

# **TYCOON**

**THE COMMODITY MARKET SIMULATION™**



**BLUE CHIP SOFTWARE™**



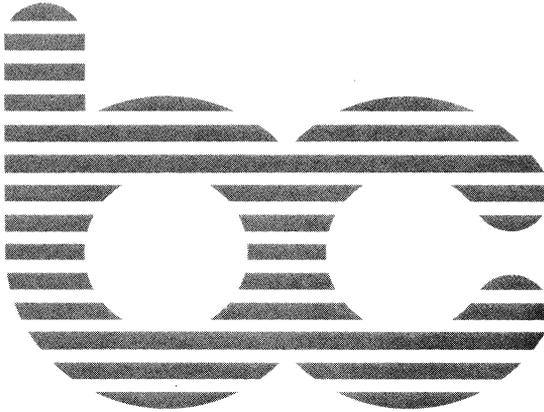
---

**TABLE OF CONTENTS**

---

Introduction . . . . .	2
How to Use This Manual . . . . .	3
<b>Chapter 1</b>	
An Introduction to Futures Trading . . . . .	4
<b>Chapter 2</b>	
Demonstration . . . . .	9
<b>Chapter 3</b>	
Your First Session . . . . .	10
<b>Chapter 4</b>	
Helpful Hints . . . . .	23
<b>Appendix A</b>	
Glossary . . . . .	25
<b>Appendix B</b>	
Exchanges . . . . .	28
<b>Appendix C</b>	
Books . . . . .	28
<b>Appendix D</b>	
Error Messages . . . . .	29
<b>Index . . . . .</b>	<b>31</b>

---



**BLUE CHIP SOFTWARE, INC.™**  
**19818 Ventura Blvd., #240**  
**Woodland Hills, CA 91364**

---

## **INTRODUCTION**

---

Tycoon allows you to dabble in the most exciting, fast-paced financial speculation in the world without risking a cent. Tycoon will introduce you to the thrilling, action packed world of commodity futures trading.

Imagine having financial control over vast quantities of the world's most important raw materials. Tycoon won't limit you to the traditional commodities like soybeans and pork bellies. In Tycoon you'll be trading gold, silver, oil, foreign currencies, T-Bills, and many other exciting commodities. Can you imagine buying 500,000 barrels of oil just before an Arab oil embargo or the terror of holding 100,000 ounces of gold when the price drops \$100.00 an ounce?

Tycoon is a complete economic simulation of the commodity market. The price changes are not random numbers, but actual commodity price-trends that allow you to research seasonal price fluctuations. Exciting, actual news headlines from major financial publications add to the compelling sense of reality. A wide array of graphic price-trend data allows both novice and expert traders to search for that perfect opportunity to make a million bucks.

Best of all, Tycoon's built in program generator gives you the ability to generate an endless stream of economic scenarios. Tycoon is the most realistic financial simulation you are likely to ever encounter.

# TYCOON

THE COMMODITY MARKET SIMULATION™

---

## HOW TO USE THIS MANUAL

---

The first thing to do is prepare your Tycoon diskette(s). Most computer systems will require your Tycoon disk to be set up prior to playing your first game. You will find set up and loading instructions for your specific computer system enclosed in the Tycoon package.

Next, read Chapter 1, "An Introduction to Futures Trading." Even if you are an expert trader, read this section in order to understand the differences between playing Tycoon and the actual commodities market.

Chapter 2 provides instructions for running the Tycoon demonstration. This demonstration gives you a feel for what Tycoon is all about.

Chapter 3, "Your First Session," lists step-by-step instructions on how to play Tycoon. This chapter assumes that you have read Chapter 1.

Chapter 4, "Helpful Hints," helps you plan your strategy for winning Tycoon.

Tycoon's appendices include a glossary of terms, addresses of commodity exchanges, names of a few good books, and a list of error messages you may encounter.

Last, but not least, an Index is provided to help you locate particular parts of Tycoon's manual.

---

## CHAPTER 1

---

### AN INTRODUCTION TO FUTURES TRADING

This chapter provides you with a basic understanding of the commodity market and outlines how Tycoon differs from the real world. It is not necessary for you to understand everything in this tutorial prior to playing Tycoon. You may prefer to read this chapter lightly, play Tycoon for awhile, then come back for some serious reading. A commodity is defined as "any buyable product which can be used for commercial purposes." Over 40 different commodities are traded on the various commodity exchanges. These range from soybeans to foreign currencies.

Tycoon allows you to trade 15 different commodities, representing a wide spectrum of the commodities traded.

A "commodity futures contract" is a standard agreement to buy or sell a commodity at a specified future date. The quantity, quality, and price of the commodity must be specified in the futures contract. **EXAMPLE:** You enter into a contract to sell 50 troy ounces of 99.5% pure platinum for \$407.00 per ounce to be delivered in 6 months. This is a platinum-futures contract.

A "commodity exchange" is a place where people who want to buy futures contracts meet with those who want to sell contracts. Actually their representatives, called brokers, do the trading at the commodity exchange.

### WHO BUYS OR SELLS COMMODITIES?

Two types of people buy or sell futures contracts: Speculators and Hedgers. A Hedger is a person who uses a futures contract as an insurance policy.

**Example 1:** A farmer is preparing to plant his winter wheat crop. He knows what it will cost him to plant and grow the wheat, but unfortunately he doesn't know what the wheat will sell for when he harvests his crop. Therefore, the farmer (or hedger) eliminates this uncertainty by selling a wheat-futures contract to be delivered when his wheat is harvested. Since the price is specified in the futures contract, the farmer knows exactly what his profit will be.

**Example 2:** A jewelry manufacturer has received an order for gold necklaces to be delivered next year, but he must now quote the prices. Unfortunately, the manufacturer has no idea what gold will be selling for next year. To eliminate this uncertainty, the jewelry manufacturer (or hedger) buys a gold-futures contract to be delivered next year when his necklace order is due to be shipped. This assures the manufacturer a profit, as the futures price is specified in the contract.

As you can see, both the farmer and the jewelry manufacturer have used futures contracts to insure themselves against unknown price changes. By trading commodity futures they both avoided the risk of losing money because of a sudden change in commodity prices.

A "commodity speculator" is a person who is willing to assume the risks that the farmer and jewelry manufacturer don't want to take.

**Example 1:** A speculator agrees to buy the wheat from the farmer in 6 months for \$3.00 a bushel. If, six months later, wheat is trading for \$3.50 a bushel, the speculator could then buy the wheat from the farmer for

\$3.00 a bushel, turn around and sell it for \$3.50, making a profit of \$.50 a bushel. Now if the wheat price dropped to \$2.50 a bushel, the speculator would have lost \$.50 a bushel.

**Example 2:** A speculator agrees to sell the jewelry manufacturer gold at \$350.00 per ounce next year. When next year rolls around, gold is trading for \$325.00 an ounce. The speculator then buys gold for \$325 an ounce, sells it to the jewelry manufacturer for \$350 an ounce, and makes a \$25 profit on each ounce.

### **LONG AND SHORT POSITIONS**

A contract to buy commodities is called a long position and a contract to sell commodities is called a short position. As you play Tycoon, remember that you make a profit on a long position when the price goes up, and a profit on a short position when the price goes down.

In the actual commodity market the speculator almost never actually buys or sells the physical commodity. Most of the trading is done on paper with profits and losses settled before the contract comes due.

### **CANCELLING A CONTRACT**

If a speculator enters into a contract to buy soybeans, all he has to do to cancel that contract is to enter into an identical contract to sell soybeans. This is called offsetting your position. Since you have identical contracts to buy and sell the same commodity, the contracts are cancelled, or offset. In Tycoon, when you want to take a position in the commodities market, you will "buy" a long or short contract. When you want to offset a position, you can "sell" that contract.

**Example:** You think the price of soybeans is going to go down, so you buy a short contract in soybeans. After the price drops, you sell your short soybean contract, collecting your profits. Remember, you buy short when you expect prices to drop, and long when you expect prices to rise.

From this point forward we are going to use the terms "buy" and "sell" as defined in the example above.

In the actual commodity market you can buy futures contracts with delivery dates as short as 2 weeks, or as long as a year and a half. In Tycoon, the delivery dates have a maximum of one year and end during the months of March, June, September, and December.

In the actual commodity market, if you forget to offset your position and the contract month rolls by, you could actually wind up taking receipt of the commodity or be responsible for delivering it. In Tycoon, your futures contract will be sold for 90 cents on the dollar if you forget to offset (sell) your position.

The size of a commodity futures contract depends on the type of commodity. For instance, one soybean contract is equal to 5,000 bushels of soybeans. The value of one contract depends on the size of the contract and the price of the commodity. A typical contract value ranges from \$15,000 to \$80,000. Chapter 3 provides you with more detail on the commodities traded in Tycoon.

A speculator can purchase a commodity futures contract on margin. Margin is good faith money held by your broker and is not part of the contract purchase price. Commodity margin requirements range from 1% to 10% of the contract price and are dictated by the commodity exchange and your broker.

