

“Investing Basics”
or
“What goes up, must come down”

Vocabulary:

“Blue-Chip” = a high priced stock of a leading company that pays regular dividends.

“in the black” = operating at a profit or being out of debt.

“in the red” = operating at a loss or being in debt.

dividend = a sum of money paid to shareholders of a corporation out of profits.

Dow Jones Industrial Average = an average of the stock prices of major industries.

commodities = goods such as coffee, wheat, sugar, corn, etc. that are traded on a commodities market, rather than stock in companies.

Use the information sheet to define the following terms and answer the following questions.

Define:

1. Stocks _____

2. Securities _____

3. Bonds _____

4. Bull Market _____

5. Bear Market _____

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6. What is the Federal Government (U.S.) Agency that regulates or oversees the trading of securities _____

7. A rapid fall in stock prices is called _____

Look at the stock page from the newspaper. Use the "How to Read the Stocks" section to interpret the stocks about which you are being questioned.

8. What was the last price that shares of Chipotle sold for on this day? _____

Was this more or less than the day before? _____

By how much, if any, had the price changed? _____

What was the highest price of this stock in the last year? (52 weeks) _____

What was the lowest price? _____

Does Chipotle pay a dividend? _____

9. What was the last price that shares of Costco sold for on this day? _____

Was this more or less than the day before? _____

By how much, if any, had the price changed? _____

What was the highest price of this stock in the last year? (52 weeks) _____

What was the lowest price? _____

Does Costco pay a dividend? _____ How much per share? _____

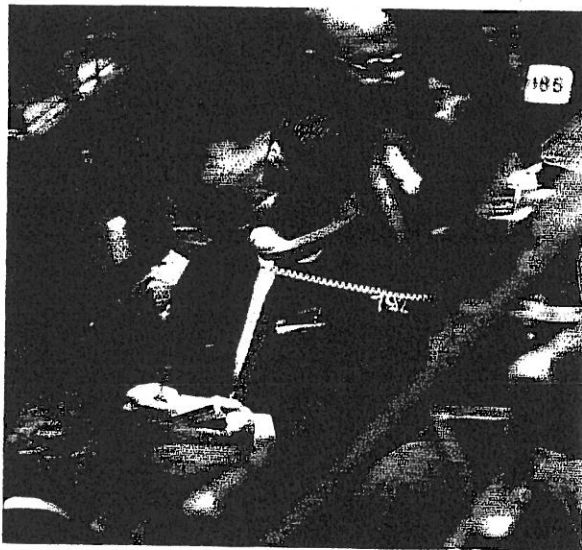
STOCK MARKET or STOCK EXCHANGE A place where stocks and bonds are bought and sold. Since stocks and bonds together are known as securities, a stock market is sometimes called a securities market.

Large companies often need extra money to fund expansion and to help cover operating costs. To raise money, they sell stocks or shares of ownership in their companies or borrow by issuing bonds or certificates of debt, promising to repay the money borrowed, plus interest.

Individuals invest in securities to make a profit. Most stockholders receive dividends, or a share of the company's profits. Bondholders receive interest. Investors may also make a profit by selling their securities. This sale of securities takes place in the stock exchange.

Stocks and bonds are traded on exchanges. The largest and most important exchange in the United States is the New York Stock Exchange.

Activity on this and other exchanges often signals how well the economy is doing. A bull market—when stock prices rise—usually indicates economic expansion. A bear market—when stock prices fall—usually indicates economic contraction.



A rapid fall in stock prices is called a crash. The worst stock market crash in the United States came in October 1929. To help protect against another drastic stock market crash, the federal government set up the Securities and Exchange Commission (SEC), which regulates trading of securities.

