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## **Abstract**

A five-week simulation in the U.S. stock market was completed to gain the important knowledge about the stock market and skills to trade in the market, as well as to determine the factors that would lead to a positive investment in stock market business. During the five-week simulation, the News Based trading method was applied. Recent news from the selected companies were obtained, analyzed and put into the simulation of each week. The results showed a good performance as the applied method gained 2.38% of a total percent change. Success of the project and the experience learned about the critical details of stock market will increase the chance of helping people to become successful investors in the future.

# Table of Content

Abstract .....	2
Table of Content.....	3
Table of Figures.....	4
Table of Tables .....	6
<b>1. Introduction.....</b>	<b>7</b>
1.1 Goals, Scope, General Plan.....	7
1.2 The history of stock market.....	8
1.3 The reason behind stock market .....	9
1.4 The Language of Stock Market.....	11
1.5 Types of Stock Market Analysis.....	13
1.5.1 Fundamental Analysis.....	13
1.5.2 Technical Analysis.....	14
<b>2. News-Based Trading.....</b>	<b>16</b>
<b>3. Selected Companies .....</b>	<b>18</b>
<b>4. Simulation .....</b>	<b>26</b>
4.1 First Week .....	26
4.2 Second Week .....	35
4.3 Third Week.....	43
4.4 Fourth Week.....	52
4.5 Fifth Week .....	61
<b>5. Results .....</b>	<b>67</b>
<b>6. Conclusion .....</b>	<b>71</b>
References.....	73

# Table of Figures

Figure 3.1 Amazon Technical Chart.....	19
Figure 3.2 Apple Technical Chart.....	21
Figure 3.3 AT&T Technical Chart.....	22
Figure 3.4 ExxonMobil Technical Chart.....	24
Figure 3.5 Microsoft Technical Chart.....	25
Figure 4.1.1 Apple Stock Performance- Week 1.....	28
Figure 4.1.2 Amazon Stock Performance- Week 1.....	29
Figure 4.1.3 Microsoft Stock Performance- Week 1.....	31
Figure 4.1.4 ExxonMobil Stock Performance- Week 1.....	32
Figure 4.1.5 AT&T Stock Performance- Week 1.....	33
Figure 4.2.1 Apple Stock Performance- Week 2.....	36
Figure 4.2.2 Amazon Stock Performance- Week 2.....	38
Figure 4.2.3 ExxonMobil Stock Performance- Week 2.....	39
Figure 4.2.4 Microsoft Stock Performance- Week 2.....	40
Figure 4.2.5 AT&T Stock Performance- Week 2.....	41
Figure 4.3.1 Apple Stock Performance- Week 3.....	46
Figure 4.3.2 ExxonMobil Stock Performance- Week 3.....	47
Figure 4.3.3 Amazon Stock Performance- Week 3.....	49
Figure 4.3.4 AT&T Stock Performance- Week 3.....	50
Figure 4.4.1 Apple Stock Performance- Week 4.....	55
Figure 4.4.2 ExxonMobil Stock Performance- Week 4.....	56
Figure 4.4.3 AT&T Stock Performance- Week 4.....	57
Figure 4.4.4 Amazon Stock Performance- Week 4.....	59

<b>Figure 4.5.1 Apple Stock Performance- Week 5.....</b>	<b>65</b>
<b>Figure 4.5.2 Amazon Stock Performance- Week 5.....</b>	<b>66</b>
<b>Figure 5.1: Weekly Total Assets.....</b>	<b>68</b>
<b>Figure 5.2: Weekly Profit/Loss.....</b>	<b>68</b>
<b>Figure 5.3: Weekly Percentage Change.....</b>	<b>69</b>

## Table of Tables

<b>Table 4.1.1: The transactions of the first week of simulation.....</b>	<b>27</b>
<b>Table 4.1.2: The stock that I still have after the first week of simulation.....</b>	<b>34</b>
<b>Table 4.2.1: The transactions of the second week of simulation.....</b>	<b>35</b>
<b>Table 4.2.2: The stock that I still have after the second week of simulation.....</b>	<b>42</b>
<b>Table 4.3.1: The transactions of the Third week of simulation.....</b>	<b>44</b>
<b>Table 4.3.2: The stock that I still have after the third week of simulation.....</b>	<b>51</b>
<b>Table 4.4.1: The transactions of the fourth week of simulation.....</b>	<b>53</b>
<b>Table 4.4.2: The stock that I still have after the fourth week of simulation.....</b>	<b>60</b>
<b>Table 4.5.1: The transactions of the fourth week of simulation .....</b>	<b>63</b>

# **1. Introduction**

In this paper, a five-week U.S Stock Market simulation was performed to fulfill Worcester Polytechnic Institute (WPI) Interactive Qualifying Project requirement. This chapter presents the plan, the scope and the goals of the project, as well as the reason behind the stock market, the history and the language of stock market. Moreover, it will emphasis on the leverage of investing in the stock market, as well as illuminating a method that has a potential to encourage individuals to inject their investments into companies. Some of the companies, such as Apple Inc, Amazon.com incorporation, and ExxonMobil Corporation, and AT & T Company are used.

## **1.1 Goals, Scope, General Plan**

The main goal of this project is to gain experience in stock market participation that will provide a powerful tool for future investment. During the five week simulation, a trading strategy that was picked out of several ones will be used as well as the profits that are generated from the method will be evaluated for the purpose of testifying for its success. This experience will be very powerful since it will explain the stock market and how it functions.

The scope of this project is to invest in the U.S Stock Market by doing a five week simulation, using the Wall Street Survivor website. Throughout the simulation, a trading strategy will be chosen and between five and seven companies selected to be traded.

The general plan for this Interactive Qualifying Project (IQP) consists of five stages. First, to get to know the U.S stock market by researching, finding resources and learning terminologies. The second stage encompasses choosing a trading strategy to be used as a guide throughout the simulation. The third involves selecting between five to seven companies to use for this simulation,

which can be changed at any time during the simulation while the fourth entails directing, recording and reporting the weekly transactions of the simulation that will be five weeks long. Fifth, at the end of the simulation the results will be shown to justify whether the strategy is good or not.

## **1.2 The history of stock market**

A stock market is the amalgamation of buyers and sellers in participating in transactions involving stocks and bonds of selected companies. Buyers and sellers gather at certain locations to carry out these tasks. Currently, people talk about stocks of multi-national companies listed on the New York Stock Exchange (NYSE) for instance. This was not always the case, however. Years ago, things were done differently [1].

In the 1100s France had a system in which a group of people known as courretiers de change managed agricultural debts in place of banks. They were, in effect, trading debts and this could be considered a system similar to today's stock markets. This scheme caught on in Venice where merchants traded government securities in the 13th century. In the 1400s and 1500s, a stock market system was created in Antwerp, the capital of Belgium, by the Van der Beurze family (Beurzen). However, while the system (financial institutions) mimic today's stock markets, one main difference is that there was no trading of company shares [1].

The East India Company was the world's first publically traded company (involving Dutch, British, and French governments) after it released shares on the Amsterdam Stock Exchange in the 1500s [10]. In effect, coffeehouses then became the world's first stock market. Investors often met there, to trade shares of the company, and were entitled to a percentage of the company's profits



as a result. The first ‘authentic’ stock exchange was formed in 1773 in London, just nineteen years before the New York Stock Exchange. However, the London Stock Exchange was limited by law restricting shares. The New York Stock Exchange on Wall Street became the first ‘authentic’ stock exchange to trade in stocks since its birth.

The NYSE became a wealthy institution; however, it had its downs during the Wall Street bombing of 1929 and the Great Depression. Afterwards, many stock markets were formed such as the London Stock Exchange in Europe, and the National Association of Securities Dealers and Financial Industry Regulatory Authority, currently referred to as the NASDAQ, which was formed in 1971 [10].

An interesting example of great stock market investment would be that of Stewart Horejsi. In the 1980s. Horejsi invested in Warren Buffett’s Berkshire Hathaway stock at \$300 per share (40 shares at \$265, followed by 60 shares at \$295, and 200 shares at \$330) over a span of two months. Horejsi then let the initial investment of \$94,300 compound at 20 % per year for decades until its final worth was around \$50 million. An interesting thing to note is that Buffet’s Hathaway stocks were initially \$7 per share but in 2012 were \$134,060 [9].

### **1.3 The reason behind stock market**

The common goal among almost all people is financial security. The only way to achieve financial security is to save and invest money over a long period of time and that investing, if all goes well, will reward the investor with a more financially secure state. One source of investing is the stock market which can be a great source of wealth making, especially when it is supported by a profitable trading strategy. The stock market is known to have a great amount of risks; people

should know this fact before they invest so that they may be aware that they might lose some or all of their money; however, it is also known that big risks, which they turn out well, can generate big profits. Therefore, people should take the risk of investing in stock market in order to gain profits and secure their financial future [3].

The stock market often draws too much attention due to huge losses and gains that usually characterized venturing into this type of investment. Once the risks are managed, the investor can not only secure his or her financial position but also make money. Investing in the stock market enables individuals to “grow” their money due to the fact that the stock market tends to increase in value with time. This is despite the fact that individual stock prices often increase and decrease on a daily basis. Moreover, it is advisable for investors to inject their investment into companies that are stable. Stable companies are not only capable of growing but also making significant profit for the investors. Besides, it is prudent to invest in more than one kind of stock as it leverages growth in the various segments of the market or economy. It somehow, depending on the investment, guarantees profit even in the event of some individual stock undergo losses [8].

Some investment in the stock market may result into income in terms of dividends. Some stocks offer the investors dividends on an annual basis. The payment, even in the event that the value of the stock has been lost, is guaranteed. In addition, diversification of the investment into different areas of the stock market is ideal in that the stock market investment independently changes value in reference to other types of investments. The final advantage of investing into the stock market is the ability of the investor to take ownership stake in the stock of purchased company. It is prudent to comprehend the basics of stocks and the factors that cause the prices of the stocks to change. The changes in the stock market are the consequences of the forces in the market. One of these factors is related to both the demand and supply. The stock movement of the

prices in the market is an indication of the feeling of the investors concerning a particular company. A company's value is its market capitalization. It involves the multiplication of the price of the stock and the number of outstanding shares. The value of a company is usually affected by its earnings. It encompasses the profits it realizes though the company has the potential of surviving without these earnings. Public companies have the obligation of reporting their earnings in each quarter (approximately 4 times on annual basis). Several theories have attempted to explain the movement of the stock prices theory though there is no theory that has been able to give an absolute explanation to this phenomenon [7].

## **1.4 The Language of Stock**

Learning the language of the stock market and looking at the terminologies, which are used in the stock market environment, is the first step in investing in the stock market. A stock market, is where investors exchange equity for cash or the opposite. In general, there are two types of companies, a private company and a public company. A private company is a company that is usually owned by a small group of private investors, while a public company is a company that is divided into many small shares which the public can own and trade. In this trade, the shares are called stocks [8].

Stocks are generally divided into four types: large-cap stocks, mid-cap stocks, small-cap stocks and micro-cap stocks. They are majorly depending on the market capitalization. Market capitalization is a number that shows how much a company worth in the stock market. The way of calculating market capitalization is to multiply the number of outstanding shares the company has by the current price company stock. Large-cap stocks are the stocks of companies with market cap greater than \$5 billion. Mid-cap stocks are the stocks of companies with market cap between

\$5 billion and \$500 million. Small-cap stocks are the stocks of companies with market cap between \$500 million and \$150 million. Micro-cap stocks are the stocks of companies with market cap less than \$150 million [7].

There are many important terms that the beginner investors should know about before they start to invest. First, a stock chart simply represents the stock market as it shows the changes of the price of a single share of a specific company during a time period. Education on stock chart is crucial in the investors performing technical analysis. It helps in the comprehension of the price patterns thus giving the traders the edge of predicting the movement of the stock. Second, volume is the number of transactions that occurs in a certain period of time. It helps in the determination of the momentum of the market. Third, trend line is an important tool, which is used to identify and confirm a stock price. Other important terms are *bullish market* or *bull market* which it means the stock market is going in an uptrend; whereas, *bearish market* or *bear market* means the stock market is going in a downtrend. Finally, the bid price is what buyers are willing to pay for a particular stock while the ask price is what sellers are looking for to sell a stock.

The deferent types of charts that investors, inclusive of traders, employ are the line charts, the bar charts, candlestick charts, and point and figure chart. The line charts represent the closing prices within a particular set period of time. Furthermore, the closing prices are connected to form the line over a period of time. However, the lines do not provide information that is visual for individuals' points in terms of trading range. The closing prices are perceived as the most vital price in the stock. On the other hand, the bar charts are expansion of the line chart as it tends to add information to every data point. The vertical lines are the representation of the data points. However, a candlestick chart is relatively similar to the bar chart though the differences are manifested in its visual construction. It has thin vertical lines that illuminate the trading range

period.

## **1.5 Types of Stock Market Analysis**

The stock market analysis encompasses the evaluation of specific or rather particular trading modalities/techniques inclusive of the investment segment or even the market holistically. It is a techniques and a method that traders, as well as investors, employ in making decisions pertaining purchasing and selling. Studying and evaluating current and past data can help the traders and the investors gain leverage in the market as it helps in making decisions that are well informed. There is two ways to analyze the stock market. These two ways are explained as follows: fundamental analysis and technical analysis.

### **1.5.1 Fundamental Analysis**

Buying some shares in the stock market implies owning a small piece of a company. This idea seems to be taken for granted for many investors, which causes investors to lose a great amount of money. When investors want to buy a stock they have to remember that by buying stocks they own a piece of that company. That is why, before buying a stock, an investor should do what is called fundamental analysis, which can be done by looking at the type of products this company produce and the revenue these products generate. Also, investors should look at the company's balance sheet in order to find the assets and liabilities that are associated with the company in order to decide if this company is able to compete in the near future. At the end, the fundamental analysis is the tool that helps investors to decide which company they should be

investing in. Investors who are looking for a long-term strategy for trading commonly use this fundamental analysis [3].

The fundamental analysis focuses on data obtained from various sources, such as the economic report, the financial records, market share, and the assets of the company involved. It is performed on both the present and historical data with the aim of making forecasts in terms of finances. One of the objectives of this fundamental analysis is the conduction of stock valuation of a company and the prediction of the evolution of the prices. The second objective entails projecting the performance of business while the third one involves evaluation of a company's management and decision-making success that are internally based. The finally objective may entail calculation of the company's credit risks.

In the fundamental analysis, it is maintained that security may misprice the market in a short period of time though the right prices is often reached. Profits can be realized through the purchase of mispriced security after which a waiting period is given until the market is cognizant to mistake in pricing hence reprises the security. The fundamental analysis involves the analysis of the industry, the economy, and the company in question.

### **1.5.2 Technical Analysis**

Technical analysis is a tool for investors to look at the price history of a company that they would like to invest in. There are so many strategies associated with technical analysis and each strategy uses a different set of indicators. Technical indicators are mathematical models that try to predict the future of a stock based on the price history. A technical chart usually consists of a section that shows the price history, and a section that shows the volume [6]. Finally, investors

should use fundamental analysis first in order to decide what stock they want to buy, and then they can use technical analysis to predict the future price of the stock.

Technical analysis concentrates on past actions of the market in predicting the future movement of the price. In this analysis, it is maintained that all the information is in the security price. Moreover, it also involves the analysis of trends and the response of the investors to the movement of the prices result into charts price patterns that are recognizable. Investors have the leverage of choosing either of the above methods, or even both, while picking the best type of stock to invest in.

## **2. News-Based Trading**

In News-Based trading the main focus is on the companies' recent news. News-Based trading is part of the fundamental analysis, which does not rely on the technical indicators. Recent news can give the traders a clear idea about a company's intentions in developing its business. News can be determined by watching closely TV news, newspapers, or Magazines. Once a piece of news is released, the intended market would start analyzing the next step of the company and its consequences in which the trader would determine his next steps. If good news has been released about a company, the first taker to buy some stock would achieve higher profits than other. In a summary, News-Based Trading is an effective way to achieve high profits in stock market trading. The efficiency of the market is dependent on the availability of information.

The accessibility of this information has been made easier due to the availability of numerous channels of dissemination of information. Traders and investors study the reception of the announcement on various stock markets in the various news channels and employ the information obtained in making appropriate decisions [2]. The news-based trading strategy is a method of trading currencies, equities, and instruments of finance in the financial market. For an instant, reports on economic news usually spur moves in the market on short term basis thus creating opportunities for the traders. Announcements such as corporate making profits, rumors concerning merger, management change are some of the events that are likely to cause the movement of the share prices of the company either upward or downward. For an instant, financial analyst are able to analyze and provide insights through the various news channels. This in turn can prove as a technique of informing the potential investors in the appropriate investment



avenues. Furthermore, these news based channels inform investors in the trends and projections on the future lucrative stock markets [4].