**Example:** A wheat contract valued at \$50,000 may be purchased on 10% margin for \$5,000. Your profits and losses are based on the change in value of the total contract value. If the price of wheat goes up 10%, your contract increases in value by \$5,000. Since all you put up was \$5,000 you would have made a 100% profit!

In Tycoon, each commodity has a specified percentage margin requirement (i.e., a percentage of the contract value). In the actual commodity market, the margin deposit is specified as an actual dollar value and does not change unless the exchange orders it to be changed.

Brokers charge a commission on each complete futures contract transaction. This is called a round trip commission and is paid only when you offset (sell) your contract. You pay no commission when you buy a contract. In Tycoon, the commission is 0.5% of the contract value.

### PRICE CHANGE FACTORS

The law of supply and demand is the governing factor in commodity price fluctuations. If the supply decreases, then the demand will be greater and prices rise. If the supply increases, then demand decreases and prices go down. Supply and demand have a reciprocal relationship, meaning that an effect on supply has an opposite effect on demand and vice versa.

Some demand factors are seasonal in nature such as heating oil being in greater demand during the winter, and wheat being in greater supply following a harvest. In Tycoon, seasonal factors appear in the simulation but not necessarily in the same calendar months as in real life.

News reports regarding changes in supply and demand conditions are the greatest short term influence on the commodities market.

**Example:** If a freeze is forecast for Florida then the price of orange juice rises because of speculation that the freeze will damage the oranges and decrease the supply.

Chapter 4 and the commodity descriptions in the game provide many valuable clues as to the types of circumstances that affect a commodity's supply and demand status.

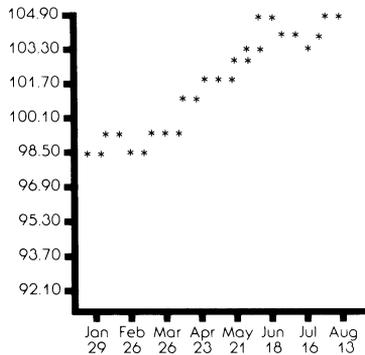
Taxation of futures contracts can be somewhat complex. For simplicity's sake, Tycoon charges you 30% tax on all profits, and gives you a 30% tax credit on all losses.

### HOW TO PREDICT PRICE CHANGES

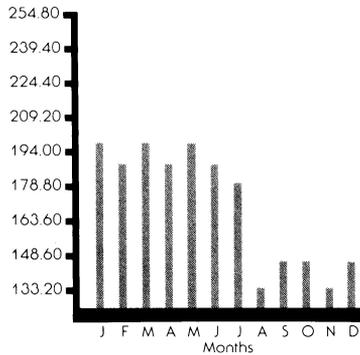
There are two schools of thought in regard to predicting commodity price changes. The first, called the fundamental approach, relies on researching changes in supply and demand. In Tycoon, use the news reports for this research. The second is called the technical approach. It relies on the analysis of price trends in order to project changes in the future.

Most commodity traders use a combination of fundamental and technical approaches to decide when to enter into a futures contract. Tycoon provides a number of different technical analysis tools that can be used to project the future of commodity prices, as shown on page 7.

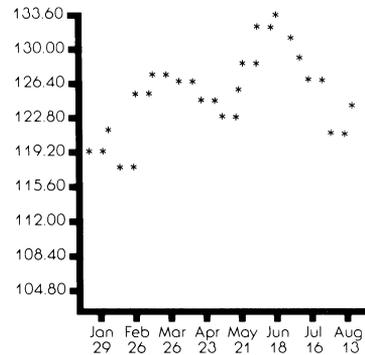
Additional information on the use of each of the graphs is provided in Chapter 3. There are many sophisticated tools used to analyze commodity price trend data. The graphs used in Tycoon are typical of the technical data a speculator would use to research a commodity.



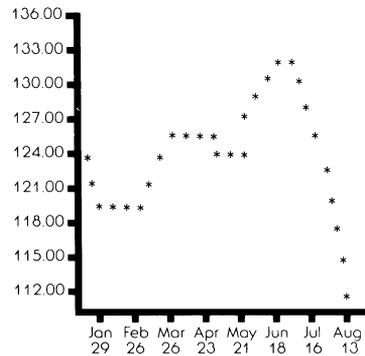
The commodity index graph provides a weighted average of all commodity prices and gives you a feel for how the general market is doing.



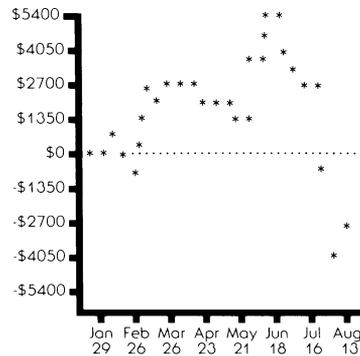
The historical bar chart will show you last year's monthly price changes for a specific commodity. Seasonal price changes may be identified and projected into the current year.



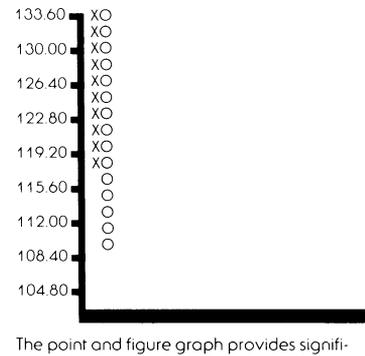
The weekly scatter plot graph provides specific commodity price changes on a weekly basis. Since Tyccon's trading period is one week, this is equivalent to the daily price chart in real life.



A 3 week moving average of the weekly scatter plot. This graph smooths out the price changes shown on the scatter plot so that trends can be easily identified.



The oscillator graph is identical to the scatter plot except that the vertical axis scale is now net price change per contract.



The point and figure graph provides significant price movements without the effects of time. The O's represent a downward price movement and the X's an upward price movement.

## MAXIMUM PRICE CHANGES

As the commodity futures market reacts in a volatile manner to news reports, the commodity exchange limits the price movement that can occur in a single trading session. In Tycoon, the maximum price change per week is specified for each commodity. For instance, gold may not change more than \$10.00 an ounce, or \$1,000 per contract in a trading session. So if you owned one gold contract, the most you could gain or lose in a trading session would be \$1,000. The terms, "limit up" and "limit down" refer to the maximum upward or downward price movements. If you are holding a long position on a commodity (hoping that the price will rise) and the price goes limit down, you may not be able to offset (sell) your contract. The reason for this is that other speculators may suspect that the price will continue to go down in the next trading session and will not want to "offset" your position. In other words, if you have a long June pork belly contract and the price goes limit down, you may not be able to offset (sell) your pork belly contract. In Tycoon, there is a significant probability that if the price change gets near the down limit and you are holding a long position (or upper limit, if short) you will not be able to sell your contract until the next week's session. By comparing the margin requirement to the trading limits (up or down), you can get a feel for the cost-to-risk ratio for each commodity. As you play Tycoon, this will become self-evident.

## YOUR NET WORTH

Probably the most significant difference between the commodity market and the stock market is that you can reinvest your profits the day you make them without offsetting (selling) your contract. Your broker will maintain a cash account in your name and at the end of

each trading session your account will be credited with your profits and debited with your losses. When you sell your contract, all you will receive back is your good faith money. If the price moves against your position and you don't have enough cash to settle your account, you will be forced to sell some of your holdings. Most conservative traders will leave plenty of money in their cash account to cover possible adverse price changes. If you're not careful, you could wind up in the strange position of owing more taxes on a commodity than you receive back in margin money when you sell your contract. Just remember that you can spend your profits the day you earn them, and conversely, must pay your losses the day you incur them.

In Tycoon, you are always forced to maintain the specified margin percentage. In the real market your broker may allow some of your losses to be paid out of your good faith money (or margin account). But, if the margin account drops below a specified level (called maintenance level), then the broker makes a margin call forcing the speculator to bring his account back to the original level.

The current price of a commodity is called the "spot price" and the price in future months is obviously called the futures price. There is no firm rule as to whether or not the futures price will be greater or less than the spot price. This is usually dictated by supply and demand conditions. If traders anticipate a downward price trend, then the futures price will be less than the spot price.

In addition to long and short positions, there is an investment called a spread. Spreading is the simultaneous purchase and sale of futures contracts in different months, or in different markets with the expectation that a change in the price differential between the

two will result. Spreads are not an appropriate strategy while playing Tycoon.

The commodity futures market has hundreds of additional facets not covered in this basic tutorial. By writing to the commodity exchanges listed in Appendix B, you can obtain a great deal of free information on the commodity market. As noted before, Chapter 3 expands and reinforces many of the concepts you have just encountered.

---

## CHAPTER 2

---

### A DEMONSTRATION

The easiest way to familiarize yourself with Tycoon is to watch the demonstration provided on your diskette. If you have not prepared your diskette for operation do so now. After starting Tycoon the first thing shown is Figure 1. (IBM users with a color board will first be asked if they are using a color monitor).

---

FIGURE 1

---

TYCOON

THE COMMODITY MARKET SIMULATION  
BY BLUE CHIP SOFTWARE

COPYRIGHT 1983 ALL RIGHTS RESERVED

VERSION 1.0

WRITTEN BY JIM ZUBER

DO YOU WANT TO PLAY A NEW GAME,  
A SAVED GAME, OR SEE A DEMONSTRATION?  
TYPE NEW, SAVED, OR DEMO AND PRESS  
RETURN.