Selected World Stock Exchanges	
Exchange	Products
New York Stock Exchange (NYSE)	stocks, bonds
American Stock Exchange (AMEX) (New York)	stocks, bonds
National Association of Securities Dealers Automated Quotations (NASDAQ)	over-the-counter stocks
London Stock Exchange	stocks
Tokyo Stock Exchange	stocks, bonds, futures, options
Stock Exchange of Hong Kong	stocks, bonds, commodity futures
German Stock Exchange (Frankfurt)	stocks

MONOPOLY A situation in which only one seller controls the production, supply, or pricing of a product for which there are no close substitutes. In the United States, basic public services such as electrical power distributors and cable television suppliers operate as local monopolies. This way of providing utilities is economically more efficient than having several competing companies running electricity or cable lines in the same area.

Monopolies, however, can be harmful to the economy. Since it has no competition, a monopoly does not need to respond to the wants of consumers by improving product quality or by charging fair prices. The government counters the threat of monopoly either by breaking up or regulating the monopoly.

TRUST A form of business merger in which the major stockholders in several corporations turn over their stock to a group of trustees. The trustees then run the separate corporations as one large company, or trust. In return for their stock, the stockholders of the separate corporations receive a share of the trust's profits.

American business leaders of the late 1800s used trusts to stifle competition and take control of entire industries, as in a **monopoly**. Trusts were outlawed by the Sherman Antitrust Act of 1890. However, business leaders eventually found other ways to merge corporations in an industry.

STOCKS

How to Read the Stocks

Local stock listings are printed in bold face type.

Underlined stocks are those with prices greater than \$5 and price changes greater than 5 percent.

Div: Current annual dividend rate paid on stock, based on the latest quarterly or semiannual declaration, unless otherwise footnoted.

P/E: Closing price of stock divided by the company's earnings per share for the latest 12-month period reported. No P/E shown for stocks with no profit or for preferred stocks.

Last: The price at which stock was trading when exchange closed the previous day.

Chg.: The loss or gain for the week, compared with previous day. No change at the close is indicated by ... mark.

FOOTNOTE ABBREVIATIONS

a: Extra dividend or extras in addition to regular dividend. **b:** Indicates annual rate of dividend and that a stock dividend was paid. **c:** Liquidating dividend. **d:** New 52-week low. **e:** Indicates that a dividend was

declared or paid in preceding 12 months but that there isn't a regular dividend rate. **f:** Annual rate, increase on last declaration.

g: Indicates dividend or earnings are in Canadian currency. **h:** Stock trades in U.S. currency. **i:** No yield or P/E given unless stated in U.S. currency. **j:** Company has been suspended from trading, lacks market maker or temporarily does not meet Nasdaq requirements. **k:** Indicates amount declared or paid after a stock dividend or split. **l:** Dividend paid this year, but dividend omitted or deferred, or no action taken, at last dividend meeting. **m:** Dividend declared or paid this year on cumulative issues with dividends in arrears. **n:** Late filing with SEC. **o:** Annual rate, reduced on last declaration. **p:** New issue within the past 52 weeks. The high-low range begins with the start of trading and does not cover entire 52 weeks. **q:** Initial dividend, annual rate unknown; yield not shown. **r:** Holder owes installments of purchase price. **s:** Indicates a cash dividend declared or paid in preceding 12 months, plus a stock dividend. **t:** Rights. **u:** Stocks split or stock dividend amounting

to 25 percent or more in past 52 weeks. The high-low range is adjusted from the old stock. Dividend calculation begins with the date of split or stock dividend. **v:** Paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date, except Nasdaq listings, where payments are in stock. **w:** New 52-week high (includes intraday trading). **x:** Units. **y:** Trading halted on primary market. **z:** Company in bankruptcy proceedings or receivership, or securities assumed by such companies. **aa:** When distributed. Conditional on distribution of shares. **ab:** When and if issued. Stock may be authorized but not yet issued; it may be a new issue; or it may have been split. **ac:** Warrant. The right to buy a set number of shares at a specific price and until a certain date. **ad:** With warrants. **ae:** Ex-dividend, meaning the seller of the stock, not the buyer, receives the latest declared dividend. **af:** Without warrants. **ag:** Stock is ex-dividend and few shares traded, so sales total is given in full, not in hundreds. **ah:** Sales total is given in full, not in hundreds.

