INVESTMENT INFORMATION

Stock Market IQ Quiz Key

1. **False:** Stocks are shares of ownership of companies. These shares are sold to the public in markets around the world. The largest stock markets in the United States are the American Stock Exchange (AMEX), the Nasdaq Stock Market and the New York Stock Exchange (NYSE).
2. **False:** The prices of stocks rise and fall, depending upon economic conditions and business success. Many people have lost money by buying stocks when the prices were high and selling them after prices fell. There is risk in the stock market. It is not a sure way of making money.
3. **True:** Many electronic methods exist that allow people to buy stocks without talking directly to a person. One method brokerage firms use is to allow people to buy stock with computers using the Internet. It allows people to make trades quickly and inexpensively.
4. **True:** These names refer to people and their attitudes toward the stock market performance. Bulls are people who think the market will continue to rise; Bears think stock prices are very likely to fall; Pigs are people who try to make a big killing on the market in a short time and tend to get "slaughtered" -in other words, they lose all their money on high-risk investments.
5. **False:** Millions of people invest in the stock market through mutual funds, individual purchases of stock, and pension investments. Very wealthy people make up only a small portion of the stock market investor population.
6. **False:** The stock market is a very small part of the economy. It cannot cause the economy to grow or decline. It is one indicator of the economy, so when the stock market goes up it does signal that many people think the economy will grow in the near future. Sometimes they are right, and sometimes they are wrong. The stock market cannot make people and companies in the economy improve their production of real goods and services.
7. **False**: All "good" stocks are available for sale in large quantities. Just because someone currently owns them does not prevent investors from buying the stocks. The new investor just must offer a price attractive enough so the current owners have an incentive to sell their stocks.
8. **False:** The prices of stocks on the stock market change as supply and demand for stocks change. They can change at any rate, or prices can stay the same for a long time. How much they move up or down does not forecast how far they may fall. Over the long term, stocks have appreciated by 9 percent.