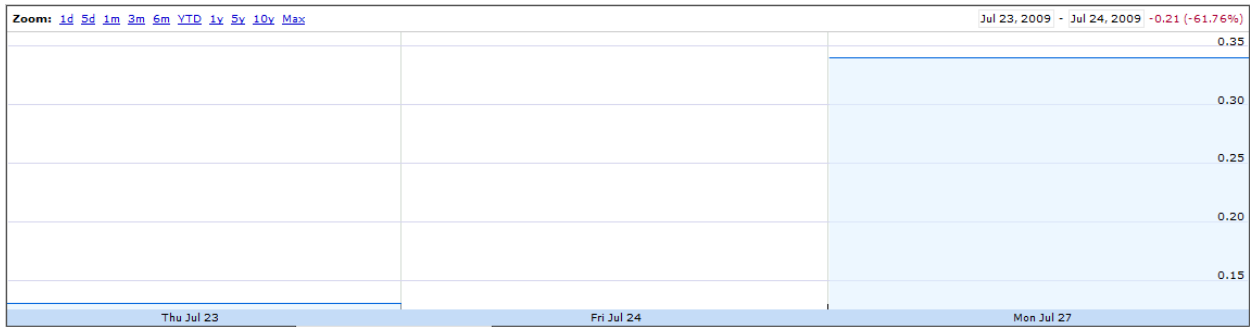
East Coast Diversified Corp. (ECDC)

East Coast Diversified Corp. is a developing company based on operating an entertainment center in Miami Florida. This stock had based at \$0.13 a share but over the past 10 days has made a number of jumps up to about \$0.30 the returning back to \$0.13 the investors plan was to buy well the price is at \$0.13 and sell when it jumps up. The Investor was able to buy 15000 share at \$0.13 a share.



(Google finance, 2009)

Figure 2.52: ECDC one week lead up to purchase



(Google finance, 2009)

Figure 2.53: ECDC during the span of the ownership of the shares

avinci Media Corp. (AVMC)

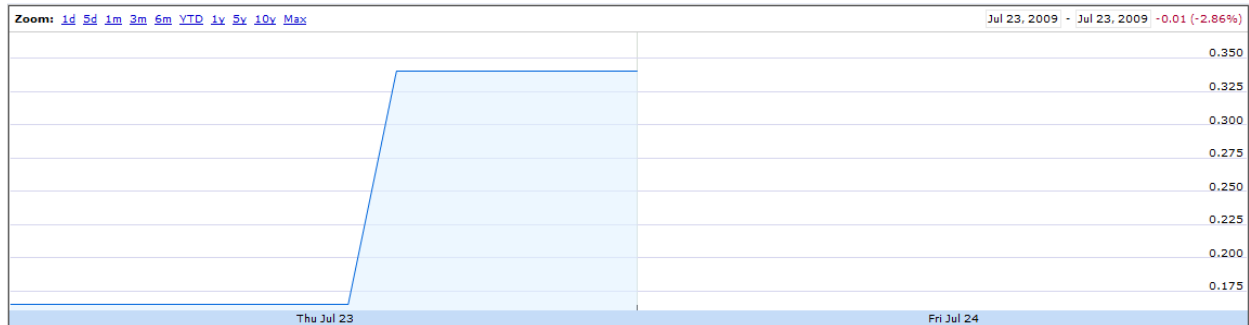
avinci Media Corp. is a computer software company that was started on the Idea to give personal camera users the ability to display their pictures with more dramatically and share these shows with others. AVMC had been trading at about \$0.34 for the last two months with numerous drops into the teens. The investor saw this and decided to buy 15000 shares well the price was dropped to \$0.165 a share with hopes that it would

rebound.



(Google finance, 2009)

Figure 2.54: AVMC one month lead up to purchase



(Google finance, 2009)

Figure 2.55: AVMC during the span of the ownership of the shares

Oceanic Exploration Co (OCEX)

Oceanic Exploration Co is a company based on the exploration and development of land with potential of producing oil. The company shares were trading at \$0.070 a share and dropped to \$0.030 when the Investor decided to purchase 10000 shares with hope these shares would rebound even greater than the previous high.



(Google finance, 2009)

Figure 2.56: OCEX one month lead up to purchase



(Google finance, 2009)

Figure 2.57: OCEX during the span of the ownership of the shares

Cobra Oil & Gas Company (CGCA)

Cobra Oil & Gas Company is a small privately owned oil and gas company located in Wichita Falls Texas that mainly works to research and discover new oil producing land. The company owns locations in Alabama, Arkansas, Kansas, Louisiana, New Mexico, Oklahoma and Texas. The Investor bought 7,500 shares at \$1.26 a share. He did this because the company had just made a major purchase of

\$5,000,000 that will earn them 40% working interest in the Utah Oil Sands Project which he felt would increase the net worth of the company causing the share's price to rise.



(Google finance, 2009)

Figure 2.58: CGCA one month lead up to purchase



(Google finance, 2009)

Figure 2.59: CGCA during the span of the ownership of the shares

Insight Management Corp. (ISIM)

Insight Management Corp. is an engineering firm based on the idea of producing and designing advances in the oil and gas industry. The Investor bought 15,000 shares at \$0.17 on 8/3 seeing the price had recently dropped from \$0.60 a share and with a

recent history of plummeting and rebounding the Investor felt that the shares would rebound back up within a few days of the end of the simulation unfortunately the Investor was mistaken and the shares dropped to \$0.10 a share and never raised up and the Investor ran out of time in his Simulation and was forced to sell taking a \$1,070 loss.



