Understanding Stock Markets

Economics · Practice Test · 6 Questions

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