

Tashkent State University of Economics



Finance and taxes department

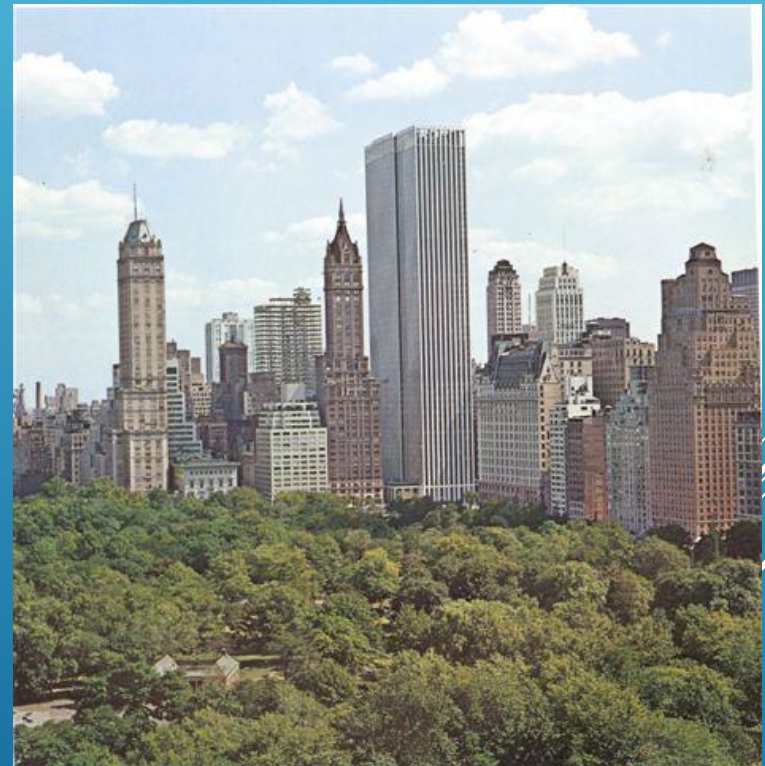
**Uzbek financial markets**

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# LECTURE 4. ROLE OF STOCK MARKETS



Why do people start businesses?





When you make money in business, it is called a profit.

Mathematically:  $\text{Profit} = \text{Revenue} - \text{Cost}$

For example: If you buy an iPod for \$250 and sell it for \$300, you made a profit of ...

# PROFIT

There is also a risk that you will lose money!

LOSS

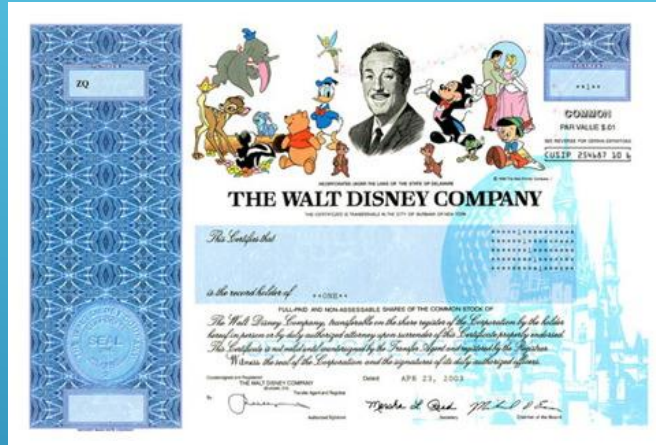


One way to raise money is to borrow money from a bank. This money **must** be paid back.



HOW DO YOU RAISE MONEY  
TO START A NEW BUSINESS?

You can also sell ownership in the company. This means you have other people give you money and they have a share in the profits (and losses) of the company. These ownership shares are called **shares of stocks**.



# STOCKS

When a company makes a profit, they typically pay the owners of stock a **dividend**.

# DIVIDENDS





If you own shares of a company, you can sell them to other people in **the stock market**.

## THE STOCK MARKET

The New York Stock Exchange (NYSE) is one of these markets.

When a company is doing well, more people want to buy the stock and its price in the market rises.



When a company is not doing well, more people want to sell the stock and its price falls.

Businesspeople raise money by selling stock (ownership claims) in their company. People who buy these shares can sell them on the market at a higher price and make money.

RECAP



This week, each day you will look up and graph the stock prices for two companies: Pepsi and Coke.

# THE PEPSI/COKE CHALLENGE

3DEXPORT.COM - ONLINE STORE

