

Stock Market & Stocks: Playing Market

The stock market is a broad term referring to a place where stocks and bonds are bought and sold. The goal is to buy the stock, hold it for a time, and then sell the stock for more than you paid for it.

Investors who hold stock for 15 years or more usually succeed in the market. Stocks are long-term investments. But there are no guarantees.

What are stocks?

The federal government sells bonds to raise money. Businesses raise money by selling stock. Stocks represent ownership in a company. Companies sell stock to get money to –

- Research better ways to make things
- Create new products
- Improve the products they have
- Hire more employees
- Enlarge or modernize their buildings

How it Works

When you buy stock, you become a shareholder, which means you now own a "part" of the company. If the company's profits go up, you "share" in those profits.

If the company's profits fall, so does the price of your stock. If you sold your stock on a day when the price of that stock falls below the price you paid for it, you would lose money.

Stock prices rise and fall every day. When you invest in the stock market, you are hoping that over the years, the stock will become more valuable than the price you paid for it.

The Dow & The U.S. Economy

The Dow Jones Industrial Average (NYSE: DJI, also called the DJIA, Dow 30, or informally The Dow Jones or The Dow) is one of the stock market indices created by the nineteenth century Wall Street Journal editor and Dow Jones & Company co-founder Charles Dow.

There are 30 companies, all from the USA, and traded on either the NYSE or the NASDAQ, that make up the Industrial Average. They together represent the general economy of the U.S.

There are all sorts of averages out there. The S&P 500 is the average value of 500 different large companies. The Russel 2000 tracks the average of 2,000 smaller companies. And there are others.

The Dow Jones Industrial Average
3M (NYSE:MMM)
American Express (NYSE:AXP)
Apple (NASDAQ:AAPL)
Boeing (NYSE:BA)
Caterpillar (NYSE:CAT)
Chevron (NYSE:CVX)
Cisco (NASDAQ:CSCO)
Coca-Cola (NYSE:KO)
DowDuPont (NYSE:DWDP)
The Walt Disney Company (NYSE:DIS)
ExxonMobil* (NYSE:XOM)
General Electric (NYSE:GE)
Goldman Sachs (NYSE:GS)
The Home Depot (NYSE:HD)
IBM (NYSE:IBM)
Intel (NASDAQ:INTC)
Johnson & Johnson* (NYSE:JNJ)
JPMorgan Chase (NYSE:JPM)
McDonald's (NYSE:MCD)
Merck (NYSE:MRK)
Microsoft (NASDAQ:MSFT)
Nike (NYSE:NKE)
Pfizer (NYSE:PFE)
Procter & Gamble (NYSE:PG)
Travelers Companies, Inc. (NYSE:TRV)
United Technologies (NYSE:UTX)
UnitedHealth (NYSE:UNH)
Verizon (NYSE:VZ)
Visa (NYSE:V)
Wal-Mart (NYSE:WMT)