

The Stock Market



Why Invest?

- ◆ Opportunity to Make Money!!!
- ◆ Short Term vs. Long Term Goals
 - **Long Term**
 - ◆ Buying a new house, car, etc.
 - **Short Term**
 - ◆ Buying food, gasoline, books, clothes, etc.

What is the stock market?

- ◆ Refers to buying and selling of shares, or stock, in all kinds of companies, both in the United States and around the world.



Stock Market Terms:

- ◆ Stockholder - when you buy shares in a corporation you become a stockholder
- ◆ Stock Certificate – a printed form showing ownership
- ◆ Dividends – the “pay out” from the companies to the stockholders

Stock Market Terms:

- ◆ Preferred Stock – fixed-income ownership security in a corporation
- ◆ Common Stock – basic form of ownership of a corporation
- ◆ Stockbroker – a licensed specialist in buying and selling stocks and bonds

Stock Market Terms:

- ◆ Stock Exchange – a business organization that accommodates the buying and selling of securities
- ◆ Market Value – the price at which a share of stock can be bought and sold in the stock market

Economic Factors!

- ◆ **Inflation** – Higher prices can result in lower spending by consumers, reducing company profits.
- ◆ **Interest Rates** – As the cost of money changes, company profits can increase or decline.
- ◆ **Consumer Spending** – Profits of companies that sell products and services to households are directly affected by buying habits.
- ◆ **Employment** – As people obtain or lose jobs, the amount of money they have for spending will affect company profits.

Advantages of Investing!

- ◆ You can choose companies in which you want to invest money
- ◆ Many companies pay a **dividend**
- ◆ Opportunity to make money
- ◆ You can track your investment growth on the Internet or newspaper
- ◆ You can plan your future by investing
- ◆ Support our economy

Disadvantages of Investing!

- ◆ Not guaranteed to make a profit
- ◆ You may lose your future investment plan
- ◆ Current events can play a major role in the market (September 11, 2001, etc)
- ◆ Companies may lie about profits and sales to persuade investors (Enron, Martha Stewart, etc)

Investment Websites

- ◆ <http://www.nasdaq.com>
 - Stock Prices
- ◆ <http://www.nyse.com>
 - Stock Prices
- ◆ <http://www.younginvestor.com>
 - Stock Education
- ◆ <http://smg2000.org>
 - The Stock Market Game
- ◆ <http://nationalsms.com>
 - The National Stock Market Simulation
- ◆ <http://lei.ncee.net>
 - Learning, Earning and Investing Site for Text



Ready to Invest? ? ?

- ◆ Select 4 companies to research in which you would like to purchase stock
- ◆ Track your stock purchases over the next few weeks
- ◆ Use Excel "My Personal Portfolio" spreadsheet application to track your stock purchases