52 Week	Hi	Lo	Stock	Div/P/E	Last	Chg.
29.96	13.97	Bowatr	.80	dd	17.55	+1.28
17.43	14.30	Bowla	.58	dd	16.09	+0.04
54.22	35.90	BoydGm	.60	dd	41.80	+5.9
37.05	23.16	Brandyw	1.76	61	24.93	-0.3
101.81	10.06	Brightpnt	.28	15	81	+4.5
48.47	52.25	Brinks	.140	27	59.39	-4.6
32.35	23.93	BrMySq	1.12	35	28.54	-3.7
74.70	53.28	BrftAob	2.35e	—	73.81	+3.5
58.98	40.47	BrftSky	1.25e	—	54.30	+5.2
43.07	26.80	Broadcom	.96	dd	42.06	+3.6
15.17	14.57	Broadwing	.dd	dd	15.73	—
49.94	33.53	Brookdale	2.00	dd	38.21	+4.1
43.82	28.89	Brklldas	.42f	—	38.66	+2.7
32.81	21.37	BrklldPrs	.56	50	24.16	+2.1
87.68	18.53	BrownShoes	.28	15	20.16	-2.3
82.30	66.00	BrownFA	1.21a	24	75.63	-2.2
79.88	63.17	BrownFB	1.21a	23	72.48	+0.5
34.99	19.60	Brunswick	.60b	21	20.64	+2.8
55.19	44.44	BrshtMat	.17	dd	55.39	+2.0
18.78	8.52	Buckeye	3.25f	19	54.11	+1.76
54.98	24.76	Buenavnt	.62e	cc	52.50	+1.48
101.42	57.31	Bungelt	.62e	cc	109.17	+4.53
27.04	15.48	BurgerKing	.25	24	26.50	.81
95.47	74.31	BurlNS	1.28	17	86.54	+3.54
59.81	33.45	BurnsObj	.69	dd	58.98	+5.4

52 Week	Hi	Lo	Stock	Div/P/E	Last	Chg.
28.46	21.29	CA Inc	.16	68	25.78	+0.8
42.74	23.02	CB Rellis	.16	dd	25.49	+1.15
46.74	35.75	CBRLGrp	.72f	18	39.30	-1.0
95.75	27.85	CBSB	1.00f	18	29.46	+3.6
180.98	18.42	CdInds	.08	28	81.50	+4.90
68.41	31.35	CdVrti	.30	dd	69.4	+1.72
58.19	39.44	CH Robins	.72	30	51.84	+1.24
56.87	38.38	CIGNA	.40	13	51.97	+4.9
61.69	30.05	CIT Grp	1.00	dd	34.45	-5.6
24.20	22.44	CLECO	.90	13	28.24	-0.3
163.48	20.00	CME Grp	3.44	48	634.60	+15.90
12.60	1.20	CMGI	.15	dd	1.32	-0.01
19.55	14.74	CMS Eng	.20	dd	16.21	-0.4
51.96	36.91	CNA Fin	.40	9	40.20	+4.2
68.90	72.72	CNH Gbl	.25e	—	63.04	+6.24
185.25	17.95	CNOOC	3.46e	—	190.21	+9.37
32.69	22.90	CNA Gas	.30	dd	30.17	-0.8
66.46	37.67	CPPL En	4.90e	—	61.74	+2.18
53.24	34.02	CRH	.79e	—	37.98	+1.00
51.88	33.50	CSX	.60	16	45.44	+7.7
40.31	27.09	CVS Care	.24	23	40.11	+3.9
39.75	27.20	CablvnsNY	.46	46	31.86	+2.7
49.87	34.48	Cabot	.72	18	37.11	+6.9
42.50	25.22	CabotOs	.12	12	36.74	+0.4
62.02	42.04	CACI IntL	.21	dd	52.08	-1.1
57.70	39.49	CaddyS	1.18e	—	50.41	+4.6
24.90	17.41	Cadence	.34	dd	21.88	+0.3
37.51	10.81	CaiaCvHl	1.46a	q	34.79	+0.3
20.49	13.23	CaiaCvOp	1.80a	q	16.62	+0.5
15.85	11.07	CaiaStrTR	1.17a	q	14.80	+1.2
25.88	4.57	Calgon	.dd	dd	14.42	+2.9
45.37	34.23	CalfrWtr	1.16	30	42.77	+2.0
56.00	30.90	Cameco qs	.20	—	47.65	+2.76
106.90	48.59	Cameron	.28	100.97	+3.40	—
42.65	34.70	CampSp	.88f	17	35.64	-1.7
106.13	75.60	CIBC q	3.48f	—	101.71	+1.72
58.49	41.57	CdnNryg	.84	—	51.74	-8.8
80.32	44.56	CdnNRS q	.34	—	75.87	-2.2
90.15	51.21	CP Rwy q	.90	—	69.95	+3.1
1.67	.65	CanAroo h	.dd	dd	.70	+0.03
18.30	12.04	Canetic q	2.28	—	15.84	+2.9
60.16	48.35	Canon	.83e	—	51.90	+2.1
83.84	59.49	CapOne	.11	14	62.06	-8.7
28.57	14.76	CapittSrac	2.40	11	17.84	+0.3

