HOW TO READ STOCK MARKET REPORTS

The stock market report below is taken from an issue of the most famous financial newspaper in the United States, The Wall Street Journal. *The report includes the listings of five well-known companies. Use the report to answer the questions that follow.*

52 Weeks							Vol	Today			
Hi	Lo	Stock	Sym	Div	Yld%	PE	100s	Hi	Lo	Close	NetChg
51 3/8	34 3/4	EKodak	EK	1.60	3.7	18	13502	43 1/4	42 5/8	43	. . .
69	60 1/4	Exxon	XON	2.88	4.4	16	11442	66 3/8	66 5/8	66 5/8	-1/2
25 3/4	19 1/4	Kmart	KM	.96	4.8	12	15790	20	19 5/8	19 7/8	+1/8
28 1/2	16 3/4	Maybelline	MAY	.18	.7	20	189	25 1/4	24 7/8	25 1/8	. . .
107 1/2	48 3/4	Motorola	MOT	.44	.4	28	5898	102 3/8	101 1/8	101 1/8	-3/8

1. What was the highest price paid for Motorola during the 52-week period?

2. What was the closing price for Motorola on this particular day?

3. Which stock showed the greatest loss on this particular day? What was that loss?

4. How many shares of Maybelline were traded on this particular day?

5. How many shares of Exxon were traded on this particular day?

6. Which stock paid the highest dividend?

7. Which stock had the lowest PE ratio?

8. If you had purchased 100 shares of Kmart at the year's lowest price, how would you be doing on this particular day?

9. Would you be doing better if you had bought EKodak at the year's lowest price? Explain your answer.

10. What does "…" in the report indicate?

Name ______________________ Date ____________ Class ____________

Economics Activity 22

Investing in Corporations

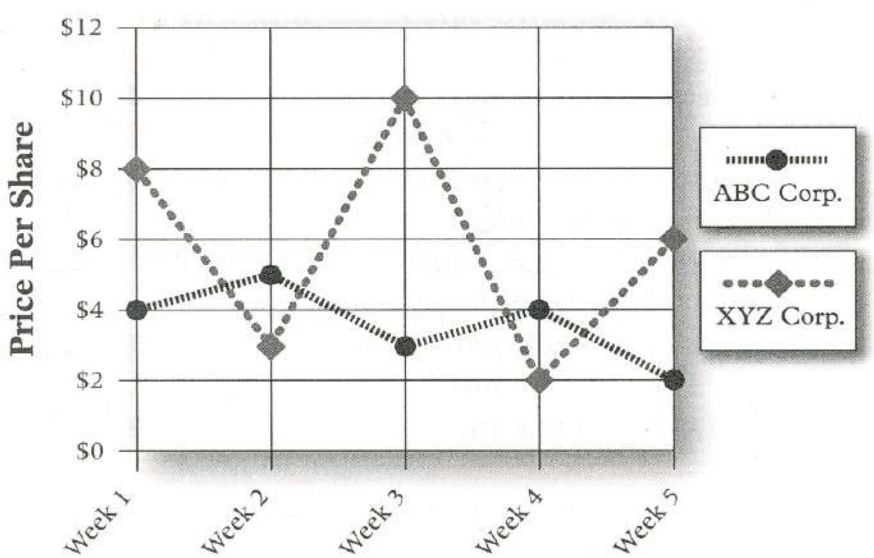
Stock is a share of ownership in a corporation. People buy stock as an investment. If the corporation fares well, the **stockholders** share in the profits. If the corporation fares poorly, the stockholders make little money. They may even lose the money they invested.

One way to make money on stock is to sell it for more than you paid for it. For example, suppose you bought 100 shares of ABC Corporation for \$2 a share. 100 shares × \$2 = \$200 total invested. If the price rises to \$3 a share, your shares would be worth 100 × \$3 = \$300. If you sold the shares at \$3, you would make a \$100 profit: \$300 received in the sale—\$200 paid for it.

Stock prices don't always rise, however. Stock prices rise and fall constantly as investors buy and sell shares. If the price changes by large amounts, the stock is risky. The price could be very low when you want to sell. As a result, you could lose a lot of money. A stock is less risky if its price changes only small amounts over time. The more risk you are willing to take, the greater your gains—or losses—could be.

CHAPTER 22

DIRECTIONS: The graph below shows the price changes of two stocks over a period of time. Study the graph. Then answer the following questions on a separate sheet of paper.



1. Suppose you bought 100 shares of both stocks in Week 1. How much did you pay for ABC Corp.? How much did you pay for XYZ Corp.?
2. If you sold your XYZ stock in Week 4, how much would you gain or lose?
3. If you sold your ABC stock in Week 4, how much would you gain or lose?
4. Which stock is riskier? Why?
5. **CRITICAL THINKING ACTIVITY** Ask a parent or librarian to help you find stock quotes in a newspaper or online. Pick a stock to track. Pretend you bought 100 shares the first day. You paid the *closing price*. This is the price at the end of the day. For a week, record the stock's closing price each day. Plot the prices on a graph. At the end of the week, you sold the stock. Did you make or lose money on this investment? How much?