

Week in Review - September 18, 2009

Dear Teachers and Stock Market Game Participants:

What a difference a year makes. Tuesday marked the one year anniversary of the collapse of U.S. investment bank Lehman Brothers which is widely considered by experts to have spurred the beginning of the global recession. Fannie Mae, Freddie Mac, Bank of America, AIG, and Citibank also monopolized the news and fueled the fires for the \$700 billion Troubled Asset Relief Program (TARP). President Obama addressed Wall Street on Tuesday's anniversary by vowing that there will not be another bailout and called upon Congress to create a new Consumer Financial Protection Agency that would establish "ground rules" for loans so people would understand what they are signing. He also wants to provide the [Fed](#) the power to regulate how large a company can become.

In more upbeat news, despite the jobless rate topping 12% in five states, the world's most successful investor, [Warren Buffett](#), the CEO of [Berkshire Hathaway](#), effectively called the end of the U.S. recession yesterday, saying the economy has "sort of plateaued at the bottom." Only the day before, Fed Chairman, [Ben Bernanke](#), said the recession "was very likely over at this point, but it's still going to feel like a very weak economy for some time." On Tuesday, Buffett said that Berkshire is buying stocks "because I am getting a lot for my money." While that sounds encouraging enough, we do not recommend your students go on a buying frenzy with their Stock Market Game portfolios. Slow and steady research is still the way to go.

For many new to The Stock Market Game* program, teaching students how to research is one of the greatest challenges faced during the semester. While investment guru, [Peter Lynch](#), encourages the "buy what you know" strategy, students may also be ready to expand their search into different sectors or industries. A market sector is a subdivision of the economy. Each sector includes companies that provide the same types of products or services and often compete with each other for customers.

For example, the utility sector includes companies that provide consumers with electric power, natural gas, water, or a combination of these services. The sector may also include companies who produce power and those that trade it. Though they may generate electricity in different ways, these companies are all affected by changes in energy supplies, fluctuating prices, and government regulation.

To assist your students in researching sectors, the [Global Industry Classification Standard \(GICS\)](#) includes the following in their sector list: energy, materials, industrials, consumer discretionary, consumer staples, health care, financials, telecommunications services, information technology, and utilities. Be sure to also check out the Sector/Industry worksheet in the [Teacher Support Center](#). Click "Teachers Guide" under the *Understanding SMG* section. The worksheet is located at the bottom page #6, "Where Do I Begin My Research."

Have a great weekend!