

Block Day: Week 1 February

Investing Packet

- <http://www.youtube.com/watch?v=-S0l0IHxOG0>
- What is a stock?

What are 2 ways to earn money by having stock?

Stocks are similar to bonds in that you give your money to a company to use. However, when you buy a stock, you are actually buying a piece of the company. Owning stock makes you a **shareholder**.

As a shareholder, you can vote on major decisions the company makes, such as hiring new management. If you buy enough stock in a company, you can actually make decisions as a director — because, after all, the company belongs to you. [ENG ▶](#)

Percent Ownership

When you buy a share of stock (*share* and *stock* are used interchangeably), you buy a portion of the company. Calculate the percent ownership you have in the situations below using the following formula: [ENG ▶](#)

$$\text{Percent ownership} = \frac{\text{\# of shares you own}}{\text{total \# of shares}} \bullet 100$$

Page 6

stock	Apple	Google	Nefflix	Amazon	Microsoft	eBay	Wal-Mart
52 w high	279.01	629.51	127.96	151.09	31.58	28.37	56.27
52 w low	134.42	395.98	37.93	75.41	22.00	15.77	47.35
Ticker	AAPL	GOOG	NFLX	AMZN	MSFT	EBAY	WMT
Div	-	-	-	-	0.13	-	0.3
Yield	-	-	-	-	2.12	-	2.48
P/E	22.63	21.42	53.37	52.93	12.68	11.37	12.74
Vol (millions)	19.64	2.25	2.59	5.77	156.26	16.64	45.34
High	270.27	477.65	118.62	121.76	25.11	21.11	50.20
Low	265.81	470.56	112.50	117.63	24.31	20.54	48.80
Close	266.70	472.68	117.98	121.00	24.53	20.95	48.80
Net Change	-2.30	-2.42	2.73	2.67	-0.47	0.09	-1.23

Page 7

Josh bought 20 shares of Netflix at \$117.98. A year later, he bought 20 more shares at \$124.32. He later sold all of his shares at the price of \$128.48. Josh's broker charges him 2% of each share as a transaction fee. After all of his transactions, how much money did Josh make?

- A. \$91.79
- B. \$93.51
- C. \$106.27
- D. \$112.31

Jody bought 20 shares of Amazon at the close price of \$121.00. She bought 20 more shares a year later at the price of \$127.00. Two years later, she sold all of her shares at the price \$133.00. If her broker charges \$40 for each transaction, how much money will Jody have after all of her transactions?

- A. \$5160.00
- B. \$5200.00
- C. \$5320.00
- D. \$5430.00

Jen bought 30 shares of eBay at the close price of \$20.95. She bought 20 more shares a year later at the price of \$25.50. Two years later, she sold all of her shares at the price \$28.75. If her broker charges \$30 for each transaction, how much money will Jen have after all of her transactions?

- A. \$1409.50
- B. \$1437.50
- C. \$1387.50
- D. \$1347.50

Page 8

Suppose you own 60 shares of Microsoft, which pays a dividend of \$0.13 per share per year. How much will you receive in dividends over 5 years, assuming the dividends stay the same and you buy no more stock?

- A. \$44.60
- B. \$23.40
- C. \$7.80
- D. \$39.00

A small company has 10,000 shares. Stephen owns 500 of these shares. The company decides to split its shares. What is Stephen's percent ownership after the split?

- A. 1%
- B. 10%
- C. 2%
- D. 5%

Stock Market Vocabulary



The **Securities and Exchange Commission (SEC)** is an essential part of the stock market: It keeps trading as fair as possible by preventing people who have insider knowledge of a company from using that knowledge.

The **Dow Jones** and **S&P 500** are also both vital to the

stock market: These market indices describe the stock market to the world at large and so can affect how trading goes each day.

- The Dow Jones is an average of 30 major corporations.
- The S&P tracks 500 industrial corporations.

Both are United States-focused, including only companies that are traded on the **NYSE** or on the **Nasdaq**.

