Follow the directions carefully to learn how to **buy on margin**.

You will have to do minor calculations so be prepared.

**You have $1,000 to spend in the stock market. By buying on margin you may invest up to $10,000.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name of Stock**  **October 29, 1924** | **Price** | **# of Shares** | **Total Cost**  Price X Shares |  | **Cash Down:** 10% of Total Cost | **Margin** (Amount Borrowed)  Total Cost – Cash Down |
| **$14**  **$123**  **GM** |  | **500**  **10** | **$7000** |  | **$700**  **$123** | **$6300** |
| **ATT** |  |  | **$1230** |  |  | **$1107** |
|  |  |  | **$8230** |  | **$823** | **$7407** |

**$823**

How much money have you spent? (Total Cash Down) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**$7407**

How much have you borrowed on margin? (Total Margin) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**$8230**

How much money do you have invested? (Total Cost) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of Stock**  **October 29, 1927** | **Price** | **# of Shares** |  | **Total Value**  Price X Shares |  | **Total Cost:** From Above |  | **Total Profit:** Value - Cost |
| **$203** |  |  |  | **$101,500** | **10**  **500**  **$193**  **ATT**  **GM** | **$123**  **$700**  **$823** |  | **$100,800**  **$1,807** |
|  |  |  |  | **$1,930** |  |  |  |  |
|  |  |  |  | **$103,430** |  |  |  | **$102,607** |

**$102,607**

How much money have you made on your initial investment? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Bull Market**

A market that has seen a long period of growth is known as a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of Stock**  **October 29, 1929** | **Price** | **# of Shares** |  | **Current Value**  Price X Shares |  | **Previous Value:** From Above  **$101,500**  **$7407 + INT**  **- $97,290**  **- $790**  **$6,140**  **$1,140**  **$5,000**  **10**  **500**  **$10 x**  **GM** |  | **Earnings:** Current – Prev. Value |
|  |  |  | = |  | - | **$1,930** | = | **- $96,500** |
| **$114 x**  **ATT** |  |  | = |  | - |  | = |  |
|  |  |  |  |  | - | **$103,430** | = | **(- $97,290** |

How much has the value increased or decreased? (Earnings) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

How much do you still owe your stockbroker? (Margin) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Margin Call**

You can expect a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ from your stockbroker VERY SOON!