(Google finance, 2009)

Figure 2.60: ISIM one month lead up to purchase



(Google finance, 2009)

Figure 2.61: ISIM during the span of the ownership of the shares

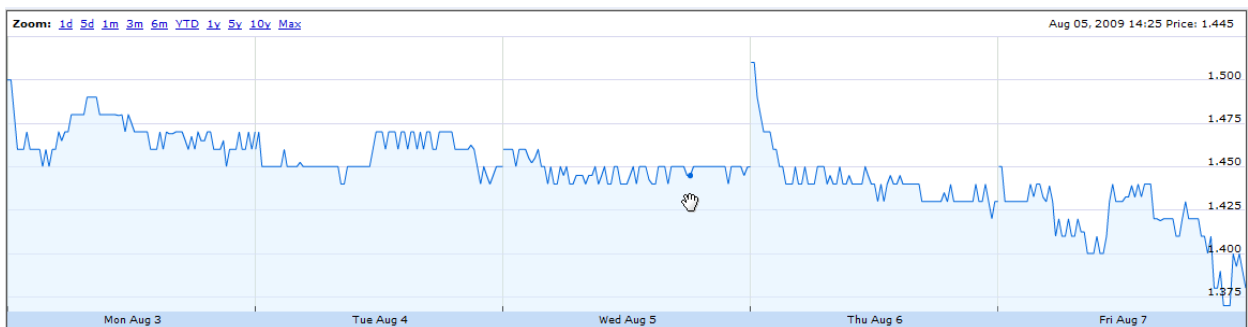
E*Trade Financial Corp. (ETFC)

E*Trade Financial Corp. is a very reputable online stock trading site. The stock had peaked and dropped when the Investor bought 2,000 shares at \$1.46 the investor felt it would peak again which it did but happened quickly well the Investor was working on other thing and was unable to sell the shares well at a peak instead had to sell the shares at the end of the simulation at \$1.38 losing \$180 dollars.



(Google finance, 2009)

Figure 2.62: ETFC one month lead up to purchase



(Google finance, 2009)

Figure 2.63: ETFC during the span of the ownership of the shares

Huntington Bancshares Inc. (HBAN)

Huntington Bancshares Inc. is a large regional bank based out of Columbus Ohio. This stock had been growing quickly starting 7/28 on 8/3 the Investor bought 1,500 shares at \$4.3931 a share. The price of a share grew to \$4.68 a share when the Investor sold the shares because the end of the simulation making \$410.38 profit.



(Google finance, 2009)

Figure 2.64: HBAN one month lead up to purchase



(Google finance, 2009)

Figure 2.65: HBAN during the span of the ownership of the shares

Sirius Xm Radio Inc. (SIRI)

Sirius Xm Radio Inc. is a company based on providing people with satellite radio which the people pay a monthly bill for but can be has service throughout the world and usually is without commercials. The investor saw the share price was rising and felt that a profit could be made even with the short amount of time left in the simulation. The Investor bought 7,500 shares at \$0.5232 the stock peaked at \$0.55 a share before dropping to \$0.48 a share when the simulation ended taking a loss of \$306.50



(Google finance, 2009)

Figure 2.66: SIRI one month lead up to purchase



(Google finance, 2009)

Figure 2.67: SIRI during the span of the ownership of the shares

2.4 Simulation

Week 1: 6/9-6/12

The stock holder bought shares in six companies spending almost all of the allotted \$10000 at the beginning of the simulation on 6/9. The companies were SPNG, GOVX, CAGC, MENV, LPTH, and JAV. On 6/11 the investor sold all his stocks in LPTH for \$5900 making \$680 dollars from the original purchase. With this money the Investor bought shares in GWSC, GCHK, and VTNR to bring his money out of the market back to almost zero.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
6/9/2009							10,000	
6/9/2009	SPNG	buy	\$0.13	10,000	\$1,330		8,670	
6/9/2009	GOVX	buy	\$0.28	5,000	\$1,410		7,260	
6/9/2009	CAGC	buy	\$1.98	500	\$1,000		6,260	
6/9/2009	MENV	buy	\$0.01	10000	\$136		6,124	
6/9/2009	LPTH	buy	\$1.04	5,000	\$5,210		914	
6/9/2009	JAV	buy	\$1.28	200	\$266		648	
6/11/2009	LPTH	sell	\$1.18	5,000	\$5,890	680	6,538	680
6/11/2009	GWSC	buy	\$1.35	2,500	\$3,385		3,153	
6/11/2009	GCHK	buy	\$0.25	5,000	\$1,260		1,893	
6/11/2009	VTNR	buy	\$0.75	20,00	\$1,510		383	

Table 2.1: Transactions for week 1 of the simulation of penny stock trades

Week 2:6/15-6/19

The investor sold his shares in CAGC on 6/15 for \$985 losing \$25 from the original purchase. He also sold his shares in JAV for \$252 losing \$24 from the original purchase. With the money from the sales the investor bought 1400 shares in SFEG for \$1624. On 6/19 the investor sold all his shares in GWSC for \$6250 making \$2855. The money was spent to buy stock in C, LFBG, and NOBV.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
6/15/2009	JAV	sell	\$1.26	200	\$242	-24	625	656
6/15/2009	CAGC	sell	\$1.97	500	\$975	-25	1,600	631
6/15/2009	SFEG	buy	\$1.16	1,400	\$1,634		-34	
6/19/2009	GWSC	sell	\$2.50	2,500	\$6,240	2,855	6,206	3,116
6/19/2009	C	buy	\$3.19	1,000	\$3,199		3,007	
6/19/2009	LFBG	buy	\$0.10	10,000	\$1,010		1,997	
6/19/2009	NOBV	buy	\$0.17	10,000	\$1,710		287	

Table 2.2: Transactions for week 2 of the simulation of penny stock trades

Week 3: 6/22-6/26

On 6/23 the investor sold his shares in MENV selling all 10000 shares for \$0.0122 a share losing \$24.00 on the original investment. He also sold his shares in VTNR for \$0.55 a share losing \$420 on the original investments. These sales were to get rid of stocks that are not declining but that have leveled out and became relatively inactive and the investor wanted to buy shares in more active shares. Also on 6/23 the investor sold his shares in NOBV for \$0.35 a share making \$1780 on the original investment where the 10000 shares were bought at \$0.17 a share. The investor used this money to buy stocks in SMCA, ZYXI, TWOC, and GSPI.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
6/23/2009	MENV	sell	\$0.01	10,000	\$112	-24	399	3,092
6/23/2009	VTNR	sell	\$0.55	2,000	\$1,090	-420	1,489	2,672
6/23/2009	NOBV	sell	\$0.35	10,000	\$3,490	1,780	4,979	4,452
6/23/2009	SMCA	buy	\$0.10	10,000	\$1,010		3,969	
6/23/2009	ZYXI	buy	\$0.83	1,500	\$1,249		2,720	
6/23/2009	TWOC	buy	\$2.30	700	\$1,620		1,100	
6/23/2009	GSPI	buy	\$0.02	20,000	\$310		790	