During the five weeks simulation, the News Based Trading method will be applied and examined. Thus, the recent news from the selected companies will be obtained and put into the simulation. This news will be analyzed in which the trading decisions will be made. Performed transactions will be recorded and discussed at the end of the simulation. Now, a look at some companies in light of these two types of analyses is important.

### 3. Selected Companies

#### **Amazon.com Inc.**

The first company that was chosen is Amazon. The reason Amazon was chosen is because it is a company whose name is frequently heard in the news; besides, new products usually are frequently launched, and Amazon is a big company whose products are hugely successfully sold in the market. This corporation has for quite sometimes been one of the greatest stock investments for investors who seek to invest for long term benefits. Unfortunately, despite the fact that the company has been providing its investors with significant profits, its profits have slightly declined in the recent years. One of the most affected segments of the corporation has been on the performance of the retail stock which has relatively underperformed in the past 2 years. In the US, Amazon has dominated the domestic sales of the e-commerce. The marketplace business for the company has had significant growth as it provides other retailers with platform to sell their own goods on the company's website. Amazon ability to maintain its position as a leader in e-commerce may result not only into the massive growth but also riding in relation to online sales growth. There is also an anticipation of an increase in the company's bottom lines due to the introduction of new lines of products such as the Fire Phones and Kindle Tablet. The anticipation alerted numerous investors who were interested in long term investment strategies to inject their investments into the corporation [2]. The selling of products through the online platform has been on the increase not only in the United States but also globally. Furthermore, Amazon, Inc. has diversified its product besides being a multi-national corporation. Thus the probability of the investors benefiting from the returns of investments on annual basis is high. Figure 3.1, shows the performance of Amazon stock for the past five years.



**Figure 3.1 Amazon Technical Chart**

### Apple, Inc.

Apple is the second company to be selected, which is due to the fact of the Apple Watch, released in 2015, which is considered the first smart watch. This is considered a big hit for Apple, especially because it will strengthen the Apple market in the watch industry. This is also because of the recent news about iPhone 6-plus release. Apple is targeting the smartphone market with a new edition from its essential device with the highest camera's quality for a cell phone. This will likely sharpen Apple's profits in the next quarter.

The company had apparently shattered sales of previous iPhones. The models of iPhone 6-Plus and iPhone 6 accounts for the 20% usage of the all iPhones. This is an indication that individuals have been upgrading the versions of the iPhones. Moreover, the company's suppliers are attempting to catch up with the high demands of the new iPhones. There is also anticipation

that the rebound of the iPad is likely to be launched. The return in terms of growth of the line's product referred to as iPad in 2015 is likely to erase the concerns of the investors concerning the stocks of Apple. In addition, the launching of the Apple watch in the market and the sales of this product will expand widely. The other encouraging factor is that the company is often capable of luring the investors into injecting, or rather, investing in the company due to huge annual and quarterly profits that the company often realizes. In addition, the growth in the short earnings has the potential of resulting into the appreciation of the prices of the stocks. There are also several or numerous catalysts for the delivery of growth in terms of plenty earning in the year 2015. The catalysts will not disappear in 2016 when China will be moving towards launching LTE Smartphone is expected to gain steam in 2 years to come. Moreover, 2016 is projected to be the first year full of Apple Watch sales, as well as the rumored iPad. If the investors will be relatively comfortable with the company's profit growth trajectory, the stock has a higher probability of rising in future. The Amazon.com, Inc. has diversified its online sales platforms. This has enabled the company as well as other companies to sell their products online and it is still expanding its online funnels thus promising to boost and increase the volume of the profits of the company. The products of the company are increasingly becoming popular with the consumers. In addition, the Apple brand has adequately been able to differentiate its products from other companies that offer relatively similar products. This has enabled the corporation to competitively have an advantage over others. Figure 3.2, shows the performance of Apple stock for the past five years.



**Figure 3.2 Apple Technical Chart**

### **AT&T, Inc.**

AT&T is involved in the technology industry. The name of the company stands for American Telephone and Telegraph Company. It provides wireless and wire-line telecommunication services and equipment. It has been a strong competitor among the other telecommunication companies in the USA. The number of its costumers has been growing with no stopping in sight. Besides, the telecommunication sector has been significantly growing. The phenomenon has proved to be attractive to the investors into the company as it promises the returns of investments to the investors. Since this company's operations are faceted into wireless and wire line segments, it has proved to be a lucrative investment segment. By the end of last year (2014), the company had an approximate of 120 million customers who had subscribed to the wireless segment. The figures are anticipated to rise in each subsequent year. Besides, the provision of

services through the wire-lines platforms have also been advancing, thus creating an optimistic expectation to the future investors.

AT&T provides its services both in the US and Internationally. International telephone and telegraph companies have for quite some times stood the test of time in terms of investments. Investments into multinational stock market have the potential of providing a guarantee to the investors on the return of their investments. Moreover, the information concerning the company's stock is available online thus they can easily be not only monitored but also predicted. The diversification of services offered by the company is anticipated to not only to stabilize the sources of income but also the returns on investments. Besides, the wireless services are increasingly becoming popular with the consumers and the expectation is that the number of subscribers will also increase. The investors should take advantage of this phenomenon as it has a higher chance of contributing to the increase in the company's returns. Figure 3.3, shows the performance of AT&T stock for the past five years.



**Figure 3.3 AT&T Technical Chart**

## **ExxonMobil Corporation**

ExxonMobil has been chosen because of two reasons. The first reason is because of the recent news about war between Saudi Arabia, which is considered or rather perceived as one of the biggest oil source, and the deemed terrorists in Yemen. The second reason is because of the agreement between Iran and USA and the possibility of returning Iran back to the international oil market. These two reasons are enough to effect on the oil price as well as ExxonMobil market.

This company is synonymous with both gas and oil. Moreover, the company has been transformed into a giant producer of gas and oil since it produces approximately four million barrels of an equivalent of natural gas and oil [5]. In the recent years, the investors in ExxonMobil have reaped huge benefits from the increase in its growth. Purchasing stocks from this company promises to generate strong returns for its investors. The production of gas and oil is the epicenter of the company due to its ability to generate returns that are high in terms of capital ranging from chemical manufacturing to refining. The management of the company depends on its track record regarding the allocation of capital. It developed a good reputation of steady maintenance of the level of the capital investments. In addition, the consistency of the company has been quite encouraging in comparison to its other peers in reference to the return of capital investments [5].

Despite the fact that the firm's return on capital has been dwindling in the recent years, this phenomenon is not a cause for alarm due to several reasons. One of the reasons is that the company has quite a number of mega projects and these projects have significantly represented huge amounts of capital that are unproductive that have been annexing portions of the returns. It is anticipated that once the projects will commence running, the level of returns will be boosted. Secondly, businesses in the petro-chemical and refining sector of the international operational level have significantly suffered due to overcapacity. However, the company has adjusted some of its

business segments inclusive of massive investment into operations that are US based and the international disposals are international hence the business is expected to be more competitive. Therefore, the additional project that the company deals with, once completed, will be able to generate additional revenue, inclusive of the existing once. The increase is likely to elevate returns on capital investments which is crucial in catering for the interest of shareholders (such as the investors) [5].

Figure 3.4, shows the performance of ExxonMobil stock over the past five years.



**Figure 3.4 ExxonMobil Technical Chart**



## Microsoft Co

Microsoft is one of the largest companies in the software and hardware sectors. This company has been chosen because of its great potential to surpass conventional expectations. In the past eight quarters, the company has managed to beat the earnings expectations in six quarters with a substantial beat in five of them. The stock remains a great pick at the current price-level as it may gain rapidly after some difficulty in next few quarters. With the earnings release, the stock has already gained 5.84% and is trading at \$48.30. According to recent reports published last month, Nomura Securities has upgraded the Microsoft (MSFT) stock from neutral to buy, while reiterating a price target of \$50. The sell-side firm attributed the upgrade to strong growth potential in the company with better-than-expected 3QFY15 results. Figure 3.5, shows the performance of Microsoft stock for the past five years.



**Figure 3.5 Microsoft Technical Chart**

## **4. Simulation**

In this chapter, News-Based Trading will be used to do a simulation in the U.S stock market for five weeks. During the five weeks, the transactions will be recorded and discussed; at the end of the simulation the results section will present the findings of the simulation. The main goal of this simulation is to reach a good profit percentage by the end of the simulation using one method, which is based on following up news trends as well as enhancing the ability in analyzing and determining the factors that would lead to a positive investment in stock market business. Thus, the recent news from the selected companies will be obtained and put into the simulation. Recent newscasts will be gathered and analyzed in order to obtain good results. Transactions will be analyzed carefully and discussed in the weekly report. An amount of \$500,000.00 the simulation will start with.

### **4.1 First Week (06/08 – 06/12)**

As the week started, the stock prices of the beginning of this week and the entire last week were considered before buying my stock in order to maximize profits were begun. On the second day, \$31,557.50 was spent as starting my investment. On the second day, \$21,274.00 was spent. While on the third saw a more aggressive spending of \$383,860.50 to take the advantage of the drop in prices on the last day of the week. Through the investment, the rule that states not throw money on one basket was followed, during which time shares in Apple, Amazon, Microsoft, Exxon Mobile, and AT&T were purchased. Table 4.1.1 shows this week transactions in more detailed.

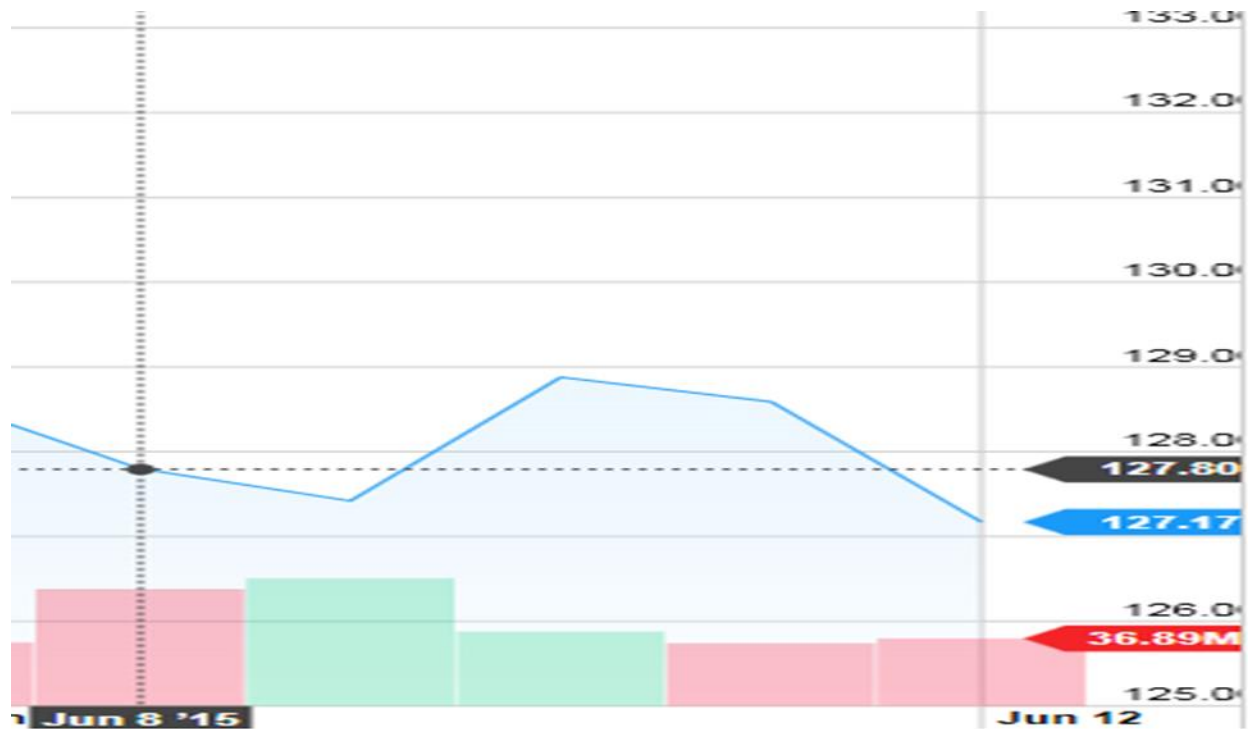
Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
06/08/15							\$500,000.00	
06/09/15	AAPL	Buy	\$126.23	250	\$31,557.50		\$468,442.50	
06/10/15	AMZN	Buy	\$430.68	50	\$21,534.00		\$446,908.50	
06/12/15	MSFT	Buy	\$45.93	350	\$16,075.50		\$430,833.00	
06/12/15	AAPL	Buy	\$127.59	1100	\$140,349.00		\$290,484.00	
06/12/15	AMZN	Buy	\$429.10	50	\$21,455.00		\$269,029.00	
06/12/15	XOM	Buy	\$83.90	2000	\$167,800.00		\$101,229.00	
06/12/15	T	Buy	\$34.71	1100	\$38,181.00		\$63,048.00	

**Table 4.1.1: The transactions of the first week of simulation**

### **Apple, Inc. (NASDAQ:AAPL)**

Last week, Apple had news on the media about upgrading feature camera of the new expected version of the iPhone from 8 to 12 megapixel. In addition to this, Apple announced the new iOS 9 that would be released next September. People are looking forward to this new version since it is been expected to be much more stable and easier to use and catch up with Google's Android in some key areas beyond what iOS 8 does. Early this week, Apple announced enhancements to Apple Pay, which was introduced last fall. According to a U.S Federal Reserve survey, not too many Americans are looking forward to purchasing their goods through their smartphones; however, this could be changed depending on the desire of the U.S credit cards companies Visa, MasterCard, Discover and American Express in making retailers switch over to enabling chip-and-PIN payments in order to reduce credit card fraud. Hence, on Tuesday the volume number of shares was the lowest volume that Apple average volume in last month; therefore the 250 shares were purchased. However, in the next day the volume increased about \$2.65; meanwhile, it drops \$1.71 on Friday. Therefore, another 1100 shares were purchased. My expectation that next week the stock would have some refreshment in which to make some profits;

especially, after the hints that iOS 9 will be released by September (New York Times 2015). There is a possibility that the stock will be kept until the last day of the simulation or if it made a breakthrough in which it scored a peak in the following week. Figure 4.1.1, illustrates the stock price performance for this week.

