

# THE STOCK MARKET

Many Canadians thought that there was simply no limit to Canada's economic potential. Canada's **primary resource** industry was booming: mining, pulp and paper, hydro-electric and farming. More Canadians than ever before were able to afford the comforts of life. One of every two Canadian families owned a car in 1928. By 1929, over 60% of Canadians had electricity in their home. Finally, the **stock market** became a new way for people to make money. Many people played the stock market and dreamed of getting rich over night.

**What exactly is the stock market?** Businesses often became too large to be owned by one person or family. When these companies needed money, they would finance themselves by selling **shares** of company stock to the public through the **stock market**. Share prices were determined by **supply and demand**. If the stock was popular, its price rose. If more people wanted to sell shares than buy, the stock prices fell.

**How do people make money on the stock market?** The answer is simple: buy plenty of stocks when their price is low and sell those stocks when their price is high. It sounds easy, but a great deal of knowledge, skill and good luck are needed to make a fortune!

## Important Definitions

Stock	
Investor	
Stockbroker	
Stock Exchange	
Stock Certificate	
Capital Gain	

Careful investors bought wisely. They investigated a company's prospects before purchasing stock. Stock values increased dramatically during the 1920s, and the stock market rose. Investment was made easier because almost anyone could borrow money to buy stocks. As long as stock prices were rising, investors could sell their stocks, pay off their debts, and still make a profit.