**Stock Market**

**What is the stock market?**

**Stocks:** Stock is ownership in a company. (Equity)

If you were to divide your business up into small pieces and sell those pieces, you would essentially have issued stock.

**Why sell stocks?**

* Raise money from selling "pieces" of your business
* Money from stocks can be used to build new plants and facilities, pay down debt, or acquire another company.
* Smart owners will keep at least 51% of the stock, which will allow them to retain control of the day to day activities (controlling shareholder)

**What is the Dow Jones Industrial Average?**

* Index of 30 blue chip stocks that are traded in the United States.
* A “blue chip stock” is stock in a corporation that has a national reputation for quality, reliability, and the ability to operate profitably in good times and bad.
* By looking at the companies on the list, a person can get a general picture of how the market as a whole is performing.
* Most quoted and followed index in the world.

**Bear Market:** A long period in which investment **prices fall**, accompanied by widespread pessimism.

* Occurs when the economy is in a recession and unemployment is high, or when inflation is rising quickly

**Bull Market:** Long term (months to years) uptrend price movement in any market

* An extended period of generally rising prices
* Optimism, investor confidence and expectations that strong results will continue.