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The Stock Market: Booms and Crashes (the 1920s)

Guided Notes

Stock Market

T (More) Buyers = T Price

T (More) Sellers = Price

How does the Stock Market work and what led to the crash?

	Explanation	Picture Summary			
1	Publicly owned companies offer ownership to anyone willing to buy> Anyone Can own Part of a Company During the 1920s (Stockholder "Amateurs were trying to Speculate in the market by they weren't pros!	TARE 14 PARTY WAY TO BE			
2	The value of a stock changes daily Each day, the ratio of buyers to sellers determine During the 1920s Price Buyers = Bother Price of stace sellers of there were more small buyers so the price rose fast La Called a Burn	es the			

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	Big Idea: Buy shares at low		
	price, sell at high price to make	DON'T YOU	
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	More buyers, the stock rises	FOR THE REST	
	More sellers, the stock falls		
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4	During the 1920s		
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	the Market refers to the		
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	Companies		

## "What Goes Up, Must Come Down"

Roger Babson prediction on September 5, 1929: "Sooner or later a crash is coming, and it may be terrific... Factories will shut down, men will be thrown out of work, the vicious circle will get in full swing and the result will be a serious business depression.

"...There may be a stampede for selling which will exceed anything that the Stock Exchange has ever witnessed," Babson warned, according to reports in the New York Times. "Wise are those investors who now get out of debt and reef their sails."