Table 2.3: Transactions for week 3 of the simulation of penny stock trades

Week 4: 6/29-7/03

On 6/29 the investor bought 3300 shares in BGES for \$0.25 a share. On 7/2 the investor sold his shares in SMCA for \$0.75 a share making \$6480 on the original purchase where the 10000 stocks were bought at \$0.10 a share. He also sold his shares in BGES for \$1.01 a share making \$2498 on the 3300 shares. The investor took this money and invested it in shares in PMRA, MOLB, ADAC, and CUSRF. The investor

had his best week so far with penny stocks with sales of shares in 2 companies gains almost covered the cost of the original investments.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
6/29/2009	BGES	buy	\$0.25	3,300	\$835		-45	
7/2/2009	BGES	sell	\$1.01	3,300	\$3,323	2,498	3,278	6,950
7/2/2009	SMCA	sell	\$0.75	10,000	\$7,490	6,480	10,768	13,430
7/2/2009	PMRA	buy	\$1.40	3,000	\$4,210		6,558	
7/2/2009	MOLB	buy	\$2.50	1,500	\$3,760		2,798	
7/2/2009	ADAC	buy	\$0.15	10,000	\$1,510		1,288	
7/2/2009	CUSRF	buy	\$0.10	10,000	\$1,010		278	

Table 2.4: Transactions for week 4 of the simulation of penny stock trades

Week 5: 7/6-7/10

On 7/9 the investor sold his shares in SPNG for \$0.105 a share losing \$2970 on the original purchase. He also sold his shares in GOVX for \$0.186 losing \$490 on the original purchase also sold his share in C for \$2.655 losing \$554 on the original

purchase and SFEG for \$1.05 a share losing \$174 on the purchase. On 7/10 the investor sold his shares in GCHK for \$0.074 losing \$880 on the original sales. These sales were to get the investors money out of stocks that have been falling to try to put that money in different stocks. On 7/9 the Investor sold his shares in TWOC for \$3.00 a share making \$470 on the original investment and ZYXI for \$0.90 making \$91 dollars. The Investor also sold his shares in ADAC for \$0.29 a share making \$1380. He sold his shares CUSRF for \$0.195 making \$930 on the original purchase. These sales where because the investor felt that the gains had maximized and wanted to get his money out before the stocks dropped. The Investor on 7/9 bought shares in PMAH, SIGN, and GORO and on 7/10 in PNGX.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
7/9/2009	SPNG	sell	\$0.11	10,000	\$1,040	-290	1,318	13,140
7/9/2009	GOVX	sell	\$0.19	5,000	\$920	-490	2,238	12,650
7/9/2009	SFEG	sell	\$1.05	1,400	\$1,460	-174	3,698	12,476
7/9/2009	C	sell	\$2.66	1,000	\$2,645	-554	6,343	11,922
7/9/2009	ZYXI	sell	\$0.90	1,500	\$1,340	91	7,683	12,013
7/9/2009	TWOC	sell	\$3.00	700	\$2,090	470	9,773	12,483
7/9/2009	ADAC	sell	\$0.29	10,000	\$2,890	1380	12,663	13,863
7/9/2009	CUSRF	sell	\$0.20	10,000	\$1,940	930	14,603	14,793
7/9/2009	SIGN	buy	\$0.95	1,000	\$960		13,643	
7/9/2009	PMAH	buy	\$0.20	10,000	\$2,010		11,633	
7/9/2009	GORO	buy	\$4.55	1,000	\$4,560		7,073	
7/10/2009	GCHK	sell	\$0.07	5,000	\$360	-900	7,433	13,893
7/10/2009	PNGX	sell	\$0.15	20,000	\$3,010		4,423	

Table 2.5: Transactions for week 5 of the simulation of penny stock trades

Week 6: 7/13-7/17

On 7/16 the Investor Sold his shares In GSPI because the Price had dropped and was not showing signs of rebounding taking a \$80 loose on the \$310 initial purchase at \$0.012 a share. He also sold his shares in SIGN for \$0.96 a share because it had become inactive and had only raised \$0.01 a share causing a \$10 loose from the investing fees. With this money the Investor bought 20,000 shares in UNCO at \$0.012 a share this stock has a high volume and is very active it was dropping but has a history of rebounding quickly. The Investor also invested in PTCK at \$2.50 a share for 1,750 shares this was done because the share prices have dropped from \$3.30 a share to below \$2.50 and was rebounding back up.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
7/16/2009	GSPI	sell	\$0.01	20,000	\$230	-80	4,653	13,813
7/16/2009	SIGN	sell	\$0.96	1000	\$950	-10	5,603	13,803
7/16/2009	UNCO	buy	\$0.01	20,000	\$250		5,353	
7/16/2009	PTCK	buy	\$2.50	1,750	\$4,385		968	

Table 2.6: Transactions for week 6 of the simulation of penny stock trades

Week 7: 7/20-7/24

On 7/23 the Investor sold his shares in PTCK after a \$0.14 increase a share in five days this caused a \$225 profit with this money the Investor bought 15000 shares in ECDC this was purchased because over the past 2 months the shares where fluctuating between \$0.30 and \$0.40 a share and had recently dropped to \$0.13 a share the Investor felt that the share would rebound back up to that range which would double the Invested \$1960. The Investor bought shares in AVMC because it had been trading at \$0.35 for the past month with a few drops to about \$0.17 with quick rebounds back up seeing this, the Investor quickly jumped on purchasing 15000 shares when the price fell to \$0.17 with the hopes of a similar rebound. He also purchased 10,000 shares in OCEX at \$0.03 a share as it was just at \$0.07 and showed a lot of potential for a rebound as seen in the stocks history.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
7/23/2009	PTCK	sell	\$2.64	1,750	\$4,610	225	5,578	14,008
7/23/2009	ECDC	buy	\$0.13	15,000	\$1,960		3,618	
7/23/2009	AVMC	buy	\$0.17	15,000	\$2,485		1,133	
7/23/2009	OCEX	buy	\$0.03	10,000	\$310		823	

Table 2.7: Transactions for week 7 of the simulation of penny stock trades

Week 8: 7/27-7/31

The investor on 6/28 sold his shares in ECDC because it had returned to its previous trading value and the Investor felt that its growth had ended. Also on 6/28 he sold his shares in AVMC after it doubled its value and had seemed to stop its growth. These two sales made \$5,735 in profit. The investor took this money and bought 7500 shares in CGCA at \$1.26 a share.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
7/28/2009	ECDC	sell	\$0.34	15,000	5,090.00	3,130.00	5,913	17,138.00
7/28/2009	AVMC	sell	\$0.34	15,000	5,090.00	2,605.00	11,003	19,743.00
7/28/2009	CGCA	buy	\$1.26	7,500	9,460.00		1,543	

