

ARIZONA STOCK MARKET SIMULATION™ AND ARIZONA ECONOMICS STANDARDS

Essentials (Grades 4-5)

SS4 E2 Describe the functions of the major institutions in the United States economy, with emphasis on

PO1 the private business function in producing goods and services

In the Stock Market Simulation, students learn about corporations, the most important form of business organization.

SS4 E3 Describe how consumers and businesses interact in the United States economy, with emphasis on

PO1 how competition, markets, and prices influence people's behavior

The Stock Market Simulation shows how markets allocate resources; the securities markets move resources from savers and investors to businesses in a voluntary exchange. A stock market transaction involves a buyer and a seller; both expect to gain, and both often do gain. It is possible for every portfolio to show a gain. Investing is not gambling, which is a zero-sum game. Price is the signal that determines which stocks will be bought and sold.

PO2 how people earn income by selling their labor to businesses

In studying corporations, students learn how people invest in themselves, which is similar to investing in stocks, to obtain the knowledge and skills that businesses want and to obtain future results.

PO3 how entrepreneurs take risks to develop new goods and services to start a business

Entrepreneurs need securities markets to finance new risks. They often rely on initial public offerings (IPO's) to provide start-up capital. Like entrepreneurs, students participating in the Stock Market Simulation take risks with their hypothetical stocks and mutual funds.

Arizona Stock Market Simulation™ and Arizona Economics Standards

Essentials (Grades 6-8)

SS4 E4 Apply the economic concepts of scarcity and choice, with emphasis on

PO1 how limited resources and unlimited human wants cause people to choose some things and give up others

Students participating in the Stock Market Simulation have a limited amount of resources to use to build their portfolios. They must choose some stocks and mutual funds and give up others.

PO2 scarcity, opportunity costs, and trade-offs and how these concepts influence decision-making

The SMS teaches scarcity, opportunity costs, and tradeoffs. Any investment requires giving up consumption. Choosing one stock means forgoing another stock. Choosing a stock involves trade-offs among liquidity, yield, and safety. The Stock Market Simulation's emphasis is on decision-making, and the goal is profit maximization. Buying or selling a stock involves cost-benefit analysis.

PO3 how governments and businesses experience scarcity and must make choices

In the Stock Market Simulation, students can also learn that governments and businesses, just like investors, must make choices because of their scarce resources.

PO4 how scarcity influences personal financial choices, including budgeting, saving, investing, and credit

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SS4 E5 Describe the economic benefits of specialization and exchange, with emphasis on

PO1 why specialization improves standards of living

The Stock Market Simulation show how specialized markets are and how securities markets bring together buyers and sellers for the benefit of both.

Arizona Stock Market Simulation™ and Arizona Economics Standards

Essentials (Grades 6-8)

PO2 how money, as opposed to barter, facilitates trading, borrowing, saving, investing, and the ability to compare the value of goods and services

The Stock Market Simulation, which uses money as the unit of account, shows how money is moved from personal and business saving to investment. Without money, saving and investing would be difficult.

SS4 E6 Describe how people respond to positive and negative incentives, with emphasis on

PO1 how profits provide incentives to sellers

The Stock Market Simulation is based on incentives. Portfolio gain and awards are the incentives to research companies, make sound investment choices, and learn more economics.

PO2 how market prices provide incentives to buyers and sellers

Buyers and sellers respond to the prices of stocks. Price is the signal which determines which stocks will be bought and sold. Both expect to gain, and both often do gain. Investing is not gambling, which is a zero-sum game.

PO3 how protection of private property rights provides incentives to conserve and improve property

Property rights are stressed in the Stock Market Simulation because students own hypothetical shares of securities, which represent ownership in a corporation.

