

Notes — Week 8

Michael Brodskiy

Instructor: Mr. Bremer

Period 3

1. Bonds

- Bonds represent debt
- Important characteristics:
 - Term
 - Interest rate/risk
 - Tax treatment

2. Stocks

- Stocks represent ownership in a corporation (*i.e. equity*)
 - How is price set?
 - * Supply and Demand
 - Where are they traded?
 - * New York Stock Exchange
 - * NASDAQ
 - * Many More
 - How do we measure market performance?
 - * Stock indices
 - S&P 500
 - NASDAQ
 - Dow Jones Industrial Average
- Making Money With Stocks
 - Capital Gains
 - Dividends

3. Money must function as:

(a) Medium of exchange

- “Greases the wheels” of transactions

(b) Measure of value or “unit of account”

- Expresses worth in terms people understand
- Especially useful to compare value of dissimilar items

(c) Store of Value

- Can have time between earning and spending

4. Commodity Money

- Money that has intrinsic value (*i.e. something that can be used for something other than money, like gold or a tomato*)

5. Fiat Money

- Money that has no intrinsic value