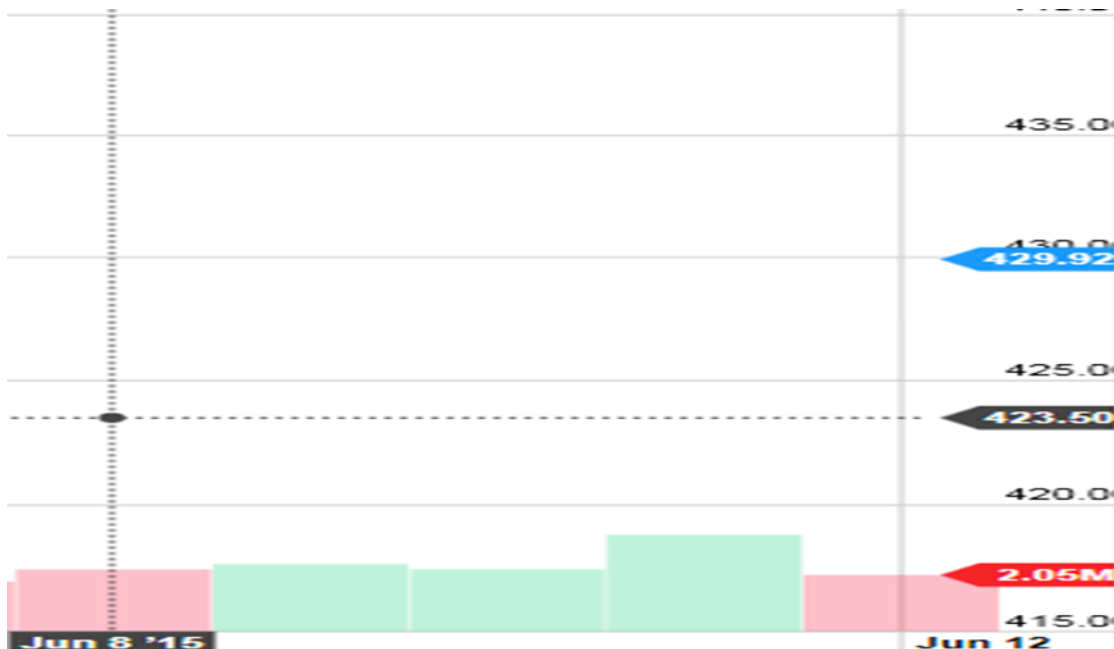


**Figure 4.1.1 Apple Stock Performance- Week 1**

**Amazon.com Inc. (NASDAQ:AMZN)**

On last week, Amazon had recent fresh news in the media: It has recently ventured into the handcrafted goods market and been ready to compete with Etsy in the handmade goods market. *The Wall Street Journal* recently reported that Amazon had launched a new marketplace it calls Handmade. Amazon plans to sell unique artisanal goods on this part of its site to help populate

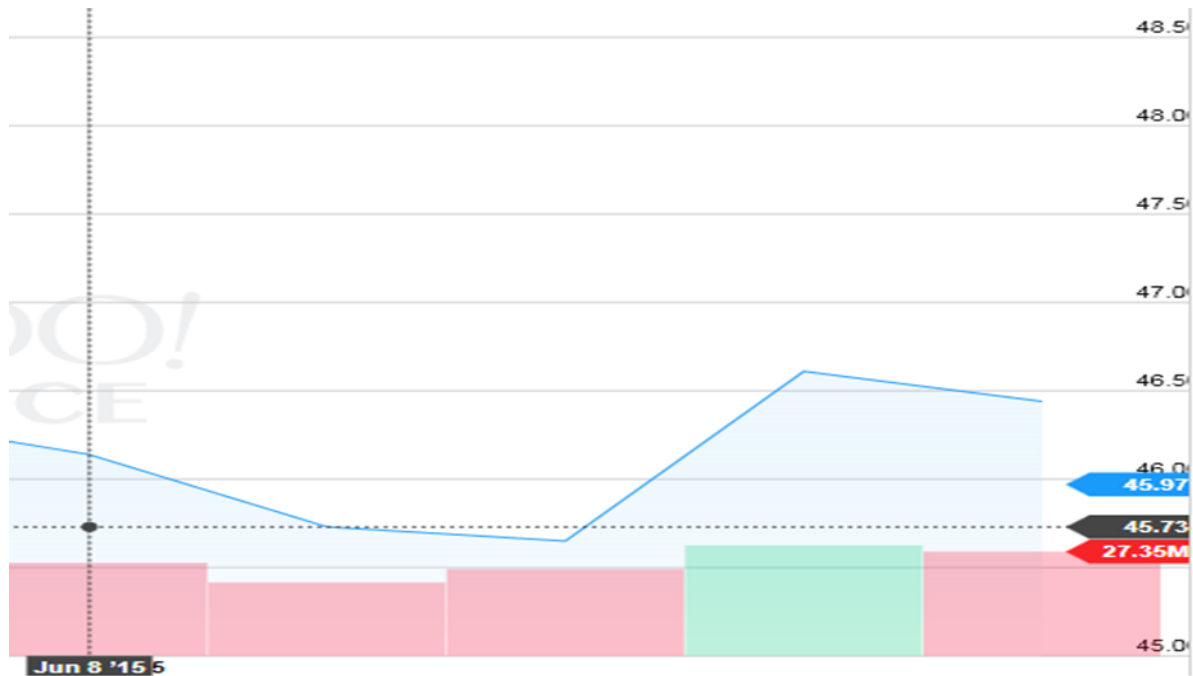
Handmade; the company rolled out an email campaign targeting Etsy sellers. More recent news is that Amazon is launching a music app and DVD app in addition; customers with Amazon prime option will have access to that service. Hence, the volume number of shares was low in the beginning of the week, but then it started going up after the mentioned news to increase about \$5.05 by the mid of the week; therefore, a small bid was made on Amazon, with total of 100 shares. The day after, the volume increases \$7.02; and on Friday it closed by dropping \$7.78. Risk was embraced again and there was the purchase of another 50 shares at a low rate, hoping that following week the stock would have some refreshment in which profits could be loosened. It seems that hanging on to the stocks and not selling them at the initial price was a wrong decision but, keeping the aim high and finger crossed that the stock would turn higher in the following week in which some profits could be made. Figure 4.1.2, illustrates the stock price performance for this week.



**Figure 4.1.2 Amazon Stock Performance- Week 1**

## **Microsoft Co. (NASDAQ:MSFT)**

Microsoft has been heating up from a momentum standpoint in the last few months, as shares rallied more than 14% from April's lows to today. Last week, Microsoft indicates a September release for Windows 10 Mobile that fits with Microsoft's statements that it would roll out after the version for PCs. Therefore, the decision was made to invest into the Microsoft stocks. Small bet was made on Microsoft as on Amazon because of two reasons; first, since the money that is needed was small; second, due to the fact that the most interesting thing MSFT is doing surrounds how it has opened up its platform to other operating systems, there is a chance to Microsoft Co. to come back and compete again in the smartphone industry, especially after creating its own flavor of Android. After seeing the increasing in the mid of the week, a decision to take more risk and purchase a total of 350 shares was made, especially in view of the recent activity of the company being very sustainable. Also, the stock demonstrated a very good performance last week, and it is hoped that it will keep its good performance next week. As it reaches 2-3% increase, a decision to sell would be made. Figure 4.1.3, illustrates the stock price performance for this week.

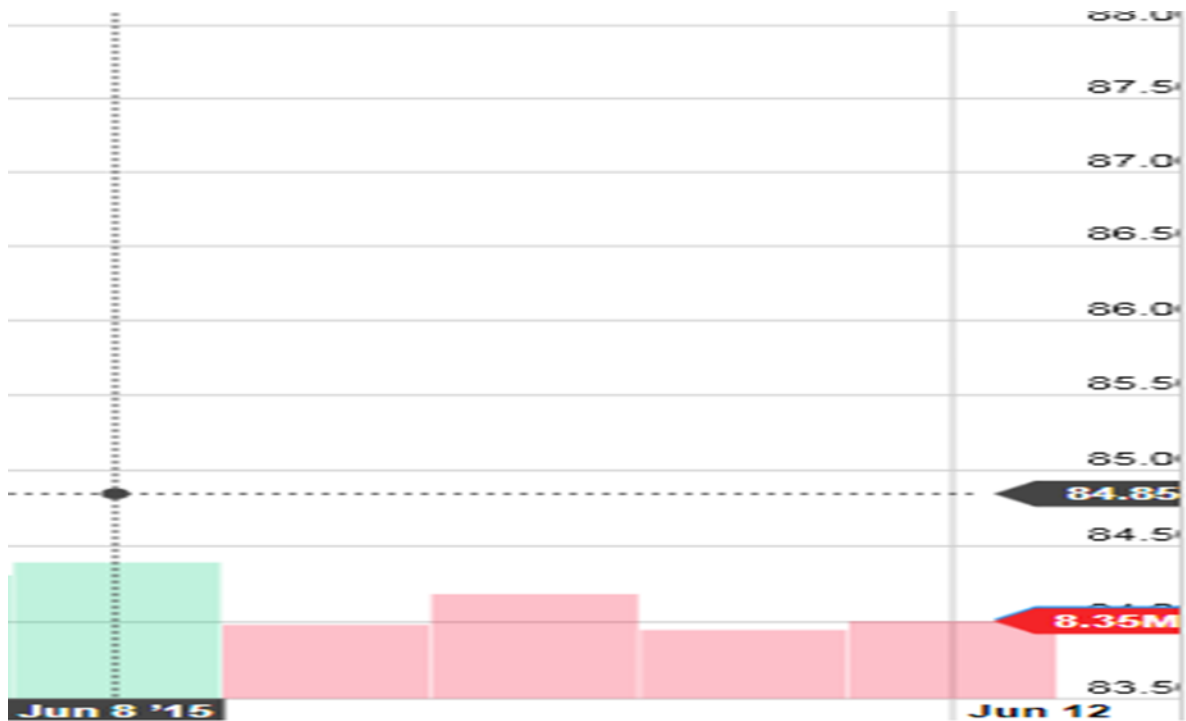


**Figure 4.1.3 Microsoft Stock Performance- Week 1**

**ExxonMobil Co. (NYSE:XOM)**

According to the recent reports, oil prices are going to be more stable, especially after Saudi Arabia said that it would raise output to record highs even as a global supply glut continues to push prices down. The strategy is part of OPEC's previously announced plan to maintain global market share by maintaining and even increasing its output even as U.S. shale production reaches record levels. Oil prices have fallen roughly 45% from the highs they reached a year ago, according to CNBC. The stock price started at \$84.18 on Monday and then went up to reach \$85.87 in mid of the week before it started to go down again to reach \$84.03 on Friday. Therefore, a decision to put more money into investments and purchase a total of 2000 shares was made, following the famous rule in putting more money to make bigger profits while believing that the price will go up again by the middle of the following week. As next week starts, selling the shares to obtain that profit before the stock dives down was considered. In this case the expectation was right and the price

went up in the middle of the following week before going down toward the end of the week following that one; more investments would be made again and another purchase of additional shares at the end of the anticipated week. Figure 4.1.4, illustrates the stock price performance for this week.



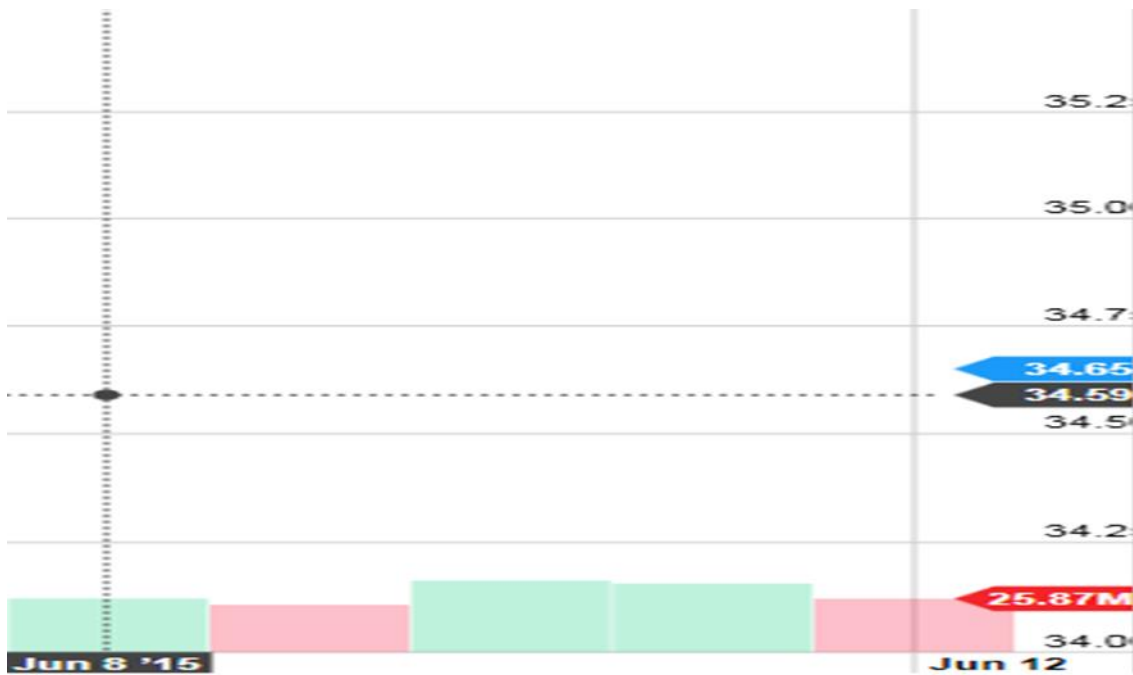
**Figure 4.1.4 ExxonMobil Stock Performance- Week 1**

### **AT&T Inc. (NYSE:T)**

AT&T might gain from a federal court decision that gave the green light to new Web traffic net neutrality rules even though the phone company was among Internet service providers that lost a court challenge. AT&T is one of the biggest telecommunication company in the U.S and it still growing up even more; therefore, the decision was made to invest in it for a long term. On June



10, 2015, there was a hammer pattern indicating that the stock will be bullish. It is known that there is no real profits without taking a risk; therefore, on Friday, it was decided to buy 1100 shares for \$34.71 each. As predicted the price would continue to rise, and the shares would be held until either the end of the simulation or gaining %2 -%3 profits; whichever comes first. Figure 4.1.5, illustrates the stock price performance for this week.



**Figure 4.1.5 AT&T Stock Performance- Week 1**

### **First Week Conclusion**

The first two days the market showed very good performance, and the portfolio under study was making very good implication even though only two companies were invested in at the beginning. The next three days the market showed a little bit of a decrease; however, it was good opportunity to buy more shares and hold onto them until the following week. Apple and

ExxonMobil showed good interpretation at the start of the week; however, it turned to the opposite as the week ended, which was good for this investor looking to buy.

The major investing is in Exxon Mobile and Apple; thus, the goal is to score high profits on these two companies. If any of these two companies showed a poor performance, a selling decision will be made and the big money investing would go to another company. Table 4.1.2 shows my portfolio for the first week.

company	QTY	Price after the market closed	Price of purchase	status
AAPL, APPLE INC	1350	\$127.17	250 for: \$126.23 1100 for: \$127.59	<b>Profit</b> <b>loss</b>
XOM, EXXON MOBIL CORP	2000	\$84.02	\$83.90	<b>profit</b>
AMZN, AMAZON.COM INC	100	\$429.92	50 for: \$430.68 50 for: \$429.10	<b>loss</b> <b>profit</b>
T, AT&T INC	1100	\$34.65	\$34.71	<b>loss</b>
MSFT, MICROSOFT CORP	350	\$45.97	\$45.93	<b>profit</b>

**Table 4.1.2: The stock that I still have after the first week of simulation**

## 4.2 Second Week (06/15 – 06/19)

In this week, I was eager to sell my stocks in high price and buy new one again when price goes down and start the real investment. However, the market did not do well in the beginning of the week as the price of most of my stocks started lower than the end of the previous week. The stock market began the trading week on a cautious note with the S&P 500 (-0.5%) sliding below its 100-day moving average (2,089). As the week started, my main attention was to get some cash to buy new stocks by selling some of what I have and try not to loss, even if I had to sell my stocks with the same price that I purchased. So, I was very patient with my decision whether to sell or not. As a results, most of the transaction happened on Thursday, first I saw some improvements in the market. Table 4.2.1 shows the cumulative transaction of this week.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
06/08/15							\$500,000.00	
06/09/15	AAPL	Buy	\$126.23	250	\$31,557.50		\$468,442.50	
06/10/15	AMZN	Buy	\$430.68	50	\$21,534.00		\$446,908.50	
06/12/15	MSFT	Buy	\$45.93	350	\$16,075.50		\$430,833.00	
06/12/15	AAPL	Buy	\$127.59	1100	\$140,349.00		\$290,484.00	
06/12/15	AMZN	Buy	\$429.10	50	\$21,455.00		\$269,029.00	
06/12/15	XOM	Buy	\$83.90	2000	\$167,800.00		\$101,229.00	
06/12/15	T	Buy	\$34.71	1100	\$38,181.00		\$63,048.00	
06/17/15	MSFT	Sell	\$45.97	350	\$16,089.50	<b>\$14.00</b>	\$79,137.50	<b>\$14.00</b>
06/18/15	AAPL	Sell	\$128.01	1350	\$172,813.50	<b>\$907.00</b>	\$251,951.00	<b>\$921.00</b>
06/18/15	XOM	Sell	\$85.55	2000	\$171,100.00	<b>\$3,300.00</b>	\$423,051.00	<b>\$4,221.00</b>
06/18/15	T	Sell	\$34.90	1100	\$38,390.00	<b>\$209.00</b>	\$461,441.00	<b>\$4,430.00</b>
06/19/15	AMZN	Sell	\$438.12	100	\$43,812.00	<b>\$823.00</b>	\$505,253.00	<b>\$5,253.00</b>
06/19/15	XOM	Buy	\$85.20	3000	\$255,600.00		\$249,653.00	
06/19/15	AAPL	Buy	\$126.83	900	\$114,147.00		\$135,506.00	
06/19/15	AMZN	Buy	\$435.35	150	\$65,302.50		\$70,203.50	

**Table 4.2.1: The transactions of the second week of simulation**

## Apple, Inc. (NASDAQ:AAPL)

Apple stocks did not do well in the beginning of the week, on Monday; the stock started with \$126.92 which is \$0.25 less than previous Friday. On Tuesday, the price of the stock started to go up; it was expected that the case would be the same for another day, especially after the big news of the upgrading version of Face Time that will be available on Apple watch too. Unexpectedly, the price went down on Wednesday. On Thursday, a chance to sell all the stocks in Apple for \$128.01 with some profits presented itself. They were sold with no hesitation. On Friday, while keeping an eye on the Apple stock, the stock went down to \$126.83.95, which was lower than it had been sold the day before; therefore a decided to purchase stocks again was made, especially after the CNBC report about the new version of the Face Time . A total of 900 stocks were purchased at that price. The expectation that next week the stock would have some refreshment regarding to the recent news in which profits could be made some. Figure 4.2.1, illustrates the stock price performance for this week.

