

Buying Stock 101

Stock =

Shares represent _____ in the corporation.

1 share of Pepsi @ 45.00 per share

*Corporations raise investment capital by _____.



How are stock values established?

1. Historical _____.
2. Estimates of the company's _____ earnings made by corporate officers.
3. Perceived _____ of the company's _____.
4. Perceived strength of the company's _____ (health care, retail, etc.).

Benefits of Buying Stock

1. Dividends (income stock) =
ex. .15 per share x 100 shares = _____
2. Capital gains (growth stock) =
ex Buy Nike @ 15.50 in 1998
Sell Nike @ 21.80 in 2006
Capital gains of \$ _____ per share.

How do you buy stock?

1. Broker =
* Full service or online.
2. Corporate Stock Options =



How much stock (quantity) can I buy?

Round Lot =

ex. 100 @ \$21.00 = \$2,100.00

Odd Lot =

Stock Split

Ex. 1 share at \$50.00 = 2 at shares at \$25.00

How do you measure the health of the stock market?

Widely used indexes:

1.

2.

Bull market =

Bear market =