Although these brokers are investing in individual stocks, they may also be managing **mutual funds**. Mutual funds invest in groups of stocks. These funds allow brokers to spread your money out over several different stocks, options, and indices. Most everyday investors invest in mutual funds. [ENG](#) ▶

Rate of Change

The formula for rate of change is

$$r = \frac{p_n - p_o}{p_o},$$

where r is the rate of change, p_o is the original price, and p_n is the new price. [ENG](#) ▶

Stock	Open	Close
APEX	\$26.81	\$27.85
FALT	\$1.06	\$1.06
BORG	\$511.60	\$505.39

COMPANY NAME	PRIMARY EXCHANGE	TICKER	WEIGHT PERCENT
3M Co.	NYSE	MMM	5.99445215
Alcoa Inc.	NYSE	AA	0.86407767
American Express Co.	NYSE	AXP	3.058252427
AT&T Inc.	NYSE	T	1.790568655
Bank of America Corp.	NYSE	BAC	1.183772538
Boeing Co.	NYSE	BA	5.053398058
Caterpillar Inc.	NYSE	CAT	4.726074896
Chevron Corp.	NYSE	CVX	5.552011096
Cisco Systems Inc.	NASDAQ	CSCO	1.854368932
Coca-Cola Co.	NYSE	KO	3.746185853
E.I. DuPont de Nemours & Co.	NYSE	DD	2.72260749
Exxon Mobil Corp.	NYSE	XOM	4.501386963
General Electric Co.	NYSE	GE	1.278779473
Hewlett-Packard Co.	NYSE	HPQ	3.436893204
Home Depot Inc.	NYSE	HD	2.4889043
Intel Corp.	NASDAQ	INTC	1.601248266
International Business Machines Corp.	NYSE	IBM	9.20110957
Johnson & Johnson	NYSE	JNJ	4.500693481
JPMorgan Chase & Co.	NYSE	JPM	2.89112344
Kraft Foods Inc. Cl A	NYSE	KFT	2.108183079
McDonald's Corp.	NYSE	MCD	4.900832178
Merck & Co. Inc.	NYSE	MRK	2.332871012
Microsoft Corp.	NASDAQ	MSFT	2.041608877
Pfizer Inc.	NYSE	PFE	1.171983356
Procter & Gamble Co.	NYSE	PG	4.370319001
Travelers Cos. Inc.	NYSE	TRV	3.480582524
United Technologies Corp.	NYSE	UTX	5.072815534
Verizon Communications Inc.	NYSE	VZ	1.990291262
Wal-Mart Stores Inc.	NYSE	WMT	3.639389736
Walt Disney Co.	NYSE	DIS	2.436199723

Dow Jones Industrial Average

- The weighted index of 30 major industrial stocks
- Includes stock traded on both the NYSE and NASDAQ
- Run by a financial publishing company started by three reporters: Charles Dow, Edward Jones, and Charles Bergstresser
- The most closely watched index

S&P 500

- The weighted index of 500 large stocks
- Includes stock traded on both the NYSE and NASDAQ
- Run by a financial services company started by a man who originally published books of railroad and statistical standards
- The second most closely watched index

If all of the stocks in an index go up, the index _____

- A. goes up
- B. goes down
- C. stays the same
- D. may go up or down — it is impossible to tell

Who monitors the stock market?

- A. The NYSE
- B. The Nadaq
- C. The SEC
- D. The S&P

Your mutual fund includes the stock UPP that opens at \$39.86 one day and closes at \$45.92. What is the rate of change of the stock on this day?

- A. 13.1%
- B. 15.2%
- C. 86.8%
- D. 100%

What is the name of indicator of stock market prices that is the average of 30 selected industrial stocks?

What is the name of the federal agency that regulates the investment industry?

What is the name of an investment that pools money from many investors in order to acquire a large variety of stocks, bonds, and other investments?

At the beginning of the day, stock XYZ opened at \$6.12. At the end of the day, it closed at \$6.88. What is the rate of change of stock XYZ?

At the beginning of the day, the sum of the stocks in the Dow Jones was \$10,335.24. At the end of the day, the sum of the stocks in the Dow Jones was \$10,215.78. What was the rate of change of the Dow Jones on this particular day?

On a particular day, the Dow Jones had a rate of change of 1.7%. Which of the following statements must also be true?

- A. The Nasdaq increased.
- B. Every stock in the Dow Jones increased.
- C. The S&P 500 increased.
- D. The average of the 30 stocks in the Dow Jones increased.

Page 17

- What is a market cap? <http://www.youtube.com/watch?v=STNJlYdUUrE&feature=channel>