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](http://www.nasdaq.com)
  - Stock Prices
- [http://www.nyse.com](http://www.nyse.com)
  - Stock Prices
- [http://www.younginvestor.com](http://www.younginvestor.com)
  - Stock Education
  - The Stock Market Game
- [http://nationalsms.com](http://nationalsms.com)
  - The National Stock Market Simulation
- [http://lei.ncee.net](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