



JOSEPH KUSHNER HEBREW ACADEMY RAE KUSHNER YESHIVA HIGH SCHOOL

AP MACROECONOMICS: INVESTING IN A VOLATILE WORLD

And behold, from the Nile were coming up seven cows, of handsome appearance and robust flesh, and they pastured in the marshland.

בוהנה מן-היאר עלת שבע פרות יפות מראה ובריאת בשר ותרענה באחו

Using recent economic events as a springboard, this week students in AP Macroeconomics learned about derivatives (complex financial instruments) and how they can magnify risk and volatility in the market. More importantly, students were introduced to basic elements of financial planning including the concepts of asset allocation and diversification which are the best inoculates against market downturns.

Last week the Dow Jones Industrial average closed down by the more points in a single day than in the entire 121-year storied history of the index. That same week VIX, the volatility index, sometimes known in Wall Street as the “fear gauge” spiked by 112%, the greatest percent increase in the history of that index, wiping out billions of dollars of investments and transforming one of Wall Street’s best investments in the last year into an unmitigated disaster for many. Entire funds had to liquidate and stories of individual investor losing everything proliferated on social media.

While financial markets have been historically quiescent since the commencement of the bull market in 2009, the recent reemergence of market volatility is probably more representative of the investing environment of our future graduates in the years ahead. By introducing students at a young age to the importance of a long-term diversified investment strategy students may be best prepared to safeguard their futures.

We do not teach to tests at RKYHS. Our curriculum and pedagogy are driven by an educational philosophy that prizes not only learning for its own sake but also learning for the sake of better living.

