

Intro To Bonds & Stock Market Recap

1. How does bond ownership build wealth?

2. Are U.S. government bonds considered high or low risk? Explain why.

3. Explain how financial markets and financial institutions help facilitate the transfer of funds from people who have saved money to people, firms and governments with investment projects.

4. What are three common types of emergencies people save money for?

5. What is the difference between stocks and bonds?

6. What is a stock exchange? Give one example.

7. If a company goes bankrupt and its stock price goes to zero, what happens to its shareholders?

8. Is a kind of ownership in a corporation that entitles the investor to share any profits remaining after all other obligations have been met.

- A. Preferred stock
- B. Common stock

9. Is when the value of the stock increases.

- A. Stock appreciation
- B. Stock depreciation

10. Is a financial asset that represents a piece of ownership in a company.

- A. Stock exchange
- B. Stock

11. Is when a buyer offers to buy shares of stock at a given price.

- A. Bid price
- B. Ask price

12. Companies have a market value of more than \$10 billion.

- A. Large-cap
- B. Small-cap

13. Match the following key terms in the left column with the correct definitions in the right column.

Matching Letter	Key Term	Definition
	Diversification	A. Share of profits paid to a stockholder
	Treasury Bill	B. Total value of a company in the stock market
	Dividend	C. Short-term securities with maturities ranging from a few days to 52 weeks
	Emergency Savings	D. Unique identifier by which individual securities can be researched and traded
	Index Fund	E. Securities with terms of 20 or 30 years
	Stockholder	F. Original value of the bond
	Face Value	G. Money set aside for unforeseen events
	Ticker Symbol	H. Person who owns stock in a company and is eligible to share in profits and losses
	Market Capitalization	I. Distribution of investments among several companies to lessen the risk of loss
	Treasury Bonds	J. Type of mutual fund where components of the fund track the performance of a financial market index