LESSON PLAN

Trends in the Stock Market

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INCLUDED IN THIS PACKAGE

- **LESSON PLAN** *(2 pages)*
- **ACTIVITY** *(2 pages)*
- **QUIZ** *(1 page)*
- **ACTIVITY ANSWER KEY** *(4 pages)*
- **QUIZ ANSWER KEY** *(1 page)*

COLLECT FROM YOUR LIBRARY

- **VIDEO 27** *(Trends in the Stock Market)*
- **PRESENTATION 27** *(Trends in the Stock Market)*
- **HANDOUT 27** *(Trends in the Stock Market)*

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LESSON PLAN

Trends in the Stock Market

GRADES
9 to 12

TIME
45 minutes

OVERVIEW

What causes stock markets to rise and fall? This lesson introduces bull and bear markets, and explores how investor reactions influence market trends. Students will examine how optimism and fear affect financial decisions, and then participate in a simple simulation game to see how their choices can shape the direction of the market.

GOALS

- Help students understand how stock market trends are identified
- Encourage students to think critically about emotional decision-making in investing

OBJECTIVES

- Define bull and bear markets and describe how they differ
- Explain how investor reactions and behavior influence overall market trends

ASSESSMENT

Use the activity in this lesson plan to assess students' grasp of the topic. An optional quiz is also provided (the quiz is not factored into the lesson's 45-minute runtime).

Did you know? *This lesson plan explores concepts from Standard 4 (Investing) from the* ***Council for Economic Education's National Standards for Personal Financial Education.***

MATERIALS

- ☐ **VIDEO 27**—*Trends in the Stock Market*
- ☐ **HANDOUT 27**—*Trends in the Stock Market*
- ☐ **PRESENTATION 27**—*Trends in the Stock Market*
- ☐ **ACTIVITY**—*Trend Simulation and Answer Key*
- ☐ **QUIZ**—*Trends in the Stock Market and Answer Key*

PREPARATION

- *Gather digital materials (video and presentation)*
- *Prepare the* **ACTIVITY:** *Decide whether students will play independently or in small groups. Print one worksheet for each student or group. Print enough copies of the Investor Personas to distribute one card to each student or group. Prepare the stock price table and line graph for display. Review the Answer Key and print a copy for reference.*
- *Print* **HANDOUT 27** *for each student*
- *(Optional) Print* **QUIZ** *(Trends in the Stock Market) for each student*

LESSON PLAN

Trends in the Stock Market

TIMELINE

5 minutes	Introduce topic and show **VIDEO 27** *(Trends in the Stock Market)*
15 minutes	Go over **PRESENTATION 27**
20 minutes	Facilitate the **ACTIVITY**
5 minutes	Wrap up and distribute **HANDOUT 27**
(Optional)	Assessment: **QUIZ** *(Trends in the Stock Market)*

INSTRUCTIONS

1. Introduce the topic by asking:
   - What do you think causes the stock market to go up or down?
   - Do you think emotions play a role in investing decisions? Why or why not?

   Explain that today's focus will be on market trends and investor behavior.
2. Show **VIDEO 27**
3. Go over **PRESENTATION 27**
   - For the "Playing the Market" section, students only need a basic awareness of these strategies
4. Facilitate the **ACTIVITY**
   - Explain that students will act as investors responding to breaking news
   - Divide students into small groups or have them play individually
   - Distribute one Investor Persona card and one worksheet to each student orgroup
   - Start a round by reading the Headline and News Flash
   - Students decide whether to Buy, Sell or Hold and then they record their decision
   - Tally the class responses to determine the majority decision
   - Update the stock price and plot the change on the graph (see Answer Key)
   - Repeat the process for each round
   - After the final round, review the completed graph and use the discussion questions to explore what influenced students' decisions
5. Wrap up by sharing the following:
   - Investor reactions can influence market trends, especially when many people respond in similar ways
   - Identifying trends is easier in hindsight than in real time
   - All investments carry risk
6. Distribute **HANDOUT 27** for students to take home
7. (Optional) Distribute **QUIZ** for individual assessment, or answer the questions together as a class; decide whether or not students can reference their notes/handouts during the quiz

NOTES

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ACTIVITY

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TREND SIMULATION – INVESTOR PERSONAS

Directions: Cut out the cards and give one to each student or group. Students should read their Investor Persona and use its strategy when deciding whether to Buy, Sell or Hold.

CONSERVATIVE INVESTOR

You prioritize stability and protecting your investment.

You feel uncomfortable during sharp market swings and uncertainty.

Make decisions that reduce risk and avoid potential losses.

AGGRESSIVE INVESTOR

You seek strong growth and are comfortable with risk.

You are willing to tolerate volatility if it means higher potential returns.

Make decisions that aim for maximum growth.

LONG-TERM INVESTOR

You focus on long-term trends, rather than short-term headlines.

You believe markets recover over time and you try not to overreact.

Make decisions based on the bigger picture.

TREND FOLLOWER

You try to predict what most investors will do.

If you expect others to buy, you buy.
If you expect others to sell, you sell.

Make decisions by anticipating the crowd.

