

Handout B Key

Calculating profit and loss – Answer key

1. Manuel bought five shares of Apple stock (abbreviated as AAPL on NASDAQ) on February 28, 2007. Each share cost \$86. He sold the stock on March 16, 2010 for \$342 per share. What was his loss or profit?

Manuel bought five shares, so he paid $5 \times \$86$, or \$430.

He sold the five shares at \$342 each, so he received $5 \times \$342$, or \$1710.

Since he sold the stock for more than he paid for it, he made a profit.

$$\$1710 - \$430 = \$1280$$

Manuel made \$1280 profit.

2. Manuel also bought and sold stock for The Home Depot (abbreviated as HD on the NYSE). He bought 10 shares of the stock on January 16, 2007 for \$40 each. He sold it on January 18, 2011 for \$36 each. What was his loss or profit?

Manuel bought 10 shares, so he paid $10 \times \$40$, or \$400.

He sold the shares for \$36 each, so he received $10 \times \$36$, or \$360.

Since he sold the shares of stock for less than he paid them, he lost money.

$$\$360 - \$400 = -\$40$$

Manuel lost \$40.

Sources:

<http://finance.yahoo.com/q/hp?s=AAPL&a=00&b=7&c=2007&d=05&e=5&f=2012&g=d&z=66&y=0>

<http://finance.yahoo.com/q/hp?s=HD&a=00&b=2&c=2005&d=05&e=5&f=2012&g=d&z=66&y=0>

