

Activity Sheet 2: Stock Market Calculations

Now that you know how to calculate the dividend payment on a stock and you can calculate profits and losses on sales of stock in your portfolio, you should be able to solve the following problems.

1. You purchase 723 shares of Nike at \$47.75 per share and one year later you are ready to sell your 723 shares for the current market price of \$62.25. Did you earn a profit or lose money from this stock sale? How much money did you make or lose? Explain how you calculated your answer.
2. During the year you own Nike stock you earn a dividend of \$ 1.25 per share. You own 720 shares. How much did you earn in dividends? How did you arrive at your answer?
3. Starbucks Coffee was selling for \$57.12 per share eighteen months ago and you purchased 250 shares. You sold your shares last week for \$68.38 per share. How much profit did you make on the sale? Explain your answer.
4. You own 100 shares in each of three companies. Each company pays a dividend. Gillette pays \$1.15 per share in dividends. General Electric pays \$.79 per share in dividends. Hershey Foods pays \$.84 per share in dividends. How much do you collect in dividends from all three companies? Explain how you got your answer.
5. Using the information from questions #1 and #3, what was your total profit from the sale of both these companies? Using the information provided in questions #2 and #4, what were your total earnings from dividends?

ANSWER KEY

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The profit from the sale of each share of stock is calculated by subtracting the cost per share which was \$47.75 for the sale price of \$62.25, equaling \$14.50. Then you multiply the profit times the 723 shares which is \$10,483.50.

2. During the year you own Nike stock you earn a dividend of \$ 1.25 per share. You own 720 shares. How much did you earn in dividends? How did you arrive at your answer?

You need to multiply the dividend of \$1.25 per share times the number of shares which is 720. The result is an earning of \$900.

3. Starbucks Coffee was selling for \$57.12 per share eighteen months ago and you purchased 250 shares. You sold your shares last week for \$68.38 per share. How much profit did you make on the sale? Explain your answer.

You again subtract the cost which is \$57.12 per share from the selling price which is \$68.38 per share. You then take the resulting profit of \$11.26 and multiply it times the number of shares which is 250. This means there is \$2,815 in profit.

4. You own 100 shares in each of three companies. Each company pays a dividend. Gillette pays \$1.15 per share in dividends. General Electric pays \$.79 per share in dividends. Hershey Foods pays \$.84 per share in dividends. How much do you collect in dividends from all three companies? Explain how you got your answer.

You multiply each price times 100, which represents the number of shares. You then add up \$115 + \$79 + \$84 which is \$278 in dividends.

5. Using the information from questions #1 and #3, what was your total profit from the sale of both these companies? Using the information provided in questions #2 and #4, what were your total earnings from dividends?

You will need to add the sale of stock profit of \$10,483.50 and \$2815 to get \$13,298.50. You will need to add the \$900 + \$278 to get \$1,178 in dividend profit.