New york stock exchange (nyse)

1) The two leading stock exchanges are the New York Stock Exchange (NYSE) and the National Association of Securities Dealers Automated Quotations. The NYSE began in 1792 with 24 stock owners gathering on Wall street to buy and sell stock. The stock exchange has the largest dollar volume of stock sales in the world, but the NASDAQ has a larger stock volume.

Membership in the NYSE is through " seats" and seat-holders are guaranteed the right to trade on the floor of the stock exchange. The NASDAQ was established in 1971 as the first completely electronic trading forum. The NYSE was at the time the largest stock exchange in the world, but in the 1990s it was surpassed in stock volume by the NASDAQ. There are approximately 3300 companies traded on the NASDAQ; there are 2, 764 on the NYSE.

2) If a firm's shares grew from $1 to $2 per share over a 10-year period, the total growth over the course of the decade is 100 percent, but that does not mean that the annual growth would be 10 percent. If fact, because annual growth is based on the beginning price, 10 percent annual growth is simply not a mathematical possibility. The math makes it more clear. If in the first year, stock is $1 then with 10 percent annual growth, the price would $1. 10 at the beginning of the second year.

During the second year, ten percent growth would add 11 cents to the share's price. Share prices would increase 12 cents the third year and so forth. At the end of a decade with 10 percent annual growth per year, the shares would be $2. 41. So, it is false to believe that 100 percent total growth in a decade, does not mean 10 percent annual growth.

3) Simply because the returns of two stocks are negatively correlated does not necessarily mean that one of the stocks is a negative beta. Though a negative beta would negatively correlate with a stock that performs well during market upturns, it is not required for the negative correlation. Two stocks can have little to nothing in common and both be dependant on the same sort of market action for growth.

For example, stocks previously considered to be totally unrelated all perform poorly when the market takes a major downturn. High tech stocks, housing stocks and retail stocks can all be hit by a sharp market turn regardless of the limited correlation between these types of stocks. A negative beta does not guarantee that the stock can hold steady during those severe drops.