---

Type DEMO and press RETURN. You will now be taken on a 10 minute tour through Tycoon. Just sit back, relax, and enjoy the demonstration. When the demonstration is complete, restart the Tycoon program as described in your loading instructions.

**Example:** On the IBM, you press CTRL-ALT-DEL to restart Tycoon.

---

## CHAPTER 3

---

### YOUR FIRST SESSION

The objective of Tycoon is to make a million dollars by speculating in the commodity futures market. One session of the game consists of 52 weeks of commodity price changes. Each week you will review the newspaper, examine the price changes since last week, do research, and buy or sell the various commodities.

### GROUND RULES

When first playing Tycoon you will start out as a Novice with \$10,000 cash. As a Novice you are limited to long positions and may only trade four types of commodities. As you buy and sell commodities, your net worth increases. Net worth, Tycoon's yardstick of success, is the sum of all your assets (cash and margin deposits), less your liabilities (taxes and commission obligations). As your net worth rises, so does your status and investment alternatives. For instance, when you reach a net worth of \$15,000, your status is raised to Investor, and you may trade four additional types of commodities. When you become a Speculator at \$30,000, you are able to take short positions. Remember: a long position is when you make money on a price increase, and in a short position you make money on a price decrease.

Each commodity in Tycoon has a specific margin requirement. Margin is the good faith deposit you must put down in order to purchase a contract. In Tycoon, margin is expressed as a percentage of the contract price. The commodities that a Novice can trade require a 10% margin. When your status increases to Investor the four new commodities that you can trade require only an 8% margin. There-

fore, as your status increases, you are able to trade commodities that require smaller margin deposits. The smaller the margin percentage, the greater your chances for profit (and losses).

Tycoon uses abbreviations for each commodity such as SOY for soybeans. These abbreviations are used when buying and selling commodities.

Figure 2 presents the six status levels, the commodities added as you achieve a new status, margin requirements, and commodity abbreviations. Your quick reference card also contains this information.

---

FIGURE 2

---

Net Worth	Status	Commodity	Abrv	Margin
10,000	Novice	Soybeans	SOY	10%
		Wheat	WHT	10%
		Live Cattle	CAT	10%
		Pork Bellies	PRK	10%
		Long Positions Only		
15,000	Investor	Coffee	CFE	8%
		Orange Juice	OJC	8%
		Heating Oil	OIL	8%
		Lumber	LBR	8%
		Long Positions Only		
30,000	Speculator	May Take Short Positions		
90,000	Professional	Cocoa	COC	6%
		Gold	GLD	6%
		Silver	SLV	6%
		S&P Index	STK	6%
250,000	Broker	T-Bills	TBL	4%
		Swiss Francs	FRC	4%
		Japanese Yen	YEN	4%
1,000,000	Tycoon	YOU DID IT!!		

---

Remember that as you rise in status you are allowed to trade additional commodities. For example, an Investor can trade soybeans or coffee, but with coffee he doesn't need as much margin deposit. When you reach a new status, Tycoon congratulates you and tells you what new commodities you can trade. Once you achieve a new status, it will not be reduced, even if your net worth drops below the required level. Tycoon allows you to advance only one status level per week. So if you are a Novice who suddenly makes a \$100,000, it will take a few weeks to advance to the Professional level.

In the unlikely event that you lose so much money that you can't buy one contract, you will be declared bankrupt, your status will be reduced to Novice, and you will be given \$5,000 and a clean slate to start your quest for a million dollars.

Upon reaching Tycoon status, you will be given \$50,000 to start out on a quest for your next million. The objective, once you have become a Tycoon, is to find out how quickly you can earn another million. Be careful not to go bankrupt and lose it all!

At the start of each game, your computer creates a new commodity market environment. This environment consists of 52 weeks of commodity market price changes. You start out in the second week, or January 8th. With each new week, the commodity prices change just like they do in the real market. On the 52nd week, or December 22nd, Tycoon converts your holdings into cash. This amount, along with your status, is saved by the computer. You can then start a new 52 week session with the cash and status earned in the previous session. Over a number of sessions, with a little luck and a lot of skill, you may become a Tycoon.

## NEW AND SAVED GAMES

The computer can store up to 14 players' game status (i.e., end of session cash and status). If you want to stop a session before the 52nd week, you can store the complete game status, including the market environment, and recall it later. Only one game can be saved on the disk at a time. If you have saved a game and subsequently your friend saves a game, the first saved game will be erased.

## GETTING STARTED

Figure 3 is the first thing displayed when you start Tycoon. (Except as noted earlier, IBM's with color boards.) Here you have the option of starting a new game, recalling a saved game, or seeing a demonstration. While we take you step-by-step through Tycoon, it is important that you sit in front of your computer with Tycoon up and running. Just do what we tell you and you'll be playing Tycoon before you know it!

---

FIGURE 3

---

TYCOON  
THE COMMODITY MARKET SIMULATION

BY  
BLUE CHIP SOFTWARE, INC.  
COPYRIGHT 1983  
ALL RIGHTS RESERVED

VERSION 1.0

WRITTEN BY JIM ZUBER

DO YOU WANT TO PLAY A NEW GAME,  
A SAVED GAME, OR SEE A DEMONSTRATION?  
TYPE NEW, SAVED, OR DEMO AND  
PRESS RETURN.

?

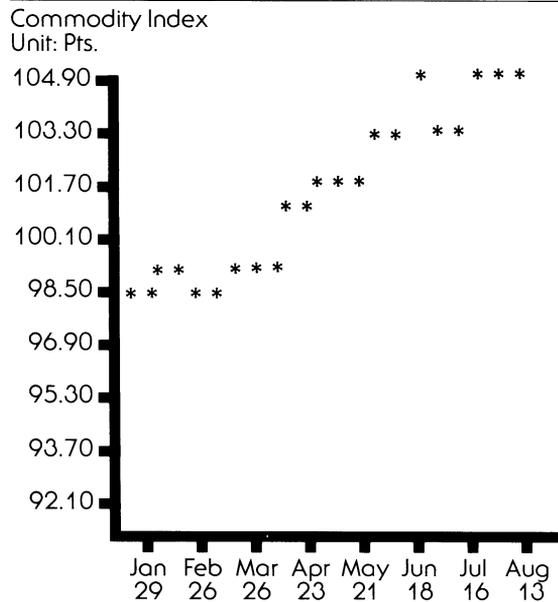
---

A friend of ours, named Cheat, has graciously left a saved game on your disk. Cheat was a broker with \$250,000 when he last saved his game. Let's use Cheat's saved game! Type SAVED and press RETURN. It will take 30 to 90 seconds, depending on your computer system, to recall the saved game.

### INDEX GRAPH

The first thing you will see each week is the commodity index graph (see Figure 4). The horizontal axis is the passage of time. The vertical axis is a weighted average of all commodity prices. This graph lets you know how the commodity market as a whole is doing. If the majority of the commodity prices are moving upward, the index graph will show this. Press the SPACE BAR to continue.

FIGURE 4



Press SPACE BAR to Continue

### NEWS REPORTS

Next is this week's newspaper report as shown in Figure 5. News items can signal upward price movements, downward price movements, or be inconclusive. Commodity price fluctuations in Tycoon are tied to these news items. If you properly interpret the changes in supply and demand that these news events signify, you will do quite well. Press the SPACE BAR to continue.

FIGURE 5

### THE FINANCIAL JOURNAL

PORK DEMAND CALLED POSSIBLE SIGN OF EATING HABITS CHANGE.

RETAIL PRICE OF ORANGE JUICE COULD EASE AS SUPPLY GROWS.

SOYBEAN PRICE WATCHERS ARE MOSTLY BEARISH.