INDEPENDENT INVESTOR

You are not assigned a specific strategy.

You rely on your own judgment, rather than following a defined role.

Make decisions you believe are the most reasonable.

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ACTIVITY

Trends in the Stock Market

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TREND SIMULATION – WORKSHEET

Directions: During the simulation, respond to each news flash by deciding whether to Buy, Sell or Hold your shares. Record your group's decision and the market result each round.

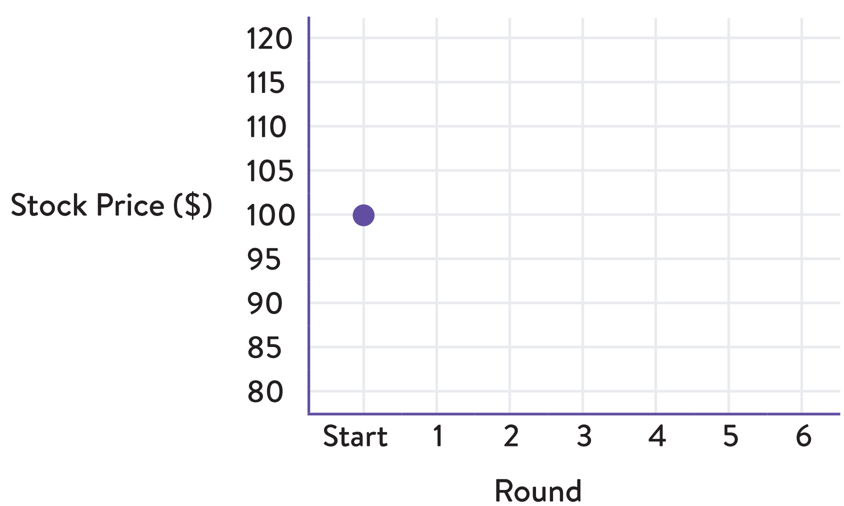
MARKET TRACKER

Each round, write the headline, record your decision and update the stock price based on the class result.

Round	Headline	Decision (Buy, Sell or Hold)	Market Result (Majority Decision)	Stock Price
Start	–	–	–	$100
1				
2				
3				
4				
5				
6				

MARKET TREND SKETCH

After each round, plot the new stock price on the graph and connect the points.



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QUIZ
Trends in the Stock Market

NAME: ______________________

TOTAL
/ 7 pts

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer for each question.

1. A bull market is best described as:
   a. A time when prices are rising and investors expect growth to continue
   b. A time when prices are falling quickly
   c. A short-term increase in one company's stock
   d. A market where prices never go down

2. Which of the following best describes "herd behavior" in investing?
   a. Investors choosing investments that match their long-term goals
   b. Investors making decisions based on company performance
   c. Investors making decisions based mainly on what others are doing
   d. Investors making decisions that focus on managing risk

3. A bear market usually happens when:
   a. One major company reports weak earnings
   b. Prices are rising but investors are cautious
   c. Prices are falling and investor confidence is low
   d. The economy is growing steadily

4. Why can strong investor fear cause the market to drop?
   a. Fear guarantees that companies are losing money
   b. Fear causes many investors to sell at the same time
   c. Fear lowers the value of every stock
   d. Fear makes investors stop trading completely

/4 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5.	TRUE or FALSE	Market trends can only be identified with certainty after they have already occurred.
7.	TRUE or FALSE	Investor optimism can contribute to rising stock prices.
8.	TRUE or FALSE	There is no such thing as a completely risk-free investment.

/3 pts

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ACTIVITY ANSWER KEY

Trends in the Stock Market

TREND SIMULATION

Directions: Use the following guide to facilitate the Trend Simulation activity. Students will respond to market news and decide whether to Buy, Hold or Sell shares in a simplified stock market simulation.

SETUP

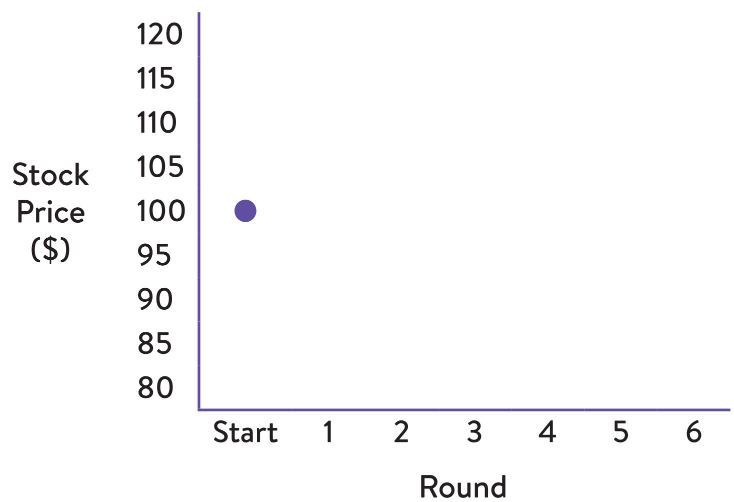
Students may play individually or in small groups of 2–3 players.

Each student or group will need:

- One Investor Persona card (Activity page 1)
- One Worksheet (Activity page 2)

Before the activity begins, draw or project a table and a simple line graph on the board to track the stock price during the simulation.

