# Stock simulation report

Finance

Stock Simulation Report Portfolio is defined as collection of assets which a particular company is trading with. The firm enters to market trading with two assets; Good year tires and Rubber which they intended to generate revenue from it. The first item, (GT) in which 100 units were bought at price of 27. 44 yield a return of (-2, 754. 00) after deducting commission and other legal charges. The other asset, (GPN) of 100 units produce (-7, 274. 00) for the period it was in a stock exchange market. The results obtained triggers the need to study why trade on certain items in the market.

Marginal requirement directs a person regarding which items to trade with. This is the amount of capital needed to do the business. It is determined by the amount that the person intending to engage in business has at his disposal. Some business requires huge capital to start, and when capital is inadequate, it would force you to try another one or stay out of it completely (Giles & Mark 34).

Returns from the business also explain why businessmen would enter to it. Each day, there are wants that need a man attention. This is achieved through buying what is needed, and the means of exchange must be available. Through trading, individuals aspire to gain more returns than investments so as to keep their business up and running, maintaining their business in the process.

Venturing to new market also explains why people would enter business. With stiff competition in many fields, there is need to try grounds which is not common to many. Stock exchange trade is among them and few who understand how it is done mainly benefits from its return (Giles & Mark 40).

Improving the persons and states economy also justifies why enter this field. The performance of a country economy is based on its currency, thereby by entering to the market; people will significantly improve their living standards (Giles & Mark 23).

There are a number of factors that affects prices paid for commodities in the market. Security stock exchange market has a control panel which determines at any given time what should be paid for certain products. People have no control over this as they only have to wait for price to favor them before buying or selling their assets in stock exchange ( Siddiqui 40). Loans due from debtors affect what will be paid for available assets in stock exchange markets. When individuals take loan and take long time to pay back, they reduces funds available in stock exchange, this prompt the need to take measure like increasing the prices of currency to help fill the void created by deficiency created by debtors . Siddiqui 37). This will take effect until outflows equals inflow, stabilizing the situation.

Purchasing power of customers also determines prices of commodities. In a market where customers have sufficient funds, demand for products usually goes up since most people are in a position to buy. The law of demand and supply takes effects, therefore increasing prices of such products. Contrary, in a market where clients has a low purchasing power, demand for such items is reduced, the companies will be forced to drop prices so that they can sell some . (Siddiqui 43).

Economic meltdown, inflation affects prices of products in many ways. In this scenario, the value of currency of that state goes down making it difficult to get a reasonable fair value to change to currency of another state. (Siddiqui 45). Prices of commodities shoot significantly and persons will find it hard to buy whatever they need.

From the above explanations, it is clear that there are several motives that drive individual to venture in any given field of business as they attempt to satisfy their daily needs. Prices of these products are controlled by forces within and outside individual. Measures are put in place to mitigate these challenges so as to avoid serious inflations which make living hard for citizens. This is mainly done by stock exchange market of any concerned state.

Work Cited

Giles, Mark S. Managing Collective Investment Funds. Chichester: John Wiley & Sons, 2003. Internet resource.

S. A. Siddiqui Managerial Economics and Financial Analysis 2006 edition