

# Stock price movement of mcgraw-hill publishing inc



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Stock Price Movement of McGraw-Hill Publishing Inc.,

The stock prices of McGraw-Hill Publishing Inc., have depicted almost a stable growth over the past one year, as is evident from the graph presented below.

As a further proof, consider the profit or loss faced by an investor who invests \$1000 in the stocks of the company on October 14, 2008 and sells those very stocks exactly 52 weeks later on October 15, 2009. For simplicity, the opening prices of the stocks have been taken into account.

Profit/Loss after Investment

On October 14, 2008, opening stock price of McGraw-Hill Publishing = \$28.

06

Hence, with \$1000, number of stocks that the investor purchased =

$$(1000/28.06) \approx 35.64$$

However, since number of stocks cannot be in fractions, so, 35 stocks are being considered.

So, the purchasing price of 35 stocks = \$982.10.

Again, on October 15, 2009, opening stock price of McGraw-Hill Publishing = \$29.25

Hence, the gross return to the investor after selling 35 stocks =  $$(29.25 \times 35) = \$1023.75$ .

Hence, net profit to the investor after 52-weeks =  $$(1023.75 - 982.10) = +\$41.65$ .

Conclusion

<https://assignbuster.com/stock-price-movement-of-mcgraw-hill-publishing-inc/>

Although there had been a net profit in the long-run, but the company had been subject to a number of short-run losses mainly because of inconsistency surrounding some overhanging legal issues. However, Standard & Poor's which also is owned by MHP and accounts for 75 percent of the company finances, made a huge profit by mid-October, 2009, due to a large number of bond issuance, that led the parent organisation to generate much higher proceeds and consequently, its share price rose to an amount, 25 percent more than what it was on the same day the previous year (Reuters, October 11, 2009).

#### Reference

Chasan, Emily. October 11, 2009. McGraw-Hill shares may be a good buy - Barrons. Reuters News Service. October 20, 2009