SS4 E7 Describe the operation of a market economy, with emphasis on

PO1 Adam Smith's ideas of a market economy, including private property, freedom of enterprise, competition, consumer choice, and the limited role of government

The Stock Market Simulation is a motivating approach to learning about the market economy. It provides an opportunity for students to learn the principles behind the market economy and how it works. In addition, the Stock Market Simulation helps students learn about corporations, the most important form of business organization.

Arizona Stock Market Simulation™ and Arizona Economics Standards

Essentials (Grades 6-8)

PO2 how the interaction between buyers and sellers determines market prices

The SMS shows how markets allocate resources. The securities markets move resources from savers and investors to businesses in a voluntary exchange. The price of a security is determined by supply and demand. Price is the signal that determines which stocks will be bought and sold, and stock prices adjust because of the factors that affect the supply of and demand for a stock. Students should analyze how events affect the supply of and demand for securities. Relative prices of stocks of different investments determine how scarce financial resources will be allocated among those investments.

PO3 how competition among sellers lowers costs and prices and encourages producers to produce what consumers are willing and able to buy

The price of a security depends on the performance of the corporation in a competitive environment. The students may also learn about competition in the securities industry itself--among brokerage firms, financial advisors, and the exchanges.

PO4 how competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the sellers' price

The price of a security depends on the performance of the corporation in a competitive environment. The students may also learn about competition in the securities industry itself--among brokerage firms, financial advisors, and the exchanges.

PO5 why voluntary exchange benefits buyers and sellers

The securities markets move resources from savers and investors to businesses in a voluntary exchange. Both the buyer and seller in a stock market transaction expect to gain, and often both do gain.

PO6 the functions and relationships among various institutions that make up the economic system, including business firms, banks, government agencies, labor unions, and corporations

The students learn about corporations, the most important form of business organization. The Stock Market Simulation also allows discussion of the costs and benefits of government regulation of the securities market.

Arizona Stock Market Simulation™ and Arizona Economics Standards

Essentials (Grades 6-8)

SS4 E8 Describe the factors that cause economic growth, with emphasis on

PO1 investment in human capital, including the health, education, and training of people

The Stock Market Simulation can illustrate how investing in stocks is similar to investing in oneself. Investment in human capital results in future returns. In addition, the Stock Market Simulation shows how productivity increases returns and living standards if the amount of goods and services produced per worker increases.

PO2 investment in real capital, including factories, machinery, and new technology

The Stock Market Simulation shows how productivity increases returns and living standards if the amount of goods and services produced per worker increases. Companies must invest more in expanding existing plants and building new plants and in buying more equipment and technology.

PO3 the role of entrepreneurs in the free enterprise system who take the risks of organizing productive resources

In the Stock Market Simulation, students can learn about entrepreneurs who take the risks of organizing resources to make goods and services. The Stock Market Simulation teaches the relationship among saving, investing, and economic growth. Securities markets move savings to new and expanding businesses.

ARIZONA STOCK MARKET SIMULATION™ AND ARIZONA ECONOMICS STANDARDS

Arizona Stock Market Simulation™ and Arizona Economics Standards

Proficiency (Grades 9-12)

SS4 P1 Analyze the implications of the economic problem of scarcity, with emphasis on

PO1 how limited resources and unlimited human wants cause individuals, governments, and nations to choose some things and give up others

Students participating in the Stock Market Simulation have a limited amount of resources to use to build their portfolios. They must choose some stocks and mutual funds and give up others.

PO2 the factors of production--land, labor, capital, and entrepreneurship--and how they are used in production

In researching companies, students learn about how the factors of production are used to produce goods and services from pencils to automobiles to haircuts.

PO3 how producers, consumers, savers, and investors make decisions by analyzing anticipated marginal benefits and costs that usually involve trade-offs (marginal analysis)

Buying or selling a stock in the Stock Market Simulation involves cost-benefit analysis. Choosing one stock means forgoing another. Choosing a stock involves trade-offs among liquidity, yield, and safety. The Stock Market Simulation's emphasis is on decision-making, and the goal is profit maximization.

SS4 P2 Use economic concepts, theories, principles, and quantitative methods to analyze current events, with emphasis on

PO1 using tables, graphs, equations, diagrams, and charts to interpret economic information, including the inflation rate, unemployment rate, and economic growth rate

Students participating in the Stock Market Simulation must pay close attention to the inflation rate, unemployment rate, and interest rates when making investment decisions. When considering which stocks to buy and sell, students must consider the current state of the business cycle and its effects on stocks.

PO3 evaluating the economic implications of current events as found in such sources as magazine articles, newspaper articles, radio and television reports, editorials, and Internet sites

Students participating in the Stock Market Simulation use newspaper and magazine articles, radio and TV news reports, editorials, and Internet sites to research the state of the economy and individual companies. When considering which stocks to buy and sell, students must consider the current state of the business cycle and its effects on stocks.

SS4 P3 Describe how households and firms are interdependent and how their relationship is affected by trade, exchange, money, and banking, with emphasis on

PO1 why voluntary exchange occurs only when all participating parties expect to gain from the exchange

A stock market transaction involves a buyer and a seller; both expect to gain, and both often do gain. It is possible for every portfolio to show a gain. Investing is not gambling, which is a zero-sum game. Price is the signal that determines which stocks will be bought and sold. The securities markets move resources from savers and investors to businesses in a voluntary exchange.

PO2 the role and interdependence of households, firms, and government in the circular flow model of economic activity

The securities market moves resources from savers to business investment in a voluntary exchange. Students learn how securities markets bring investors and sellers together.

PO3 the role of entrepreneurs in a market economy and how profit is an incentive that leads entrepreneurs to accept the risks of business failure

Entrepreneurs take the risks of organizing productive resources to make goods and services. Profit is their incentive. Students learn how capital markets finance new risks. Entrepreneurs often rely on initial public offerings (IPO's) to provide start-up capital. The Stock Market Simulation also teaches risk and reward.

PO4 the role of financial institutions and securities markets

The securities markets move resources from savers and investors to businesses in a voluntary exchange. The Stock Market Simulation allows discussion on the role of the securities markets and on the costs and benefits of government regulation of these markets.

SS4 P5 Describe the basic principles of microeconomics, with emphasis on

PO1 supply, demand, and their determinants

Students participating in the Stock Market Simulation will be regularly checking the price of the stocks they have invested in. As these prices are likely to change over the course of the simulation, students will be trying to determine what has affected these price changes and more importantly, how their team should react to these changes.

PO2 how a market price is determined

Students participating in the Stock Market Simulation will be regularly checking the price of the stocks they have invested in. By following and analyzing the behavior of buyers and sellers in the stock market, they will be able to make more informed choices as a team.

SS4 P9 Apply an understanding of economics to personal financial choices, with emphasis on

PO3 short- and long-term financial goals and plans, including income, spending, and saving

Students participating in the Stock Market Simulation are not limited to a study of stocks for hypothetical trades. An important benefit is that they can learn about investing for real life. The excitement of the competition is an incentive for students to begin a lifelong study of companies, stocks, and the economy. They learn about different saving and investing plans for short- and long-term goals.

PO5 the risk, return, and liquidity of short- and long-term saving and investment strategies

Students participating in the Stock Market Simulation are not limited to a study of stocks for hypothetical trades. An important benefit is that they can learn about investing for real life. The excitement of the competition is an incentive for students to begin a lifelong study of companies, stocks, and the economy. They learn how different investment strategies require different investments.

PO6 investment options, including stocks, bonds, and mutual funds available to individuals and households

Students participating in the Stock Market Simulation are not limited to a study of stocks for hypothetical trades. An important benefit is that they can learn about investing for real life. The excitement of the competition is an incentive for students to begin a lifelong study of companies, stocks, and the economy. They research stocks and mutual funds for their Stock Market Simulation portfolios.