Introduction to Stock Markets

Economics And Finance · Practice Test · 8 Questions

1. What is a 'share' of stock?

A) A government tax document
B) A unit of ownership in a corporation
C) A type of high-interest savings account
D) A loan given to a company by a bank

2. What is the primary function of a stock exchange?

A) To sell government bonds exclusively
B) To act as a physical marketplace for fresh produce
C) To provide a platform for buying and selling company shares
D) To regulate the interest rates of personal loans

3. What is a 'dividend'?

A) A portion of company earnings paid to shareholders
B) A fee paid to a stockbroker for their services
C) A tax penalty for selling stocks too quickly
D) A membership fee for joining a stock exchange

4. Which term describes the total value of a company based on its share price and the number of shares available?

A) Market capitalisation
B) Interest rate
C) Inflation index
D) Asset depreciation

5. What is an 'IPO' in the context of the stock market?

A) Initial Public Offering
B) Internal Private Order
C) International Profit Organization
D) Investment Portfolio Option

6. Which document provides detailed financial information about a company to potential investors?

A) A personal diary
B) A prospectus
C) A television commercial
D) A school report card

7. What does a 'stock ticker' represent?

A) A physical paper receipt for a purchase
B) A shortened alphabetical code used to identify a stock
C) A tool used to count physical coins
D) The name of the CEO of the company

8. If a company is 'publicly traded', it means that:

A) The government owns 100% of the company
B) Anyone can buy shares of the company on a stock exchange
C) The company provides its services for free to the public
D) The company is not allowed to make a profit