

## Chapter 5 Business Analysis (5 pts. Due at the end of Module 4)

Harry, a friend of yours, is taking a course in economics, and has become confused by some of the terminology because of the way people commonly use the same words. The economics professor says investment occurs when companies buy equipment and build factories. Yet Harry has always heard people talk about investing as a method of saving when they put money in the bank or purchase securities. He's confused by these dissimilar uses of the word, and has asked you to explain. After asking for your help, Harry happily states that there's one thing he does understand perfectly about what the econ prof says, and that is "savings equals investment." Since investing in stocks and bonds is also saving money, it's obvious that savings equals investment!

<b>QUESTIONS</b>	<b>STUDENT NAME:</b>
<b>NOTE: TYPE YOUR RESPONSES IN THIS DOCUMENT. THE DOCUMENT WILL EXPAND AS YOU ENTER YOUR RESPONSES SUBMIT THE COMPLETED DOCUMENT TO THE DROPBOX BY THE END OF MODULE #2.</b>	
<b>When companies have savings they do so to buy what? What can they do or build with these savings they can invest?</b>	
<b>Why do individuals buy financial assets? What are they trying to earn? How will the investment now make them better off in the future?</b>	
<b>With business investment, how is money raised through the sale of securities?</b>	
<b>How do the nationwide savings (of individuals) equals investment (of businesses)?</b>	