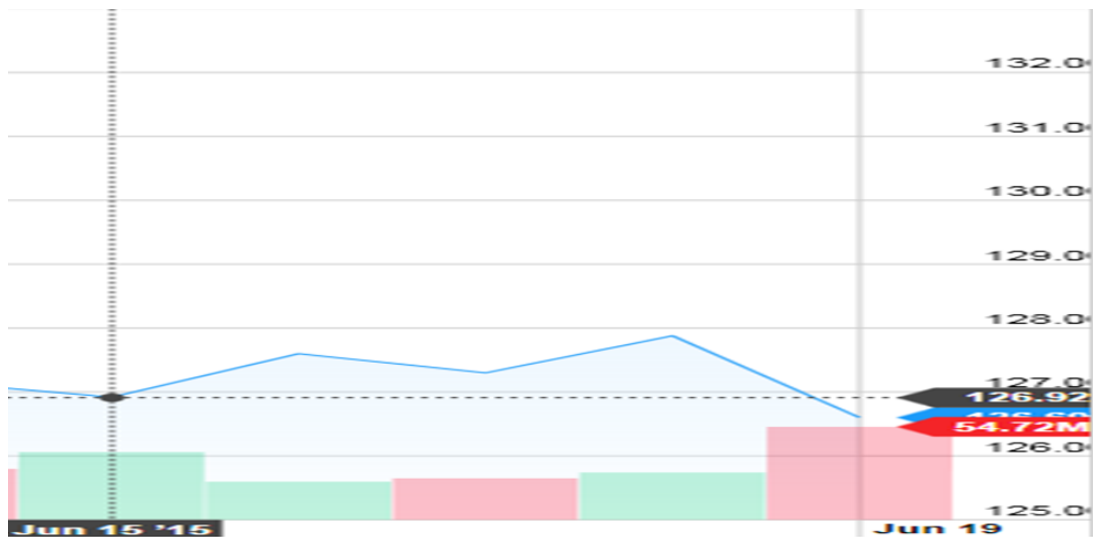
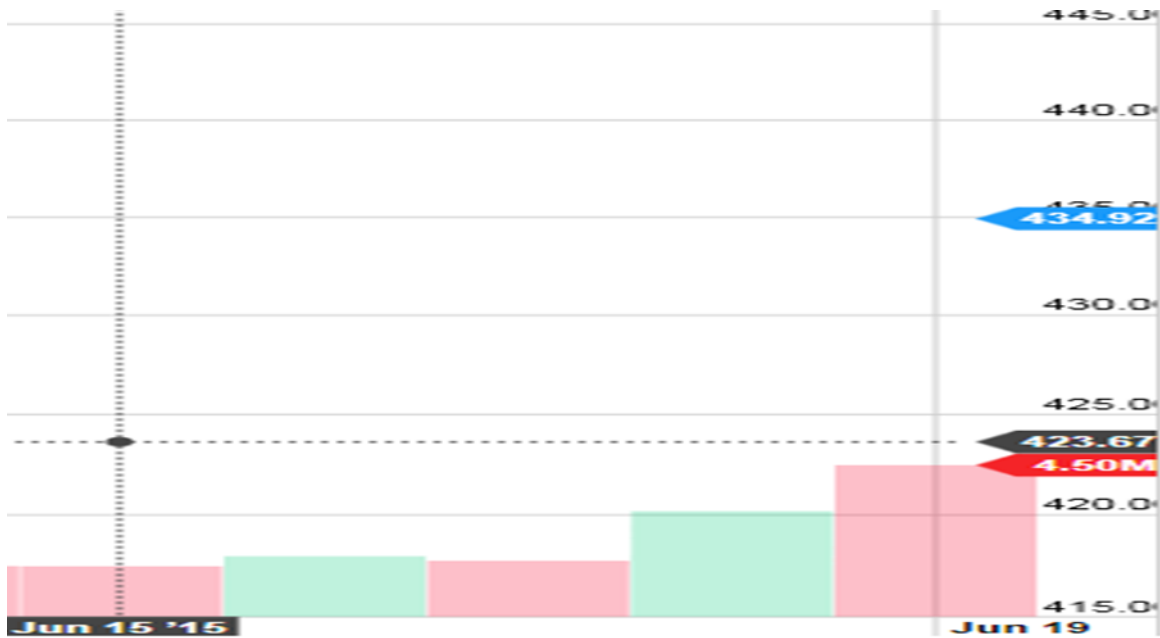


Figure 4.2.1 Apple Stock Performance- Week 2

## **Amazon.com Inc. (NASDAQ:AMZN)**

As many stocks in the market, Amazon's stocks did not do very well in the beginning of the week; however, the stocks of Amazon were more stable than others, as the stock price stayed above \$420.00. In the middle of the week, it looked like it was a good week for Amazon, as Amazon.com, Inc. has signed a digital and print book deal with Penguin Random House LLC, the last of the five biggest publishers to reach an agreement with the Web retailer following a dispute last year over e-book sales. The agreement follows previous deals between Amazon and Harper Collins Publishers, Hachette Book Group, Macmillan Publishers and Simon & Schuster. The publishing industry has been grappling with shifting business models as fewer consumers buy print books and instead turn to digital titles. Amazon dominates e-book sales, a market it helped pioneer with the introduction of the Kindle reading device in 2007. As a result, improvements started to show up in the market; as the stock went over \$438.00 the decision has been made to sell the 100 shares that were owned in Amazon for \$438.12. While keeping an eye on the changes in the market on Friday, before the market close, it was noticed that the Amazon's stock went down again to the \$435.35; therefore, the decision was made to take the risk again and purchase another 150 stocks in Amazon with a belief that next week, Amazon stock will do better in the market, especially after the last agreement that Amazon did. Figure 4.2.2, illustrates the stock price performance for this week.

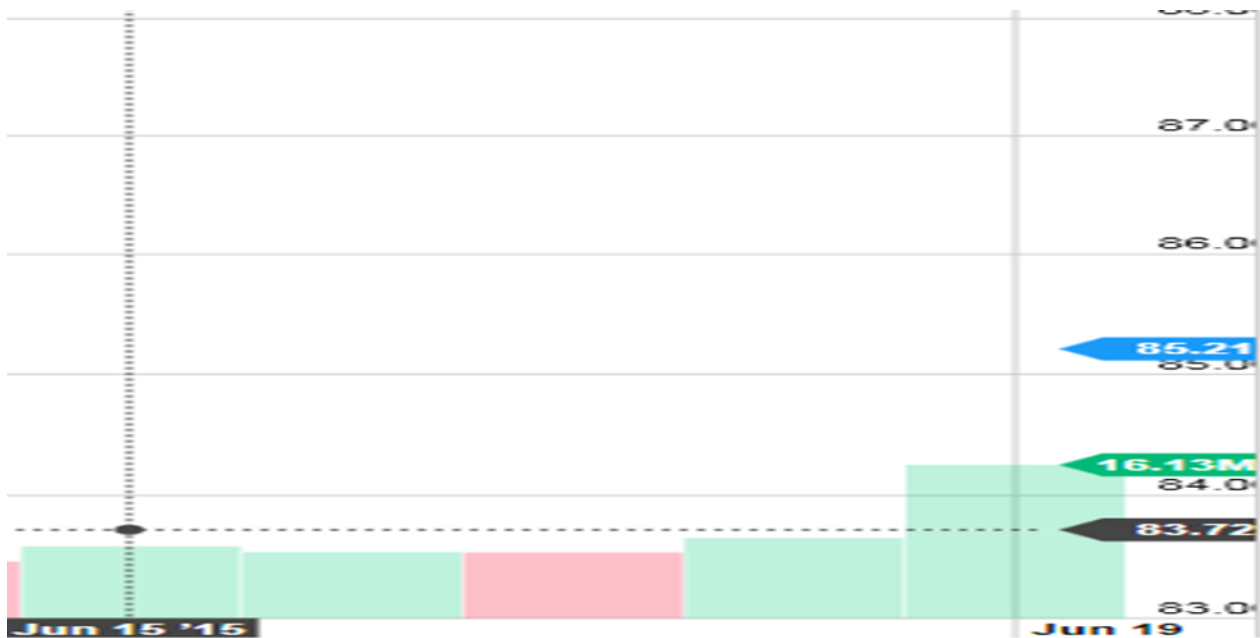


**Figure 4.2.2 Amazon Stock Performance- Week 2**

### **ExxonMobil Co. (NYSE:XOM)**

Usually the oil price changes in the middle of the week or right before the weekend. In the beginning of the week the stock was in a low rate of \$83.43. As on Tuesday the stock started to go up. Once the stock reach \$85.55 on Thursday, the decision was made to sell all shares that were owned in ExxonMobil to obtain profits of a total of \$3,300.00. However, when the stock went down on Friday, a decision to buy even more ExxonMobil stocks was made for two reasons. The first reason is because of the meeting between Saudi Arabia and Russia when the Saudi Arabia agreed to reduce the output of its oil which mean the price of the oil may get over \$90 again. The second reason is because of ExxonMobil Inks Sale & Purchase Agreement with PBF Energy. The company will hand over the 50% interest it holds in Chalmette Refining, LLC in Louisiana to PBF Energy. The assets included in the sale and purchase agreement are the Chalmette refinery and chemical production facilities near New Orleans, LA. The deal also comprises ExxonMobil's

100% interests in MOEM Pipeline, LLC and 80% interest in each of Collins Pipeline Company and T&M Terminal Company. The transaction is expected to be effective from the end of 2015, subject to regulatory consent. Details of the commercial agreements were not disclosed. Therefore, there is a potential of a good growth of the price of the stock. As a result, the decision was made to take a risk and purchase a total of 3000 stocks in ExxonMobil. Figure 4.2.3, illustrates the stock price performance for this week.

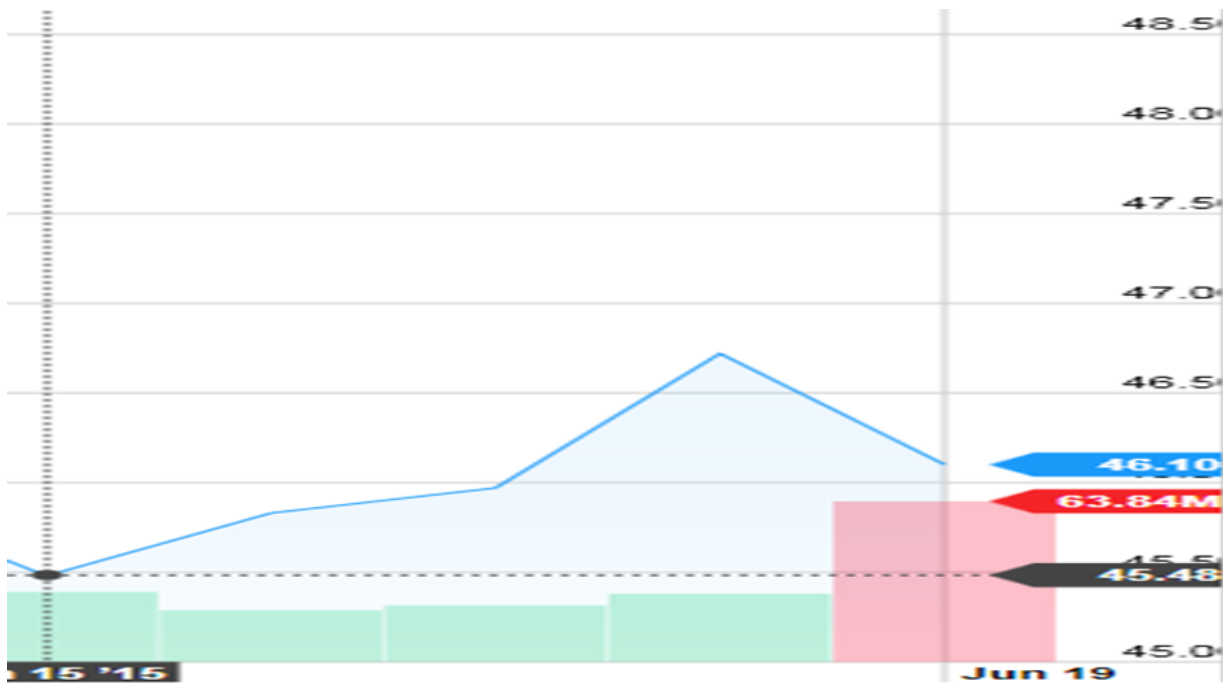


**Figure 4.2.3 ExxonMobil Stock Performance- Week 2**

**Microsoft Co. (NASDAQ:MSFT)**

The stock started on Monday with a lower rate than what it was closed on last Friday. As the price of the stock was not stable; it was going up and down in one day, a decision of selling all the stocks in Microsoft with a small profit of \$14.00 was made. The transaction made for two

reasons. First, the one year highest price for Microsoft was \$45.37 and considering that it seemed poor investment for turning huge profit in a short time. The second reason was to use that money in another company, where more money was invested in ExxonMobil. Figure 4.2.4, illustrates the stock price performance for this week.



**Figure 4.2.4 Microsoft Stock Performance- Week 2**

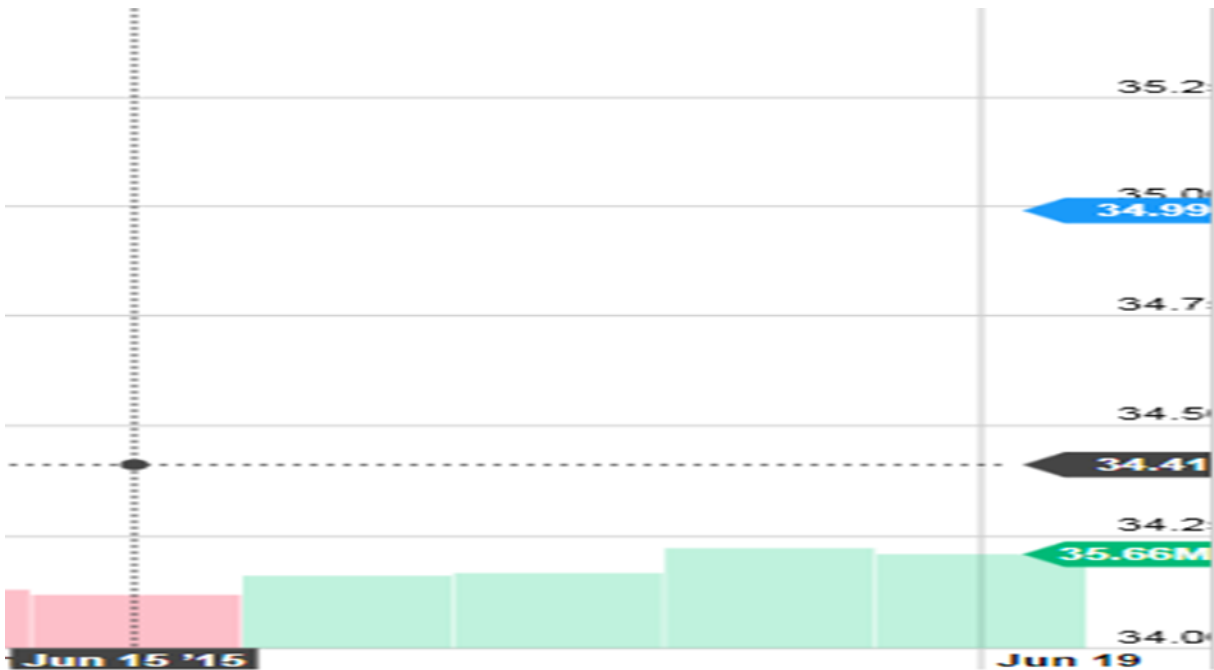
### **AT&T Inc. (NYSE:T)**

Since there is no engorging news recently as well as the slow growth of the stock and the quick the price go down, a decision of selling all the stocks that were owned in AT&T was made first the price exceed the price that the stocks were purchased. Therefore, the stocks were sold for \$34.90 while the purchase price was \$34.71. However, since a big number of stocks was purchased, it was able to make \$209.00 as profits. It was preferred to use the money that I was



investing with AT&T with another company that could be gained good profits in a short term.

Figure 4.2.5, illustrates the stock price performance for this week.



**Figure 4.2.5 AT&T Stock Performance- Week 2**

### **Second Week Conclusion**

The first two days the market showed a low rate and cautious performance, and the portfolio under study was not making very good implication in the beginning of the week. It was very good that the patient was available with the decisions that were made and not hotheaded. The next three days the market showed a little bit increase; however, it was good opportunity to sell the shares and make a small profits as well as getting some cash to invest in other stocks. Apple and ExxonMobil showed good interpretation and gave the opportunity to gain a good profits,

especially ExxonMobil; however, it turned to the opposite as the week ended, which was good for this investor looking to buy.

