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Course Objectives

Through readings, extensive class discussion, guest lecturers, oral presentations and a simulated portfolio construction class competition, the proposed course will introduce students to investing and trading, with special emphasis on the field of technical analysis. The technical approach to the markets focuses largely on the analysis of price and volume patterns as indicators of stock trends. Students will learn how to research companies using internet sources and the TC2007 and StockFinder technical analysis programs, provided free-of-charge. Each student will be expected to design a set of trading rules. Students will develop an accurate view of the risks and benefits of trading stocks and an appreciation of the complexities involved in the technical approach to trading stocks.

Required Texts

J. Boik. Lessons from the Greatest Stock Traders of All Time, 2004
N. Darvas How I Made 2 Million Dollars in the Stock Market, 1986
P. Lynch. One up on Wall Street, 2000
W. O’ Neil. How to Make Money Selling Stocks Short, 2004
M. Sincere Understanding Options, 2007
Investor’s Business Daily Newspaper (Call 800-831-2525 for Student/Semester Discount)

Other Required Materials

"Clicker" - RESPONSE CARD (XRC-01) or software license that allows a web-enabled mobile device to interact with ResponseWare.
StockTrak.com account ~$20  Instructions for sign up will be given in class.

Recommended Texts

W. O’Neil The Successful Investor, 2003
J. Boik How Legendary Traders Made Millions, 2006
Methods

The class will use a number of techniques to achieve the above objectives. Assigned readings and lectures by the instructor will provide basic information. Class time will focus on answering students’ questions and discussing their development of a set of trading rules. Guest speakers will be invited to present their trading strategies. Each student will also participate in a ten week virtual stock market competition in which s/he designs a portfolio of stocks, investing a mythical $100,000 ($200,000 with margin). Students will track the performance of their portfolios and present interim results to the class. At the end of the course, each student will submit a final report explaining their portfolio selection in the context of the class readings and research, its performance during the competition, and what they would do differently in creating a new portfolio. The final report will contain their revised set of rules for trading and their rationale for them.

Class participation is critical to the success of this course. The class functions more like a learning laboratory with students bringing their ideas and trading experiences between meetings to the class for review and discussion. Each student is expected to come to class prepared to discuss the assigned readings and to react to the material presented in that week's lecture. Weekly quizzes covering the prior week's class and the current week's reading assignments will be administered. Each student will also be required to participate in a project as member of a five person group. Each group will analyze a stock to trade and present their analysis to the class. Later, the group will present a review of the outcomes from the transaction and submit a summary report to the instructor.

An important part of this course is to acquaint you with how social scientists measure risk tolerance as it relates to trading behaviors. As part of this course, you will have the opportunity to participate in a brief study in the computer lab where you will try to achieve a high score in a computer game to win a prize. Your performance on the game will subsequently be related to how you trade during the trading competition and the class results will be presented by Dr. Lejuez in a lecture near the end of the course. You will then include a brief discussion about what you learned from participating in the study as part of your final report for the class. If you choose not to participate in the study, you will substitute a brief (5 page) review of the literature on risk tolerance and stock trading to be included in your final report.

Criteria for evaluating students

Weekly quizzes on terms, lectures and readings (15%)
Group project - participation, presentation, analysis, etc. (20%)
Homework assignments, class exercises and class discussions (15%)
Final report of portfolio construction, performance, lessons learned and final set of trading rules. (50%)

Ground Rules

Attendance: While attendance is not mandatory, note that 50% of one's grade depends on class participation and the weekly quizzes. Remember that a missed class is equivalent to missing three 50 minute classes. In the case of documented emergency, suitable alternative arrangements may be requested of the instructor. An emergency is defined as, "a sudden, urgent, usually unforeseen occurrence requiring immediate action." Each student is expected to be on time to class. A student who enters class after a quiz has been handed out may request an essay assignment topic to be handed in at the next class. If you cannot commit to being on time to every class, please see the instructor. If you have a documented disability, please see the instructor at the end of the first class.

Academic Accommodations: If you have a documented disability, you should contact Disability Support Services 0126 Shoemaker Hall. Each semester students with documented disabilities should apply to DSS for accommodation request forms which you can provide to your professors as proof of your eligibility for accommodations. The rules for eligibility and the types of accommodations a student may request can be reviewed on the DSS web site at http://www.counseling.umd.edu/DSS/receiving_serv.html.

Religious Observances: The University System of Maryland policy provides that students...
should not be penalized because of observances of their religious beliefs, students shall be given an opportunity, whenever feasible, to make up within a reasonable time any academic assignment that is missed due to individual participation in religious observances. It is the responsibility of the student to inform the instructor of any intended absences for religious observances in advance. Notice should be provided as soon as possible but no later than the end of the schedule adjustment period. Faculty should further remind students that prior notification is especially important in connection with final exams, since failure to reschedule a final exam before the conclusion of the final examination period may result in loss of credits during the semester. The problem is especially likely to arise when final exams are scheduled on Saturdays.

**Academic integrity:** The University of Maryland has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards for academic integrity at Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information on the Code of Academic Integrity or the Student Honor Council, please visit [http://www.studenthonor council.umd.edu/whatis.html](http://www.studenthonor council.umd.edu/whatis.html)