

# Understanding Stock Markets

Economics · Answer Key · 6 Questions

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## 1. What does a 'stock' represent in a company?

- A) A small loan from the government
- B) A share of ownership in the company**
- C) A membership card for employees
- D) A type of company vehicle

## 2. What is the main purpose of a stock market?

- A) To sell groceries to the public
- B) To allow companies to borrow money for free
- C) To buy and sell shares of companies**
- D) To store valuable artwork

## 3. Why do companies typically issue shares of stock?

- A) To give away money to employees
- B) To raise money to grow their business**
- C) To pay for their electricity bills
- D) To make their company name famous

## 4. Someone who buys shares of a company's stock is called a/an:

- A) Customer
- B) Employee
- C) Investor**
- D) Supplier

## 5. What is a 'dividend' that a company might pay to its shareholders?

- A) A free meal voucher
- B) A portion of the company's profits**
- C) A discount on their products
- D) A new job opportunity

## 6. What is a 'stock exchange'?

- A) A place to trade old toys
- B) A specific marketplace where stocks are bought and sold**
- C) A bank that only deals with businesses
- D) A government office for company registration