LANGUAGE OF THE STOCK MARKET

	Total Points Earned	
41	Total Points Possible	
	Percentage	

Name_____

Date_____

Class_____

Directions: Complete the following worksheet in conjunction with the *Language of the Stock Market* information sheet 1.12.2.F1 or PowerPoint presentation.

1. What is the definition of a stock? (1 point)

2. What are two reasons companies like to issue stock? (2 points)

3. What is the definition of a dividend? (1 point)

4. What is the relationship between risk and return? (1 point)

5. The two basic types of stock are_____ and _____. (2 points)

6. What are three ways the value of a common stock can change? (3 points)

7. How are dividends for preferred stocks paid? (1 point)

8. What is the difference between common and preferred stock? (1 point)

9. What types of companies are classified as a growth stock? (1 point)

10. What unique characteristic do income stocks have? (1 point)

11. Why is a value stock viewed as an investment bargain? (1 point)

12. If the economic business cycle is up, what is probably happening to cyclical stock prices? (1 point)

13. Why are utility and grocery companies generally classified as countercyclical stocks? (1 point)

14. Speculative stocks have potential for very substantial earnings and therefore are very _____ risk. (1 point)

15. What type of company is classified as being a blue chip stock? (1 point)

16. Why is understanding the book value of a company important to researching a stock? (1 point)

17. What is the definition of earnings per share? (1 point)

18. What does the price/earnings ratio represent? (1 point)

19. What is the difference between a high and low P/E ratio? (2 points)

20. What does beta measure? (1 point)

21. The year to date percent change is measured from what date? (1 point)

22. What is the definition of dividends per share? (1 point)

23. What is the equation for dividend yield percentage? (1 point)

24. If the price/earnings ratio of a company is 43 to 1, what does this mean? (1 point)

25. What does close represent on a stock quote? (1 point)

26. What are the three indicators of the stock market? (3 points)

27. What is the difference between bull and bear markets? (2 point)

28. What is the job of a broker? (1 point)

29. Why do organized exchanges have minimum requirements? (1 point)

30. What are two characteristics of the NYSE? (2 points)

31. How is the American Stock Exchange different than the NYSE? (1 point)

32. What does NASDAQ stand for? (1 point)