### WEEKLY PRICE CHANGES

Figure 6 shows the weekly price changes for each commodity. This is similar to picking up the daily paper to see what happened to your commodity in yesterday's market. Reading from left to right, the table lists the abbreviated commodity name, the settling price of the commodity, the price change since last week, the pricing unit for each commodity, the dollar change per contract, and the highest price since the start of the session. The settling price is the current price of the commodity during the closest contract month (contract months will be explained a little later). Pricing units are abbreviated as follows:

CTS/BU cents per bushel  
 CTS/LB cents per pound  
 CTS/GAL cents per gallon  
 \$KBD/FT dollars per thousand board feet  
 \$/TON dollars per ton  
 \$/OZ cents per ounce  
 PTS (\$) points or dollars  
 CTS/JY cents per Japanese yen

Notice that an asterisk (\*) is to the right of the settling price on several commodities. This indicates that the commodity price is at a new high or low price for the session. To determine whether it is a new high or low, compare the settling price to the high price. If the two are the same, the asterisk signifies a new high. If they are not the same the asterisk signifies a new low. Displayed at the bottom of the screen is the number of commodities, out of

FIGURE 6

\*\*\*WEEKLY PRICE CHANGES\*\*\*  
(NEAREST CONTRACT MONTH)

Nam	Settle	Change	Units	\$/Cont	High
SOY	676.1*	-3.4	CTS/BU	-\$170	753.1
WHT	282.8	-0.0	CTS/BU	-\$0	311.9
CAT	66.99	-0.53	CTS/LB	-\$212	72.68
PRK	43.79	+2.09	CTS/LB	+\$794	66.34
CFE	111.10	+2.03	CTS/LB	+\$759	133.44
OJC	149.79	-1.41	CTS/LB	-\$211	155.83
OIL	76.10	+0.94	CTS/GAL	+\$396	85.36
LBR	214.61	+0.15	\$KBD/FT	+\$15	215.47
COC	2244*	+62	\$/TON	+\$618	2244
GLD	372.00*	-3.05	\$/OZ	-\$305	430.11
SLV	1547.3	-27.0	CTS/OZ	-\$1350	1574.3
STK	115.28	+0.96	PTS(\$)	+\$481	121.67
TBL	85.776	-0.060	PTS(%)	-%150	85.836
FRC	51.29	-0.39	CTS/SF	-\$488	52.82
YEN	0.4670*	+0.0042	CTS/JY	+\$527	0.4670

There were 7 winners this week.

the 15, that moved up in price. A minus sign in the change column indicates that the commodity's price has fallen. The dollar change per contract (\$/cont) indicates how much the value of one contract has changed since the previous week. Press RETURN to continue.

FIGURE 7

NET: \$250000      AUG 6      BROKER  
 CASH: \$250000      CHANGE: +\$0

MENU SELECTION

WEEK Advance to next week.  
 GRAPH Display graphs.  
 BUY Take a position.  
 SELL Liquidate a position.  
 PORT Display portfolio.  
 NEWS Display news/price changes.  
 COST Display commodity prices.  
 END Save or quit game.  
 DESC Commodity descriptions.  
 HELP Display menu.

ENTER ACTION DESIRED...

MENU SELECTION

You are now in the command mode as seen in Figure 7. This is where you research, buy, and sell commodities. An easy-to-understand menu is displayed at most times while you are in the command mode.

Displayed at the top of the screen is the status of your current net worth, available cash, the date, and your status. The item beneath your status requires special explanation. CHANGE is the net cash flow change after any transaction. If you buy a commodity for \$5,000, you have a negative cash flow of

\$5,000. If you advance a week and your commodities increase in value, you have a positive cash flow. Change is most helpful when you have purchased several different commodities, since it instantly calculates the net effect of all of that week's price changes on your commodities.

The prompt area at the bottom of the screen displays information requests and error messages. The center of the screen displays information while you are buying and selling commodities.

Pressing the first letter of each command results in the action described in the menu. For instance, pressing H for HELP redisplay the menu any time you are in the command mode. The IBM version of Tycoon allows you to use the function keys instead of the first letter of each command.

Let's go through some of the commands.

---

### FIGURE 8

---

ENTER X TO RETURN TO COMMAND MODE

- 1—SOYBEANS
- 2—WHEAT
- 3—CATTLE
- 4—PORK BELLIES
- 5—COFFEE
- 6—ORANGE JUICE
- 7—HEATING OIL
- 8—LUMBER
- 9—COCOA
- A—GOLD
- B—SILVER
- C—S&P STOCK INDEX
- D—1 YR T-BILLS
- E—SWISS FRANC
- F—JAPANESE YEN

ENTER DESCRIPTION DESIRED...

---

---

### FIGURE 9

---

#### SOYBEANS

The soybean comes from a small plant that supplies feed for animals, food for humans, and raw material for industry. The soybean is the world's cheapest source of protein, having twice the protein of beef or fish. The soybean is the 3rd largest U.S. crop, supplying 60% of the world's soybeans. Soybean meal is an important animal feed product. Soybean oil is used for things such as margarine and vegetable shortening.

Factors that affect soybean prices are the size of the world soybean crop, overall demand for soybean related products, and weather changes that could affect the crop.

One soybean contract is equal to 5,000 bushels of soybeans and requires 10% margin. The maximum allowable price change in a trading session is 50 cents/bushel or \$2,500 per contract.

Press SPACE BAR to Continue

---

#### COMMODITY DESCRIPTIONS

Press D for DESCRIPTIONS and you will see the menu in Figure 8. Next, press 1 for soybeans. Figure 9 shows a complete description of soybeans, a little history, some supply and demand factors, and some specifics about the soybean contract. The individual descriptions of each commodity, combined with the information in Chapter 4, is of critical importance in understanding the supply and demand factors that affect each commodity.

After reading the soybean description, press the SPACE BAR to continue. Once again the menu in Figure 8 is displayed. Press X to return to the command mode.

## CURRENT COMMODITY PRICES

Press C for COST to examine the current commodity prices as shown in Figure 10. Listed from left to right is the abbreviated commodity name, the current price of each commodity, the pricing unit, the margin required for a contract, the value of one contract, and the maximum price a single contract can change per week. Compare the value of a soybean contract and the required margin to those of Japanese yen. The margin percentage required for yen is ¼ that of soybeans.

FIGURE 10

NET: \$250000      AUG 6      BROKER  
CASH: \$250000      CHANGE: + \$0

\*\*\*NEAREST CONTRACT PRICE\*\*\*

Nam	Price	Units	Margin	Contract	MaxCh
SOY	676.1*	CTS/BU	\$3380	\$33803	\$2500
WHT	282.8	CTS/BU	\$1414	\$14141	\$1000
CAT	66.99	CTS/LB	\$2640	\$26795	\$1400
PRK	43.79	CTS/LB	\$1664	\$16639	\$1520
CFE	111.10	CTS/LB	\$3333	\$41663	\$1520
OJC	149.79	CTS/LB	\$1798	\$22469	\$3000
OIL	76.10	CTS/GAL	\$2557	\$31963	\$2520
LBR	214.61	\$KBD/FT	\$1717	\$21461	\$750
COC	2244	\$/TON	\$1346	\$22440	\$880
GLD	372.00	\$/OZ	\$2232	\$37200	\$1000
SLV	1547.3	CTS/OZ	\$4642	\$77367	\$2000
STK	115.28	PTS(\$)	\$3458	\$57640	\$1500
TBL	85.776	PTS(%)	\$8578	\$214441	\$1250
FRC	51.29	CTS/SF	\$2565	\$64116	\$750
YEN	0.4670	CTS/JY	\$2335	\$58377	\$750

ENTER ACTION DESIRED...

## REVIEWING OLD NEWS REPORTS

At this point, you are still in the command mode, but the menu is not displayed. Press H and the menu will reappear. Now press N for NEWS. This redisplay the week's news reports and price changes as shown previously in Figures 5 and 6. While reviewing the news, look at the prompt at the bottom of the screen. By pressing B, for BACK, you can look at the last week's news. Try pressing B a few times. Now press the SPACE BAR to examine the price changes for this week again. Please note that even if you go back 10 weeks reviewing news reports, when the price changes are displayed it will be for the current week. Now press the SPACE BAR to return to the command mode.

Press G for GRAPH to see the menu in Figure 11.

FIGURE 11

ENTER X TO RETURN TO COMMAND MODE

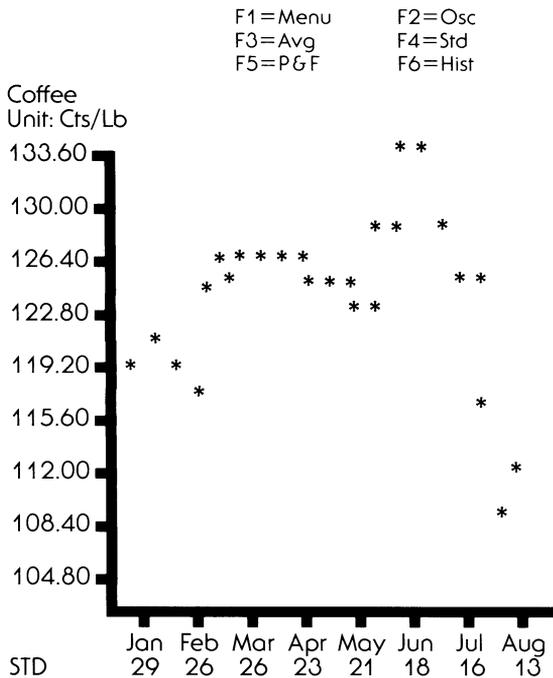
- 1—SOYBEANS
- 2—WHEAT
- 3—CATTLE
- 4—PORK BELLIES
- 5—COFFEE
- 6—ORANGE JUICE
- 7—HEATING OIL
- 8—LUMBER
- 9—COCOA
- A—GOLD
- B—SILVER
- C—S&P STOCK INDEX
- D—1 YR T-BILLS
- E—SWISS FRANC
- F—JAPANESE YEN

ENTER GRAPH DESIRED...

