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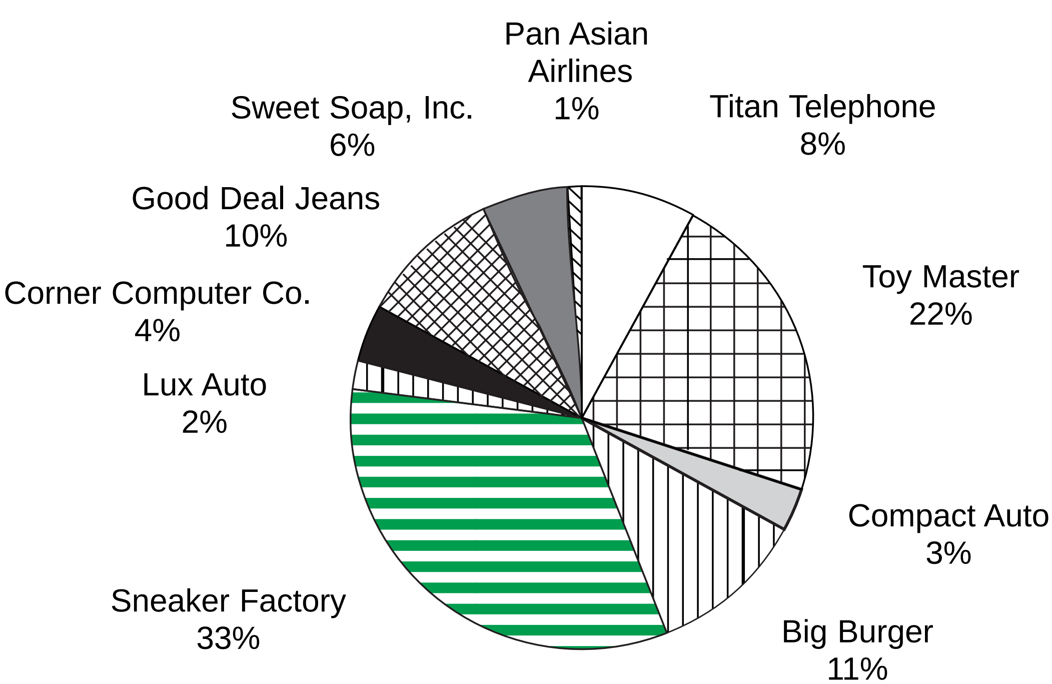
Circle Graph

A circle graph can be used to indicate the percent of total shares bought or sold. The example below shows how a circle graph can be used to display the percentage of each stock sold in comparison to the total shares held by an investor. You can create a similar chart and circle graph on separate paper for your annual report.

Stock	Percent of Total Shares Sold	Shares Sold
Titan Telephone	8	48
Toy Master	22	124
Compact Auto	3	15
Big Burger	11	64
Sneaker Factory	33	186
Lux Auto	2	14
Corner Computer Co.	4	19
Good Deal Jeans	10	55
Sweet Soap, Inc.	6	32
Pan Asian Airlines	1	8

Stock Investments



Stock Market Flow Chart

Note to Teacher: *Make a transparency of this page for use on the overhead projector. Read and discuss the steps together.*

To create a hands-on activity, make enough copies of this page for each group of students. Cut apart the rectangles from one page and place them in an envelope labeled Stock Market Flow Chart. Continue in the same manner for all copies. Give each group an envelope and direct them to put the flow chart in correct sequence. To make this activity self-correcting, write a code on the back of each section.

The XYZ Games Company manufactures board games, and it wants to expand its operation. Since money is needed to buy a new plant and more sophisticated equipment, the company looks for people who will invest money in the company.

XYZ Games Company decides to go public and sells shares, called stocks, in its company. Ten thousand shares are offered at $100 each. Everyone who buys a share in the company becomes a part owner, or shareholder, of the XYZ Games Company.

The new games are a huge success and earn large profits for the company. Stockholders are given a percentage of the profits; this percentage is called a dividend.

XYZ continues to do well and demand for stock in the company increases. However, there are only 10,000 shares. People are willing to pay more than the $100 asking price for the shares. Soon, XYZ stock sells for $200 per share.

As more and more people try to enter the booming stock market, a new purchasing tactic becomes common—buying stocks on margin. That is, a small amount is paid down, and the rest of the money is borrowed from the stockbroker, the person who sells stocks. People are using their entire savings just trying to cash in on these windfall profits.

In October of 1929, a panic ensues when everyone begins to sell and no one wants to buy. What this means to the stockholder is that when the stock price drops, the stockbroker sells it. The stockholder not only loses his down payment, but he still owes the stockbroker the remaining purchase price borrowed to buy the stock. The stockbroker, in turn, owes money to the bank from which the money was borrowed.

In order to repay these loans, some people sell their houses and cars. No one has enough money to buy games from XYZ Games Company, so it closes its doors. Hundreds of workers lose their jobs. Banks close due to unpaid loans—they have no money.

A depression sweeps the country. Twenty-five percent of the work force is unemployed. All kinds of people, both rich and poor, are affected. Business activity declines, prices fall, and unemployment remains high for the next 10 years.