

Introduction to Stock Markets

Finance · Practice Test · 25 Questions

1. What is a 'share' of a company?

- A) A piece of a toy
- B) A small part of ownership in a business
- C) A type of paper money
- D) A way to borrow books

2. Where do people go to buy and sell stocks?

- A) A grocery store
- B) A library
- C) A stock exchange
- D) A park

3. What is the main goal of most businesses that sell stocks?

- A) To help people exercise
- B) To make a profit
- C) To give away all their products
- D) To hide their money

4. When a company becomes very successful, what can happen to the value of its shares?

- A) They disappear
- B) They become invisible
- C) They can increase in value
- D) They turn into coins

5. What is a 'publicly traded' company?

- A) A company owned by the government
- B) A company that lets anyone buy its shares
- C) A company that only makes cars
- D) A company that is closed down

6. What is the name of the paper or digital record that shows you own a piece of a company?

- A) A stock certificate
- B) A library card
- C) A grocery list
- D) A birthday card

7. What do we call a person who owns a share of a company?

- A) A driver
- B) A shareholder
- C) A teacher
- D) A gardener

8. Which of these is a real stock exchange located in New York?

- A) The Big Toy Store
- B) The New York Stock Exchange
- C) The Sunny Street Market
- D) The Local Library

9. What does 'investing' mean?

- A) Buying something to help it grow in value
- B) Throwing money away
- C) Running a race
- D) Playing a video game

10. If a company does not perform well, what can happen to the price of its shares?

- A) They always stay the same
- B) They can decrease in value
- C) They turn into gold
- D) They become free

11. What is a 'dividend'?

- A) A type of candy
- B) A small amount of profit paid to shareholders
- C) A tax you pay to the city
- D) A piece of office furniture

12. Who helps people buy and sell stocks on the exchange?

- A) A stockbroker
- B) A baker
- C) A bus driver
- D) A zookeeper

13. What is a 'ticker symbol'?

- A) A drawing of a cat
- B) A short code used to identify a company
- C) A type of clock
- D) A postage stamp

14. Why do companies sell stocks to the public?

- A) To get money to grow their business
- B) To make friends
- C) To decorate their offices
- D) To give away free toys

15. What does the 'market' in stock market refer to?

- A) A place to buy fresh fruit
- B) A place to buy and sell ownership in companies
- C) A place to play sports
- D) A place to sleep

16. Which of these is a famous index that tracks the performance of many companies?

- A) The S&P 500
- B) The Alphabet Soup
- C) The Counting Club
- D) The Reading List

17. What is a 'portfolio'?

- A) A collection of different investments owned by a person
- B) A type of sandwich
- C) A winter coat
- D) A school bag

18. What does it mean if a stock price is 'volatile'?

- A) It changes very quickly
- B) It never changes
- C) It is very heavy
- D) It is very cold

19. What is a 'bear market'?

- A) A market that sells teddy bears
- B) A time when stock prices are generally falling
- C) A place to buy honey
- D) A zoo exhibit

20. What is a 'bull market'?

- A) A place to see cows
- B) A time when stock prices are generally rising
- C) A store that sells sports equipment
- D) A farm

21. What do we call the total value of all of a company's shares?

- A) Market capitalization
- B) A piggy bank
- C) A shopping cart
- D) A price tag

22. Can you buy shares in companies that make things like computers or food?

- A) Yes, if they are public
- B) No, only governments can
- C) Only on weekends
- D) Only if you have a million dollars

23. What does the stock exchange provide for buyers and sellers?

- A) A safe place to trade
- B) A free lunch
- C) A place to sleep
- D) A playground

24. Are stocks considered a type of asset?

- A) Yes, they are financial assets
- B) No, they are toys
- C) No, they are food
- D) No, they are clothes

25. What happens if you own a share and the company makes a profit?

- A) You get to eat the profit
- B) You might receive a dividend
- C) You have to go work there
- D) You must sell the company