Table 2.8: Transactions for week 8 of the simulation of penny stock trades

Week 9: 7/3-7/7

On 8/3 the Investor sold his share in PMRA, GORO, and CGCA. He sold PMRA and GORO because he felt that they had peaked and were only going to decrease, while the sale of CGCA was because it dipped and the Investor was afraid of losing to much with the end of the simulation approaching he figured it probably wouldn't rebound

in time. On 8/7 The Investor sold the rest of his shares marking the end of the simulation so he could evaluate his total profit this lead to some loses from shares that dropped after purchasing and had leveled out below the purchased price but the investor felt potential for in the long term.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
8/3/2009	PMRA	sell	\$1.90	3,000	5,690.00	1,480.00	7,233	\$21,603.00
8/3/2009	GORO	sell	\$4.61	1,000	4,600.00	40.00	11,833	\$21,643.00
8/3/2009	CGCA	sell	\$1.06	7,500	7,940.00	-1,520.00	19,773	\$20,123.00
8/3/2009	ISIM	buy	\$0.17	15,000	2,560.00		17,213	\$20,123.00
8/3/2009	ETFC	buy	\$1.46	2,000	2,930.00		14,283	\$20,123.00
8/3/2009	HBAN	buy	\$4.39	1,500	6,599.65		7,683	\$20,123.00
8/3/2009	SIRI	buy	\$0.52	7,500	3,934.00		3,749	\$20,123.00
8/7/2009	LFBG	sell	\$0.03	10,000	265.00	-745.00	4,014	\$19,378.00
8/7/2009	MOLB	sell	\$2.50	1,500	3,740.00	-20.00	7,754	\$19,358.00
8/7/2009	PMAH	sell	\$0.05	10,000	490.00	-1,520.00	8,244	\$17,838.00
8/7/2009	PNGX	sell	\$0.15	20,000	2,990.00	-20.00	11,234	\$17,818.00

8/7/2009	UNCO	sell	\$0.01	20,000	200.00	-50.00	11,434	\$17,768.00
8/7/2009	OCEX	sell	\$0.03	10,000	290.00	-20.00	11,724	\$17,748.00
8/7/2009	ISIM	sell	\$0.10	15,000	1,490.00	-1,070.00	13,214	\$16,678.00
8/7/2009	ETFC	sell	\$1.38	2,000	2,750.00	-180.00	15,964	\$16,498.00
8/7/2009	HBAN	sell	\$4.68	1,500	7,010.00	410.35	22,974	\$16,908.35
8/7/2009	SIRI	sell	\$0.49	7,500	3,627.50	-306.50	26,602	\$16,601.85

Table 2.9: Transactions for week 9 of the simulation of penny stock trades

2.5 Analysis of penny stock trading

The penny stock trading was very successful as continued to get more successful as the simulation when on this was for two reasons the first reason is that the investor started to get a better feel for the stock market and started to see similarities with company he is thinking to invest in and past company he has invested in which allowed him to have a since that he could predict if what would happen. The second reason for the added success was that there was profit early in the simulation this allowed the investor to have confidence and also more money to invest in other companies. If the original few purchases were busts and the investor was down a lot of money it would have been hard to make as much profit working with so little money.

The penny stock trading was successful with a profit of \$16,601.85 which was a 166.01% profit on the \$10,000 that was started with. The investor was very satisfied with this profit that happened in such a short period in time.

2.6 Conclusion of penny stock trading

The investor's trading strategy changed throughout the course of the simulation. The original strategy was to act quickly and buy share in stocks that are rising quickly and then sell before they drop. This strategy worked sometimes but the strategy was tricky for penny stocks because they seemed to rise and drop very quickly and could be raising in the morning and raise most of the day then drop by the end of the day causing loses. The investor also had problems with this because he sometimes bought the stocks at the peak and then it would just fall from there this was the case in the purchase of LBFG where the investor bought shares in a stock that hit its all time high and only went downhill from there. The strategy evolved in instead of looking for stocks that were rising to stocks that have been rising or constantly one price that takes a big drop without any significant news from the company. This strategy seemed to be quite profitable and quickly as seen in the trading of SMCA where the price of the shares had been trading at \$0.85 a share and had dropped to \$0.10 a share seeing this the investor bought \$1,000 in shares figuring that the worse that could happen was that he lost the \$1,000 but felt there was a high possibility that it would bounce back up the investor was right as the shares were sold just 9 days later for \$0.75 a share.

3 Short term trading

3.1 What is short term trading?

Short term trading is a strategy of trading to buy stocks that are rising then quickly sell them before they have the chance to drop. This form of trading takes constant attention as at any moment you might have to make a split second decision whether to buy or sell along with the constant searching for stocks that fall into your strategies and company research. This form of trading does can have major risks because the rising stock could turn to declining at anytime and can then decline quickly.

3.2 Short term trading strategies

There are many strategies to short term trading that have been found through years of analyzing the frequency of events in the stock market. The main strategy that will be followed is the head and shoulders pattern which shows how a stock that is growing will briefly hit a peak the decline slightly well before rising a to another peak and repeating the drop and rise before finally falling (Lansing, 2006). The major fear with this pattern is the risk if it does not follow the pattern and the trader's lack of experience in identifying this pattern.

3.3 Company Research

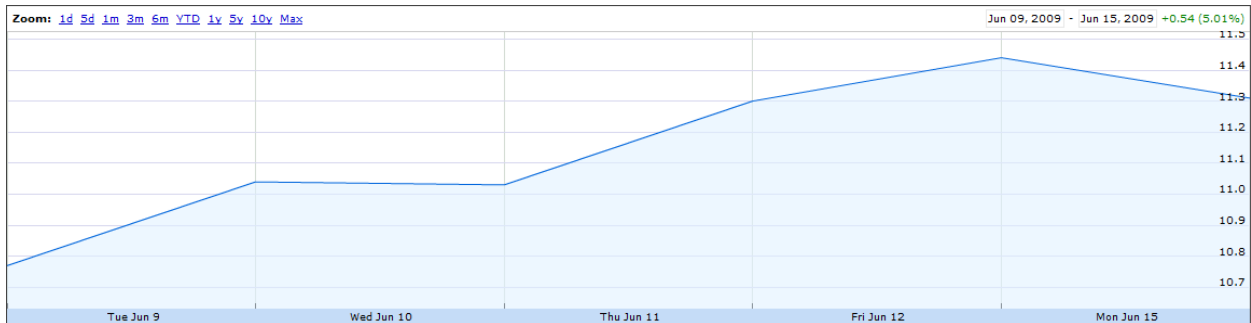
TiVo Inc (TIVO)

TiVo Inc. is the producer of the popular digital video recorder that records your television programs. The investor bought 1500 stocks at \$10.95 on 6/9. The stock was rising and has continued to rise to \$11.44 at closing on 6/12.