I had made very good transactions, in which I turned, loses to profits. A total of \$5253.00 profits were gained. Although, some stocks like Microsoft did not turn as much profits as I expected. But, the price of Microsoft stock, I expect it to increase in the long term, perhaps after the simulation process is done; that is why I invest in another company. My goal of my investing is to gain high profits. If any of these three companies showed a poor performance, a selling decision may be made earlier and the big money investing would go to another company. Table 4.2.2 shows my portfolio for the second week.

company	QTY	Price after the market closed	Price of purchase	status
AAPL, APPLE INC	900	\$126.60	\$126.83	loss
XOM, EXXON MOBIL CORP	3000	\$85.17	\$85.20	loss
AMZN, AMAZON.COM INC	150	\$434.73	\$435.35	loss

**Table 4.2.2: The stock that I still have after the second week of simulation**

### **4.3 Third Week (06/22 – 06/26)**

The week started with a great news of the possibility that the Greece could soon reach an agreement with its creditors, preventing a financial crisis in the country and perhaps staving off the first exit of a country from the Eurozone. U.S. stocks followed European markets higher on Monday, following news that Greek officials had agreed over the weekend to a series of tax increases and spending cuts designed to bring the nation in line with European Union fiscal guidelines—a significant concession, according to T. Rowe Price traders. However, the agreement fails to materialize.

The U.S. stocks saw their biggest declines for the week on Wednesday as the negotiations about the Greece crises failed to make progress even as the deadline for action loomed. T. Rowe Price's London-based sovereign credit analysts note that an agreement must be in place by Sunday night or Greece will probably be forced to institute capital controls or announce a bank holiday. Without further aid, Greece is likely to miss a scheduled debt payment to the International Monetary Fund on Tuesday. As a result, U.S. stocks ended with lower level as investors kept a wary eye on the ongoing Greek debt crisis.

As the market started good in the beginning of the week, I was eager to sell my stocks in high price and buy new one again when price goes down and start the real investment. Therefore, I sold all my Apple and ExxonMobil stocks first I saw some improvements in the market. For Amazon, I had to wait till the mid of the week to see some improvements in the price of the stock before I sold my 150 Amazon stocks. Table 4.3.1 shows the cumulative transaction of this week.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
06/08/15							\$500,000.00	
06/09/15	AAPL	Buy	\$126.23	250	\$31,557.50		\$468,442.50	
06/10/15	AMZN	Buy	\$430.68	50	\$21,534.00		\$446,908.50	
06/12/15	MSFT	Buy	\$45.93	350	\$16,075.50		\$430,833.00	
06/12/15	AAPL	Buy	\$127.59	1100	\$140,349.00		\$290,484.00	
06/12/15	AMZN	Buy	\$429.10	50	\$21,455.00		\$269,029.00	
06/12/15	XOM	Buy	\$83.90	2000	\$167,800.00		\$101,229.00	
06/12/15	T	Buy	\$34.71	1100	\$38,181.00		\$63,048.00	
06/17/15	MSFT	Sell	\$45.97	350	\$16,089.50	\$14.00	\$79,137.50	\$14.00
06/18/15	AAPL	Sell	\$128.01	1350	\$172,813.50	\$907.00	\$251,951.00	\$921.00
06/18/15	XOM	Sell	\$85.55	2000	\$171,100.00	\$3,300.00	\$423,051.00	\$4,221.00
06/18/15	T	Sell	\$34.90	1100	\$38,390.00	\$209.00	\$461,441.00	\$4,430.00
06/19/15	AMZN	Sell	\$438.12	100	\$43,812.00	\$823.00	\$505,253.00	\$5,253.00
06/19/15	XOM	Buy	\$85.20	3000	\$255,600.00		\$249,653.00	
06/19/15	AAPL	Buy	\$126.83	900	\$114,147.00		\$135,506.00	
06/19/15	AMZN	Buy	\$435.35	150	\$65,302.50		\$70,203.50	
06/22/15	AAPL	Sell	\$127.89	900	\$115,101.00	\$954.00	\$185,304.50	\$6,207.00
06/22/15	XOM	Sell	\$85.45	3000	\$256,350.00	\$750.00	\$441,654.50	\$6,957.00
06/22/15	T	Buy	\$35.10	1350	\$47,385.00		\$394,269.50	
06/23/15	AAPL	Buy	\$127.06	800	\$101,648.00		\$292,621.50	
06/24/15	AMZN	Sell	\$444.74	150	\$66,711.00	\$1,408.50	\$359,332.50	\$8,365.50
06/24/15	AAPL	Sell	\$129.02	800	\$103,216.00	\$1,568.00	\$462,548.50	\$9,933.50
06/26/15	XOM	Buy	\$83.60	2200	\$183,920.00		\$278,628.50	
06/26/15	AAPL	Buy	\$126.60	1400	\$177,240.00		\$101,388.50	
06/26/15	AMZN	Buy	\$436.33	200	\$87,266.00		\$14,122.50	

**Table 4.3.1: The transactions of the Third week of simulation**

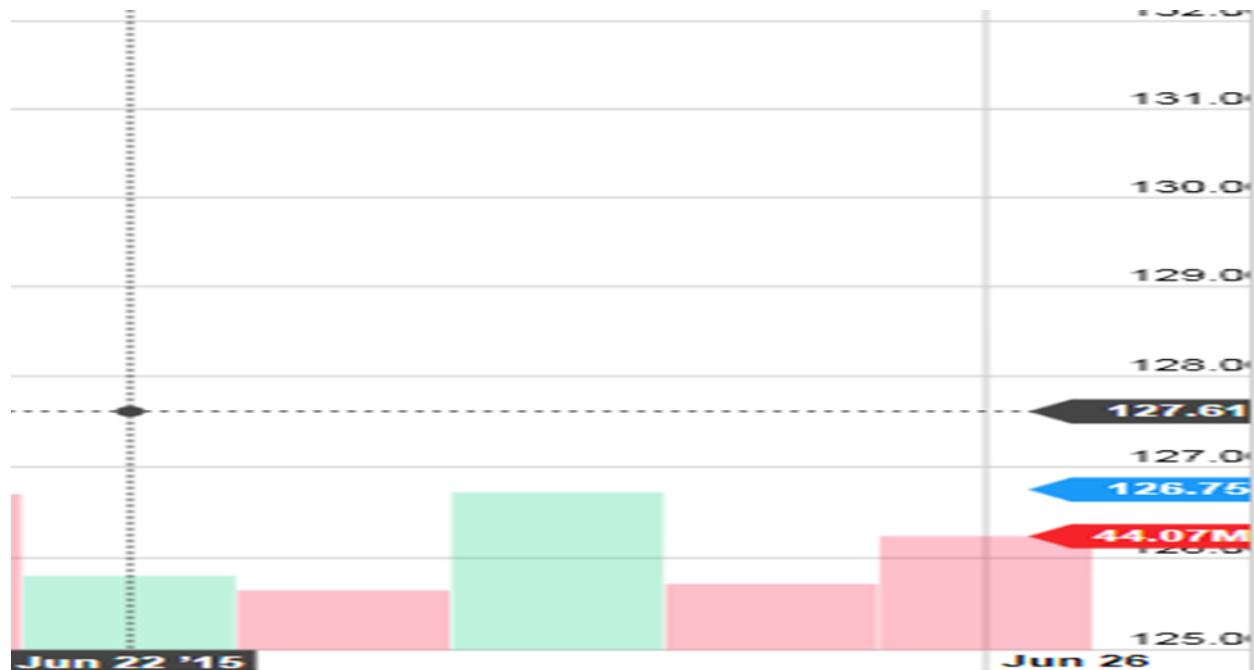
### **Apple, Inc. (NASDAQ:AAPL)**

Apple stocks performed very well as the market opened on Monday, and that all because of two reasons. The first reason is because the whole market performed well because of the optimism about the Greece crisis. The second reason is because the recent reports about both the Apple Watch and the iPhone's new features, especially the camera and the iOS 9. About the watch, a recent reports have claimed that the demand for the Apple Watch is greater than that of the original iPhone a few weeks after launch. On other hand, about the iPhone, a report in Business

Weekly Taiwan claims that the Cupertino giant has spent considerable time working very hard on its next iPhone camera breakthrough and it could be the biggest one to date; it would be ready in time for the anticipated launch of the iPhone 6S this September.

As a result of the good performance of the Apple stock, On Monday, the stock went up to \$127.89 which gave the chance to sell all the 900 stocks that I had had and made a profits of \$954.00. On Tuesday a report reported the original thrill of using Apple Watch began to dissipate after 30 days, with the watch starting to feel like a weak extension of their iPhone. Another report even reported that costumers have been feeling guilt over wearing the Apple Watch, saying it was an ostentatious symbol of wealth, while others said the watch is simply frivolous. Therefore, the stock went down to \$127.06 on Tuesday and I decided to take the risk and invest my money again in Apple with a total of 800 stocks. As the media kept publishing a good news about the new iPhone, the stocks went up again on the following day; on Wednesday, the stock went to \$129.02 which made me make my decision and sell all my 800 stocks and gain profits of a total of \$1568.00.

However, Apple stock closed down 0.56% to \$126.79 on Friday. Since the great news about the next iPhone update that has not released yet, I decided to purchase stocks again, especially after the CNBC report about the feature that will come with the update and help consumers to get the most out of their iPhone's battery, especially when it is already running low on juice. I bought a total of 1400 stocks with price of \$126.60. My expectation for the next week that the stock would have some refreshment regarding to the recent news in which I can make bigger profits. Figure 4.3.1, illustrates the stock price performance for this week.



**Figure 4.3.1 Apple Stock Performance- Week 3**

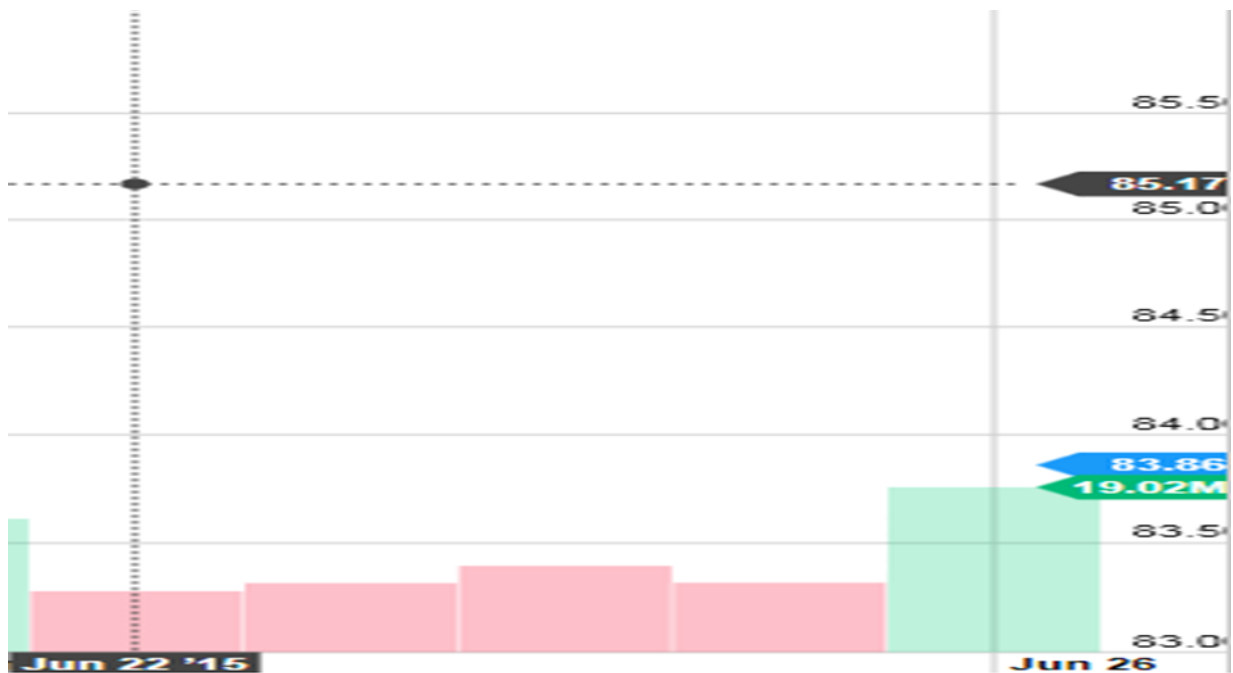
### **ExxonMobil Co. (NYSE:XOM)**

S&P 500 index futures were trading sharply higher by 22 points at 2119.75. After Friday's weak close, the index is bouncing back on the hope of a resolution to the Greek bailout being finalized. As a result, the Exxon Mobil shares were traded higher by \$0.24 at \$85.45. Therefore, the decision was been made to sell all my 3000 ExxonMobil stocks; I gained profits of a total of \$750.00.

On Tuesday the stock kept going down and reached \$ 84.64 before it went up again, especially after the Groningen gas field output reduction; this action comes after a study that showed a link between gas extractions to an increase in earthquakes in the vicinity. Many homes have been damaged as a result, according to the Dutch government. Also, the drilling suspension from 3 platforms off Santa Barbara, California effected the ExxonMobil market, especially as the

current output from Exxon's shuttered platforms was estimated at about 30,000 barrels per day. As the market was about to close, the stock went down to \$83.60 due to falling oil prices, amid Greek debt concerns and weaker U.S. refined fuels markets. Crude oil (WTI) is declining 1.03% to \$59.65 per barrel and Brent crude is slipping by 0.25% to \$63.33 per barrel, according to the CNBC.com index.

However, I decided to take an advantage of going the price of the stock down and purchase a total of 2200 stocks with knowing that an oil is an essential need and expecting that the stock will make some refreshment and go up again next week. Figure 4.3.2, illustrates the stock price performance for this week.

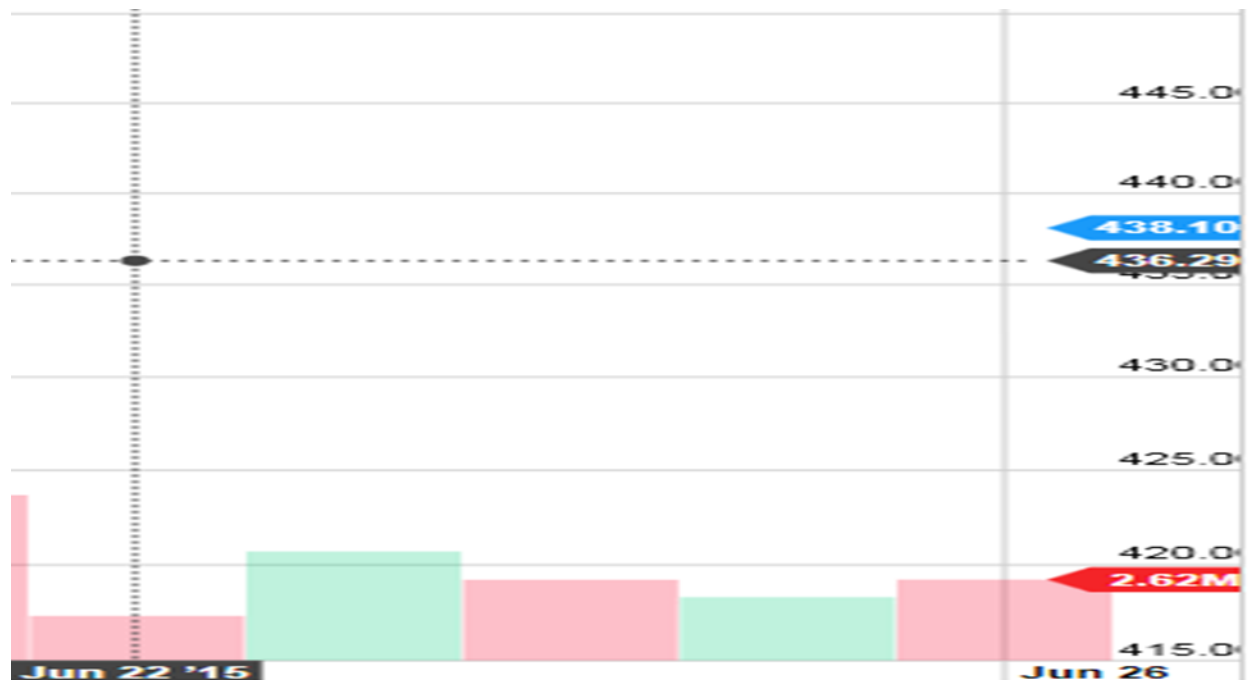


**Figure 4.3.2 ExxonMobil Stock Performance- Week 3**

## **Amazon.com Inc. (NASDAQ:AMZN)**

Amazon stock has been performed well recently. The stock started with in \$ 437.00 first the market opened on Monday. However, I hold on the stocks that I have since the good news about the Amazon Echo release. On Tuesday, Amazon announced that the Amazon Echo is now open to the public after it was available for purchase only by invitation since its release. Amazon is making it available for preorder to all buyers, with shipping to begin July 14. In addition to the fact that Amazon has been adding functionality since release of the Echo last year, and it can now work with smart home appliances and stream music from major services like Spotify, Pandora, and iTunes. One has to wonder if Apple Music will be soon added to the Echo's repertoire. Another factor that made me hold on the stocks and cause the stock to go up is the recent reports that confirm the net operating cash flow of the company. As the net operating cash flow has increased to \$1,499.00 million or 40.08% when compared to the same quarter last year. Despite an increase in cash flow, AMAZON.COM INC's average is still marginally south of the industry average growth rate of 40.75%. As a result, On Tuesday, the stock went up to \$ 446.50. As I kept my eye on the price, the stock started to go down on Wednesday; therefore, the decision was been made to sell the 150 stocks that I had for \$ 444.74 before the stock goes lower; I gained profits of a total of \$ 1,408.50. I believe I made a mistake for not selling the stocks on Tuesday when it reached the highest level. I believe this is a good lesson to me to not be greedy again and wait till the next day hoping the stock will keep going up. Since I had cash on Friday, I decided to invest again with Amazon rather than just keep the money. Therefore, I purchased a total of 200 shares before the market close for \$ 436.33 a stock. Figure 4.3.3, illustrates the stock price performance for this week.



