

29 STOCKS AND SHARES 2, p.67

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

to capitalize rights issue	market price secondary market	primary market nominal value	own shares
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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 blue chips	value stock growth stocks	own shares scrip issue	defensive stocks rights issue
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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.