(Google finance, 2009)

Figure 3.1: TIVO one month lead up to purchase



(Google finance, 2009)

Figure 3.2: TIVO during span of ownership of shares

Texas Instruments Inc. (TXN)

Texas Instruments Inc. is a producer of high technology components including computer chips and semiconductors. The investor bought 1000 stocks at \$20.85 a stock on 6/9 the stock had just increased from under \$20 between closing 6/8 and opening 6/9. At closing on 6/12 it's trading at \$20.79 a stock.



(Google finance, 2009)

Figure 3.3: TXN one month lead up to purchase



(Google finance, 2009)

Figure 3.4: TXN during span of ownership of shares

Marvell Technology Group Ltd. (MRVL)

Marvell Technology Group Ltd. is in the technology communication industry including wired and wireless communications spanning from cell phones to High definition televisions. The Investor bought 1000 stocks at \$12.57. After a large jump between 6/8 and 6/9 but the sudden rise has lead to slow decline and at closing of 6/12 was trading at \$12.33.



Figure 3.5: MRVL one month lead up to purchase

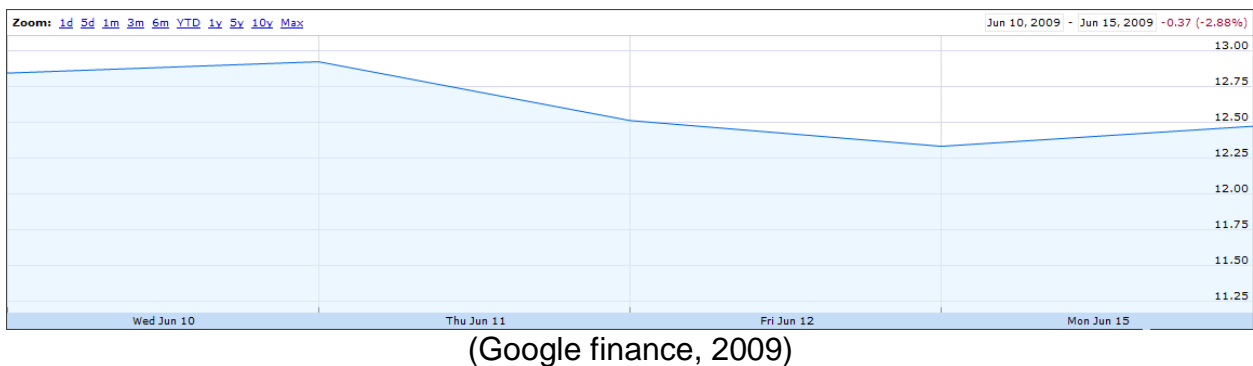


Figure 3.6: MRVL during span of ownership of shares

Rigel Pharmaceuticals Inc. (RIGL)

Rigel Pharmaceuticals Inc. develops drugs for the treatment of autoimmune diseases such as rheumatoid arthritis as well as cancer and asthma. The investor bought 1000 shares at \$10.23. The stock price has been on a steady rise for the past 3 months increasing greatly in the last week. The stock's closing price on 6/12 was at \$11.86 a share.



(Google finance, 2009)

Figure 3.7: RIGL one month lead up to purchase



(Google finance, 2009)

Figure 3.8: RIGL during span of ownership of shares

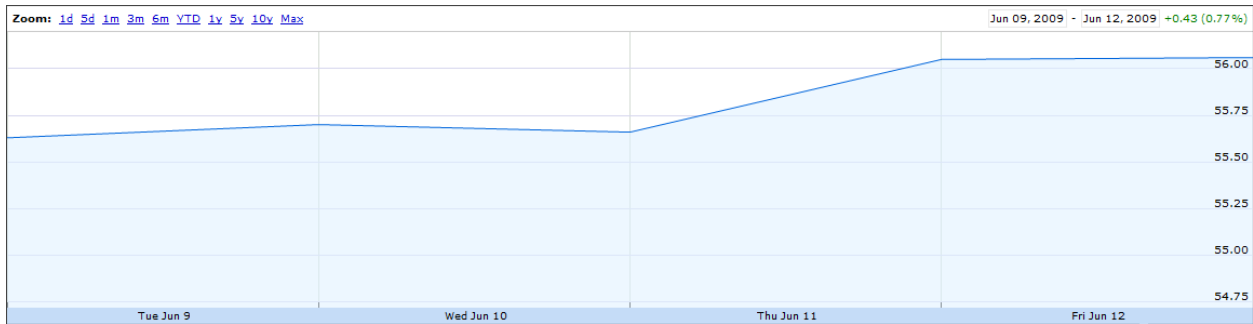
Johnson & Johnson (JNJ)

Johnson & Johnson is a leading pharmaceutical company that covers all of your basic medical need from Band-Aids to face wash to blood sugar monitors. The Investor bought 530 stocks at \$56.06. The stock was rising and then fell to \$55.20 on 6/10. The stock rebounded to a peak of \$56.50 on 6/11 but then had a small loss before rebounding again noticing the head and shoulders trend the shareholder decided to sell all the shares at \$56.40 on 6/12 making a total of \$108.20. Though the profit wasn't high it was a good trade because the stock closed 6/12 at \$56.06 and the Investor was fearing there might be a big loss if he didn't sell at that time. The Investor decided not to reinvest the money till after the weekend to see if what will happen after the weekend.



(Google finance, 2009)

Figure 3.9: JNJ one month lead up to purchase



(Google finance, 2009)

Figure 3.10: JNJ during span of ownership of shares

Citizens Financial Services Inc. (CZFS)

Citizens Financial Services Inc. is the holding company for the first citizens national bank. The reason for the investment of stocks was that the bank was trading at \$23.00 at the beginning of June but has since dropped to \$21 a share and is showing probability of rebounding with the recent upturn in the economy but will have to be watched closely.

The Investor bought 1000 shares at \$21.00 a share at 11:27 AM on 6/15.



