

Investment Alternatives

Categories of Financial Markets:

- Marketable
- Nonmarketable

Types of investing:

- Direct
- Indirect

Nonmarketable Financial Assets

- Represent personal transactions between the owner and issuer
- Usually very liquid (ie. savings accts)
- Types:
 - Savings Accts
 - Certificate of Deposits
 - Money Market Deposits
 - NOW (Negotiable Orders of Withdrawals)
 - EE Savings Bonds

Money Market Securities

- Short-term, highly liquid, relatively low risk
- Market dominated by financial institutions
- Purchased direct and indirect
- Money market rates are very close to each other
 - T-bills are a bit lower

Types:

Treasury Bills

- Obligation of U.S. Government
- Maturity:
 - 3-6-9-12 mo.
- Sold on discount via an auction
- \$10,000/5,000
- Bid
 - Stop Out Price
 - Non-Competitive Bid
 - Max 1 Mil par
 - Avoid some risk
 - reduced return
 - failure to secure
- Low risk
- exempt from state taxes
- good secondary market