## VIEWING THE GRAPHS

Press 5 to request the coffee graphs. Tycoon provides five different types of graphs for each commodity. With the exception of the history graph, you can view up to 28 weeks of price-trend data. Examine the scatter plot graph of the coffee prices, as shown in Figure 12. Each point on the scatter graph represents the commodity's price for a particular week. In the upper left hand corner of the graph is the commodity's name and price unit for that commodity. Can you see any upward or downward price-trends on the graph? In the

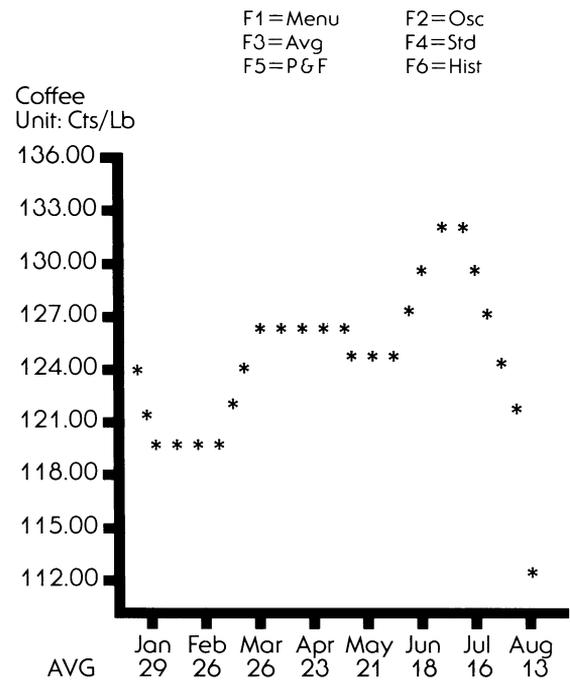
FIGURE 12



upper right hand corner of the graph is a list of commands that can now be entered. (On the IBM version, use the function keys if you prefer.) Just press the first letter of each command. Press S for STD this will erase and redisplay the scatter plot graph. We consider this the standard graph.

Press A for AVG to display a 3 week moving average of the scatter plot as shown in Figure 13. A 3 week moving average smooths out the price fluctuations and makes price trends easier to spot.

FIGURE 13



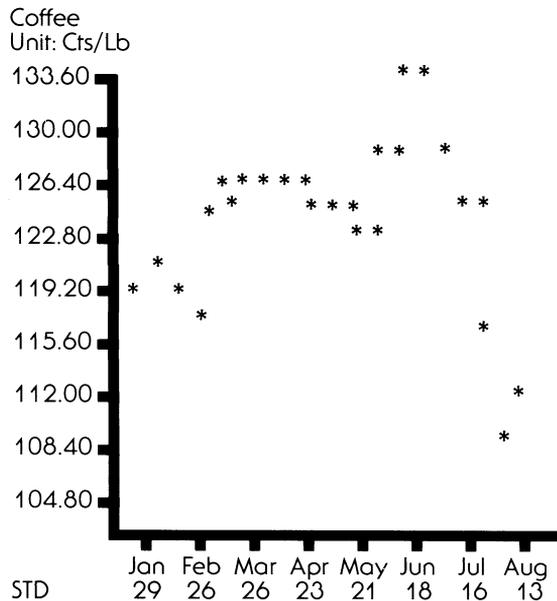


## VIEWING THE GRAPHS

Press 5 to request the coffee graphs. Tycoon provides five different types of graphs for each commodity. With the exception of the history graph, you can view up to 28 weeks of price-trend data. Examine the scatter plot graph of the coffee prices, as shown in Figure 12. Each point on the scatter graph represents the commodity's price for a particular week. In the upper left hand corner of the graph is the commodity's name and price unit for that commodity. Can you see any upward or downward price-trends on the graph? In the

FIGURE 12

F1=Menu	F2=Osc
F3=Avg	F4=Strd
F5=P&F	F6=Hist

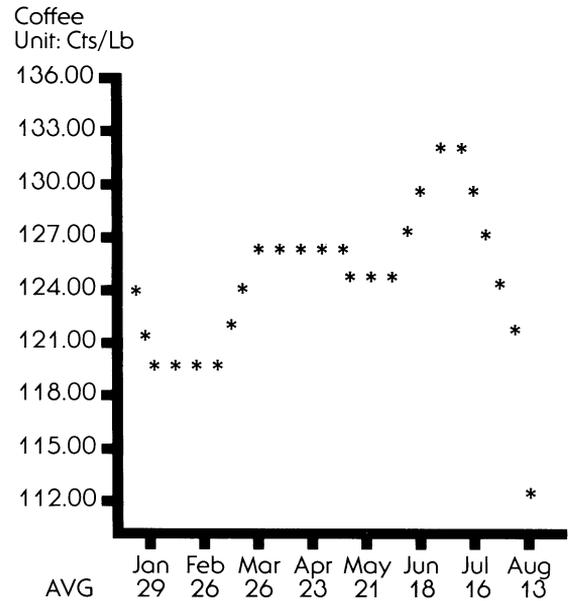


upper right hand corner of the graph is a list of commands that can now be entered. (On the IBM version, use the function keys if you prefer.) Just press the first letter of each command. Press S for STD this will erase and redisplay the scatter plot graph. We consider this the standard graph.

Press A for AVG to display a 3 week moving average of the scatter plot as shown in Figure 13. A 3 week moving average smooths out the price fluctuations and makes price trends easier to spot.

FIGURE 13

F1=Menu	F2=Osc
F3=Avg	F4=Strd
F5=P&F	F6=Hist

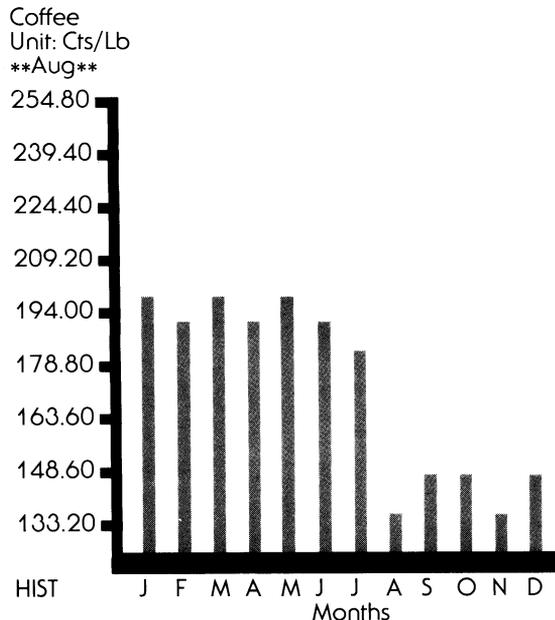




Now press H for HIST to request the history bar graph which provides (Figure 16) last year's monthly price movements. This graph is useful in identifying seasonal price trends for various commodities. For instance, if the history graph shows that soybeans were high last June and the scatter plot graph shows soybeans moving up in June, then you might be onto a seasonal price trend that you could capitalize on. Since Tycoon uses actual price trend data, the seasonal patterns reflect actual historical price changes, although not necessarily in the same historical months. During one session soybeans may be high in June while in another session they may be high in

FIGURE 16

F1=Menu      F2=Osc  
 F3=Avg        F4=Std  
 F5=P&F        F6=Hist



December. In the upper left hand corner of the history graph, enclosed in asterisks, is the current trading month.

### BUYING COMMODITIES

Press M to return to the menu. Now press X to return to the command mode. I think it's about time we bought some commodities. Press B for BUY and examine the commodity prices previously shown in Figure 10. Note: Any mistakes you make while entering a buy or sell transaction will simply return you to the command mode so you can repeat the transaction correctly.

Listed at the bottom of the screen are the various commodities that can be purchased. Remember that if you are a Novice you can only purchase the first four commodities. Type WHT for WHEAT and press RETURN. Tycoon will then display the available contract months as shown in Figure 17.

FIGURE 17

WHEAT 5000 BU

Ref	Month	Price	Units	Margin	Contract
1	Sep	282.8	CTS/BU	\$1414	\$14141
2	Dec	283.9	CTS/BU	\$1419	\$14195
3	Mar+	286.2	CTS/BU	\$1431	\$14311
4	Jun+	288.5	CTS/BU	\$1443	\$14427

Listed under the month column are the various contract months available. This is the month the contract comes due. Remember to offset (sell) your contracts before the end of this month. Notice that the prices of the various

contracts differ. The best contract month depends on the circumstances. If you are purchasing a long contract and the cheapest month also happens to be the furthest out, select the one furthest out. The plus sign adjacent to the months furthest away indicates the contract month is during the next year. To the left of the month is a reference number. Enter the reference number adjacent to the contract month you want. Press 2 and press RETURN. Now Tycoon asks you whether you want to buy a long or short contract. Enter L for LONG and press RETURN. If you are a Novice or Investor, Tycoon assumes all transactions are long and does not provide you this prompt. Next, Tycoon asks you how many contracts you want to buy. In parenthesis is the maximum number you can purchase with your available cash. Enter 1 and press RETURN.

