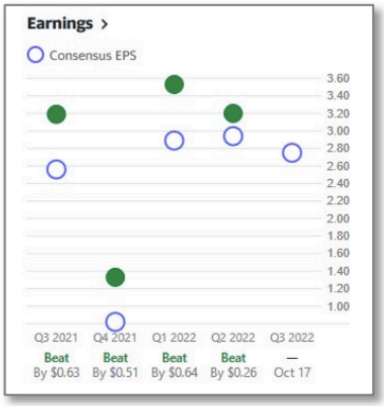
Market Analysis & Bonds **Name** ______________________________ **Pd** ____
Biotech 1 - Teacher Suh **Project** ___/4

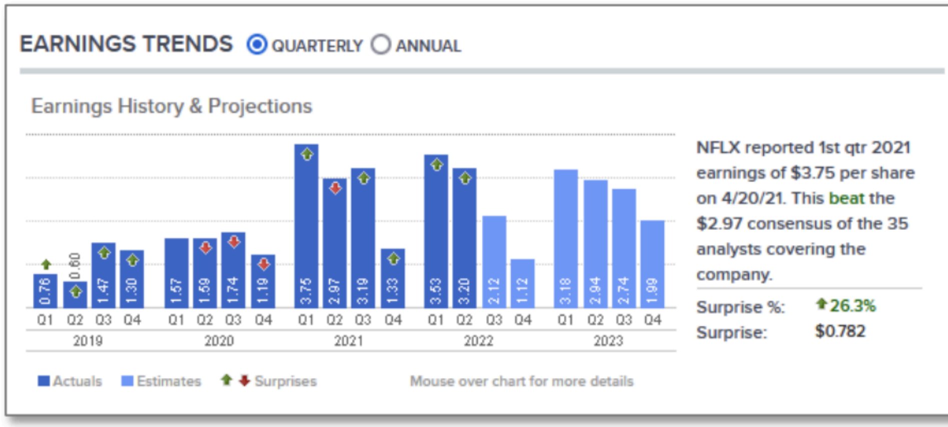
Goal: Discuss quarterly earnings predictions for companies you would like to invest in.

With your group:	Discuss companies you selected as potential investments with your team. (a) Which companies would <u>most</u> likely be influenced by the news? ______________________________ (b) Will current events increase/decrease its value? *(symbols or industry)*

Read: Investors review a company's current and estimated future earnings to evaluate the company's value. Some financial news and information websites provide earnings information through a "financials" link in their stock quotes. *Glossary on back.*



Mouseover Yahoo! Finance's Earnings graph to view comparisons between actual and estimated earnings.



Mouseover the bars on the CNBC Earnings Trends bar graph for a written description of a company's earnings for a specific point in time.

Directions: Compare the previous year's earnings information for two companies you would like to buy for your Portfolio. Use Yahoo! Finance to complete the following chart:

Year				
1. Company Name			**Ticker Symbol**	
	Q1	**Q2**	**Q3**	**Q4**
Estimated				
Actual				
Consensus *(circle one)*				

Year				
2. Company Name			**Ticker Symbol**	
	Q1	**Q2**	**Q3**	**Q4**
Estimated				
Actual				
Consensus *(circle one)*				

Analyze		
1. Which company beat analysts' estimates more often?	2. Which company's actual earnings were most often higher than their estimated earnings?	3. What other factors will you include in deciding which company may be a better investment for you?

Glossary

1. **Consensus**: in an earnings report, the combined estimated earnings of analysts covering the company.
2. **Surprise:** where a company's actual earnings is above or below consensus.
3. **Quarterly Earnings Report:** published once a quarter (4x a year) for investors.
4. **Fundamental Analysis:** assessing a company's financial history and earnings, as well as analyzing outside factors (demand, news/current events, etc.) to determine if it is a good investment.
5. **Earnings**: profits that remain after subtracting a company's expenses from its revenue (money collected for product/service).

Asset Allocation & Bonds

1. What are the benefits of asset allocation with regard to risk management?

2. Research and select one bond for each bond type of bond

a) Corporate
____
____

b) Municipal
____
____

c) Government
____
____

Corporate bonds.
- Major source of corporate borrowing
- "Debentures" are most common, backed by general credit of corporation.
- "Asset-backed" are backed by specific assets like property or equipment.

Municipal bonds
- Issued by state & local governments
- "General obligation bonds:" - backed by the full faith and credit of the issuer
- "revenue bonds" - backed by the income generated by the financed project

Agency bonds
- Some government sponsored but privately owned corporations (like Fannie Mae and Freddie Mac), and certain federal government agencies (like Ginnie Mae and Tennessee Valley Authority) issue bonds to raise funds either to make loan money available or to pay off new projects.

U.S. Treasury bonds
- backed by the full faith and credit of the United State government.
- When the government spends more than it collects in taxes and other revenues, it issues Treasury notes, bills, and bonds to borrow the money to pay the difference. Treasury bonds have the longest term or period of time before the loan must be repaid (10 years or more). Treasury bills have the shortest (less than two years)

3. Complete the 'Risk' column.

Type	Maturity	Risk	Interest
Corporate	1-100 yrs		Highest, linked to risk
Municipal	1-50 yrs		Low, but linked to risk
Agency	1-20 yrs		Medium
Treasury Notes	2, 5, & 10 yrs		Low
Treasury Bills	4, 13, & 26 weeks		Low

3. Circle which bond would best help you reach your investment goals, then make the purchase.