

SUBJECT: Agricultural Science
CLASS: JSS3
WEEK: 2
TOPIC: Agriculture in the Stock Exchange
TERM: 2ND

Agriculture in the Stock Exchange

Agriculture in the Stock Exchange



- Meaning of Stock Exchange.
- Meaning of Stock, Stock Brokers, Shareholders.
- Rights of Stockholders of Companies.
- Importance of stock exchange in agriculture

Meaning of stock exchange

The stock exchange is an organization that provides a market place where investors may buy and sell shares of a wide range of companies. It is a market where sales and purchase of securities take place.

Some terms used in the stock exchange

- **Shares:**

this is a unit of stock. It is an indivisible unit of capital that expresses the ownership relationship between the company and the holder.

- **Stock:**

This is the money called capital raised by corporations or organizations through the sale and distribution of parts or all of the enterprise to several part owners.

- **Stockholders or Shareholders:**

These are potential buyers who legally own one or more shares of stock of a joint-stock company.

- **Stock Brokers:**

These are the representatives of individual shareholders who are licensed to buy and sell of company shares

Privilege to rights of stockholders

1. They are entitled to vote during the election of the board of directors
2. They are entitled to share in the distribution of the company's profit
3. Stockholders are entitled to purchase new shares of the company
4. They are entitled to purchase the company assets when it becomes financially unviable

Examples of Agricultural Business Enterprises on the Nigeria Stock Exchange

1. Livestock Feeds Plc.
2. Nigerian Breweries Plc.
3. Nestle Nigeria Plc.
4. Nigerian Bottling Co. Plc.
5. Cadbury Nigeria Plc.
6. Unilever Nigeria Plc.
7. Flour Mills of Nigeria Plc.
8. Dunlop Nigeria Plc.
9. Ecobank Nigeria Plc.

Importance of stock exchange in agriculture

1. **Raising Capital for Agribusiness:** Agricultural enterprises can raise money by offering shares for sale to the general public in the stock exchange.
2. **Redistribution of Wealth:** When businesses in which farmers invested their money through the purchase of shares declare a profit, such investors share on the profit and wealth of these businesses through their stock prices and dividends.
3. **Corporate Governance:** Agricultural enterprises operating under the stock exchange usually have more improved management standards and efficiency records than privately owned enterprises.
4. **Creates Investment Opportunity for small investors:** Investing in shares is open to large and small scale farmers because individuals buy the number of shares that they can afford. Therefore both smallholder farmers and commercial farmers invest in the same enterprise and enjoy some privileges and rate of returns.
5. **Indicator of the State of Economy:** Shares prices tend to rise or remain stable when companies and the economy show signs of stability and growth, a depresses economy with the financial crisis may lead to crashing of the stock market. Therefore the movement of the share prices can serve as an indicator of the state of a national economy.

ASSIGNMENT

1. What is the Stock Exchange?
2. List four privileges of Stockholders.
3. Define the following terms A. Stock B. Shareholders C. Stockbrokers
4. List five importance of stock exchange in Agriculture.