

Economics 98 / 198
Introductions to Stocks (Fall 2007)
Final Stock Analysis

This assignment will give you the opportunity to perform an in-depth analysis on a particular stock using a strategy that has been discussed in class or that you have learned. In order to properly evaluate a company's or a stock's performance, many investors make a comparison to either the industry or comparable companies. *Assume that your parents have some extra money and they have inquired you for a recommendation in which they can invest their money in now or in the future.* Your compensation from your parents would be 25% of any appreciation in stock price. Should they invest in that company or should they not? Should they wait for a future entry point? Why?

Analysis Content

The overall objective of the paper is to analyze deeply one company and provide some sort of recommendation with justifications.

The report should have qualitative and quantitative analysis and should incorporate both fundamental analysis (value, growth, CAN SLIM, etc.) and technical analysis (charts). Here are some thoughts to get you started, but please do not feel limited by these questions.

- Name of the group members and names of the companies
- Principal business activities or products for each company
- What is their business strategy for the future? Why is it or will it be successful? (Competitive advantages)
- Industry information: developments, growth, etc.
- Significant news developments: how does this affect the company?
- What are some of the challenges that the business faces? How will these be overcome?
- Sales and net income trends, growth rates, ratios: use numbers to explain the business's performance
 - If using value investing, is this company under or overvalued? Why?
 - If growth investing, how is its performance? Is growth increasing? Is it sustainable? How long?
- What does the stock chart look like for the stock? Is it close to a buy point or is it building a base? Is the stock showing signs of strength or weakness?
 - Should we buy this stock now? Should we wait to get into a position in the future?

Length / Format

Double spaced, time new roman font (12 pt), 4 pages (including chart analysis)

Deadlines

November 28th at the end of lecture.