***Intro***

As you go about your life and you see a price, you are watching an invisible war for resources. Prices are set as a battle between buyers who want to pay nothing and sellers who to get paid everything. Somewhere in between those extremes are numeric levels that will encourage buyers and sellers to interact and create and exchange of goods for money. Prices also the price field through competition. Just drive around Terrell and look at gas prices. There is a tug of war between gas companies and drivers, and a competition for business between sellers.

The stock and other markets are all the same in that respect. They are a battle ground between buyers and sellers each seeking to maximize their own circumstances. For financial markets, it is increasingly difficult to see the battle because computers dominate what people used to do.

***What do Financial Markets Look Like?***

Let’s do a KWL exercise. What do you know about how stock, bonds and futures actually trade? Write your K and W and then watch these videos. Both are dated but both are excellent examples of how financial markets work on a daily basis.

This video shows open outcry trading at the New York Mercantile exchange. Days after 9/11, I was talking to my boss about recovery of our business which was across the street from the WTC. He told me the main priority of the federal government immediately after 9/11 was not to reopen the stock and bond markets but to reopen the New York Mercantile Exchange. Why you might ask? Because that is where the most important commodity in the world gets traded in the largest volumes. What commodity might that be? Oil.

<https://www.youtube.com/watch?v=3_VCIQerVHQ>

<https://www.youtube.com/watch?v=AFJ5Il_C4EY>

The floor traders at the New York Mercantile Exchange and most other exchanges have been completely replaced by computers in the last few years.

These are videos of the largest stock trading exchange, The New York Stock Exchange.

<https://www.youtube.com/watch?v=XRJBZIQrQAY>

<https://www.youtube.com/watch?v=IpHehZGggCw>

<https://www.youtube.com/watch?v=9nznWkR3Yho>

***(Continued on Next Page)***

**Part 2**

I have sent you a physical copy of the book chapter we are going to use. We will learn the basics of what a stock is and how they are bought and sold.

I sent you a copy of a text book chapter. I also loaded a copy of it in the Google Classroom as pdf files.

Read the assigned pages, rewrite the examples in those pages to learn the math and complete the assigned problems.

**Read Section 1-1 pages 4-6; Answer problems 2, 3, 4, 5, 6, 7, 12, and 15. 12 and 15 are very important.**

Read Section 2-2 pages 9-12; Answer problems 1, 3, 5, 6, 7, 8, 10, 11

I will post half of the answers Wednesday morning and the remainder next Friday morning.