

1. Explain the relationship between earnings and a stock's market value.

Answer: Earnings reflect the value of the company and the price of stock in the market. If earnings is high, the price of stock should be high as well.

2. Which type of stock could help you obtain your investment and financial goals? Justify your choice?

Answer: Growth stocks because they have a good potential in high dividend and capital gain in the future. The return on investment of growth stock is high so it will match the budget i needed to achieve my dream house and dream car.

3. What sources of information would you use to evaluate a stock issue?

Answer: Stock Exchange of Thailand

4. What is the difference between the primary market and the secondary market?

Answer: Primary markets are markets for trading newly issued securities separated into two forms, IPOs and Seasons new issues. On the other hand, secondary markets are markets for trading already issued securities.

5. Calculating Total Return. Tammy Jackson purchased 100 shares of All-American Manufacturing Company stock at \$31.50 a share. One year later, she sold the stock for \$38 a share. She paid her broker a \$28 commission when she purchased the stock and a \$42 commission when she sold it. During the 12 months that she owned the stock, she received \$160 in dividends. Calculate Ms. Jackson's total return on this investment.

Answer: $\text{Return} = (\text{capital gain} + \text{dividend} - \text{comission}) / \text{initial investment}$
 $= (38 - 31.5) * 100 - 28 - 42 + 160 / 31.5 * 100 = 740 / 3150 = 23.4\%$

Ms.Jackson's total return is 23.4 percent.