

Name \_\_\_\_\_

## Unlocking the Mystery of the Stock Market: How It Works

### Short Answer Key

1. In the stock market, supply and demand determine stock prices.  
If more people want to buy a stock than sell it, the price goes up, and if more people want to sell than buy, the price goes down.
2. Stock exchanges are where stocks of publicly traded companies are bought and sold. Two famous stock exchanges are the New York Stock Exchange (NYSE) and the Nasdaq.
3. People invest in stocks for the potential for growth and the opportunity to receive dividends.
4. Investing in stocks comes with risks such as price volatility. Having a long-term investment strategy is essential to ride out market fluctuations and achieve financial goals.
5. Stock market performance can impact the broader economy by influencing investor confidence and consumer spending. It is considered an economic indicator because it often reflects economic conditions.