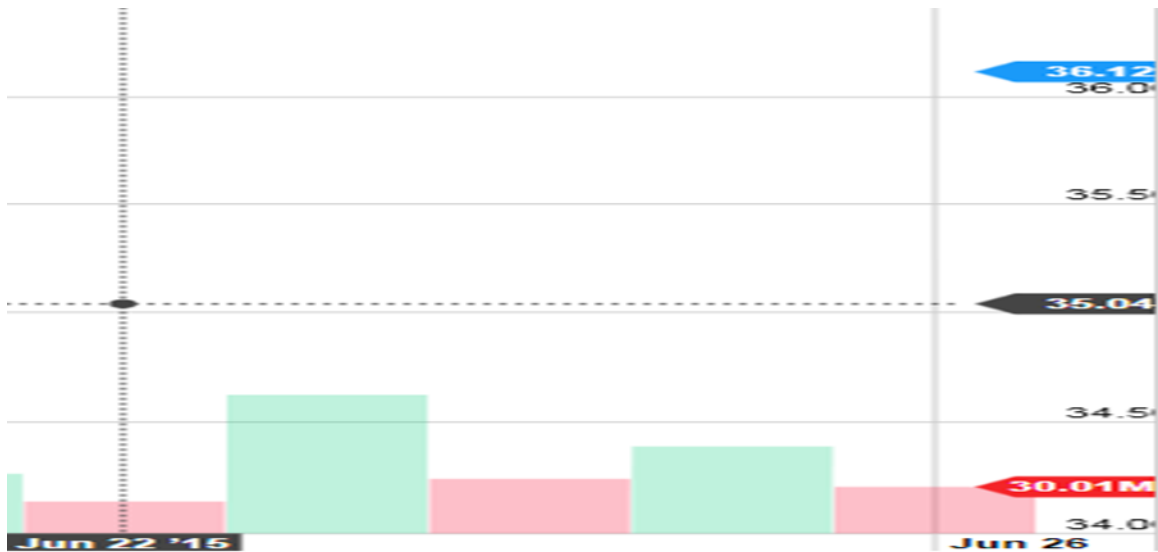


**Figure 4.3.3 Amazon Stock Performance- Week 3**

### **AT&T Inc. (NYSE:T)**

As the market opened on Monday, many professional stock market analysts predict that the AT&T stock will jump \$5.00 to reach \$39.00. As the market performed well and as I studied some facts about the company, such as the growth of the company and the gross profit margin for AT&T INC, I felt positive about buying some AT&T stocks. On Monday, I bought a total of 1350 stocks for \$35.10 a stock. On the following day, on Tuesday, the stock jumped to \$ 36.23. However, I decided to hold on the stocks for two reasons. The first reason is because of the news that say that AT&T will soon get a financial shot in the arm from becoming a satellite-TV provider, which will surely effect the price of the stock. The second reason is because of the plans of the company to invest around \$3 billion in its high-speed mobile Internet network in Mexico, which means more growth for the company and the price of the stock will be effected too.

As I predicted the price will continue to rise, I would hold the shares until either the end of the simulation or gaining %2 -%3 profits; whichever comes first. Figure 4.3.4, illustrates the stock price performance for this week.



**Figure 4.3.4 AT&T Stock Performance- Week 3**

**Third Week Conclusion**

U.S. stocks ended lower as investors kept a wary eye on the ongoing Greek debt crisis. However, as favorable reports came in on both existing and new home sales as the combined number of single-family sales reached its highest level in eight years, worries over the European economy overshadowed the week's generally positive U.S.A economic data.

During this week, I had made very good transactions, in which I gained some profits; a total of \$4,680.50 were gained. Now, I only have four companies in my portfolio, which are Apple, Amazon, ExxonMobil and AT&T. I expect next week to be more volatile; however, the stock

market might crash anytime soon, which make most investors fear to push money into the market nowadays. My goal is to gain higher profits; therefore, the decision of selling the stocks should be taken fast. If any of these four companies showed a poor performance, a selling decision may be made earlier and the big money investing would go to another company. Table 4.3.2 shows my portfolio for the second week.

<b>company</b>	<b>QTY</b>	<b>Price after the market closed</b>	<b>Price of purchase</b>	<b>status</b>
AAPL, APPLE INC	1400	\$126.75	\$126.60	<b>Profit</b>
XOM, EXXON MOBIL CORP	2200	\$83.92	\$83.60	<b>Profit</b>
AMZN, AMAZON.COM INC	200	\$438.57	\$436.33	<b>Profit</b>
T, AT&T Inc	1350	\$36.15	\$35.10	<b>Profit</b>

**Table 4.3.2: The stock that I still have after the third week of simulation**

#### **4.4 Fourth Week (06/29 – 07/02)**

In this week the Greece crisis reached the worst case scenario when European officials stated that they would be offering no additional funds to Greece, signaling a final impasse in the recent round of negotiations. As a result, Greek officials responded by announcing a referendum on the European austerity demands, closing the nation's banks and stock market for at least a week. All that lead U.S. stocks followed global markets lower and fell sharply at the open of trading on Monday and continued their decline through much of the day.

U.S. stocks endured a second week of declines after the debt crisis in Greece reached a tipping point. Most of the damage occurred on Monday, when the S&P 500 endured its largest one-day pullback since last October. Smaller-cap shares, which are typically more volatile, fell more than larger-cap stocks.

This week was a shorter one due to a national holiday; as the market closed in advance of the Independence Day holiday on Thursday at 4:00 p.m. Since the market started very weak in the beginning of the week and there was no good news, I was expecting the price would go much lower and thinking how to avoid loss as much as I can even if I had to sell all my stocks in the same price as I purchased them. Therefore, I sold all my Apple, Amazon, AT&T and ExxonMobil stocks in a couple hours after the market was opened. Table 4.4.1 shows the cumulative transaction of this week.

Date	Symbol	buy/ Sell	Price	Shares	Net Cost/ Proceeds	Profit/ Loss	Total Cash	Total Profit
06/08/15							\$500,000.00	
06/09/15	AAPL	Buy	\$126.23	250	\$31,557.50		\$468,442.50	
06/10/15	AMZN	Buy	\$430.68	50	\$21,534.00		\$446,908.50	
06/12/15	MSFT	Buy	\$45.93	350	\$16,075.50		\$430,833.00	
06/12/15	AAPL	Buy	\$127.59	1100	\$140,349.00		\$290,484.00	
06/12/15	AMZN	Buy	\$429.10	50	\$21,455.00		\$269,029.00	
06/12/15	XOM	Buy	\$83.90	2000	\$167,800.00		\$101,229.00	
06/12/15	T	Buy	\$34.71	1100	\$38,181.00		\$63,048.00	
06/17/15	MSFT	Sell	\$45.97	350	\$16,089.50	\$14.00	\$79,137.50	\$14.00
06/18/15	AAPL	Sell	\$128.01	1350	\$172,813.50	\$907.00	\$251,951.00	\$921.00
06/18/15	XOM	Sell	\$85.55	2000	\$171,100.00	\$3,300.00	\$423,051.00	\$4,221.00
06/18/15	T	Sell	\$34.90	1100	\$38,390.00	\$209.00	\$461,441.00	\$4,430.00
06/19/15	AMZN	Sell	\$438.12	100	\$43,812.00	\$823.00	\$505,253.00	\$5,253.00
06/19/15	XOM	Buy	\$85.20	3000	\$255,600.00		\$249,653.00	
06/19/15	AAPL	Buy	\$126.83	900	\$114,147.00		\$135,506.00	
06/19/15	AMZN	Buy	\$435.35	150	\$65,302.50		\$70,203.50	
06/22/15	AAPL	Sell	\$127.89	900	\$115,101.00	\$954.00	\$185,304.50	\$6,207.00
06/22/15	XOM	Sell	\$85.45	3000	\$256,350.00	\$750.00	\$441,654.50	\$6,957.00
06/22/15	T	Buy	\$35.10	1350	\$47,385.00		\$394,269.50	
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06/26/15	XOM	Buy	\$83.60	2200	\$183,920.00		\$278,628.50	
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06/26/15	AMZN	Buy	\$436.33	200	\$87,266.00		\$14,122.50	
06/29/15	AAPL	Sell	\$125.88	1400	\$176,232.00	\$1,008.00	\$190,354.50	\$8,925.50
06/29/15	XOM	Sell	\$83.25	2200	\$183,150.00	\$770.00	\$373,504.50	\$8,155.50
06/29/15	T	Sell	\$36.11	1350	\$48,748.50	\$1,363.50	\$422,253.00	\$9,519.00
06/29/15	AMZN	Sell	\$435.29	200	\$87,058.00	\$208.00	\$509,311.00	\$9,311.00
06/30/15	AAPL	Buy	\$125.52	800	\$100,416.00		\$408,895.00	
07/01/15	AAPL	Sell	\$126.72	800	\$101,376.00	\$960.00	\$510,271.00	\$10,271.00
07/01/15	XOM	Buy	\$82.27	1900	\$156,313.00		\$353,958.00	
07/02/15	AMZN	Buy	\$433.85	100	\$43,385.00		\$310,573.00	

**Table 4.4.1: The transactions of the fourth week of simulation**

## **Apple, Inc. (NASDAQ:AAPL)**

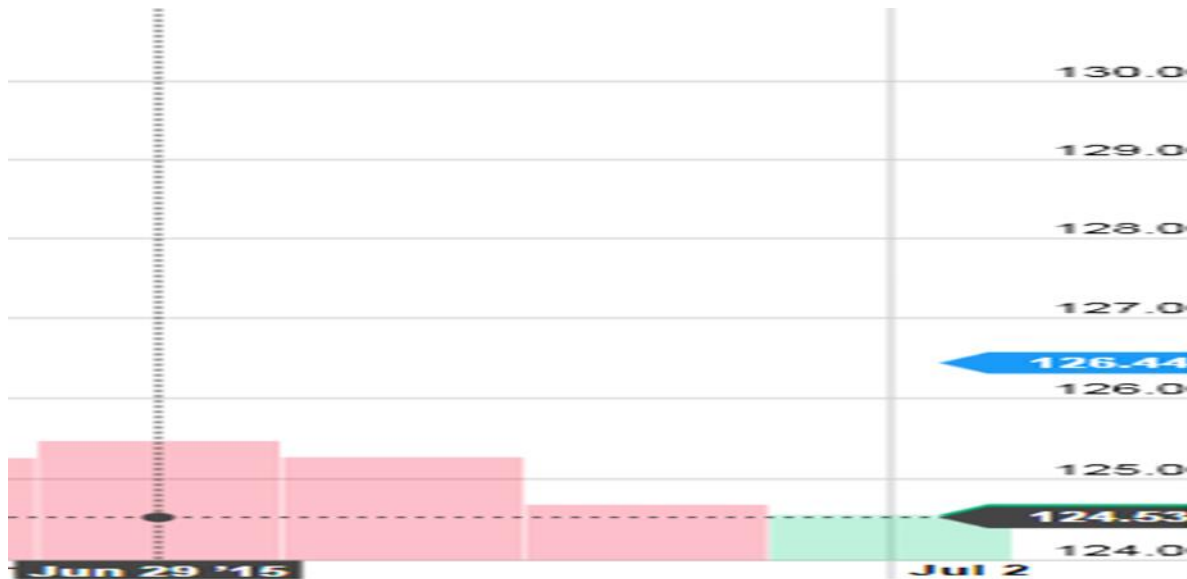
As the market opened on Monday, Apple stocks went down from \$126.75 to \$125.57. Relying on the news of Greece crisis, the decision was taken to sell all my 1400 Apple shares to prevent losing more. However, on the day after, Apple announced that it is going to release the three months free trials of Apple Music on Wednesday. As a result, a total of 800 shares was purchased on Tuesday.

Following the launch, Apple Music has been getting a surge of positive reviews. Apple's product is unique because no other service has a dedicated broadcast station. Additionally, Apple has teamed up with mobile connectivity company Gig Sky to expand Apple SIM cellular data plan. This will offer travelers high-speed wireless connectivity in more than 90 countries. As a result, the stock of Apple jumped up to \$126.93 on Wednesday; therefore, as the profits that would be gained from these stocks, the decision was taken to sell all the 800 shares. As a result, profits of a total of \$960.00 was gained.

Apple has been one of the major companies that I invest my money in for many reason, such as the strong earnings growth of 40.36%; this stock has surged by 41.10% over the past year, outperforming the rise in the S&P 500 Index during the same period. Another reason is that APPLE INC has improved earnings per share by 40.4% in the most recent quarter compared to the same quarter a year ago. The company has demonstrated a pattern of positive earnings per share growth over the past two years. During the past fiscal year, APPLE INC increased its bottom line by earning \$6.43 versus \$5.66 in the prior year. This year, the market expects an improvement in earnings (\$8.99 versus \$6.43). The last reason is that the net income growth from the same quarter one year ago has greatly exceeded that of the S&P 500. The net income increased by 32.7% when

compared to the same quarter one year prior, rising from \$10,223.00 million to \$13,569.00 million.

Figure 4.4.1, illustrates the stock price performance for this week.



**Figure 4.4.1 Apple Stock Performance- Week 4**

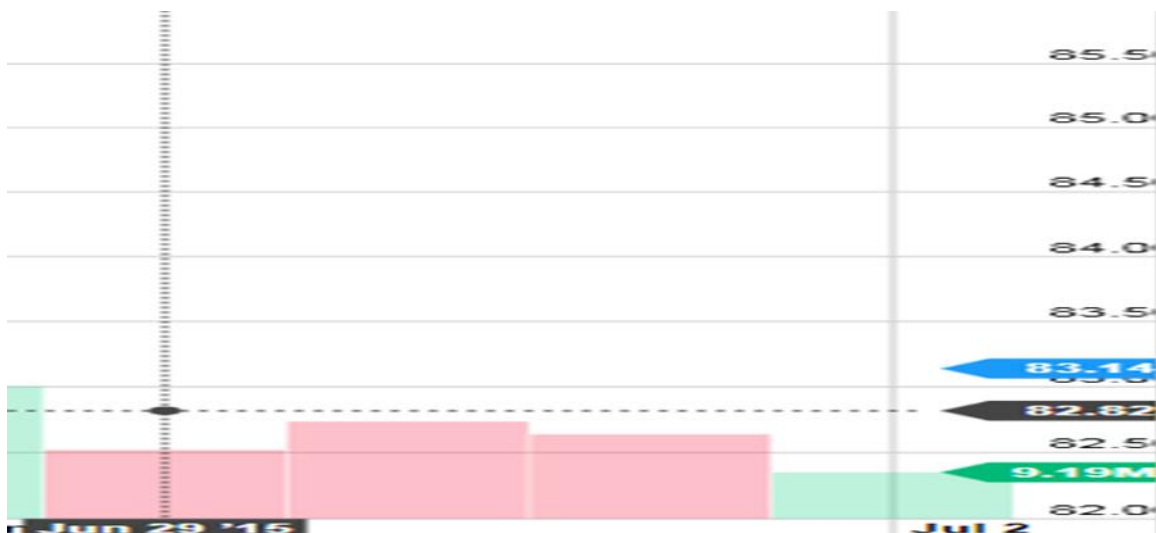
### **ExxonMobil Co. (NYSE:XOM)**

As Greek debt crisis continues to unfold, ExxonMobil stocks keep falling down. Though there is no direct correlation between Greece and the oil market, the overall uncertainty of the situation in a Eurozone country is enough to continue the oil selloff. Therefore, the decision of selling all the ExxonMobil stocks that I have was taken with a loss of a total of \$770.00.

