

The Stock Market Game™



Week In Review

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Written By: Wayne Marks, SIFMA Foundation for Investor Education

On Wednesday evening in his State of the Union address, President Obama stated that, “the worst of the storm has passed, but the devastation remains.” He was speaking about the economy, which is front and center in our national dialogue and in the year ahead will [continue](#) to be a major concern for markets, policy makers and citizens alike.

The storm the President was referring to was the financial crisis that began in the fall of 2008. The near collapse of our financial system saw the [Federal Reserve Bank](#) and the taxpayer take extraordinary measures to save our nation’s financial system, much to the chagrin of many Americans. Financial regulation in the Congress, health care legislation, climate change initiatives and other actions by the powers that be in Washington will likely have a magnified effect on our capital markets in 2010. It will be important for students to assess the potential consequences of federal legislation as they build their portfolio this semester.

There’s an old maxim on Wall Street that says, “As January goes, so goes the year.” This is also known as the “January Effect.” What this means is that if the stock market is up at the end of the January, it will be up at the end of the year. If it is down at the end of January, it will be down at the end of the year. Many investors dismiss this as superstition, but the rule has held true three out of every four years in the history of the stock market according to the [Stock Trader’s Almanac](#). However, many believe that the exceptional damage to the economy caused by the recession and the financial crisis have rendered old rules like the January Effect moot.

As we all know, government action is far from the only influence on the prices of stocks, bonds and mutual funds. There’s an easy-to-use lesson in the Stock Market Game’s [Teacher Support Center](#) entitled “What Causes Stock Prices to Change?” It can help your students understand the many influences on our capital markets and individual assets. The lesson shows them how they can research and analyze those influences to make smart choices about long-term saving and investing.

The SIFMA Foundation for Investor Education, the national provider of SMG, has negotiated a discounted price for the Wall Street Journal Classroom Edition. Normally \$100 per school year, SMG teachers can get the WSJ Classroom Edition for \$79 by clicking [here](#). Also, you may want to check out the online version at <http://classroomedition.com/cre/>. It’s an excellent resource and a great companion to the Stock Market Game.

Have a great week!