

STOCK MARKET AND TRADING

WHAT IS A STOCK MARKET?

- A stock market or equity market is a public entity for the trading of company stock (shares) and derivatives at an agreed price.
- These are securities listed on a stock exchanges as well as those only traded privately.
- The stocks are listed and traded on stock exchanges which are entities of a corporation or mutual organization. The largest stock market in the USA, by market capitalization, is the NYSE.

WHAT ARE STOCKS?

- ⦿ At some point, just about every company needs to raise money
- ⦿ In each case, they have two choices:
- ⦿ Borrow the money, or
- ⦿ Raise it from investors by selling them a stake (issuing shares of stock) in the company

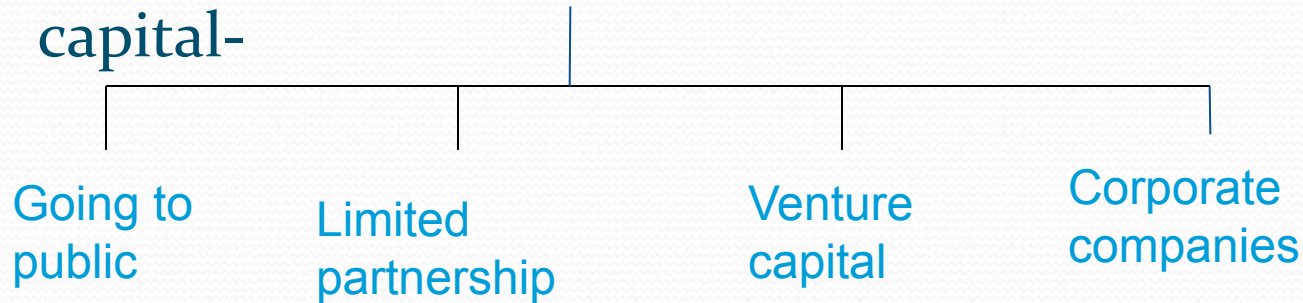
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- ◎ When you own a share of stock, you are a part owner in the company with a claim (however small it may be) on every asset and every penny in earnings.
 - ◎ Individual stock buyers rarely think like owners, and it's not as if they actually have a say in how things are done. Nevertheless, it's that ownership structure that gives a stock its value

WHAT IS A STOCK EXCHANGE ?

- A market in which securities are bought and sold: "the company was floated on the Stock Exchange".
- The initial offering of stocks and bonds to investors is by definition done in the primary market and subsequent trading is done in the secondary market.
- A stock exchange is often the most important component of a stock market.
- Supply and demand in stock markets are driven by various factors that, as in all free markets, affect the price of stocks.

ROLE OF STOCK EXCHANGE

- Raising capital for business:- common forms of raising capital-



- Mobilizing savings for investments.
- Creating investment opportunities for small companies.
- Government capital rising for development projects.
- Facilitates company growth.

MAJOR STOCK EXCHANGES

ECONOMY	STOCK EXCHANGE
US & EUROPE	NYSE
US & EUROPE (NORTH)	NASDAQ
JAPAN	TOKYO STOCK EXCHANGE
UNITED KINGDOM	LONDON STOCK EXCHANGE
EUROPE	EURONEXT
CHINA	SHANGHAI STOCK EXCHANGE
HONG KONG	HONGKONG STOCK EXCHANGE
CANADA	TORONTO STOCK EXCHANGE
BRAZIL	BM&F BOVESPA

ECONOMY	STOCK EXCHANGE
AUSTRALIA	AUSTRALIAN SECURITIES EXCHANGE
GERMANY	DEUTSCHE BORSE
SWITZERLAND	SIX SWISS EXCHANGE
CHINA	SHENZHEN STOCK EXCHANGE
SPAIN	BME SPANISH EXCHANGES
INDIA	BOMBAY STOCK EXCHANGE
SOUTH KOREA	KOREA EXCHANGE
INDIA	NATIONAL STOCK EXCHNGE
RUSSIA	MICEX – RTS
SOUTH AFRICA	JSE LIMITED

SOME INDIAN STOCK EXCHANGES

LOCATION	EXCHANGE
MUMBAI	BOMBAY STOCK EXCHANGE
MUMBAI	NATIONAL STOCK EXCHANGE
JAIPUR	JAIPUR STOCK EXCHANGE
KANPUR	UP STOCK EXCHANGE ASSOCIATION
CHENNAI	MADRAS STOCK EXCHANGE
COCHIN	COCHIN STOCK EXCHANGE
BENGULURU	BANGLORE STOCK EXCHANGE
GAUHATHI	GAUHATHI STOCK EXCHANGE
LUDHIANA	LUDHIANA STOCK EXCHANGE
KOLKATA	CALCUTTA STOCK EXCHANGE

NSE AND BSE ARE THE MAJOR STOCK EXCHANGES IN INDIA.

