



8-1

Stocking Up

Goals

- Examine several types of investments
- Calculate the # of shares of stock an investor can buy
- Read & understand daily stock transactions in the newspaper and online

Stocks

- Shares in the ownership of a corporation

Shareholder

- Those who own stock in a company making them part owner of the company

Dividends

- Periodic payments to the shareholders if the corporation is successful

Capital Gain

- Increase in the market Value of stocks

Common Stock

- Stock that entitles the owner to receive dividends & elect a board of directors

Preferred Stock

- Entitles to a fixed dividend but do not have a vote in the election of a board of directors

Newspaper Stock Listing

52 WK							
<u>High</u>	<u>Low</u>	<u>Stock</u>	<u>Div</u>	<u>High</u>	<u>Low</u>	<u>Last</u>	<u>Change</u>
80.26	53.27	NKE	0.24	74.20	72.38	73.94	+2.17
750.25	1167.89	GOOG	----	1152.49	1127.25	1135.39	+28.47
38.98	27.10	MSFT	0.28	36.88	36.23	36.86	+0.20
575.14	385.10	AAPL	3.05	506.50	496.70	499.78	-0.97
76.84	53.41	DIS	0.86	73.62	72.00	73.22	+1.89

Stock Prices & Fractions

- $\frac{1}{4} = \$0.25$
- $\frac{1}{2} = \$0.50$
- $\frac{3}{4} = \$0.75$
- $\frac{1}{8} = \$0.125$
- $\frac{3}{8} = \$0.375$
- $\frac{5}{8} = \$0.625$
- $\frac{7}{8} = \$0.875$

Bonds

- A loan to a government or corporation for which the holder receives interest during the life of the bond and the full amount at the maturity date.
- Bond prices that appear in the newspaper bond tables are the true price divided by 10.
- A price of $108 \frac{1}{4}$ actually refers to \$1082.50.

Corporate Bonds

- Bonds issued by private companies. If a corporation's earnings cannot cover obligations to both stock holders and bondholders, then the bond holders have priority

Municipal Bonds

- Bonds issued by states, cities, counties or school districts to raise money for schools, hospitals, streets, etc. Partially or fully exempt from local and federal taxes

US Savings Bonds

- Bonds Issued and backed by the United States government.

Mutual Funds

- A means of pooling funds with many other investors to acquire a wide variety of stocks, bonds, and other investments

Diversity

- Buy a well balanced assortment of investments

Securities

- Another name for stocks and bonds

Where to find Stock prices

- Local newspaper
- <http://www.google.com/finance>
- <http://money.cnn.com>
- <http://finance.yahoo.com>
- Cell phone apps

Example 1

- Bert would like to use \$2000 to invest in the stock market. How many shares of Time Warner Inc. (TWX) at $\$63\frac{3}{4}$ per share can he purchase.
- What if there is a \$25 transaction fee?

Example 2

- The bond table in the newspaper shows a high quality corporate bond is selling at $\$96 \frac{1}{2}$.
- How many corporate bonds could Bert buy with $\$2000$?

Homework

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