

Stock market investment research paper examples

[Business](#), [Company](#)



Stock market also known as the equity market is where buyer and sellers meet to buy and sell stocks of different companies listed on the stock exchange market at the given time (Hafer & Hein, 2007). This includes both private and public companies. The stock market is increasingly become a source of income for many investors be they large or small. Trades of stock are increasing as the sums traded per day increase. The stock market at the beginning of October 2008 was estimated to be about \$36.6 trillion. This shows the large amounts of transactions and businesses carried out in the market.

Small investors have an advantage over large investors in various ways. First, small investors have the advantage of speed in the buying and selling of stock as compared to large investors due to their small funds hence flexibility (Holmes, 2002). Secondly, as a small investor one can monitor the market performance and make a move against the odds resulting to huge profits without the knowledge of other unlike for the big companies where their moves are noticed. As a small investor, one could anticipate the moves of big investors as they are in bulk and take time to effect hence gaining a competitive advantage.

In terms of returns, the small investor is disadvantaged as he or she receives returns as compared to what the big investor will receive. This is a major advantage as involvement in the stock market is maximizing on returns hence increasing of dividends. Small investors also do experience high transaction costs as compared to the large investors due to their small scale of operations (Horcher, 2005). Also, with small investors one cannot diversify on the various portfolios available to invest hence increasing the chances of

a loss.

With these in mind, being a small investor is the best option to go for the risk averse individual as the chances of major losses are low as compared to the big investor, depending on the level of skills available and knowledge. With these, small investing into the stock market exchange is highly recommended.

References

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