29 STOCKS AND SHARES 2, p.67

30.1 Match the words in the box with the definitions below.

to capitalize	**market price**	**primary market**	**own shares**
rights issue	**secondary market**	**nominal value**	

1. _____: new shares offered to existing shareholders
2. _____: the price written on a share, which never changes
3. _____: to turn profits into stocks or shares
4. _____: the market on which shares can be re-sold
5. _____: the price at which a share is currently being traded
6. _____: shares that companies have bought back from their owners
7. _____: the market on which new shares are sold

30.2 Are the following statements TRUE or FALSE? Write ONLY ONE LETTER – T or F – in the gap on the left.

____ 1. Stocks that have already been bought at least once are traded on the primary market.

____ 2. NASDAQ and the AIM have more regulations than the New York Stock Exchange and the London Stock Exchange.

____ 3. The market price of stocks depends on how many buyers and sellers there are.

____ 4. Automatic trading systems do not require market makers.

____ 5. Market makers make a profit from the difference between their bid and offer prices.

30.3 Complete the sentences with the phrases from the box.

income stock	**value stock**	**own shares**	**defensive stocks**
blue chips	**growth stocks**	**scrip issue**	**rights issue**

1. A stock whose price has suddenly fallen a lot after a company had bad news could be a _____, as it will probably rise again.
2. The stocks of food, tobacco and oil companies are usually _____, as demand doesn't rise or fall very much in periods of economic expansion or contraction.
3. Pension funds and insurance companies, which can't take risks, usually only invest in _____.
4. The best way to make a profit in the long term is to invest in _____.
5. The stock used to be considered an _____, but two years ago the company started to cut its dividend and reinvest its cash in the business.
6. The financial director announced a forthcoming _____ of new shares to existing shareholders.
7. The company is planning a _____ of one additional share for every three existing shares.
8. We have bought back 200,000 ordinary shares, which increases the value of our _____ to €723,000.

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