(Google finance, 2009)

Figure 3.11: CZFS one month lead up to purchase



(Google finance, 2009)

Figure 3.12: CZFS during span of ownership of shares

Amazon.com Inc. (AMZN)

Amazon.com Inc. is an internet sales site that mostly sells books but has grown to sell almost all of your home needs. The reason for the investment was that the stock had peaked at just under \$88 a share then had dropped the dip showed that there was a great chance of head and shoulders progression. The investor bought at what he thought was the valley between the shoulder and before the head.

The investor bought 460 shares at \$81.84 on 6/15 at 11:27 AM.



(Google finance, 2009)

Figure 3.13: AMZN one month lead up to purchase



(Google finance, 2009)

Figure 3.14: AMZN during span of ownership of shares

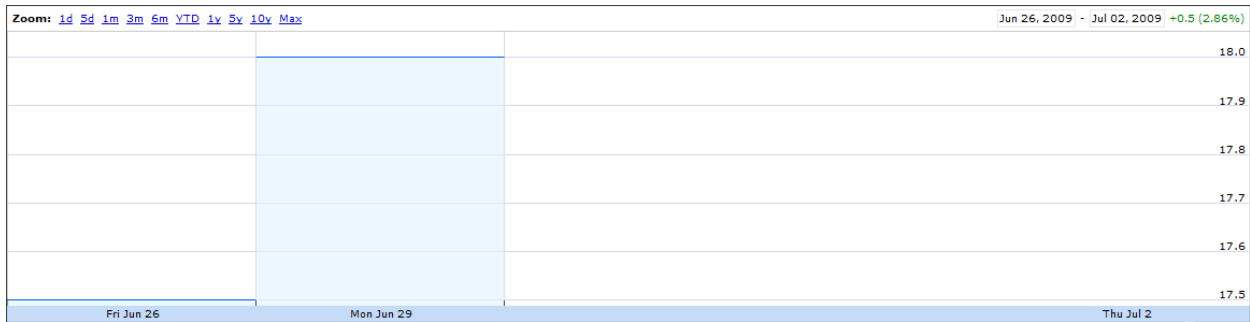
Emclair Financial Corp (EMCF)

Emclair Financial Corp is a commercial bank with 12 locations in western Pennsylvania. The stock was trading at around \$19 for almost a month then dropped to \$17.50 a share when it flattened out the investor then bought 1650 shares on 6/29 and then sold them on 7/2 at \$18.00 a share making \$825.



(Google finance, 2009)

Figure 3.15: EMCF one month lead up to purchase



(Google finance, 2009)

Figure 3.16: EMCF during span of ownership of shares

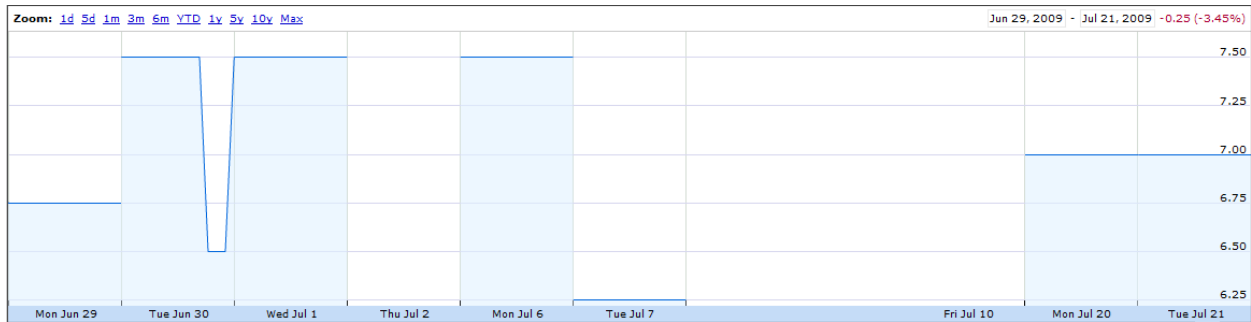
Georgia Carolina Bancshares Inc. (GECR)

Georgia Carolina Bancshares Inc. is known as The First Bank of Georgia. This is an average good side bank that has locations throughout Georgia. The stock was flattened out at \$7.25 a share when it dropped to \$6.25 a share when the investor bought 3000 shares with hopes it would rebound. It did rebound and was trading at \$7.50 at closing on 7/2.



(Google finance, 2009)

Figure 3.17: GECR one month lead up to purchase



(Google finance, 2009)

Figure 3.18: GECR during span of ownership of shares

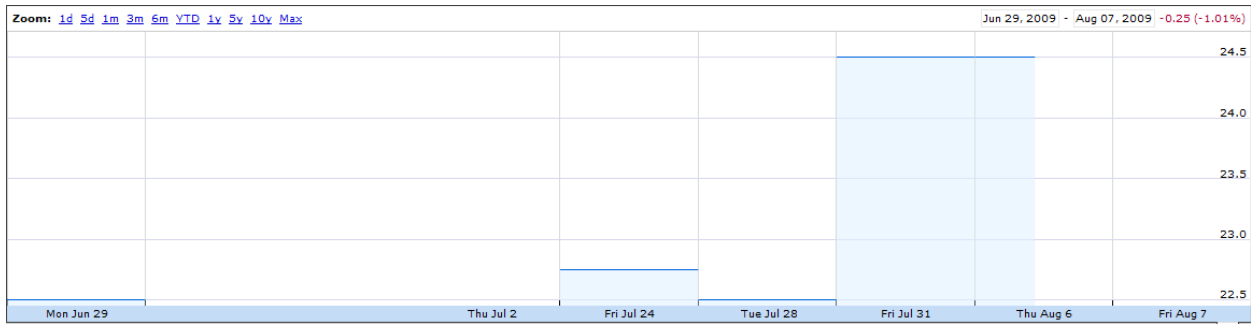
Solvay Bank Corp. (SOBS)

Solvay Bank Corp. is a local bank in upstate New York. The bank has 7 locations around Syracuse New York. The shares were trading at \$26.00 when it dropped on 6/21 to about \$22.50 and then rebounded to \$24.75 on 6/27 then fell back to \$22.50 when the Investor bought 1000 shares on 6/29. The investor feels that the shares could jump back to \$26.00 a share and if that doesn't happen it doesn't look like it should drop any more.



(Google finance, 2009)

Figure 3.19: SOBS one month lead up to purchase



(Google finance, 2009)

Figure 3.20: SOBS during span of ownership of shares

Wisconsin Public Service Corp. 5.00% Preferred (WIPSO)

Wisconsin Public Service Corp. is the electric and gas utility provider of 11,000 square miles of Wisconsin and Michigan. The Investor bought 150 shares at \$71.10 a share. He did this because after looking at past history of the company the prices have normally varied very quickly and usually in increments of \$10 seeing that it dropped almost \$10 in the past two weeks the investor felt that it should rebound as seen in the past and making good profits without much risk because even during the heart of the recession the shares never dropped below \$68 a share.