---

FIGURE 18

---

BUY TRANSACTION REPORT

COMMODITY:	DEC WHEAT
TYPE:	LONG
CONTRACTS:	1
UNIT PRICE:	283.9 CTS/BU
CONTRACT SIZE:	5000 BU
CONTRACT PRICE:	\$14194.96
TOTAL VALUE:	\$14194.96
MARGIN/CONTRACT:	\$ 1419.50
<hr/>	
NET COST:	\$ 1419.50

---

As shown in Figure 18, Tycoon now displays a buy transaction report. This report contains all pertinent details about your purchase including the net cost to you. Now look at the screen and notice that net cost is

identical to the negative cash flow shown next to CHANGE in the status area at the top of the screen. Anytime you buy a commodity you are spending money and therefore have a negative (or outgoing) cash flow. When the transaction report is displayed, you automatically return to the command mode.

### A NEW WEEK

Now let's go to the next week and see if we can make some money on our contract. Press W for WEEK. Press SPACE BAR after seeing the commodity index graph, then press it again after the news report.

Tycoon displays a scatter plot of each commodity you own when you advance to a new week. The graphs are displayed in between the news and the price change table. Notice that Tycoon now displays a scatter plot graph of wheat. Did wheat go up or down? Press the SPACE BAR to see the price change table. How much did wheat go up? Press the SPACE BAR to enter the command mode again. Look at the status area next to CHANGE to see how much money was added to your cash account. If the value of your commodities goes down more than your available cash, Tycoon forces you to sell some of your holdings to pay off your debts.

### YOUR PORTFOLIO

When you buy a commodity, Tycoon records your purchase in your portfolio which is simply a record of all your commodity holdings. You may have up to 15 items in your portfolio. Press P for PORT to review your portfolio (refer to Figure 19). Notice that the only item in your portfolio is the wheat contract you bought last week. Reading from left to right is

FIGURE 19

\*\*\*COMMODITY PORTFOLIO\*\*\*

Ref	Nam	T	Qty	Purch	Currnt	Profit
1	WHT	L	1	283.9	290.8	345

the portfolio reference number, the abbreviated commodity name, the contract month, the contract type (L=Long S=Short), the number of contracts you have, the purchase price of your commodity, the current price, and your gross profit. The reference number is used when you sell your commodities. Gross profit does not include your tax or commission obligations. If you purchase the same commodity with the same contract month, it appears as one item in your portfolio.

**Example:** If you bought 10 June soybean contracts in February, then bought 5 more June soybean contracts in March, your portfolio shows one item with 15 contracts. The purchase price, and profit, is a weighted average of the two purchases. To see the menu, press H.

### SELLING COMMODITIES

Now let's sell your wheat contract. Press S for SELL. Surprise! Your portfolio appears as shown in Figure 19 and Tycoon now wants to know the reference number of the commodity you want to sell. To the left of the commodity name is the reference number. Just because you have only one item in your portfolio does not mean the reference number will always be one. Since the number one (1) is to the left of WHT, type 1 and press RETURN. Next

the computer asks how many contracts you want to sell. Since you only own one contract, enter 1 and press RETURN.

As shown in Figure 20, Tycoon displays a complete sell transaction report. Notice that you have been charged commission and a tax on your profits. As mentioned in Chapter 2, you receive a tax credit in the event that a loss is incurred. The tax credit is shown in parenthesis. "Cash credit (debit)" is the margin deposit you receive back when you sell a contract. In the event that your taxes are greater than your margin deposit, your cash account is debited to pay your taxes. "Net profit (loss)" is the net profit or loss on the sale after taxes and commissions.

FIGURE 20

SELL TRANSACTION REPORT

COMMODITY:	DEC WHEAT
TYPE:	LONG
CONTRACTS:	1
UNIT PRICE:	290.8 CTS/BU
CONTRACT SIZE:	5000 BU
CONTRACT PRICE:	\$14539.61
TOTAL VALUE:	\$14539.61
MARGIN/CONTRACT:	\$ 1453.96
COMMISSION:	\$ 72.70
TAXES:	\$ 81.59
CASH CREDIT (DEBIT):	\$ 1299.68
NET PROFIT (LOSS):	\$ 190.37

In the unlikely event that you don't have enough cash to pay your taxes, you will not be allowed to sell that commodity until you raise enough cash by selling some of your other commodities.

Contracts are due on the following dates: March 26, June 25, September 24, and December 22. If one of your contracts is within 4 weeks of the due date, an asterisk (\*) appears in the status area immediately below the date while you are in the command mode. If you forget to offset your position before the due date, Tycoon sells your commodity for 90 cents on the dollar.

As mentioned before, if a commodity price moves close to a limit up or limit down condition you may not be able to sell that commodity. If you see the message "Sorry... I cannot offset your position," you have to wait until the next week to sell that commodity.

### QUITTING THE GAME

Press H to display the menu. Now we are going to quit playing for a moment. Press E for END and Tycoon asks you if you're sure that you want to stop playing. Type Y and press RETURN. Next, Tycoon asks you if you would like to save this game. Type N and press RETURN. If you type yes, Tycoon stores the commodity market environment and your portfolio.

Next, Tycoon gives you a complete end of game report, as shown in Figure 21. You only receive this report when ending a session without saving it, or when week 52 rolls around. At this point, remove your Tycoon diskette(s) if you don't plan to play any more. If you would like to restart the game, press the SPACE BAR. Note: On CP/M computer systems you will be returned to the A prompt and you must press T and press RETURN to restart the game. Other systems will automatically restart the game when you press the SPACE BAR. After a short delay Tycoon displays the prompt "Enter new, saved, or demo and press return." Type NEW and press RETURN.

---

FIGURE 21

---

Your ending net worth was \$250190.  
Your net worth increased \$190.  
Your status is BROKER.  
Your high score is \$250190.  
You must increase your net worth by \$749810 to become a TYCOON.

---

### THE PLAYER DIRECTORY

As shown in Figure 22, a player directory with every player's name, last score, high score, and status is shown. In Tycoon, your score is in dollars. As you can see, our old friend Cheat is listed as player #1. Since you are a new player, just press RETURN, and Tycoon asks you to enter your initials. Actually, Tycoon accepts any name not longer than 5 characters. After typing your name, press RETURN.

---

FIGURE 22

---

Name	Score	Score	Status
1 CHEAT	\$250000	\$250000	BROKER

---

Enter player number to start.  
If you are a new player press RETURN.  
?

---

As you can only store 14 players' names on the directory, we suggest that you have occasional guests use Cheat's status for trying the game. Tycoon now enters your name in the player directory starting you out as a Novice with \$10,000. In some versions of Tycoon, you will be asked to enter a number next. If asked, type the number and press RETURN. Tycoon is now generating a new commodity market environment for you. As this is a very complex process, it takes between 3 and 7 minutes (depending on your particular computer system). Every time you create a game, your status and cash as listed in the player directory is carried into the new session. When you quit a game session without saving it or when reaching week 52, your new status, cash, and the score is posted in the player directory. Then next time you start a game, your name will be listed in the player directory as player #2. In the event that you get the urge to be sneaky and want to be a broker without earning it, you can always use "Cheat's" status and money by choosing player #1 when you create a new game.

## MISCELLANEOUS INFORMATION

A few general notes are in order. When you are in the command mode, graph/description menu, or graph mode, a single keystroke is all that is needed to enter a command. All other Tycoon prompts require you to press the RETURN key after typing your response. The BACKSPACE key can be used to correct any typing errors prior to pressing RETURN.

The graphs used in Tycoon are self-scaling, which means that the shape of the graph and the vertical axis values depend on the commodity's price. As each week passes, the self-scaling routine may cause the appearance of the graph to change in some surprising ways. Don't worry about this! Just keep in mind that the vertical axis scale on the graph could change each week!

By now, Tycoon has created your first game. Now try playing the game for 5 or 10 minutes and then read Chapter 4 for some strategy hints.

If you plan on investing real money in the commodity market, we strongly advise that you study the futures market (refer to Appendices B and C) and find a good broker to guide you through the treacherous waters of futures trading. Success at Tycoon is no guarantee of success in the real market!

---

## CHAPTER 4

---

### HELPFUL HINTS

This chapter includes both strategy hints and some comments on the various commodities traded in Tycoon.

1. While playing Tycoon, keep a pencil and tablet of paper near you so that you can note significant news events.
2. When first starting a session, go through a few weeks before making your first investment. This allows you to get a "feel" for the price trends.
3. Always keep adequate cash reserves. I suggest that you keep 30% of your net worth as cash reserves to meet unexpected losses.
4. When reaching a new status level, switch your holdings to commodities that require a lower margin. This will give you more "leverage."
5. Get out of your losses fast.
6. Don't let too much cash sit idle. Keep your money working for you.
7. Don't forget that news events are the most significant price-trend indicators.
8. Don't hold 10 different kinds of commodities at one time. This reduces your probability of making significant gains. Two or three seems to be optimum.
9. When Tycoon prompts you to "press SPACE BAR to continue," you can actually press any numeric or alphabetic key.
10. By comparing the margin requirement to the trading limits (up or down), you can get a feel for the cost-to-risk ratio for each commodity.

### NOTE TO EXPERIENCED TRADERS

The abbreviations for each commodity used in Tycoon are different from those used in the actual commodity market. This was done to make the abbreviations easier for the novice player to remember.

In the real world you "SELL SHORT" not "BUY SHORT" as done in Tycoon. The concept of selling something you don't own was difficult for most novice players to understand, and added a confusing element to the simulation. Although buying short may be an improper technical term, it does adequately convey what happens when a speculator calls up his broker to "sell short."

