More Stock Market Key Terms Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For each of the following you will go to investopedia.com and search for the definition and explanation of the key term. There will also be a follow up question (or two) for several of the words. MAKE SURE YOU UNDERSTAND WHAT THE TERM MEANS. For further explanation, read “Investopedia Explains” which is located underneath the website’s definition.

Federal Reserve –

 How might the decision of the Federal Reserve (also known as the Fed) affect the Stock Market?

Closing Price –

Opening Price –

Diversification –

Common Stock –

Preferred Stock –

What is the difference between Common Stock and Preferred Stock? Why might one be beneficial over the other? Explain your answer.

Freeze Out –

Inflation –

Insider Trading –

Why do you believe that insider trading is illegal? What big advantages does one have if he/she has access to insider trading information?

Liquidity –

Why is it beneficial to have liquid assets?

Portfolio –

Why is it beneficial to have a diverse portfolio?

Volatility –

Why is there a substantial amount of risk with volatile stocks?