(OTC Bulletin Board, 2007)

Figure 3.21: WIPSO three month long chart including a month prior to purchasing shares.

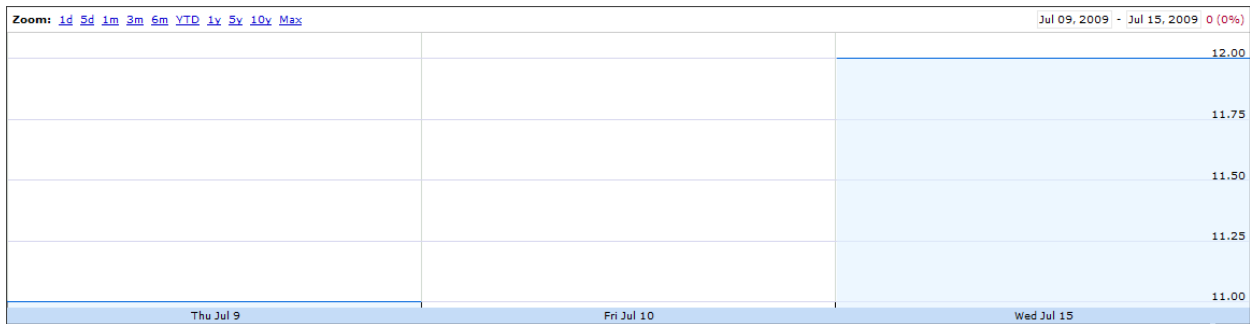
Frederick County Bancorp Inc. (FCBI)

Frederick County Bancorp Inc. is an independent community bank 4 location in Fredrick county Maryland. The bank had been trading at about \$11.80 for the past three months then it fell to \$11.00 a share the Investor bought 700 shares feeling that it should soon rebound to near \$12 a share. The Investor feels this is a low risk trade and because the stock does not seem like it fluctuates that much and the investor wasn't looking for great gains but felt it was an easy way to gain about \$700 on a cost of \$7700.



(Google finance, 2009)

Figure 3.22: FCBI one month lead up to purchase



(Google finance, 2009)

Figure 3.23: FCBI during span of ownership of shares

Fc Banc Corp. (FCBZ)

Farmers Citizen bank is a community bank with seven locations in Ohio. This stock is hitting it lowest price in seven years seeing but seems to be flattening out. Seeing this the Investor decided that there was a good chance that the stocks would rebound and make a profit this was risky since there have been no gains but the

investor feels safe that the bank will survive the recession since it has been around for over 100 years it has stood the test of time.



(Google finance, 2009)

Figure 3.24: FCBZ from May 8th to the investors sale of the shares on July 30th

Microsoft Corp. (MSFT)

Microsoft Corp. is the largest software producer in the world with product like Microsoft windows and office. This stock has been on a steady climb since march and has grown from about \$15.00 a share to \$25.64 a share seeing this the investor felt safe to buy 1,100 share with hope of slow long term growth.



(Google finance, 2009)

Figure 3.25: MSFT one month lead up to purchase



(Google finance, 2009)

Figure 3.26: MSFT during span of ownership of shares

General Electric (GE)

General Electric is one of the largest companies in the world and has many branches the general goal of the company is to improve the quality of life for people and to produce and innovate everyday essentials these range from light bulbs to aviation products and healthcare products. The Investor bought 2000 shares at \$13.13 a share for \$26,270. He bought these because the stock prices have been rising for the last month at a steady pace from under \$11.00.



(Google finance, 2009)

Figure 3.27: GE one month lead up to purchase



(Google finance, 2009)

Figure 3.28: GE during span of ownership of shares

3.4 Short term Trading Simulation

Week 1: 6/9-6/12

On 6/9 the Investor spent almost all of the \$90000 on shares in TIVO, TXN, MRVL, RIGL, and JNJ. On 6/12 the investor sold his 530 shares in JNJ for \$29892 making \$160.20 on the original purchase. The investor decided to hold onto the money till after the weekend and reinvest it on 6/15.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
6/9/2009							90,000.00	
6/9/2009	TIVO	buy	10.95	1,500	16,435.00		73,565.00	
6/9/2009	TXN	buy	20.85	1,000	20,860.00		52,705.00	
6/9/2009	MRVL	buy	12.57	1,000	12,580.00		40,125.00	
6/9/2009	RIGL	buy	10.23	1,000	10,240.00		29,885.00	
6/9/2009	JNJ	buy	56.06	530	29,721.80		163.20	
6/12/2009	JNJ	sell	56.40	530	29,882.00	160.20	30,045.20	160.20

Table 3.1: Transactions for week 1 of the simulation of short term trades

Week 2: 6/15-6/19

On 6/15 the Investor sold his 1000 shares in MRVL for \$ 12160 losing \$430 on the original purchase. He also sold his 1500 shares in TIVO for \$16695 making \$250 on the original purchase. Later that day the investor spent all but \$283.40 of his money on shares in CZFS and AMZN.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
6/15/2009	TIVO	sell	11.13	1,500	16,685.00	250.00	46,730.20	410.20
6/15/2009	MRVL	sell	12.16	1,000	12,150.00	-430.00	58,880.20	(19.80)
6/15/2009	CZFS	buy	21.00	1,000	21,010.00		37,870.20	
6/15/2009	AMZN	buy	81.84	460	37,656.40		213.80	

Table 3.2: Transactions for week 2 of the simulation of short term trades

Week 3: 6/22-6/26

On 6/26 the investor sold his shares in TXN for \$21.54 a share making \$670 on the original investment. The Investor also sold his shares in RIGL for \$12.20 a share making \$1950 on the original purchase. He then decided not to reinvest this money till after the weekend to avoid any possible losses by weekend changes.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
6/26/2009	TXN	sell	21.54	1,000	21,530.00	670.00	21,743.80	650.20
6/26/2009	RIGL	sell	12.20	1,000	12,190.00	1,950.00	33,933.80	2,600.20