### MORE COMMODITY INFORMATION

Each commodity's full description can be referred to by selecting "DESC" while in the command mode. The following provides you with clues as how to interpret supply and demand changes.

#### Soybeans

An increase in crop size decreases prices, and vice versa.

#### Wheat

Changes in world-wide wheat demand is the most significant price factor. A major wheat producer importing wheat indicates an impending shortage and therefore drives prices up.

#### Cattle & Pork Bellies

Inventory size and slaughtering rates are good price-trend indicators. For instance, if hog inventories rise it may indicate a pending oversupply situation and therefore, a price reduction.

### **Coffee & Orange Juice**

They are greatly affected by adverse weather conditions. Reports of weather that may damage crops can send prices soaring.

### **Heating Oil**

General changes in the world market as well as the weather can affect heating oil prices. A warm winter could depress heating oil prices.

### **Lumber**

Demand for housing is the most important demand factor for lumber. A drop in housing starts could signal an over-supply situation and therefore, a price drop.

### **Cocoa**

Forecasts of future cocoa supply can significantly influence prices. If an oversupply situation is projected then prices will drop.

### **Gold**

The threat of destabilizing events in the world tends to drive gold prices up. The threat of war is sure to drive gold prices up.

### **Silver**

Industrial demand and government sales both have a significant affect on the price of silver. If the U.S. Treasury announces a major sale of silver from the U.S. stockpile, prices will most likely decline.

### **Standard & Poors 500 Stock Index**

Anything that influences the stock market as a whole will obviously have an effect on the S&P 500 Index. An economic recovery would tend to drive the index up.

### **1 Year T-Bills**

Interest rates are influenced by government and industrial cash needs. A large federal deficit drives interest rates up. T-Bills are sold on a discount basis. The face value of a 1 year T-Bill is \$250,000. If interest rates are at 10%, the 1 year T-Bill will be sold for \$225,000. If the interest rates drop to 5%, the discounted T-Bill will now be worth \$237,500 ( $250,000 \times .95$ ). In other words, when interest rates go down, the discounted value of the T-Bill increases in value. The commodity market uses an index to report interest rates. A 10% interest rate is quoted at 90.00, and a 5% interest rate at 95.00. To find out the actual percentage interest rate just subtract the index from 100 ( $100 - 95 = 5\%$  interest). If you are holding a long position in T-Bills and the interest rate index rises, you made a profit. This is consistent with the effects of an upward price movement on other commodities.

### **Swiss Francs & Japanese Yen**

Foreign currencies are quoted in U.S. cents. For instance, one Swiss franc may be quoted at 37 cents. A country that attracts more foreign currency through trade or banking than it spends abroad has a positive balance of trade. An improvement in a country's balance of trade usually signifies a strengthening of its currency. The balance of trade can be looked upon as the demand for a country's currency. A positive balance of trade means a country's currency is in demand and therefore increases in value relative to other countries' currencies.

---

## APPENDIX A

---

### GLOSSARY

#### **Bear Market**

A general downward trend in prices.

#### **Broker**

A representative who buys and sells commodities on the commodity exchange.

#### **Bull Market**

A general upward trend in prices.

#### **Buy**

In Tycoon, you "buy" a long or short contract. (See definitions of long and short.)

#### **Cash**

This is the amount of money available to you to buy commodity contracts.

#### **Cash Flow**

The amount of money going in or out of your cash account.

#### **Change**

This is the net change in cash flow.

#### **Command Mode**

Where the major commands are given from when playing Tycoon.

#### **Commission**

The sum paid to your broker for his services.

#### **Commodity**

The tangible goods bought and sold while playing Tycoon.

#### **Commodity Exchange**

Place where people (or their representatives) who want to sell commodities meet with those who want to buy commodities.

#### **Commodity Index**

A weighted average of all commodity prices.

#### **Contract**

A legal document that obligates you to deliver or take receipt of a commodity for a specified price at a specified time.

#### **Contract Month**

The calendar month that a commodity must be received or delivered.

#### **Demand**

The public's desire or need for a particular product.

#### **Environment**

In Tycoon, the commodity market environment consists of price changes and news reports.

#### **Fundamental Approach**

A technique of examining supply and demand factors to project future commodity price trends.

#### **Futures Price**

The price of a commodity to be delivered at a future date.

#### **Hedger**

This is a business or individual who utilizes the commodity futures market to minimize the risk of future price fluctuations.

#### **History Graph**

A bar graph in Tycoon showing the previous year's monthly price changes.

#### **Limit Down**

A commodity price that has moved down to its maximum limit in a single trading session (i.e., one week in Tycoon.)

#### **Limit Up**

A commodity price that has moved upward to its maximum limit in a single trading session (i.e., one week in Tycoon.)

**Long Position**

This is when you enter into a commodities contract that obligates you to purchase a commodity at a specified date and a specified price.

**Margin**

The good faith deposit required by your broker when entering into a commodity futures contract.

**Menu**

A number of choices displayed on the screen.

**Moving Average**

The average of 3 weeks' price changes in order to smooth out price trends. (Continuously moved forward one week at a time.)

**Nearest Contract Month**

The next contract month to fall due.

**News**

Headlines which signify changes in the supply and demand situation.

**Offset**

When you offset a position you cancel your commodities contract by taking a position opposite to the one you hold. In Tycoon, this is done by "selling" your long or short contract.

**Oscillator Graph**

A graph showing commodity price changes, but not the actual price itself. Tycoon shows the change in value of a single contract rather than the commodity price.

**Player Directory**

Where the name of each player, his status, and score are stored.

**Point and Figure Graph**

A graph showing significant price movements without the consideration of time. X's indicate upward price moves and O's indicate downward moves.

**Position**

To "take a position" means that you have entered into a long or short commodity futures contract.

**Price**

The price of a commodity. It can be expressed in dollars, cents, or other units, such as points.

**Reference Number**

The number used by Tycoon to indicate the contract month desired or the item in your portfolio you want to sell.

**Scatter Plot Graph**

The standard graph used by Tycoon, which consists of a point plotted for each week's price change.

**Seasonal Prices**

A pattern of monthly price changes that may be projected into future years.

**Sell**

In Tycoon, you offset your position by "selling" your long or short commodity futures contract.

**Settling Price**

The price of a commodity at the close of each trading session (i.e., one week in Tycoon.)

**Short Position**

When you enter into a commodity contract that obligates you to accept delivery and pay for a commodity at a specified date and a specified price.

**Speculator**

An individual who attempts to make a profit by taking long and short positions in the commodities market. The speculator hopes that the price will fluctuate in a way that increases the value of his holdings.

**Spot Price**

The price a commodity is trading for today — not a futures price.

**Status**

Your status in Tycoon determines the types of commodities you may buy and whether or not you can take short positions. Novice is the lowest status, and Tycoon is the Highest.

**Supply**

The ability of an industry or business to deliver a product that the public desires or needs.

**Taxes**

That portion of a speculator's profit that must be paid to the government.

**Technical Approach**

This is the analysis of short term and long term commodity price fluctuations to project the way prices will move in the future.

---

**APPENDIX B**

---

**COMMODITY EXCHANGES**

You can write to each of these commodity exchanges for plenty of excellent free information.

**AMEX Commodity Exchange**  
86 Trinity Place  
New York, NY 10006

**Chicago Board of Trade**  
141 West Jackson Blvd.  
Chicago, IL 60606

**Chicago Mercantile Exchange**  
444 West Jackson Blvd.  
Chicago, IL 60606

**Commodity Exchange, Inc.**  
Four World Trade Center  
New York, NY 10048

**New York Cotton Exchange**  
Four World Trade Center  
New York, NY 10048

**International Monetary Mart**  
444 West Jackson Blvd.  
Chicago, IL 60606

**Kansas City Board of Trade**  
4800 Main Street  
Kansas City, MO 64112

**Minneapolis Grain Exchange**  
150 Grain Exchange Building  
Minneapolis, MN 55415

**New York Coffee, Sugar, and Cocoa Exchange**  
Four World Trade Center  
New York, NY 10048

**New York Futures Exchange**  
11 Wall Street  
New York, NY 10048

**New York Mercantile Exchange**  
Four World Trade Center  
New York, NY 10048

**New Orleans Commodity Exchange**  
308 Board of Trade Place  
New Orleans, LA 70130

---

**APPENDIX C**

---

**BOOKS**

While writing *Tycoon*, I found the following books particularly helpful and recommend them highly.

**Commodity Speculation for Beginners**  
By Charles Huff and Barbara Marinacci  
McGraw Hill Book Company

**The Commodity Futures Game**  
By Richard Tewles, Charles Harlow,  
and Herbert Stone  
McGraw Hill Book Company

---

## **APPENDIX D**

---

### **ERROR MESSAGES**

#### **REMOVE WRITE PROTECT TAB**

Tycoon cannot be played with the write protect tab in place.

#### **SORRY...I CANNOT OFFSET YOUR POSITION**

This means that the price of the commodity you are trying to sell has moved close to the limit up or limit down value, and Tycoon cannot sell it this week. Try again next week.

