MICROECONOMY
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STOCKS

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There are many different types of stocks. It is important to know the different types of stocks, stock ownership, and the pros and cons of stocks. Stocks and therefore the stock market are very important in the economy because they stimulate the growth of young companies by giving them an opportunity to earn money easily.

A stock is a portion of a company. A stockholder has the right to vote on important decisions in the company. Stocks are usually bought at a low price and sold at a higher price for profit. The stock price goes up or down depending on how well the company is doing. A close is the value of a stock when the day ends.

There are sixteen main types of stocks. The others are slightly altered versions of the ones below.

A preferred stock is a stock in which stockholders get paid their dividend before common stockholders. If there isn't any left, too bad. Preferred stockholders don't get to vote in company issues.

Cumulative preferred stock means that if the company does not pay the preferred stockholders then they get paid double next year.

Convertible preferred stock can change to common stock for money.

Common stock is the most common. One stock = one vote.

Capital stock, also called market capitalization, the value of a company or the amount of stocks they are allowed to sell. Found by multiplying the price of the stock by the amount. A large cap is ten billion or-more good service(a blue chip). Middle cap is two-ten billion-rapid or coming growth. A little cap is three hundred million or less-high risk of DOWNFALL. Free-float cap is the amount of stocks tradable by the public.

Voting and non-voting stocks are stocks in which the stockholders can vote and stockholders can not vote. Pretty self explanatory.

Unlisted stock is stock bought over the counter(OTC). Over the counter trading is where stocks are not qualified for stock exchanges.

Listed stocks are stock sold at a stock exchange.

Blue chip stock, also called bellwether stocks, stocks from a blue chip company. high value stocks. A blue chip company is a company that has had steady progress for a long time. It is the least risky stock in which to invest.

Income stocks are stocks that have a long stable record of good dividends.

Dividend stocks are stocks that give a dividend.

Defensive stocks have low risk and low reward.

Cyclical stock, also known as risk stock, can have either high reward or high loss.

Growth stocks increase in value over time.

Forgien stocks are stocks from other countries.

Penny stockshave such low value it cost five dollars and under. This could be bought in over the counter trading. This would also qualify as a risk stock.

Dividends are a certain amount of money given to stockholders by a company usually four times a year. A special dividend is only given once a year. Dividends are only given if the company has no better use for the money. If you look at it that way, it means that if a company is giving out dividends it has no room to improve. But some companies give dividends to attract buyers. If a company has a steady dividend, it shows that the company is doing well. Companies will go to almost any extent, even dept, to maintain a steady dividend. If a company's dividend falls, it shows that the business is failing therefore losing customers. A stock dividend happens when the company has a stock split - which is a doubling in quantity and halving in value.

A stockholder will receive a certificate to show that they own stocks from the company in question. A stockholder gets to vote for all important decisions as well as THE BOARD OF DIRECTORS. Stocks can be sold at any time unless the company states otherwise.

A stock exchange is a place that takes care of giving everyone the stocks they have bought. Stockbrokers are the people who work at stock exchanges. To sell at a stock exchange, a company must follow a set of rules that differ from stock exchange to stock exchange. A term in the stock market is bull market, which means a high market. A bear market means a low market. A secondary market is if you physically buy or sell the stock certificate.

The stock market helps stimulate the growth of young companies which will grow to sell even more stocks continuing the cycle forever.

OUTLINE

I. INTRODUCTION

A. INTRODUCE TOPIC

B. MAIN IDEA

C. THESIS: STOCKS AND THUS THE STOCK MARKET ARE VERY IMPORTANT IN THE ECONOMY BECAUSE IT STIMULATES THE GROWTH OF YOUNG COMPANIES BY GIVING THEM AN OPPORTUNITY TO EARN MONEY EASILY.

II. BODY PARAGRAPH 1: STOCKS EXPLAINED

A. STOCKS EXPLANED

B. STOCK TYPES

III. BODY PARAGRAPH 2: BENEFITS OF STOCK OWNERSHIP

A. DIVIDENDS

B. STOCK OWNERSHIP

C. STOCKING UP ON STOCKS

IV. BODY PARAGRAPH 3: ABOUT STOCKS

A. PROS AND

B. CONS OF

C. STOCKS

V. CONCLUSION – NOT A FAN OF SARCASM IN HERE ;).

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