Stock Up On This!

- We hear about the stock market on a daily basis; not necessarily because we want to, but because it has become an integral part of American society.
- The market is the core of economic stability in the United States. Stocks and bonds represent companies which touch aspect of every person's life.

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- The **stock market** is a general term used to describe all transactions involving the buying and selling of stock shares issued by a company.
- A **stock** is a share of ownership in the assets and earnings of a company.
- The stock is represented by a piece of paper called the **stock certificate.**

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- In comparison, a **bond** is a type of debt that a company issues to investors for a specified amount of time.
- Basically, a person who purchases stock wishes to own part of the company, while a person who invests in a bond asks for his money in return at the end of a period along with interest and benefits.

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- The **maturity date** of a bond is the date on which an investor can expect to have their principal repaid along with regular interest.
- The **principal** refers to the original sum of money borrowed in a loan or put into an investment; it can also refer to the *face value* of a bond.

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- In the market, the **bond issuer** is the borrower, while the **bondholder** or purchaser is the lender. At the maturity of the bond, bond issuers repay the bondholder the principal value.
- Likewise, the purchaser of a stock, or share of ownership in a company, is tradiotnally known as a **shareholder.**

- For the next couple of days, along with the daily notes, make sure you are reading and comprehending the info provided by the worksheets given.
- Begin to build up your knowledge on how to read a "stock ticker." That concept will be taught very soon, but it will make much more sense if you have read about it beforehand.

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- Generally speaking, stocks are divided into two broad categories: **common** and **preferred** stock.
- **Common stock** "refers to shares or units of ownership in a public corporation. This is the most typical kind of stock."
- With the purchase of a common stock, you are also given the right to **vote** in relation to the company.

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- Common stock owners may also earn **<u>dividends</u>**, but those dividends are typically variable and not always guaranteed.
- A **<u>dividend</u>** is a sum of money or payment made to shareholders on a regular basis; these payment are typically made out of profits or reserves.
- The purchase of common stock is recommended for **<u>investors looking for long-term growth.</u>**

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- **Preferred stocks** are frequently compared to bonds because of their similarity; the **price** for these stocks are usually a lot more stable and predictable than the "common" ones.

- Preferred shareholders are not given a vote, but they do receive **fixed dividend** amounts and **preferred treatment** (in case of bankruptcy or liquidation, they receive their money first)

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- Preferred stock prices are less volatile (risky, unpredictable) than common stock prices.
- This means shares are less prone to losing value, but they're also less prone to gaining value in the long run.
- In general, The purchase of preferred stock is recommended for **investors that prioritize income over long-term growth.**