Round	Headline	Stock Price
Start	-	$100
1		
2		
3		
4		
5		
6		



INTRODUCTION

Introduce the activity with a short explanation:

"In this activity, you'll take on the role of an investor responding to breaking market news. Each of you will receive an investor persona that represents a different investing strategy.

In each round, after you hear the headline and news flash, you will decide whether to Buy, Sell or Hold your shares. As a class, your decisions will influence the stock price and, over time, create a market trend.

At the end of the simulation, we'll review the market trends the class created and discuss what influenced the results."

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ACTIVITY ANSWER KEY

Trends in the Stock Market

TREND SIMULATION

HOW TO PLAY

The simulation runs in rounds. For every round:

1. **Read the News Flash**

   Read the News Flash for the round and write its Headline on the board. Ask students to think about how investors might react to this information.

2. **Students Decide**

   Each student or group chooses one action and records their decision on their worksheet:

   - **Buy:** Purchase shares because they expect prices to rise in the next round.
   - **Sell:** Sell shares because they expect prices to fall in the next round.
   - **Hold:** Do nothing and wait.

3. **Class Vote**

   Ask students to raise their hands for each option (Buy, Hold and Sell). Record the majority decision.

4. **Determine the Market Change**

   Determine how the stock price changes based on the majority decision:

   - **Majority Buy:** Stock price +$5
   - **Majority Sell:** Stock price -$5
   - **Hold or Tie:** No change

5. **Record the Result**

   Update the board with the new stock price and plot the change on the graph. Students also record the result on their worksheet. Then proceed to the next round.

GAME END

Continue until all rounds are complete. After the final round, use the discussion questions to review the market trends created during the simulation and discuss what influenced the results.

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ACTIVITY ANSWER KEY

Trends in the Stock Market

TREND SIMULATION

ROUND	HEADLINE	NEWS FLASH	NOTES
1	Strong Economic Reports Boost Confidence	New economic reports show unemployment has declined and consumer spending has increased. Several large companies also report stronger-than-expected quarterly earnings.	Early optimism often leads to more Buy decisions, pushing the price upward.
2	Breakthrough in Artificial Intelligence Sparks Excitement	A major breakthrough in artificial intelligence is announced. Investors believe it could reshape several industries, although most companies have not yet reported increased profits.	Speculation about the future may encourage additional buying, even without clear evidence of profits.
3	"Buy Now" Messages Spread Across Social Media	Stock prices have been rising quickly for several weeks. Social media platforms are filled with posts encouraging people to "buy now before prices go even higher."	Momentum and hype may encourage herd behavior. Pause after this round and ask: What pattern is forming? Are many people making the same decision?
4	Central Bank Raises Interest Rates	The central bank announces an unexpected increase in interest rates to control inflation. Analysts warn that borrowing costs for businesses and consumers will likely rise.	Unexpected policy changes may introduce uncertainty, leading some investors to Sell or Hold.
5	Market Drop Amid Interest Rate Fears	Markets fall sharply in a single day following interest rate concerns. Headlines describe the drop as a "market slump" and warn of possible instability ahead.	Negative headlines may amplify fear, leading to more Sell decisions.
6	Experts Point to Possible Recovery	Economic experts note that similar downturns in the past were followed by periods of recovery. Some investors suggest the recent dip may present buying opportunities.	A long-term perspective may encourage some investors to see the recent drop as a buying opportunity.

ACTIVITY ANSWER KEY

Trends in the Stock Market

TREND SIMULATION

POST-GAME DISCUSSION

Use these questions to guide discussion after the activity. Select the ones that best fit your class and available time. Remind students that the simulation was a heavily simplified model of how real markets work.

Trend Analysis

- Looking at the graph, would you describe our market as a bull market, bear market or sideways (neutral) market?
- Where did the largest price swing occur?
- Did anyone buy or sell before a major drop or rise?

Behavior

- When most people chose the same action, what happened to the stock price?
- Did it ever feel safer to follow the crowd?
- Did the market move more because of the news itself or because of how we reacted to it?

Persona Reflection

- **Trend Followers:** How often did your choice match what most of the class decided?
- **Independent Investors:** Did you ever feel tempted to follow the crowd?
- **Long-Term Investors:** Did any of the headlines seem dramatic but not important to your long-term view of the market?
- **Aggressive Investors:** Did any rounds feel like high-risk opportunities you wanted to take?
- **Conservative Investors:** Did the market swings make you want to sell to avoid risk, or wait for stability?

Application to Real Markets

- How can herd behavior create a bull market?
- How can panic selling create a bear market?
- Can the market rise even if companies themselves haven't improved?
- How might social media amplify market trends?
- Can you think of a real-world event where investor reaction moved prices?

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QUIZ ANSWER KEY

Trends in the Stock Market

MULTIPLE CHOICE

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/4 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or FALSE Market trends can only be identified with certainty after they have already occurred.

7. TRUE or FALSE Investor optimism can contribute to rising stock prices.

8. TRUE or FALSE There is no such thing as a completely risk-free investment.

/3 pts