

Tracking Your Investments Pre-Test (HS)

1. _____ is good advice for long term stockholders.
 - a. Buy when the market goes up
 - b. Buy and hold
 - c. Sell when the market is down

2. _____ are determined by the economics of supply and demand.
 - a. Company profit
 - b. Shareholders' dividends
 - c. Stock prices

3. Dividing a stock's current price per share by the issuing company's earnings per share results in:
 - a. the profit margin of the company
 - b. the P/E ratio
 - c. the Beta

4. Investments that are riskier tend to provide lower returns over time than investments with less risk.
 - a. True
 - b. False

5. _____ is the total income generated by a company from its goods and services.
 - a. Cash
 - b. Revenue
 - c. Profit

6. Stocks of companies that tend to mirror the economy, i.e., housing and automobile sectors, are called
 - a. economic stocks
 - b. cyclical stocks
 - c. blue chip stocks

7. Inflation can affect the economy, but not the earnings of a company
 - a. True
 - b. False

8. Stock prices rise because:
 - a. companies are increasing dividends
 - b. there are more buyers than sellers
 - c. the government is raising the interest rate

9. Lionel is researching the TopHat company and is reviewing the management and financial data in its annual report. Lionel is using
 - a. technical analysis.
 - b. qualitative analysis.
 - c. fundamental and quantitative analysis.

10. Short selling is a way to make money when:
 - a. the market is going down
 - b. you don't have enough money to buy a round lot
 - c. you use the Internet and not a broker

11. Usually when interest rates rise, bond prices:
 - a. rise
 - b. fall
 - c. stay the same

12. Janet owns Tory Cosmetic stock which has dropped in value the last two weeks, from \$25/share to \$18/share, although the company's profits are up. The best advice for Janet would be
 - a. sell Tory stock immediately
 - b. buy more Tory stock
 - c. hold Tory stock and research other companies in the cosmetic industry

13. Net income is the amount of income received after
 - a. all payroll has been deducted.
 - b. all revenue and account receivables have been collected.
 - c. all expenses and taxes have been deducted.

14. You want earnings to keep going up each year for any stock you own.
 - a. True
 - b. False

15. The stock market is influenced by the economy.
 - a. True
 - b. False

16. The price of a stock reflects the company's value as well as
 - a. the value of other companies in the same industry.
 - b. the expected earnings growth of the company that investors expect in the future
 - c. neither of the above.

17. Investments that have high risk may provide higher returns over time than investments with less risk.
 - a. True
 - b. False

18. International events can have an affect on some stocks and the U.S. economy.
 - a. True
 - b. False

19. If the Battery corporation has 100,000 outstanding shares and the current price per share is \$10 per share, then the market capitalization for this company is
 - a. \$10,000
 - b. 1,000,000
 - c. \$10,000,000

20. National economic news data, i.e., unemployment reports, can have an effect on the stock market.
 - a. True
 - b. False

21. Gas price increases have greatly affected which of these industries?
 - a. retail sales
 - b. transportation
 - c. many industries, including retail sales and transportation

22. Jake is researching BioMark pharmaceutical stock. He should compare BioMark's
- a. revenue and profits to other pharmaceutical companies
 - b. current events surrounding the pharmaceutical industry
 - c. both a and b.
23. _____ analysis uses charts and graphs to track price patterns and market trends.
- a. Fundamental
 - b. Technical
 - c. Quantitative
24. Hurricane Katrina most greatly affected which of these industries?
- a. lumber
 - b. technology
 - c. bio-medical

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