

Conceptual Task: Making Money Move

Exploration Questions Sample Responses

- a. What do you notice about the graph? What information does it contain?

The graph is a line graph of market data for two different companies whose tickers are BLU and EXN. The data is the closing price for each company over the past 45 days. BLU has an initial price of \$27 and final price of just over \$28, but there is quite a bit of variation in the price over the 45 days. EXN's initial price is about \$20, and its final price is about \$22.75. EXN increases with a little bit of variation over the 45 days.

- b. How does the data from the two companies compare?

BLU has a greater closing price for all days during the time period. The closing price of BLU has a lot more variation than EXN. BLU changes by \$3 or \$4 in a few days several times. EXN's closing price varies by less than \$1 typically. EXN has a more observable increase in closing price over the time period when compared to BLU.

- c. What questions might you ask your friend about their investment plans before giving them advice?

How much money are they planning on investing? What is the desired length of their investment? How well do they know these companies and this sector? What is their appetite for risk?

- d. What other data or information about the companies would you want to see before investing in either?

A larger data set with OHLC data would be helpful, especially over a longer time frame. It would also be helpful to compare the companies on CAGR and P/E as well. Comparing more companies in the same sector as well as competitors of BLU and EXN would be useful too.

- e. What information about the sector these companies fall under would be helpful in advising your friend?

Answers may vary. Sample answers: Is the sector growing? How much money has the sector generated in the past and currently? What are industry experts and investment experts saying about this sector? Is there any policy or legislation being considered that will significantly impact this sector?

- f. Which company would you recommend your friend invest in—BLU, EXN, or neither? Explain your answer.

Students could argue for either, both, or neither company. Without more historical data and metrics like CAGR and P/E, it is difficult to say whether either company is worth investing in. Based on the data given, BLU does appear to be more volatile, which could yield better short-term gains if that is the goal. EXN has a steadier pattern of increasing price and could be a better decision for a long investment.