BOMBAY STOCK EXCHANGE

- ◎ BSE Limited formerly known as Bombay Stock Exchange (BSE) , is the oldest stock exchange in Asia.
- ◎ It is a stock exchange located on Dalal Street, Mumbai.
- ◎ The equity market capitalization of the companies listed on the BSE was US\$1 trillion (or Re :5526,99,93,920.3007) as of December 2011.
- ◎ It the 6th largest stock exchange in Asia and the 14th largest in the world.

- ◎ The BSE has the largest number of listed companies in the world.
- ◎ As of March 2012, there are over 5,133 listed Indian companies and over 8,196 scrips on the stock exchange, the Bombay Stock Exchange has a significant trading volume.
- ◎ The BSE SENSEX, also called "BSE 30", is a widely used market index in India and Asia.
- ◎ Though many other exchanges exist, BSE and the National Stock Exchange of India account for the majority of the equity trading in India.
- ◎ While both have similar total market capitalization (about USD 1.6 trillion), share volume in NSE is typically two times that of BSE.



BSE BUILDING; BSE
DISPLAYS SENSEX ;
PEOPLE TRADING AT
THE BOMBAY STOCK
EXCHANGE

NATIONAL STOCK EXCHANGE

- The National Stock Exchange (NSE) is stock exchange located at Mumbai, India.
- It is the 16th largest stock exchange in the world by market capitalization and largest in India by daily turnover and number of trades, for both equities and derivative trading.
- NSE has a market capitalization of around US 985 billion and over 1,646 listings as of December 2011.
- NSE and BSE are the two most significant stock exchanges in India, and between them are responsible for the vast majority of share transactions.

- The NSE's key index is the S&P CNX Nifty, known as the NSE NIFTY (National Stock Exchange Fifty), an index of fifty major stocks weighted by market capitalisation.
- NSE is mutually owned by a set of leading financial institutions, banks, insurance companies and other financial intermediaries in India but its ownership and management operate as separate entities.
- There are at least 2 foreign investors NYSE Euro next and Goldman Sachs who have taken a stake in the NSE.
- In 2011, NSE was the third largest stock exchange in the world in terms of the number of contracts (1221 million) traded in equity derivatives.
- It is the second fastest growing stock exchange in the world with a recorded growth of 16.6%.

NATIONAL STOCK EXCHANGE , MUMBAI.



Stock trading

- ◎ Stock trading is not just buying and selling stocks at the stock market, there are so many other factors that need to be taken care of for successful stock trading.
- ◎ Anyone who invests in the stock market wishes to make profit from the investments. To ensure that you get significant return from your investment you have to pick up the right stocks at the right time.
- ◎ If you have decided to trade in stocks the first thing that you need to decide is the stock market where you will trade.

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- ⦿ There are mainly two major stock exchanges in India :
 - ⦿ The Bombay Stock Exchange or BSE
 - ⦿ The National Stock Exchange or NSE.
 - ⦿ BSE is the largest stock exchange in the country and it is the biggest in world in terms of number of listed companies.
 - ⦿ The NSE is the virtual exchange where you can only trade online.
 - ⦿ Both these exchanges have their benefits and limitations.

Stock brokers

- ⦿ An agent that charges a fee or commission for executing buy and sell orders submitted by an investor. (OR)
- ⦿ The firm that acts as an agent for a customer, charging the customer a commission for its services.
- ⦿ You can either opt for a conventional broker or you can choose to trade online.
- ⦿ If you are trading online you can get the broking service from the banking or non banking organisations offering online trading facilities who will provide you with the DP account and act as your broker.

Dp or Demat account

- ⦿ A demat account is opened on the same lines as that of a Bank Account.
- ⦿ Prescribed Account opening forms are available with the DP, needs to be filled in.
- ⦿ Standard Agreements are to be signed by the Client and the DP.
- ⦿ In case of Corporate clients, additional attachments required are - true copy of the resolution for Demat a/c opening along with signatories to operate the account and true copy of the Memorandum and Articles of Association is to be attached

General Market Advice:

- ⦿ 1. Never chase a stock.
- ⦿ 2. Buy when markets are in the grip of panic.
- ⦿ 3. Only buy fundamentally strong stocks, which are undervalued.
- ⦿ 4. Buy stocks grown in top line and bottom line over the past years.
- ⦿ 5. Invest in companies with proven management.
- ⦿ 6. Avoid loss-making companies.
- ⦿ 7. PE Ratio and Growth in earnings per share are the key.

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- ◎ 8. Look for the dividend paying record.
 - ◎ 9. Invest in stocks for sure returns.
 - ◎ 10. Stocks have been the high yielding asset class over the past.
 - ◎ 11. Stocks are an asset class.
 - ◎ 12. The basic property of any asset class is to grow.
 - ◎ 13. Buy when everyone is selling and sell when everyone buys.
 - ◎ 14. Invest a fixed amount each month.



WHAT YOU MUST DO

- ⦿ Get rid of the junk
- ⦿ Diversify
- ⦿ Believe in your investment
- ⦿ Stick to your strategy

WHAT YOU MUST NOT DO

- ⦿ Don't panic
- ⦿ Don't make huge investments
- ⦿ Don't chase performance
- ⦿ Don't ignore expenses



THANKING YOU!



By
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