Activity 3.3 Noting Stock Tips

Directions: Answer the questions below, using your knowledge and the content of the play, "Stock Tips from the Navarro House."

- A. What is a stock?
- B. Why do corporations issue stock?
- C. When the shares of stock are first issued, to whom are they sold?
- D. How does the corporation get money from the stocks?
- E. Why do investment banks buy the stock?
- F. What are stock markets?
- G. Why do people buy stock?

- H. How do people earn money from stocks?
- I. What are dividends?
- J. When people buy stock, is there a guarantee that they will receive dividends or that they will be able to sell the stock at a price higher than the price they paid for it?
- K. If there is no guarantee, why are people willing to buy stock?
- L. What determines the price of a stock?
- M. What are the main advantages of owning stock?
- N. What is the main disadvantage of owning stock?