S&P 500 index futures were trading higher by 14 points at 2068.50 in Wednesday's session. The rally is taking place on renewed hope that a solution to the debt crisis in Greece will be resolved sooner rather than later. However, ExxonMobil shares kept going down to \$82.27 on Wednesday as oil prices fell due to an increase in U.S. crude supplies for the first rise in more than

two months. Crude oil is slumping by 4.2% to \$56.97 per barrel and Brent crude is falling 2.39% to \$62.07 per barrel. Additionally, there are signs of progress in Iranian nuclear talks. Technical experts from Iran and six world powers finished a draft agreement on the country's nuclear program. If the nuclear negotiations with Iran are brought to a positive conclusion, there is also the 'threat' of additional oil reaching the market from Iran.

However, the decision of keeping investing in ExxonMobil was taken because of the recent reports that is talking about the ability and willing of Saudi Arabia to reduce its output of oil in order to control the price of oil and let it back to reach \$100. As a result, a total of 1900 stocks of ExxonMobil was purchasing on Wednesday when the price was down at \$82.27. I believe the next week will have some positive news and the stocks will perform well that could cover my loss for this week. Figure 4.4.2, illustrates the stock price performance for this week.

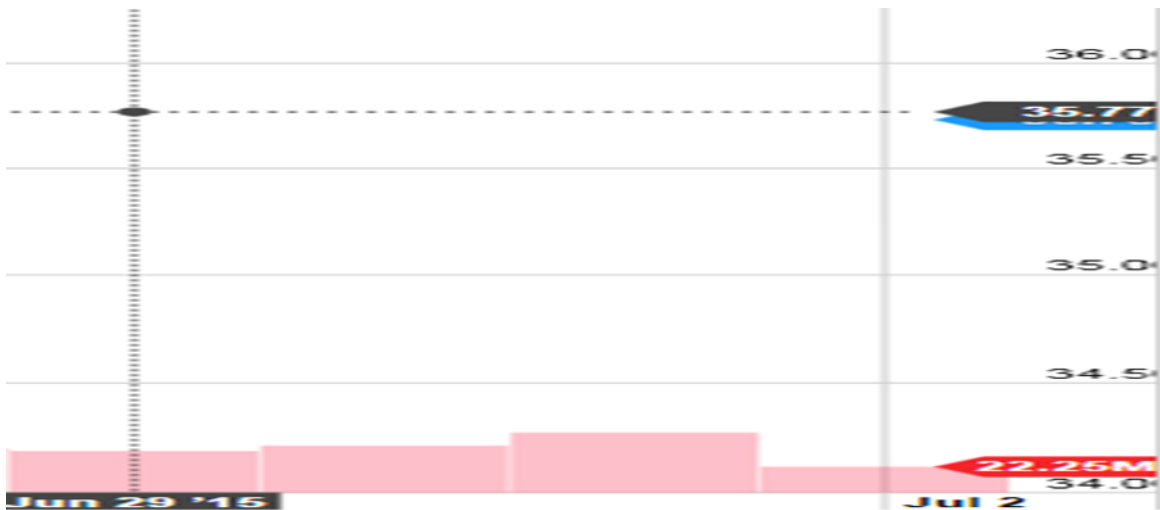


**Figure 4.4.2 ExxonMobil Stock Performance- Week 4**



### AT&T Inc. (NYSE:T)

On Monday I was able to sell AT&T stocks for \$36.11 with an approx. 0.5 percent increase. I gained a total of \$1,363.50 profits. Since there is no engorging news recently about AT&T as well as the Greece crisis that has been effecting the U.S stock market, I decided to not take a risk and invest my money again with AT&T, at least for this critical week. Figure 4.4.3, illustrates the stock price performance for this week.



**Figure 4.4.3 AT&T Stock Performance- Week 4**

### Amazon.com Inc. (NASDAQ:AMZN)

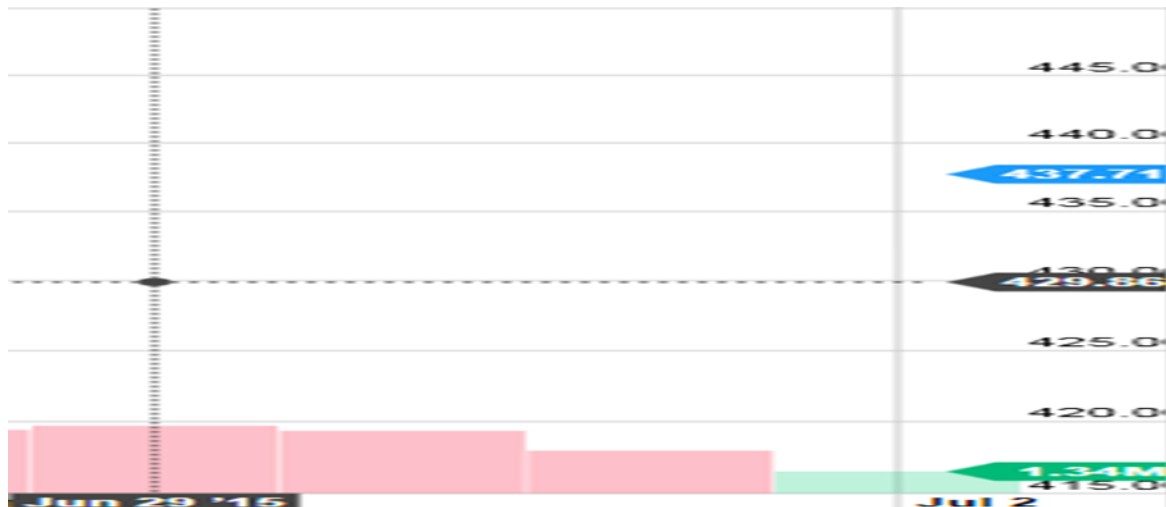
As the situation for the most of the stocks, Amazon stocks went down too first the market opened. To avoid loss as much as I can, I sold all 200 shares that I have for \$435.29 before the price went much lower. I believe that I took the right decision at the right time.

On Wednesday, the federal appeals court has agreed with a 2013 lower court ruling that Apple violated antitrust law when it conspired with publishers to fix e-book prices. The 2-1

decision comes after years of legal wrangling over Apple's dealings with publishers as the company in 2010 entered a market that had been dominated by Amazon.com.

Also, on Wednesday, Amazon announced the Selling on Amazon and Fulfillment by Amazon offerings in Mexico for businesses of all sizes to list and sell their products at Amazon.com.mx. Customers flock to Amazon because of the vast selection of items across a diverse set of categories, at low prices. Amazon will now sell physical goods to Mexico through its Amazon.com.mx website. The company previously only sold e-books and other digital goods in the country. The company will also third-party sellers will be able to sell to customers in Mexico with no product listing fees. As a result, Amazon stock gained 1.1% to \$434.90 on Tuesday after the online retailer started offering physical goods in Mexico.

On Thursday the stock went down again for \$433.85. As Amazon has been one of the biggest players in online retail for years and the company has expanded into other areas, producing their own line of electronics, innovative web services, and breaking into emerging markets, I decided to invest my money in it again and purchase a total of 100 shares. I believe that Amazon stocks will have some refreshment and perform well, especially after the Amazon web service 2016 India expansion announcement. Figure 4.4.4, illustrates the stock price performance for this week.



**Figure 4.4.4 Amazon Stock Performance- Week 4**

#### **Fourth Week Conclusion**

Given the worries that have long surrounded a Greek default, many observers were relieved that Monday's roughly 2% decline in the major indexes was not larger. However, a measure of market volatility, saw its biggest increase in two years.

Markets found their footing later in the week, despite the lack of any notable progress in the Greek situation. Favorable U.S. economic data on Wednesday appeared to boost sentiment, as measures of private payroll growth and manufacturing came in above expectations.

In general, this week was bad for the stock market; however, I believe I had made very good transactions, in which I turned loses to profits. After subtracting the amount of loss from the amount of profits, a total of \$337.50 was gained in this week even though it was shorter trading week due to a national holiday. Now, I only have two companies in my portfolio, which are ExxonMobil and Amazon. I expect next week to be more volatile; however, the possibility that stock market might crash anytime soon still exist; therefore, many investors fear to push money

into the market nowadays. If any of these two companies showed a poor performance, a selling decision may be made earlier and the big money investing would go to another company. Table 4.4.2 shows my portfolio for the second week.

<b>company</b>	<b>QTY</b>	<b>Price after the market closed</b>	<b>Price of purchase</b>	<b>status</b>
XOM, EXXON MOBIL CORP	1900	\$83.13	\$82.27	<b>Profit</b>
AMZN, AMAZON.COM INC	100	\$437.71	\$433.85	<b>Profit</b>

**Table 4.4.2: The stock that I still have after the fourth week of simulation**

## 4.5 Fifth Week (07/06 – 07/10)

Global markets started the week sharply lower after Greek voters resoundingly voiced opposition to further austerity cuts. The decisiveness of the vote appeared to strengthen the hand of Greek Prime Minister Alexis Tsipras and weaken the chances that he would offer concessions to European leaders in return for more aid. The U.S stock market started the week being effected by both, the Greece's debt troubles and the China's stock market dive.

As the recent update of the Greece's debt crisis, many experts worried that Greece's problems would spill over to the rest of the world, especially the euro zone and it might create a very big global financial shocks; therefore, European political leaders start arguing about Grexit. Grexit is an option that suggests Greece to a temporary leave the currency union for at least five years. They believe by Greece leaving, the Eurozone would actually be better off without a country that seems to constantly need its neighbors' support, especially due to the fact that Greece is just a tiny part of the Eurozone economy that could regain financial autonomy by leaving. However, a disorderly Greek exit could still prove damaging for the euro and call into question the currency union's credibility over the long term.

About China's stock market dive problem, China is a closed market so the impact is not so much on the global market; however, a financial worries still exist about it, especially after some impact spreading out to Japan. Before the last weekend, the Shanghai index had plunged 32% from its June 12 record, meaning nearly one-third of the market's total value had been wiped out. That drop has rattled some stock exchanges in Hong Kong and other Asian markets; however, it seems to have had a limited effect on U.S. stock markets. As the Chinese government's efforts to arrest the downturn finally gained traction. In an emergency step, China's securities regulator banned

shareholders with large stakes in listed firms from selling for six months. As a results, Chinese stocks start to rally in response.

During this week, the large-cap Standard & Poor's 500 Index barely changed, the technology-focused Nasdaq Composite declined, and the small- and mid-cap Russell 2000 Index edged slightly higher.

Since this week is the last week simulation and because of the bad financial news for the second week on the raw that made this week so critical, My transactions for this week were mostly selling stocks. Table 4.5.1 shows the cumulative transaction of this week.

Date	Symbol	buy/Sell	Price	Shares	Net Cost/Proceeds	Profit/Loss	Total Cash	Total Profit
06/08/15							\$500,000.00	
06/09/15	AAPL	Buy	\$126.23	250	\$31,557.50		\$468,442.50	
06/10/15	AMZN	Buy	\$430.68	50	\$21,534.00		\$446,908.50	
06/12/15	MSFT	Buy	\$45.93	350	\$16,075.50		\$430,833.00	
06/12/15	AAPL	Buy	\$127.59	1100	\$140,349.00		\$290,484.00	
06/12/15	AMZN	Buy	\$429.10	50	\$21,455.00		\$269,029.00	
06/12/15	XOM	Buy	\$83.90	2000	\$167,800.00		\$101,229.00	
06/12/15	T	Buy	\$34.71	1100	\$38,181.00		\$63,048.00	
06/17/15	MSFT	Sell	\$45.97	350	\$16,089.50	\$14.00	\$79,137.50	\$14.00
06/18/15	AAPL	Sell	\$128.01	1350	\$172,813.50	\$907.00	\$251,951.00	\$921.00
06/18/15	XOM	Sell	\$85.55	2000	\$171,100.00	\$3,300.00	\$423,051.00	\$4,221.00
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06/19/15	AMZN	Sell	\$438.12	100	\$43,812.00	\$823.00	\$505,253.00	\$5,253.00
06/19/15	XOM	Buy	\$85.20	3000	\$255,600.00		\$249,653.00	
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06/19/15	AMZN	Buy	\$435.35	150	\$65,302.50		\$70,203.50	
06/22/15	AAPL	Sell	\$127.89	900	\$115,101.00	\$954.00	\$185,304.50	\$6,207.00
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06/22/15	T	Buy	\$35.10	1350	\$47,385.00		\$394,269.50	
06/23/15	AAPL	Buy	\$127.06	800	\$101,648.00		\$292,621.50	
06/24/15	AMZN	Sell	\$444.74	150	\$66,711.00	\$1,408.50	\$359,332.50	\$8,365.50
06/24/15	AAPL	Sell	\$129.02	800	\$103,216.00	\$1,568.00	\$462,548.50	\$9,933.50
06/26/15	XOM	Buy	\$83.60	2200	\$183,920.00		\$278,628.50	
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06/29/15	AAPL	Sell	\$125.88	1400	\$176,232.00	\$1,008.00	\$190,354.50	\$8,925.50
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06/30/15	AAPL	Buy	\$125.52	800	\$100,416.00		\$408,895.00	
07/01/15	AAPL	Sell	\$126.72	800	\$101,376.00	\$960.00	\$510,271.00	\$10,271.00
07/01/15	XOM	Buy	\$82.27	1900	\$156,313.00		\$353,958.00	
07/02/15	AMZN	Buy	\$433.85	100	\$43,385.00		\$310,573.00	
07/06/15	XOM	Sell	\$83.03	1900	\$157,757.00	\$1,444.00		\$11,715.00
07/06/15	AMZN	Sell	\$435.80	100	\$43,580.00	\$195.00		\$11,910.00

**Table 4.5.1: The transactions of the fifth week of simulation**

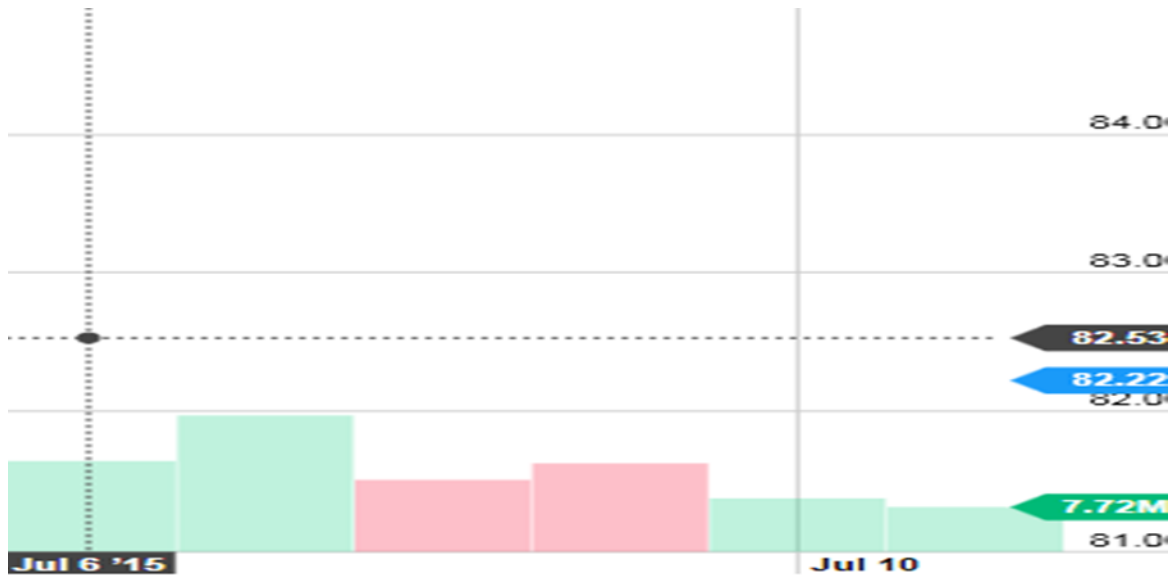
## **ExxonMobil Co. (NYSE:XOM)**

As the market started on Monday, ExxonMobil stock was lower by 0.75% to \$83.03 in afternoon trading Monday, as WTI crude futures settled in the red amid the stronger dollar. A strengthening dollar often pressures commodities as it makes fuel more expensive for holders of other currencies. At last check, WTI crude for August delivery was trading down 7.71% to \$52.54 as of 2:51 p.m. ET today, while Brent crude is also down 6.28% to \$56.53 a barrel. As a result, the decision of selling all the ExxonMobil shares that I had was taken and profits of a total of \$ 1444.00 was gained.

