

# Stock Market Talk

Points/Grade

Discuss each question and then write your answer in your own words. Your answer will be scored 0 to 5 based on the completeness and accuracy of your response. A grade will be assigned as follows: 0 - 6 = F, 7 - 12 = D, 13 - 18 = C, 19 - 24 = B, 25 - 30 = A.

1. Suppose you own 100 shares of Exxon stock and it s selling for \$150 a share. The company stock splits 2 for 1. Explain what happens to your shares of stock.

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2. What kinds of news might cause a company s stock prices to *rise*? Give several examples of these types of news items.

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3. What kinds of news might cause a company s stock prices to fall? Give several specific examples of these types of news items.

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4. What does it mean to diversify your portfolio? Why is it important to do this? What might happen if you don t?

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5. How is playing the stock market game different from investing in the real stock market? (Describe at least 2 different ways.) How would you do things differently if you were *really* investing in the stock market?

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6. Imagine that you bought 200 shares of Toys R Us stock for \$35.75 a share. You later sold all your shares when the price was \$28.15 a share. Would this result in a profit or a loss? Exactly how much profit or loss would you make on this transaction (disregard commission costs.)

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