52 Week	Hi	Lo	Stock	Div/P/E	Last	Chg.
11.56	7.75	CapsteadM	.16	dd	11.27	+0.07
10.88	8.50	CardFnc	.04	33	10.12	+0.58
76.35	61.15	CardnHlth	.48	13	65.01	+2.6
29.45	19.87	CarMax s	.21	21.12	+0.33	—
52.73	41.70	Carnival	1.60f	16	48.62	+1.0
55.45	40.73	CarnUK	1.60f	17	47.16	+3.0
86.24	56.22	CarolinaGp	1.82	17	83.40	-0.9
149.95	96.38	Carptech	1.20	15	131.22	+2.80
47.98	38.84	CashAm	.14	15	33.87	-1.5
87.00	57.98	Caterpillar	1.44	14	74.82	+9.2
30.65	23.00	Cedarf	1.90	8	23.49	+2.4
42.49	19.27	Celanese	.16	25	40.12	+1.00
16.55	11.39	CeleraGen	.dd	dd	15.55	+2.8
75.44	43.28	Celgene	.cc	cc	71.17	+14.7
41.36	28.08	Cemex	.75e	10	29.77	+3.5
23.30	14.14	Cemig pf s	1.23	—	20.52	+4.4
19.88	10.87	Centrpl un	1.56	cc	16.55	+2.4
20.20	14.70	CentrPnt	.68	15	16.05	-1.1
107.75	66.93	CenMed	.69	108.19	+4.45	—
41.05	20.94	CVTps	.92	18	32.46	-2.3
49.94	40.10	CentryTel	.26	16	45.78	+4.0
84.83	64.65	Cephln	.32	71.08	+0.07	—
25.17	6.85	Cepheid	.dd	dd	23.15	+6.3
84.41	40.55	Ceradyne	.14	74.72	+1.95	—
36.50	22.75	Ceridian	.29	55.80	+0.10	—
66.17	44.11	Cerner	.56	58.72	+4.3	—
57.93	41.00	ChrvLab	.41	66.85	+1.29	—
75.62	41.20	Chattm	.29	73.93	+6.3	—
26.79	20.34	ChkPoint	.22	25.63	-2.1	—
47.55	33.44	ChkFree	.55	47.38	-2.1	—
12.33	8.00	Chemtura	.20	dd	9.53	+1.3
18.66	7.65	ChesP	.44	dd	8.02	+0.8
36.48	27.27	ChesEng	.27	10	36.92	+2.8
95.50	64.55	Cheyron	2.32	10	88.92	+4.8
55.16	50.50	Cheyv pIA:51	.51	dd	51.66	-5.3
48.13	23.99	Chico&I	.16	32	43.92	-5.1
17.49	11.40	Chicods	.15	12.70	-5.1	—
147.30	16.91	ChinaEA	.—	103.17	+4.87	—
106.75	30.21	ChinaS	.27f	—	107.10	+3.43
100.72	38.00	ChinaMble	1.12e	—	99.00	+5.10
68.97	34.61	ChinaNet	1.41e	—	64.17	+2.14
178.91	65.60	ChinaPet	2.10e	—	156.55	+5.99
99.70	14.70	ChinSAir	.14	73.21	+1.66	—
98.66	36.09	ChinaTel	1.09e	—	88.29	+2.83
22.05	10.44	ChinaUni	.23e	—	21.25	+1.12
132.72	12.19	Chindex	.50	34.05	+2.10	—
133.63	52.16	Chipotle	.76	127.13	+2.19	—
19.92	12.48	Chiquita	.dd	dd	16.74	+1.8
47.60	33.14	ChoiceHts	.68f	22	38.33	-2.6
55.99	45.65	Chubb	1.16	8	53.55	-2.5
19.17	14.20	ChungTel	1.09r	—	18.98	+7.3
48.39	22.04	CienaCorp	.66	46.49	+7.0	—
49.15	36.00	CinFin	1.42	13	42.19	-1.2
43.83	34.70	Cintas	.39f	17	35.95	-5.0
27.82	7.70	CircCity	.16	dd	8.12	+0.4
33.60	23.27	Cisco	.27	31.54	+1.7	—
57.00	42.07	Citigrp	2.16	11	42.44	-1.7
16.05	12.50	CitComm	1.00	14	13.08	-2.3
42.90	26.10	CitrixSys	.37	41.62	+6.8	—
44.01	29.57	Clarcor	.32f	20	34.93	+3.8
38.58	31.21	ClearChan	.75	25	37.81	-0.1
31.14	20.98	ClearCh	.50	25.28	-0.1	—
106.29	41.12	ClevCliffs	.50	18	97.19	+1.66
69.36	56.22	Clorox	1.60	19	61.60	-1.0
63.10	42.99	CoStar	.cc	59.56	+1.07	—
54.00	35.14	Coach	.20	36.60	-4.87	—
24.74	19.53	CocaCE	.24	dd	24.52	+5.0
48.90	31.79	CCFemsa	.40e	—	44.65	+5.1
46.04	32.26	CCHellen	.43e	—	60.79	+2.72
59.75	45.56	CocaCl	1.36	26	59.75	+5.0
47.78	33.80	CogTech s	.43	40.58	+2.6	—
52.09	34.95	Cognos g	.35	49.08	-1.9	—

