**Buying Stocks and ROI**

Owning Stock

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a person who owns stock.
* They profit in two ways:

-\_\_\_\_\_\_\_\_\_\_\_\_: money paid to stockholders from corporate earnings

 -\_\_\_\_\_\_\_\_\_\_\_\_: the money from increase value of the stock.

* Stocks are traded in \_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_ lots

 -\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: multiples of \_\_\_\_\_\_\_\_\_

 - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: \_\_\_\_\_\_\_\_\_\_\_\_ than 100

* \_\_\_\_\_\_\_\_\_\_\_\_\_ Stock: Stockholder are paid a \_\_\_\_\_\_\_\_\_\_\_\_dividend and given rights to vote for the company.
* \_\_\_\_\_\_\_\_\_\_\_\_\_Stock: Stockholders are paid a \_\_\_\_\_\_\_\_\_\_\_\_ dividend and no voting rights about the company.

Types of Stock

* Income Stock

-\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are paid in income and not \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

-Many \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ choose this type of stock.

* Growth Stock

-Stocks that \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_reinvest profits into the business so that it can \_\_\_\_\_\_\_\_\_\_\_\_.

-Corporations pay little or no \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

-Long-term \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

* Emerging Stock

-\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that may or may not be on their way to becoming \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

* Blue Chip Stock

-Large, \_\_\_\_\_\_\_\_\_-\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ corporation.

* Defensive Stock

-Stock not affected by the \_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_of business cycles.

-For example:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

* Cyclical Stock

-Is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_by the business cycles.

-For example:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 Buying stock

* 1st
* 2nd
* 3rd

Finding Stock Prices

* By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ online, you can find the current selling price of a \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Determining Stock Price

* Example:

Commission

* Once you have \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the cost of the stocks you have to figure out the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that is charged.

Examples:

Return on Investment

* Current \_\_\_\_\_\_\_\_\_\_\_\_\_on Stock/ (Purchase Price + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

Example:

-Selling price on current stock:

-Dividends received during the year:

-Purchase Price:

-Discount brokerage fee:

-Number of Shares owned:

What is your ROI for a year?

Price to Earnings Ratio

* To \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_out the Price to Earnings Ratio, divide the \_\_\_\_\_\_\_\_\_ of a stock, by the \_\_\_\_\_\_\_\_\_\_\_ per share. Price per earnings ratio = $\frac{ }{ }$

Computing P/E Ratios:

1st:

2nd:

3rd:

Example:

What happens to the Price to Earnings Ratios if only:

* The Stock Price Goes Higher?

The P/E ratio goes \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

* The Stock Price Goes Lower?

The P/E ratio goes \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

* The Earnings Go Higher?

The P/E ratio goes \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

* The Earnings Go Lower?

The P/E ratio goes \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Understanding the Ratio: