

Economic Terms

Stock Market - An organization through which industrialists and entrepreneurs raise money to create or expand business activities by selling shares in their companies. It is also a place where these stocks can be traded or sold. The shares or stocks usually pay some money to their owners in the form of dividends depending on whether the company experiences profits or losses.

Dividends - A distribution of company earnings in the form of either a cash payment or stocks. Most payments are made on a quarterly basis.

Speculation - Usually considered a more risky form of investment. The speculator buys not with the idea of holding on to the stock for a lengthy period but assuming that stock prices will go up and be quickly sold to obtain a more immediate profit.

Buying on Margin - Purchasing a stock by making a down payment and financing the remaining cost by obtaining a loan through a bank or a brokerage house.

Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

Unemployment rate is the percentage of the labor force who are unemployed.

Gross Domestic Product (GDP) is the market value of all final goods and services produced within a country in a year.

Inflation is a general upward movement of prices for goods and services in an economy.

Deflation is a general downward movement of prices for goods and services in an economy.

Depression is a very severe recession; a period of severely declining economic activity spread across the economy (not limited to particular sectors or regions) normally visible in a decline in real GDP, real income, employment, industrial production, wholesale-retail credit and the loss of the overall confidence in the economy.