



Investment Analysis - Unit 2 - Stock Analysis

Unit Focus

In this unit students will focus on analyzing individual stocks. Students will learn how to conduct a fundamental analysis and a technical analysis of a stock. The unit concludes with the PBA where students will choose a new stock and analyze it in order to project out its future.

Stage 1: Desired Results - Key Understandings

Standard(s)	Transfer	
MBA Research Business Administration Standards Finance Cluster - Describe the nature of cash flows ((FI:359) (SP)) - Performance Element: Calculate business ratios to evaluate company performance (1111192583) - Calculate activity/efficiency ratios ((FI:552) (MN)) - Calculate debt/leverage ratios ((FI:553) (MN)) - Calculate business profitability ((FI:554) (MN)) - Calculate market ratios ((FI:555) (MN)) - Establish expectations for key performance indicators ((FI:731) (MN)) - Discuss the analysis of a company's financial situation using its financial statements ((FI:546) (SP)) - Analyze a company's financial situation ((FI: 549) (MN)) - Performance Element: Acquire fundamental knowledge of investment analysis and selection to make prudent investment decisions. (1111192927) - Explain information that can be obtained from financial statements ((FI:276) (SP)) - Describe the nature of technical analysis ((FI:362) (SP))	<i>Students will be able to independently use their learning to...</i> T1 Demonstrate fiscal responsibility through examination of needs and wants, development of short and long term plans, and/or conservation of limited resources.	
	Meaning	
	Understanding(s)	Essential Question(s)
	<i>Students will understand that...</i> U1 The stock market comes with lots of risks and challenges because decisions are influenced by a multitude of factors such as emotions, trends, market cycles, and basic fundamentals. U2 To make informed decisions about investing in individual stocks it is important to understand a company's financial health by analyzing their income statement, balance sheet, and cash flow. U3 An investor can use financial ratios to make more informed decisions about an individual stock. Analyzing these ratios provides insights into a company's performance, profitability, and overall financial health. U4 By studying past market data through the use of charts, and patterns, an investor can use the past to help forecast and make predictions about stock prices and when to buy/sell individual stocks.	<i>Students will keep considering...</i> Q1 How can I decide whether to invest in an individual stock by using financial ratios and financial statements? Q2 What are the advantages and limitations of using financial ratios compared to technical analysis when evaluating a stock? Q3 How do investors incorporate both qualitative and quantitative data when making decisions about buying or selling stocks? Q4 What does the data and the trends in a company's financial statements signal about the future performance of the company?
	Acquisition of Knowledge and Skill	
	Knowledge	Skill(s)
Madison Public Schools Profile of a Graduate Analyzing: Examining information/data/ evidence from multiple sources to identify possible underlying assumptions, patterns, and relationships in order to make inferences. (POG.1.2)	<i>Students will know...</i> K1 Stocks are equity in a company. The price of a stock is affected by many factors. K2 Financial statements: income statement, cash flow, balance sheet. Key terms on the statements: revenue, net income, assets, liabilities, shareholder's	<i>Students will be skilled at...</i> S1 Analyze how a specific event can affect a stock price S2 Interpreting a company's financial statements in order to assess their overall financial health

Stage 1: Desired Results - Key Understandings		
	equity, free cash flow, operating cash flow, investing cash flow, financing cash flow K3 Key indicators (ratios): PE, EPS, ROE, Current Ratio, Debt to Equity K4 Technical Analysis tools: Supports and resistances, RSI (Relative Strength index), Moving averages, Bollinger Bands	S3 Compare the key indicators for a company vs a competitor/sector in order to analyze their stock performance. S4 Use technical analysis tools to assess the future performance of a stock and decide on whether to buy, sell or hold