

Random Walks

Name: _____

Date: _____

Random Walk:

Directions: You will be given 10 bingo chips which will serve as money in this fake town. There is a clothing store, a delivery service, Constellation Brands (a beer distributor), and Alpha Pro Tech (a protective apparel distributor). My desk will serve as a bank, if you would like more money you can take a loan, which will have to be paid off after the second “day”. You will use your information about the stock market trends of these companies to determine whether or not to invest on the first day, you can always save your money in the bank. If your stock value decreases you will not get your money back, if your stock increases you can get up to triple your money.

Trends:

Clothing store-

Delivery service-

Constellation Brands-

Alpha Pro Tech-

Day 1: Walk around the room and distribute your chips where you think you will earn the most money back. Record the number of chips you put in each table below:

Clothing store-

Delivery service-

Constellation Brands-

Alpha Pro Tech-

With the current trends, how much do you guess you will be making on the second day?

Day 2: Uh-oh, there has been a major crash in the stock market, a pandemic has swept the globe and many businesses are closed. Here is the new trends for the stores in your town:

Clothing store: -7

Delivery service: +17

Constellation Brands: -103

Alpha Pro Tech: +22

Did you win money or lose money?

Do you believe that the random walk theory is correct or do you believe that computations can be made to determine the stock market prices? Explain your answer.