

STOCK MARKET

A share of stock is the smallest unit of ownership in a company. If you own a share of a company's stock, you are considered as the part owner of the company. Stock investors called shareholders or stockholders make money when the stock increases in value or when the company issues the stock pays dividends, or a portion of its profits, to its shareholders.

Stock Market Trading

Stock market trading consists of buying and selling of company stocks and as well as stock derivatives. This type of trading usually takes place in a stock exchange, in which companies need to be listed in order for their shares to be bought and sold. This trading market provides with substantial earnings potential and is one among the most popular investment options.

Buying and Selling Stock

To buy or sell a stock you usually have to go through a broker. Generally the more guidance you want from your broker the higher the broker's fee. Some brokers usually called full-service brokers provide a range of service beyond filling buy and sell orders for clients such as researching investments and helping you develop long and short-term investment goals.

Online Trading is the cheapest way to trade stocks. Online brokerage firms offer substantial discounts while giving you fast access to your accounts through their Web Sites. Most of today's leading full-service and discount brokerage firm make online trading available to their customers. Online trading is an extremely cost-effective option for independent investors with a solid strategy who are willing to undertake their own research.

Benefits

1. It promotes economic growth.
2. It helps companies raise capital and handle financial issues.
3. It ensures that money is invested in businesses to enhance profit potential.
4. It helps investors realize substantial profits.

Drawbacks

1. The short selling of stocks is hard, because stock prices do not appreciate significantly in a short span of time. Accordingly, there is a wait period before you can book healthy profits.
2. It is traded for limited hours in a day.