A ______ market is when there's a rise or expected rise in stock prices across the entire stock market.

Correct Answer: bull.

Incorrect Answers: A crash: A major decline in market prices. A market: There's a general upward trend in stock prices. Globally: There's an upward trend in stock prices around the world.

The company must first pay off all of its creditors. Which of the following most accurately describes the difference between a company's liquidation and bankruptcy?

Correct Answer: The company must first pay off all of its creditors.

Incorrect Answers: The company stops paying its creditors. The company must stop paying its creditors. The company can liquidate at any time.

To use money to make more money

Correct Answer: To use money to make more money.

Incorrect Answers: To keep the money supply growing. To get the most money out of the money.

The ownership of a private corporation

Correct Answer: The annual profits are divided among all shareholders.

Incorrect Answers: Profits go to the government. Profits go to the company. Profits are used to pay off the company's debts.

Stockholders manage the daily business of a company.

Correct Answer: Stockholders can vote for the members of the company's board of directors, which runs the company on a daily basis.

Incorrect Answers: The board of directors runs the company. Shareholders manage the company. Shareholders determine the size of dividends paid.

Which of the following represents the most direct power that stockholders have over a company?

Correct Answer: Stockholders can vote for the members of the company's board of directors, which runs the company on a daily basis.

Incorrect Answers: The company's general manager. The company's CEO. The company's board of directors.

Which of the following statements best describes how investors behave when they think a company's traits such as revenues and earnings per share are undervalued?

Correct Answer: The annual profits are divided among all shareholders.

Incorrect Answers: The company is going into debt. The company is going bankrupt. The company is paying off its creditors.

An increase in the value of an investment

Correct Answer: A share of a company's capitalization is created.

Incorrect Answers: The company's market capitalization is increased. The company's capitalization is increased. The market capitalization of the company is increased.

Which of the following is an example of systematic risk?

Correct Answer: The correct answer is: bear.

Incorrect Answers: The correct answer is: bull.

Overall trends in the market such as bull and bear

Correct Answer: Fundamental analysis

Incorrect Answers: Marginal analysis. Cost-benefit analysis. Full-service brokers work for both investors and their larger customers.

Correct Answer: Discount brokers pay taxes on a smaller percentage of their earnings.

Incorrect Answers: Full-service brokers pay taxes on a smaller percentage of their earnings. Discount brokers work for both investors and their large customers.

Match each term below with its correct definition.

Correct Answer: Match each term below with its correct definition.

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The ownership of a private corporation

Correct Answer: The total value of all of the company’s assets is determined.

Incorrect Answers: The annual profits are divided among all shareholders.

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Incorrect Answers: Profits go to the government. Profits go to the company. Profits are used to pay off the company’s debts.

Which of the following most accurately states one of the risks of being a minority shareholder in a public corporation?

Correct Answer: By selling stock, a company can raise capital to invest in new projects.

Incorrect Answers: By selling stock, a company can raise capital to invest in new projects. By selling stock, a company can raise capital to invest in new projects. By selling stock, a company can raise capital to invest in new projects.

Which of the following has the highest level of security?

Correct Answer: Preferred stock can only be bought and sold by a broker or a professional investor.

Incorrect Answers: Preferred stock can only be bought and sold by a broker or a professional investor. Preferred stock can only be bought and sold by a broker or a professional investor.

Selling labor for wages

Correct Answer: A share of a company’s capitalization is created.

Incorrect Answers: The company’s capitalization is increased. At a profit.

Which of the following statements best describes how investors behave when they think a company’s traits such as revenues and earnings per share are undervalued?

Correct Answer: Stockholders only get a return on their investment if the price of the stock goes up.

Incorrect Answers: Stockholders are certain to get a return on their investment. Stockholders get a guaranteed return on their investment. Stockholders aren’t guaranteed a return on their investment.

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