Table 3.3: Transactions for week 3 of the simulation of short term trades

Week 4: 6/29-7/03

On 6/29 the investor sold his shares in AMZN for \$83.56 a share making \$771.20 on the original purchase. The investor then bought shares in EMCF, GEGR, and SOBS. On 7/2 the investor decided to sell to sell his shares in EMCF for \$18.00 a share making \$805 a share. The investor kept the money in order to avoid any losses that may happen over the long weekend.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
6/29/2009	AMZN	sell	83.56	460	38,427.60	771.20	72,361.40	3,371.40
6/29/2009	EMCF	buy	17.50	1,650	28,885.00		43,476.40	
6/29/2009	GECR	buy	6.75	3,000	20,260.00		23,216.40	
6/29/2009	SOBS	buy	22.50	1,000	22,510.00		706.40	
7/2/2009	EMCF	sell	18.00	1,650	29,690.00	805.00	30,396.40	4,176.40

Table 3.4: Transactions for week 4 of the simulation of short term trades

Week 5: 7/6-7/10

The Investor did not make many trades this week because he could not find any good stocks to buy and he found no reason to sell the stocks he already had he did start the week with about \$30375 which on 7/9 he bought 150 shares in WIPSO at \$71.10 a share and 700 shares of FCBI at \$11 a share.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
7/9/2009	WIPSO	buy	71.10	150	10,675.00		19,721.40	
7/9/2009	FCBI	buy	11.00	700	7,710.00		12,011.40	

Table 3.5: Transactions for week 5 of the simulation of short term trades

Week 6: 7/13-7/17

The Investor sold his shares in FCBI and CZFS because the gains had leveled out and he wanted to sell it before the price started to decline and the Investor did not to risk losing the gains he had earned. The Investor bought 1500 shares at \$16.50 in FCBZ because it seemed to be leveling out for a rebound after falling to the lowest price of the year.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
7/16/2009	FCBI	sell	12.00	700	8,390.00	680.00	20,401.40	4,856.40
7/16/2009	CZFS	sell	23.25	1,000	23,240.00	2,230.00	43,641.40	7,086.40
7/16/2009	FCBZ	buy	16.50	1,500	24,760.00		18,881.40	

Table 3.6: Transactions for week 6 of the simulation of short term trades

Week 7: 7/20-7/24

On 7/23 the Investor sold his shares in GEGR at \$7.00 a share making \$730 profit. The investor used this money to buy 1,100 shares in MSFT because it had been steadily rising for the past three months from about \$15.00 a share to the now \$25.48 this was an easy purchase for the investor because of this steady growth.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
7/23/2009	GECR	sell	7.00	3,000	20,990.00	730.00	39,871.40	7,816.40
7/23/2009	MSFT	buy	25.48	1,100	28,035.03		11,836.37	

Table 3.7: Transactions for week 7 of the simulation of short term trades

Week 8: 7/27-7/31

On 7/30 the Investor sold his 1,500 shares in FCBZ at \$18.00 a share making a \$2,230 profit. The Investor used this money to buy 2,000 in GE at \$13.13 a share costing a total of \$26,270.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
7/30/2009	FCBZ	sell	18.00	1,500	26,990.00	2,230.00	38,826.37	10,046.40
7/30/2009	GE	buy	13.13	2,000	26,270.00		12,556.37	

Table 3.8: Transactions for week 8 of the simulation of short term trades

Week 9: 7/3-7/7

This week the Investor did not make any trades do the ending of the simulation and the Investors history with buying shares that usually drop first then raise in the long-term.

On 8/7 The Investor sold all his remaining shares to show profits at the end of the simulation this lead the investor to make a about \$2,000 in profit although the Investor felt that given more time his shares prices would have increased.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
8/7/2009	SOBS	sell	24.50	1,000	24,490.00	1,980.00	37,046.37	12,026.40
8/7/2009	WIPSO	sell	71.10	150	10,655.00	(20.00)	47,701.37	12,006.40
8/7/2009	MSFT	sell	23.56	1,100	25,906.00	(2,129.03)	73,607.37	9,877.37
8/7/2009	GE	sell	14.70	2,000	29,390.00	3,120.00	102,997.37	12,997.37

Table 3.9: Transactions for week 9 of the simulation of short term trades

3.5 Analysis of short term trading

The short term trading was successful with \$12,997.37 gained in profit and a growth of 14.44% on the \$90,000 originally invested the true show of the success wasn't of the profit but of the fifteen different stocks that were bought into only three were sold for a

lose and two of those were sold because it was the end of the simulation and not because the investor thought it was time to sell them.

3.6 Conclusion of short term trading

The investor encountered a few problems short term trading and staying within the idea of short term trading. The first problem the investor encountered was finding stocks that fit in his initial strategy of the head and shoulders strategy. This led the investor to vary off of the strategy but to use the basic ideas of the strategy in other situations. The second problem encountered was that the investor could not find stocks that moved quickly enough for the simulation. The speed of the stocks' growth and loss was nice for short term trading, not as tight of a schedule as the investor but with the length of the simulation, the investor had trouble getting a good feel of short term trading and showing an example of it.

4 Conclusion

4.1 Did the simulation reach the goals?

The goal of the project was to explore the stock market for nine weeks I feel that the simulation shows a good look into the stock market and showed very profitable as of the final profit was \$29,599.22 with was a 29.6% profit on the \$100,000 that was started with. One shortcoming within the goals was the short term trading this was because the length of time of the simulation was not adequate enough to get a good feel of the short term trading. The investor was able to profit in short term trading but was never able to solidify a solid strategy and a way to find stocks that fit in that strategy.

4.2 Comparison of methods

The profits between the two strategies were close with \$16,601.85 in penny stocks and \$12997.37 in short term trading the major difference was that the penny stock trading had a \$10,000 starting investment to the \$90,000 invested in short term trading. One of the biggest different in the two trading strategies was with short term trading the investor made good profits of most of his trades well with the penny trading the investor took a lot of losses and small gaining shares but also had a few stocks that made a lot of money making the risk worth it. Penny stock trading fit better within the length of the simulation well the short term trading the investor had trouble finding stocks that would be profitable in the short period of time given.

Saying there was a better method would be ignorant as both methods seemed to be profitable and would fit different investors depending on how they planned to trade. Penny trading as done in the simulation would only be recommended to professional

day trader or someone who can follow their stocks very closely but could see great profits. Well short term trading as done in the simulation could be done by a person on their home computer after work or on lunch break as it not as crucial to follow inter day happenings and the investor still could see go profits.

4.3 Project experience

The Project experience was a positive experience that explored the happenings within the stock market and learning of how stocks are traded along with why there is a stock market and what happens to raise and lower the cost of shares.

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