

Stock Street University

Intro to Stock Market Investing Study Guide





Types of Market Investments

Stocks	Shares / Investments purchased in an individual company.
Bonds	A loan issued to a company or gov't by the holder (buyer).
Mutual Funds	A bundle of stocks & bonds purchased and managed Actively
Index Funds	A bundle of stocks tracking S&P and operating passively.
ETF's	A bundle of stocks tracking Indexes and operating passively.
Options	A contract to buy or sell stocks at a set price within a certain time.

Understanding a Stock (1A)

<u>Trading/Ticker Symbol</u>	<u>Company Name</u>	<u>Stock Price</u>	<u>Price Change</u>
AAPL	Apple	\$121.42	+\$1.29 (1.07%)
AMZN	Amazon	\$3,277.71	+\$15.58 (0.48%)
TSLA	Tesla	\$816.12	+\$4.46 (0.55%)
WMT	Walmart	\$144.47	+\$0.42 (0.29%)



Understanding a Stock (1B)

AAPL - Apple Inc.

121.42 1.29 (+1.07%)



Stock Investing Terms & Definitions

52 wk High - The highest Share Price of a stock in the last 52 week.

52 wk Low - The lowest Share Price of a stock in the last 52 week.

After-Hours - Trades that occur between 4:05 pm EST & 6 pm EST.

Bear Market - It's a market condition where Market prices fall below 20%.

Book Value - A company's tangible net asset value.

Bull Market - A market condition where stock prices are continually rising.

Capital gains - The gains / profits made on the initial capital investment.

Close Price - The ending price of a stock on the last day of the open market.

Compound Interest - Accumulated Interest earned on prior interest gained in addition to capital.

Correction - A decline in a stock or Market of 10% or more after reaching its peak.

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Day-Trading - The act of buying and selling a stock within a single trading day.

Dividend - This is when a company pays a portion of its earnings to its shareholders.

Dividend Yield - The percentage used to determine dividend payout value.

Earnings per Share (EPS) - A company's profit divided by the outstanding shares.

Forward (FWD) - Performance based on prev 2 Qtrs+Expectations of Following 2 Qtrs.

Market Cap - The total of the share price multiplied by the amount of shares on the market.

Open Price - The starting price of a stock on the last day of the open market.

Outstanding Shares - The total amount of company shares on the Market.

P/E Ratio - The ratio that measures the current share price relative to its EPS.

Pre-Market - Trading that occurs between 4 am EST & 9:30 am EST.

Price to Book - The ration used to compare Market cap to book value.

Security - A financial instrument with a monetary value (stocks).

Sector - A market industry based on a company's specific niche.

Share Price - The market price of a stock per share.

Short Interest - The amount of shares that have been discounted and not yet been filled.

Swing Trading - The act of buying and selling stocks in short periods (days, weeks or months).

Trailing Twelve Months (TTM) - Performance based on previous trailing 12 months / 4 qtrs.

Volume - The number of shares traded on the last trading day.

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Timing your trades and investments

Stocks: Stocks are known to have three time frames pre-market (4am - 9:30am EST), Open Market (9:30am - 4pm EST) & after hours (4pm - 8pm EST)

ETF's: ETF's Typically follow the same hours of operation as the stock market.

Options: Options follow the same hours of operation as the stock market.

Mutual/Index Funds: Mutual Funds are traded only once per day, after the markets close at 4 pm EST. Trades are executed at the next available net asset value, which is calculated after the market closes and typically posted by 6 pm EST.

Bonds: The U.S. bond market is open during normal trading days from 8:00 am to 5:00 pm EST.

Understanding Fundamentals

Fundamental Analysis is the understanding of a company's intrinsic value based on the comprehension of their accounting, financial statements; competitors, and markets. This information is used to generate a company's overall value which helps drive the security's (stock) price. Based on a Company's financial reports formulas are used to generate ratings (P/E ratio) designed to provide a simpler way to get a brief understanding of a company's health.