

## Tracking Your Investments Post Test (HS)

1. Stock prices fall because:
  - a. companies don't make profits everyday
  - b. there are more sellers than buyers
  - c. higher than expected dividends are paid
2. The stock market is influenced by the economy.
  - a. True
  - b. False
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 dividend
4. Hurricane Katrina most greatly affected which of these industries?
  - a. technology
  - b. banking
  - c. lumber
5. Investments that are riskier tend to provide higher returns over time than investments with less risk.
  - a. True
  - b. False
6. \_\_\_\_\_ is the total amount of money generated by a company for its goods and services.
  - a. revenue
  - b. cash flow
  - c. profit
7. Inflation can affect the earnings of a company
  - a. True
  - b. False
8. Supply and demand in the market determine:
  - a. company profit
  - b. shareholders' dividends
  - c. stock prices
9. Jamar owns Tremor Transportation stock, which has dropped in value the last two weeks, from \$45/share to \$28/share, although the company's profits are up. The best advice for Jamar would be
  - a. sell Tremor stock immediately
  - b. buy more Tremor stock
  - c. hold Tremor stock and research other companies in the transportation industry
10. You want earnings per share to keep going up each year for any stock you own.
  - a. True
  - b. False



11. The price of a stock reflects the company's value as well as
  - a. the net capitalization of shares over time.
  - b. the growth and earnings that investors expect in the future
  - c. neither of the above.
  
12. Investments that have high risk may provide higher returns over time than investments with less risk.
  - a. True
  - b. False
  
13. \_\_\_\_\_ analysis tracks price movements and trading volumes to identify patterns in the price behavior of particular stocks.
  - a. Technical
  - b. Fundamental
  - c. Quantitative
  
14. If the Quasar corporation has 100,000 outstanding shares and the current price per share is \$25 per share, then the market capitalization for this company is
  - a. \$2,500,000
  - b. \$4,000
  - c. \$4,000,000
  
15. Terrorism events of September 11, 2001 greatly affected which of these industries?
  - a. conglomerates
  - b. retail sales
  - c. transportation
  
16. Net income is the amount of income received after
  - a. all gross depreciation allowances have been accounted for.
  - b. all expenses and taxes have been deducted.
  - c. all revenue and account receivables have been collected.
  
17. Stocks of companies that tend to mirror the economy, i.e., housing and automobile sectors, are called
  - a. blue chip stocks
  - b. defensive
  - c. cyclical stocks
  
18. Janelle is researching Medco pharmaceutical stock. She should compare Medco's
  - a. revenue and profits to other pharmaceutical companies
  - b. current events surrounding the pharmaceutical industry
  - c. both a and b.
  
19. Max is researching the Topal company and is reviewing the management and financial data in its annual report. Max is using
  - a. technical analysis.
  - b. fundamental analysis.
  - c. fundamental and quantitative analysis.
  
20. International events have no affect on the U.S. stock markets.
  - a. True
  - b. False
  
21. Supply and demand in the market determine:
  - a. company profit



- b. shareholders' dividends
  - c. stock prices
22. Which is the best advice for building wealth over the long term?
- a. trade early, trade often, trade confidently
  - b. start early, buy and hold, diversify
  - c. buy when the market is up, sell when the market is down
23. National economic news data, i.e., interest rate hikes, can have an effect on the stock market.
- a. True
  - b. False

## Tracking Your Investments Post Test (HS) Answer Key

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