Introduction to the stock market

Introduction to Stock Market Definitions a) Stock Market: It is a public entity where the trading of stocks takes place. They are traded at an agreed price and it is this place where the firms are able to sell their stock to the buyers. b) Bond: In the world of finance a bond is a debt certificate with the holder being promised to get the money from the relevant issuing authority. According to the terms agreed the holder is eligible for interest for the period which the bond is held for. c) Dividends: In return for their investment in the company by buying shares, shareholders receive a share of the profits at various intervals of time. This share of profit is known as dividends. The dividends are an incentive for the shareholders to invest in the business in order to earn a share of the profit. d) Virtual Trading: Paper trading (sometimes also called " virtual stock trading") is a simulated trading process in which would-be investors can 'practice' investing without committing real money. e) Mutual Funds: These are a collection of funds put together by many investors so that they can be invested collectively in shares, bonds, stocks and securities. These are controlled by the firms such as mutual trusts. f) Same as E g) Stock Market crash: This is a sudden decline in the prices of the stocks that are being traded in the market. This fall can be due to an economic crisis or the result of heavy speculation. h) NASDAQ: The NASDAQ Stock Market, also known as the NASDAQ, is an American stock exchange. " NASDAQ" originally stood for " National Association of Securities Dealers Automated Quotations". It is the largest electronic screen-based equity securities trading market in the United States and second-largest by market capitalization in the world. 2, 3. Participants in the stock range of small individual stock investors to large hedge fund traders, who can be based anywhere. Their orders usually end up

with a professional at a stock exchange, who executes the order. Some exchanges are physical locations where transactions are concluded on a trading floor, by a method known as open outcry. This type of auction used to trade stock and commodities, where traders may enter " verbal" buying and selling simultaneously. The second type of exchange is a virtual kind, composed of a network of computers where trades are made electronically via traders. Actual operations are based on a model of an auction market where a potential buyer bids a specific price for a stock and a potential seller asks a specific price of the population. (Buying or selling in the market means that they accept the request for price or bid price for the stock, respectively.) When the bid and offer prices match, the sale takes place on a first come, first served s " there are several bidders or Askers at a specified price. Therefore, the reputation or economic factors or speculation affect the demand of stocks. Considering the sellers are fixed then this variation results in the changes of prices of stocks. 6. Stock markets around the world are generally organized in scholarships. Exchanges are generally considered national, regional, and over the counter. For example, the biggest change in the United States is the New York Stock Exchange, which has the largest trading volume in the world. Regional exchanges include the Chicago Stock Exchange and Philadelphia Stock Exchange. OTC markets are not admitted to official listing on a stock exchange. Stocks represent an ownership interest in the issuer. By selling shares of ownership in the stock market raises capital to invest back into society. Raising money this way, the issuing company will be listed. For publicly traded companies must meet specific criteria, called listing requirements set by each exchange. For example, the New York Stock Exchange shows, among other requirements that companies

must have earned between $ 10 and $ 12 million over the past three years and have at least 1. 1 million shares to qualify for public listing on the exchange . Therefore the requirements for registration of the stock market are a collection of shares issued by some of the leading companies in the country. Another important element of the prize are the professionals who work there. The dealers are the ones who actually do the buying and selling in the stock market. However, these transactions are on behalf of investors, not necessarily for the personal benefit of the agent. Brokers are generally classified into four groups: commission of brokers, independent brokers, merchants, competitive, and specialists. Commission staff working for brokerage firms or individual investors who buy and sell stocks. As its name implies, independent agents work for themselves and can freelance for other brokers or brokerage firms that need extra help. competitive companies to compare the differences in stock prices to earn money for themselves or their customers. Finally, the specialists to ensure that buying and selling process occurs fairly and effectively. Investors are an important part of the stock market because capital investor is making the market work. Investors are large financial intuitions, insurance companies, the federal government, institutions and individuals. Investors put their money in the stock market to buy property in companies taking advantage of new trends or invest in new products. If the stock price appreciates the investor makes money. But if the stock loses value, the investor may lose part or all of its investment. 7.

In finance, a derivative is a financial instrument whose value depends on other, more basic, underlying variables such variables can be the price of another financial instrument (the underlying asset), interest rates, volatilities, indices, etc. Contract whose payoff depends on the behavior of

some benchmark, which is known as the " underlying". The most common derivatives are futures, options, and swaps. 8. One of the things people will always know the stock market is, " How can I invest the money?" There are many different approaches, two basic methods are classified as either fundamental analysis or technical analysis. Fundamental analysis refers to analyzing companies by their financial statements in ESA, economic trends, general economic conditions, technical, etc. shares price analysis of market studies, using charts and quantitative techniques to attempt to predict price changes, regardless of the financial prospects of the company. An example of a technical strategy is trend following method, used by John W. Henry and Ed Seykota using pricing models, using strict money management and is also rooted in risk management and diversification