#### **SORRY YOUR PORTFOLIO IS FULL**

You have the maximum number (15) of items in your portfolio already. You must sell some of your existing holdings to make room.

#### **THAT IS NOT A VALID COMMAND**

While in the command mode, you have entered an invalid command letter. You must enter the first letter of each command word.

#### **THAT IS NOT A VALID COMMODITY NAME**

You must enter the 3 letter commodity name abbreviation when Tycoon requests the commodity name.

#### **THAT IS NOT A VALID POSITION TYPE**

When requested to enter S, for short or L, for long, you entered in something else.

#### **THAT IS NOT A VALID REFERENCE NUMBER**

This message can appear during a buy or sell transaction. When asked to enter a reference number you must enter the number under the REF label.

#### **UNKNOWN ERROR**

This can be caused by a defective diskette or a programming error. Please write down the error number and line number displayed below UNKNOWN ERROR, and report it immediately to Blue Chip Software (Phone: 213-881-8288).

#### **YOU CANNOT BUY ZERO CONTRACTS**

When asked to enter the quantity of contracts to buy, you entered zero or pressed return without entering a number at all.

#### **YOU DON'T HAVE ENOUGH CASH TO PAY TAXES**

You have attempted to sell a commodity while owing more taxes than your combined cash and margin deposit for that commodity. Sell some of your other holdings to generate cash, then go back and try to sell the original commodity again.

#### **YOU DON'T HAVE ENOUGH MONEY**

You have attempted to purchase more contracts than you can pay for. If you do not exceed the number shown in parenthesis, you will be OK. Example:  
"Enter quantity to buy (max=7)?"

#### **YOU DON'T HAVE THAT MANY**

You attempted to sell more contracts than you own. Look under the QTY column in your portfolio to determine how many contracts you own.

#### **YOU DON'T OWN ANY CONTRACTS**

You selected the Sell command when you didn't own any contracts.

#### **YOU DO NOT HAVE ENOUGH MEMORY**

Tycoon cannot be played on your computer system because you do not have enough memory.

#### **YOU MAY NOT ADD ANY NEW PLAYERS**

You already have 14 players' names in the player directory. Use one of the names presently on the directory to play a game.

**YOU MUST BE A BROKER**

You have attempted to buy commodities that require Broker status.

**YOU MUST BE AN INVESTOR**

You have attempted to buy commodities that require Investor status.

**YOU MUST BE A PROFESSIONAL**

You have attempted to buy commodities that require Professional status.

**YOU MUST ENTER A VALID NUMBER**

You entered an invalid number in response to the "Enter player number" prompt. Look to the left of player's name in the directory and you will see a number.

These are the only valid entries except RETURN which adds a new name to the directory.

**YOU MUST TYPE NEW, SAVED, OR DEMO**

You entered an incorrect response to the "Type new, saved, or demo" prompt. Simply retype the action you desire.

---

**INDEX**

---

Bear Market . . . . .	25
Broker . . . . .	5, 6, 8, 10, 12, 22, 23, 25, 26, 29
Bull Market . . . . .	25
Buy . . . . .	4, 5, 6, 10, 11, 13, 14, 18, 19, 23, 25, 27, 29, 30
Cash . . . . .	8, 10, 11, 13, 14, 19, 20, 22, 23, 24, 25, 30
Change . . . . .	13, 14, 19, 25
Command Mode . . . . .	13, 14, 15, 18, 19, 21, 22, 23, 24, 25, 29
Commission . . . . .	6, 10, 20, 25
Commodity . . . . .	5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30
Commodity Exchange . . . . .	4, 5, 6, 8, 25, 28
Commodity Index . . . . .	2, 3, 7, 12, 19, 24, 25
Contract . . . . .	4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 17, 18, 19, 20, 25, 26, 27
Contract Month . . . . .	5, 12, 19, 20, 25, 26
Demand . . . . .	6, 8, 12, 14, 23, 24, 25, 26
Environment . . . . .	11, 21, 22, 25
Fundamental Approach . . . . .	6, 25
Futures Price . . . . .	4, 8, 25, 27
Hedger . . . . .	4, 25
History Graph . . . . .	14, 16, 18, 25
Limit Down . . . . .	8, 21, 25, 30
Limit Up . . . . .	8, 21, 25, 30
Long Position . . . . .	5, 8, 10, 24, 26, 27
Margin . . . . .	5, 6, 8, 10, 11, 15, 20, 23, 26, 30

Menu . . . . .	13, 14, 15, 18, 20, 21, 22, 26
Moving Average . . . . .	7, 16, 26
Nearest Contract Month . . . . .	26
News . . . . .	2, 6, 8, 12, 15, 19, 23, 25, 26
Offset . . . . .	5, 6, 8, 18, 21, 26, 30
Oscillator Graph . . . . .	7, 17, 26
Player Directory . . . . .	21, 22, 26, 29
Point and Figure Graph . . . . .	7, 17, 26
Portfolio . . . . .	19, 20, 21, 26, 29
Position . . . . .	5, 8, 10, 21, 24, 26, 27, 30
Price . . . . .	2, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 30
Reference Number . . . . .	10, 19, 20, 21, 26, 29
Scatter Plot Graph . . . . .	7, 16, 17, 18, 19, 26
Seasonal Prices . . . . .	2, 7, 18, 26
Settling Price . . . . .	12, 13, 26
Short Position . . . . .	5, 6, 8, 10, 19, 20, 21, 23, 25, 26, 27, 30
Speculator . . . . .	4, 5, 8, 10, 17, 23, 27
Spot Price . . . . .	8, 16, 27
Status . . . . .	6, 10, 11, 13, 19, 21, 22, 23, 26, 27, 29
Supply . . . . .	6, 8, 12, 14, 23, 24, 25, 26, 27
Taxes . . . . .	8, 10, 20, 27, 30
Technical Approach . . . . .	6

This software product and manual are copyrighted and all rights are reserved. Copying or duplicating this product is a violation of the law. Attempts to copy may result in improper operation of your game.

## NOTES

## NOTES

## NOTES

## NOTES

**READ THIS CAREFULLY**

This diskette remains the property of Blue Chip Software, Inc. It is licensed to the purchaser for personal use only. This diskette may not be copied or used for any commercial purpose without the express written permission of Blue Chip Software, Inc. Violations of this agreement will be prosecuted.

In the event that the diskette should fail to operate within sixty days of purchase, return it to Blue Chip Software, Inc. for free replacement together with proof of purchase. If the diskette fails to operate after the sixty day period there will be a five dollar replacement charge.

## TYCOON QUICK REFERENCE

Net Worth	Status	Commodity	Abrv	Margin
10,000	Novice	Soybeans	SOY	10%
		Wheat	WHT	10%
		Live Cattle	CAT	10%
		Pork Bellies	PRK	10%
		Long Positions Only		
15,000	Investor	Coffee	CFE	8%
		Orange Juice	OJC	8%
		Heating Oil	OIL	8%
		Lumber	LBR	8%
		Long Positions Only		
30,000	Speculator	May Take Short Positions		
90,000	Professional	Cocoa	COC	6%
		Gold	GLD	6%
		Silver	SLV	6%
		S&P Index	STK	6%
250,000	Broker	T-Bills	TBL	4%
		Swiss Francs	FRC	4%
		Japanese Yen	YEN	4%
1,000,000	Tycoon	YOU DID IT!!		

### COMMAND MODE

**WEEK**-This will advance you to the next week.

**GRAPH**-You can display various graphs for each commodity.

**BUY**-You can take a long or short position.

**SELL**-This allows you to offset your long or short position.

**PORT**-You can display the commodities in your portfolio.

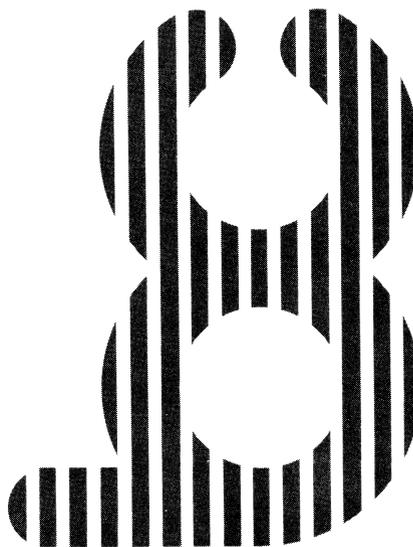
**NEWS**-This will display last week's news and prices.

**COST**-You can display the current price of all commodities.

**END**-Use this to quit or save a game.

**DESC**-Display descriptions of the commodities.

**HELP**-Display the command mode menu.



### USER REGISTRATION

In order that we may advise you of future updates and revisions to Tycoon, and announcements of our new products, please fill out the registration card below and send it to Blue Chip Software.

Name \_\_\_\_\_  
 Company Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Type of Computer \_\_\_\_\_  
 Place of Purchase \_\_\_\_\_

PLACE  
STAMP  
HERE

**BLUE CHIP SOFTWARE, INC.  
USER REGISTRATION DEPT.  
19818 Ventura Blvd., Suite 204  
Woodland Hills, CA 91364**



