

## 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
  - c. the Beta
  - b. the P/E ratio
  
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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