On Tuesday, the stock price went down sharply from \$ 82.51 to \$ 81.63. However, after the deal agreement between Egypt and Russia's top oil producer Rosneft, the price went up again to reach \$83.10 by the end of the day. The agreement is two signed initial deals for the supply of petroleum products and liquefied natural gas to Cairo. The deals will allow Rosneft to access the high growth potential Egyptian gas market and deepen broader cooperation between the two companies. Rosneft does not produce its own LNG yet but plans to launch production jointly with ExxonMobil after 2018.

On Wednesday, The U.S. Energy Information Administration (EIA) released its weekly petroleum status report which reported that commercial crude inventories increased by 400,000 barrels last week, maintaining a total U.S. commercial crude inventory of 465.8 million barrels. This report made the price to go down again to reach \$81.92 by the end of the day. After that the price of the stock stayed between \$82.25 and \$82.35 for the rest of the week without any big change. Figure 4.5.1, illustrates the stock price performance for this week.



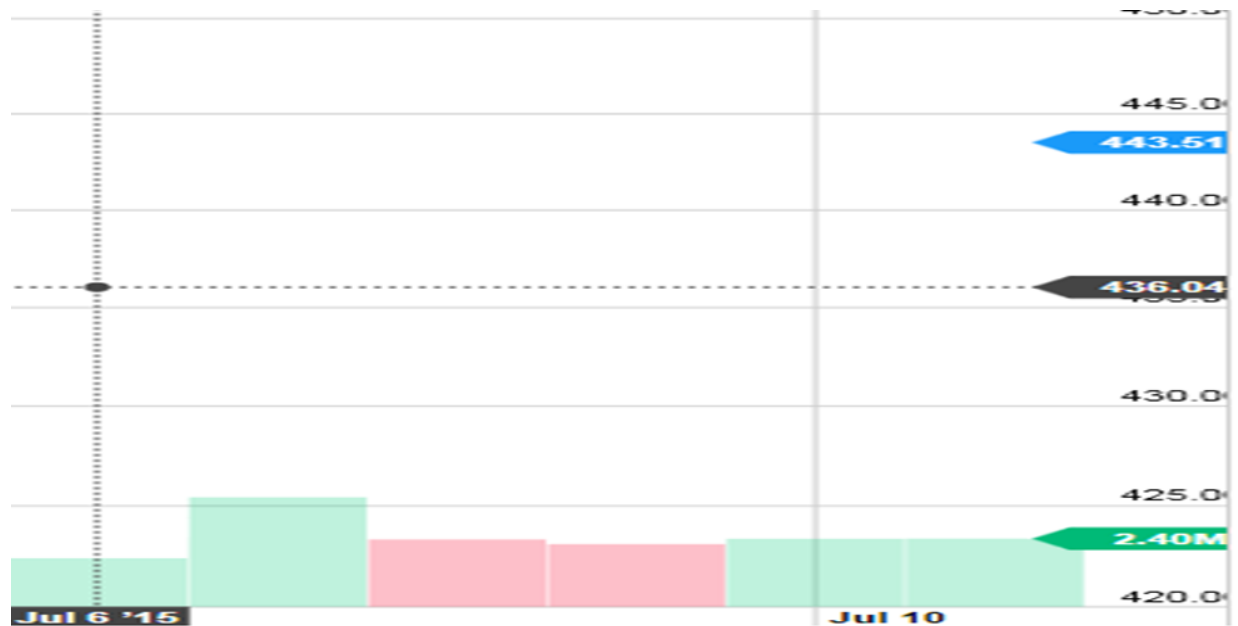


**Figure 4.5.1 Apple Stock Performance- Week 5**

### **Amazon.com Inc. (NASDAQ:AMZN)**

As the market opened on Monday, Amazon stock went lower by 0.44% to \$435.78 in early market trading. As the price was going down and was the last week of simulation, the decision to sell the 100 Amazon shares that I had was taken and profits of a total of \$195.00 was gained.

On Tuesday, the stock went more down to reach \$428.47. The price of the stock stayed under \$ 429.50 till Thursday before it went up again and closed at \$443.18 on Friday. I believe I made a mistake in the decision of sell; I believe I was little rushed; if I waited till Friday, I might gain more profits; however, since the week was so critical, I did not want to take the risk, especially during the last week of simulation. Figure 4.5.2, illustrates the stock price performance for this week.



**Figure 4.5.2 Amazon Stock Performance- Week 5**

### **Fifth Week Conclusion**

The Greece's debit crisis is still going on. However, at the end of the week, the stocks rallied on news that Greece had submitted a list of new reform proposals that contained significant concessions to its creditors. The reform plan, which European officials will assess over the weekend, will likely determine if Greece will stay in the Eurozone. As a result, some of the stocks went up in the end of the week due to the potential agreement between the Greece and Euro union.

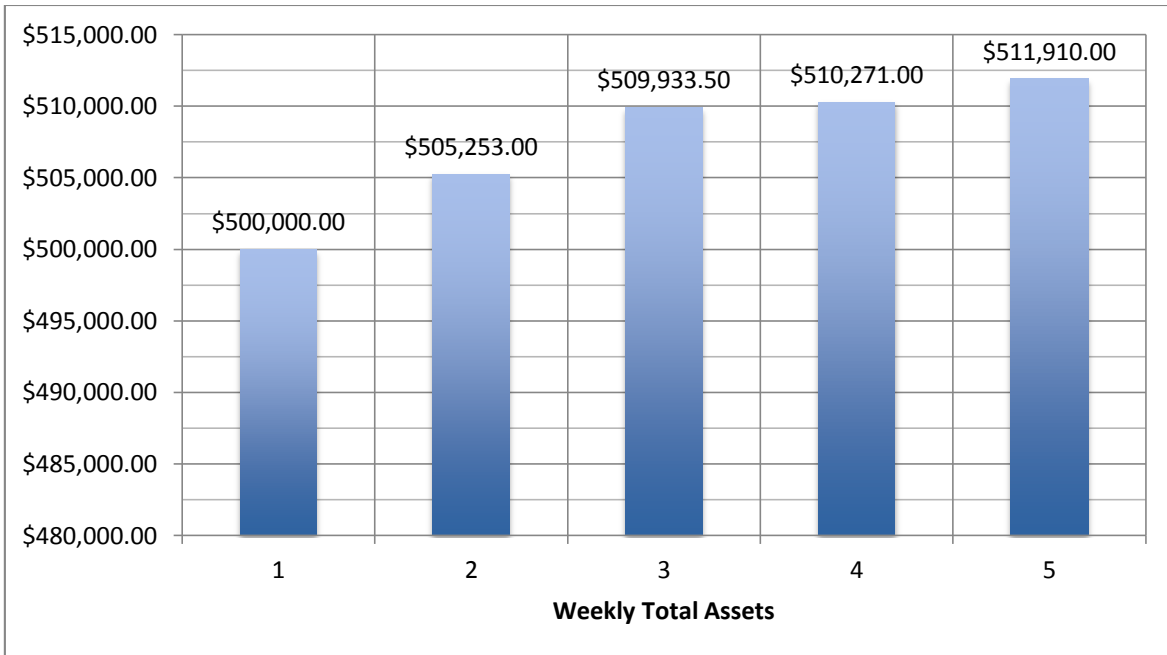
During this five week simulation, I made a good transactions which made me gain profits of total of \$ 11,910. I might gain more profits but I decide to not make many transactions during the last week.

## 5. Results

The News Based Trading method was an effective and a profitable strategy in this five weeks long simulation. The total profits that were gained in this simulation period is a total of \$11,910.00 with a total percent change of +2.38%. Most of the profits generated from three companies ExxonMobil, Amazon and Apple. On the other hand, the total amount of loss is \$1986.00 and most of the transactions that generated losses were because of the Greece crisis and the Chinese stock diving during the last two weeks. However, the profits were be able to gain throughout all five weeks of the simulations in general.

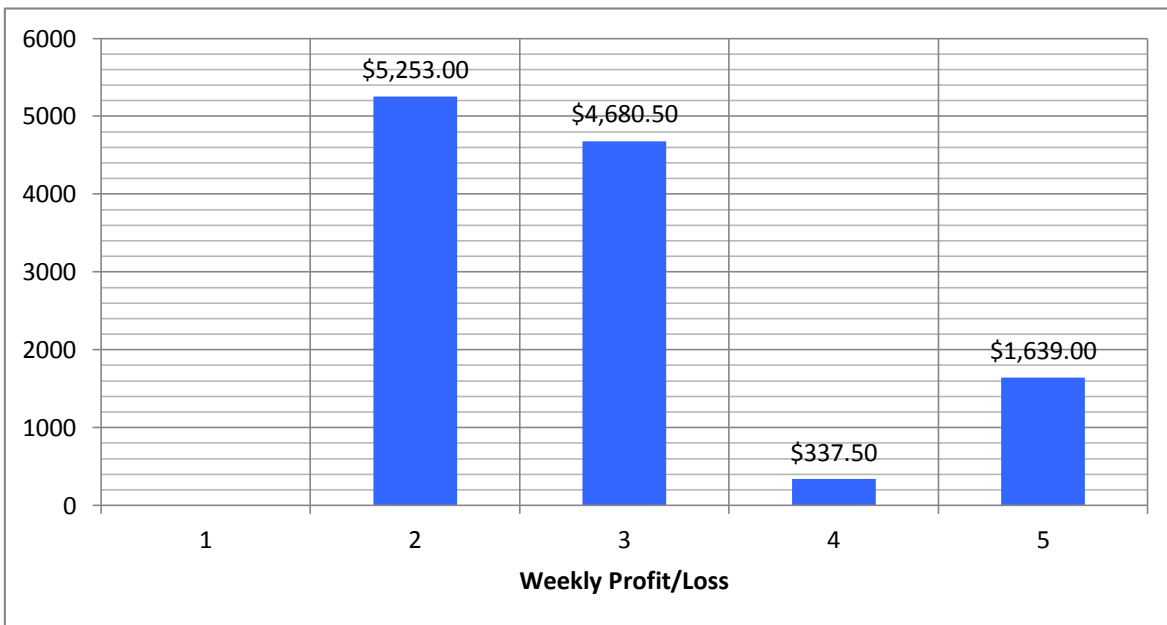
To evaluate the News Based Trading strategy, the total assets change, the weekly cash profits and the weekly percent change were used. The total assets change was calculated based on the total value of the News Based Trading portfolio at the end of the each simulation week; this include all the cash that was owned at the end of the week as well as the stocks that were owned too. The weekly cash profit was calculated as all the extra money that was gained and exceeded the \$500,000 of each week. The weekly percent change is the amount of the weekly cash profit divided by the amount of the invested money.

Figure 5.1 shows the total assets I obtained through out the simulation.



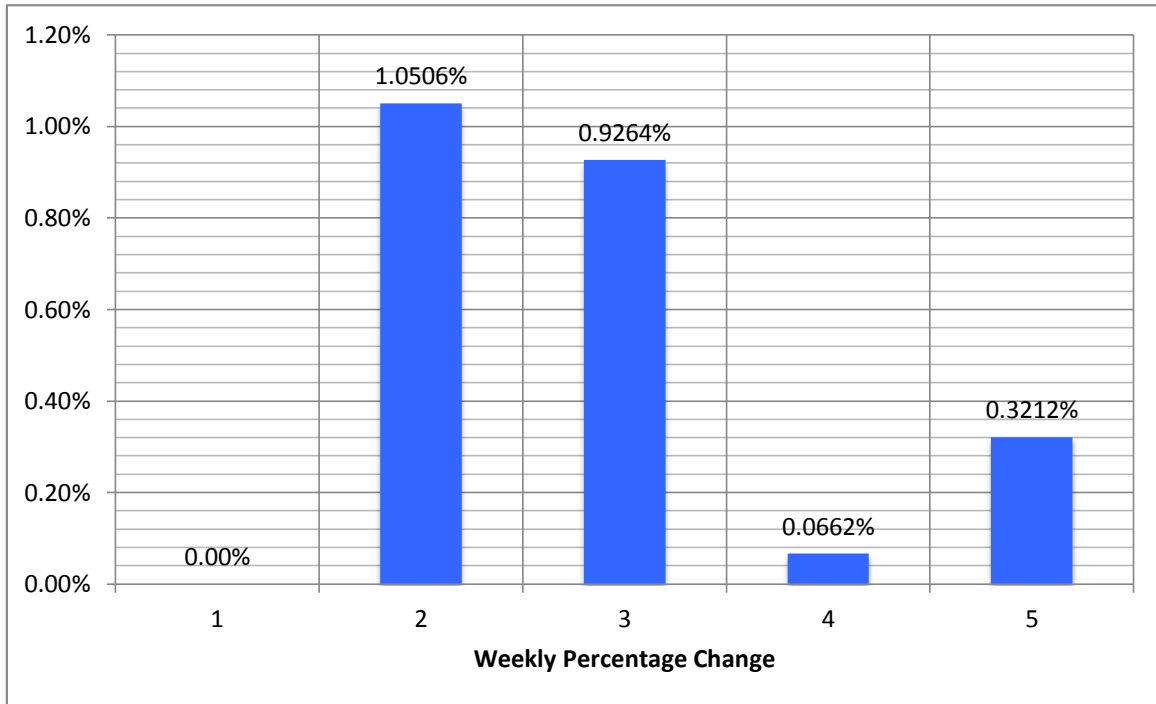
**Figure 5.1: Weekly Total Assets**

Figure 5.2 shows my weekly profit/loss throughout the simulation.



**Figure 5.2: Weekly Profit/Loss**

Figure 5.3 shows my weekly percent change throughout the simulation. It can be seen that the first week had the largest amount of profits.



**Figure 5.3: Weekly Percentage Change**

### **Method Analysis:**

The main target of using News-Based trading strategy was to follow the news of the selected companies and find a piece of news that would trigger a stock. The first week was only to see how the market is doing and to select and invest in the five companies that their news would be followed.

By the second week, three major companies Apple, ExxonMobil and Amazon made the profits to be gained; when the other two companies Microsoft and AT&T gave a low profit. Apple announced the new iOS 9. The stock was bought for an average \$126.50. That piece of news was

positive sign whereas the stock went up by 1.008 % by the end of the week closing at \$127.59. ExxonMobil was another stock bought in first week which caused a large profit too. The stock went up from \$83.90 to \$85.55 in one week. The main analysis is because of the meeting between Saudi Arabia and Russia when both agreed to reduce the output of Saudi Arabia oil. Amazon did very well in the first week too. The stock went up from \$429.80 to \$438.12. The main analysis is because of agreement with the Web retailer.

By the third week, the whole market performed well in general and that was because of the optimism about the Greece crisis. As a result, Apple stock went up to \$127.89, ExxonMobil went up to \$85.45, especially after the Groningen gas field output reduction, and Amazon went up to \$444.74 when a good part of profit was gained as a total of \$1,408.50.

Both the fourth and the fifth week were negative when the market did perform badly because of the Greece crisis and Chinese stock diving; a measure of market volatility saw its biggest increase in two years. During these two weeks, some loss was gained; However, a very good transactions were made, in which they turned loses to profits, especially when AT&T stocks were sold for \$36.11 with an approx. 0.5 percent increase. In general, profits of a total of \$ 11,910 were gained during these five weeks simulation.

## 6. Conclusion

After investigating News Based trading strategy throughout a five-week simulation in the U.S stock market, the conclusion that can be drawn is that the News Based trading strategy works best as long as the traded company making a progress and having something new either to offer or to serve. Throughout this simulation, it was able to obtain the skills that could make a successful investment.

The News Based trading strategy helped the writer to determine the important factors that could effect on the investments, such as the importance of the news that released, the reflective time period of the piece of the news and the approximately time to either buy or sell. Throughout this strategy, it was also learned that sometime news can be very tricky; thus, profits would not be gathered as quickly as it is expected. It was also noticed that the news of the target company is not enough since the financial global news can still effect on the market as it was noticed from the last two weeks when the Greece crisis and the Chinese stocks diving happened. Finally, a main concept that can be learned of News-Based trading is that turning a large amount of profit can be gained by obtaining frequent small profits.

In a conclusion, News Based trading strategy was profitable in this simulation even though the profits did not exceed 10 -15% which was the goal of achieving, where only 2.38% profits were gained. However, the goal of learning about the stock market was achieved. Now after the simulation is done, more knowledge about the investing culture and more skills about how to be a successful investor in stock market were gained. The knowledge that was gained, started to grow up as soon as the research on stock markets and how they function was done. Then, the five weeks of simulation were handy to gain the skills and at the same time were a very good opportunity to

experience the stock market life. The way that was been traded in the first week was totally different than the one of the last week because the experience that was gained since the first week enabled the writer to be more mature in his trading strategy.



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