

THINK CRITICALLY

1. Name three economic factors that affect financial activities.

 2. Name five factors that affect the value of securities.

 3. Finance refers to _____
 - a. government actions to collect taxes
 - b. business operations in countries around the world
 - c. activities involved with saving, investing, and using money
 - d. the value of money when inflation is occurring

 4. A financial market where short-term debt securities are bought and sold is a _____ market.
 - a. foreign exchange
 - b. money
 - c. capital
 - d. liquidity

 5. The ease with which an item can be converted to cash is called _____.
 - a. exporting
 - b. liquidity
 - c. risk
 - d. rate of return

 6. Taxes are collected by the _____ component of a financial system.
 - a. agency
 - b. business
 - c. consumer
 - d. government

 7. True or False? _____ When consumer prices fall, it is commonly called inflation.
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TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

8. Some people prefer investing in bonds, others prefer stocks. In your team, prepare a list of factors a person might consider when deciding whether to invest in bonds or stocks.