52 Week	Hi	Lo	Stock	Div/P/E	Last	Chg.
56.00	29.65	Cohen&Str	.80	21	37.50	+1.82
27.15	14.84	ConStoIR	1.80a	q	20.08	+1.4
32.95	19.56	CohStRE	2.40a	q	25.49	+4.5
36.39	27.15	Cohertnt hlf	.—	—	32.77	+0.1
74.52	60.00	ColgPal	1.44	24	73.21	+4.2
37.20	17.75	ColctvBrd	.11	18.59	-5.6	—
16.05	10.05	ColonialBk	.36	12	12.00	-0.0
42.46	30.60	ColonPT	2.72a	3	34.57	+1.3
30.18	23.08	Comcast s	.25	23.60	-0.09	—
29.64	22.85	Comc sp s	.29	23.30	-1.3	—
663.89	46.08	Comerica	2.56	8	46.47	-1.8
41.00	30.45	CmcBNJ	.52	24	39.21	+2.0
37.15	24.40	CmcMtlis	.36	11	33.77	+3.6
34.58	22.60	CmtyBPa	.84a	19	29.64	+7.1
36.22	11.83	CVRD s	.34e	25	33.96	+1.23
30.71	10.13	CVRD pf s	.34e	—	28.60	+0.8
63.76	46.95	CompSci hf	.29	56.86	-0.3	—
42.35	23.70	ConAgra	.76f	15	23.68	-1.4
23.69	14.68	Concepts	.dd	dd	20.05	+2.3
2.36	1.05	Conexant	.dd	dd	1.37	+0.05