

Name _____

Understanding Stock Prices: How They're Determined

Multiple Choice Questions

1. What is the fundamental economic principle that drives stock price changes?
 - a) Supply and demand
 - b) Company size
 - c) Economic growth
 - d) Government policies

2. What can drive a stock's price higher?
 - a) Negative earnings reports
 - b) Increased demand
 - c) Poor company management
 - d) Economic downturns

3. Which two key prices are associated with a stock in the stock market?
 - a) High and low prices
 - b) Bid and ask prices
 - c) Opening and closing prices
 - d) Buy and sell prices

4. What is a limit order in stock trading?
 - a) An order executed at the current market price
 - b) An order specifying a particular price at which to buy or sell
 - c) An order submitted to the stock exchange
 - d) An order with no specified price

5. What can contribute to stock price volatility?
 - a) Strong company performance
 - b) Market orders
 - c) News events and economic developments
 - d) Stable economic conditions

