

Section 3: Guided Reading and Review

The Stock Market



A. As You Read

As you read Section 3, supply the missing information to complete each sentence in the spaces provided.

- Income stocks pay _____.
- Growth stocks can be profitable because they _____.
- Investors experience capital gains when they _____.
- Investors suffer capital losses when they _____.
- Stocks are riskier than bonds because _____.
- Blue chip stocks are traded on the _____.
- A put option is the option to _____.
- During a bear market, investors sell because _____.

B. Reviewing Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided. You will not use all the terms.

Column I

- _____ 9. steady, extended rise in stock market
- _____ 10. electronic marketplace for stock not listed on an organized exchange
- _____ 11. claims of ownership in a corporation
- _____ 12. making high-risk investments with borrowed money in the hope of getting a big return
- _____ 13. market for buying and selling stock
- _____ 14. person who links buyers and sellers of stocks
- _____ 15. 1929 collapse of the stock market
- _____ 16. business specializing in trading stocks
- _____ 17. contracts to trade stock at a specific price and time in the future

Column II

- a. stockbroker
- b. options
- c. bear market
- d. Great Crash
- e. brokerage firm
- f. bull market
- g. equities
- h. OTC market
- i. speculation
- j. stock exchange