Chapter 17 Saving and Investing

SOFTWARE ACTIVITY (OPTIONAL)	**Spreadsheet Application**

Charting the Performance of an Investment

Objective: Chart the performance of a stock price and calculate the total return on a stock transaction.

Practice Situation

The following information illustrates the monthly price for a share of Eastman Kodak common stock.

January 1	$56	July 1	$55
February 1	$58	August 1	$56
March 1	$52	September 1	$59
April 1	$52	October 1	$61
May 1	$53	November 1	$62
June 1	$56	December 1	$63

Rachael Campbell purchased 300 shares of Eastman Kodak common stock on March 1. She paid a commission of $80. On December 1, Rachael sold all 300 shares. That commission was $85. Dividends were $3.36 per share for the period of March 1–December 1.

Use a spreadsheet to chart the price of one share of Eastman Kodak stock from January 1 through December 1. Next, compute the total return on Rachael's investment. Answer the questions on the next page.

Spreadsheet Directions

1. Start your spreadsheet software program and open problem **SA08.xls.** Enter the monthly stock price data into the spreadsheet.

2. To create a chart of the stock price data you have entered, select **Insert** from the Toolbar at the top of the screen. Then, select **Chart** from the menu choices.

3. Choose *Column* as the type of chart you wish to create. Click *Next*.

4. Select the Data Range by clicking on the small spreadsheet icon to the right of the Data Range field. Then, on the spreadsheet, select the cells that contain the data and labels you want displayed in the chart. Click *Next*.

5. Type **Eastman Kodak Stock Prices** as the Chart title.

6. Type **Month** as the Category (X) axis. Type **Price** as the Value (Y) axis. Click *Next*.

7. For placement of the chart, select the option: *Set chart as object in Sheet 1.* Click *Finish*.

8. Your chart should now be inserted on the same spreadsheet as your data. You may click on the chart's edges to resize or drag it to another location within the sheet.

9. Enter the data for Rachael's stock transactions. First, enter the data for the purchase of the stock on March 1. Next, enter the data for the sale of the stock on December 1. *Note: Format all dollar amounts to Currency, 2 decimals.*

10. Compute the transaction summary information.

11. When your calculations are completed, save your work to a new file labeled **SA08***.xls.** (Replace *** with your initials.)

12. Print out a copy of your work if your teacher has instructed you to do so.

Interpreting Results

1. Based on the chart that you created for the stock prices of Eastman Kodak common stock, what is the overall trend of this investment? Explain.

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2. What was Rachael's total return on her stock transactions at December 1?

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Drawing Conclusions

1. In addition to the profit from the sale of the stock that Rachael gained, what other financial benefit did she experience from the Eastman Kodak stock transaction? Explain.

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2. Discuss the financial implications involved when deciding to sell a stock investment. For example, if Rachael had sold her stock on November 1 instead of December 1, what implications would have been involved? Did Rachael choose a favorable time to sell her stock? Explain.

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