

ASX Schools Sharemarket Game

Student Lesson: THE ECONOMY & THE SHAREMARKET

The economy and the sharemarket

Many things can have an impact on the sharemarket as a whole or on individual companies. These include interest rates, government policies, commodity prices, exchange rates, other financial markets and economies as well as corporate actions.

In this lesson, you will be researching one of these topics.

Under each topic there are some questions to help get you started. If you discover extra information that you think might be helpful; add this to your answers.

Provide feedback to your class on what you found.

GROUP 1: INTEREST RATES

- What are they?
- How do rising interest rates affect lenders/borrowers?
- Can they have an impact on company profits?
- How might rising or falling interest rates have an impact on the share price or the sharemarket as a whole?
- See if you find some news articles on this topic



GROUP 2: GOVERNMENT POLICIES / ACTIONS

- List the types of government actions that might effect the sharemarket.
Think about things that governments do, for example, how they make money, spend money, the decisions they might make etc.
- Consider how each of these actions might affect the sharemarket or companies listed on the sharemarket.
- Find a recent example of a news article of a government initiative that has had an effect on the sharemarket, particular companies or industries?



ASX Schools Sharemarket Game

Student Lesson: THE ECONOMY & THE SHAREMARKET

GROUP 3: COMMODITY PRICES

- What is a commodity?
- List some of the main commodities that Australia exports.
- What things influence commodity prices?
(Consider things that might happen in Australia or overseas. Think about natural events, government policies and foreign exchange markets.)
- Does the rise and fall of commodities impact the market/particular sectors?
- Can you give an example – a news article?



GROUP 4: EXCHANGE RATES

- What are exchange rates?
- Find out the current Australian dollar (AUD)/ US dollar (USD) exchange rate?
- Which companies listed on the Australian sharemarket are more likely to be worse off if the Australian dollar is worth less compared to other currencies – importers or exporters? Why?
- Are there some sectors that are affected more by a rise in the Australian dollar?



GROUP 5: OTHER FINANCIAL MARKETS AND ECONOMIES

- Which overseas sharemarket has historically had the greatest impact on the Australian sharemarket?
- What is happening in the global economy at present?
- Is the Australian sharemarket being impacted by this? How?
- See if you can find a news article on the impact of overseas markets on the Australian sharemarket.



ASX Schools Sharemarket Game

Student Lesson: THE ECONOMY & THE SHAREMARKET

GROUP 6: CORPORATE ACTIONS

- What are corporate actions?
- Can you explain what a dividend is – who pays it and who receives it?
- What usually happens to a share price after a share goes "ex-dividend"?
- What is a takeover?
- What usually happens to the share price of a company if another company makes a takeover offer for it?
- Can you find any other types of corporate actions?



ASX Schools Sharemarket Game

Student Lesson: THE ECONOMY & THE SHAREMARKET

Our Topic: _____

What we discovered:

Definition:

How it affects the sharemarket:

How it affects a company or sector:

Other information we found:

Examples: