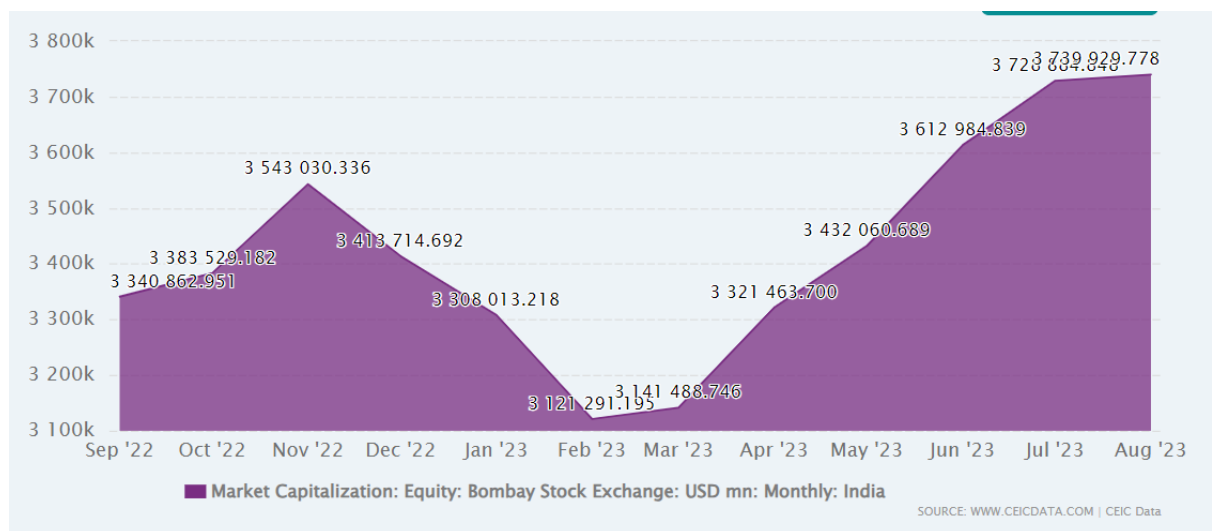


OVERVIEW OF STOCK MARKET

WHAT is stock market?

- A stock market is the aggregation of buyers and sellers of stocks, which represent ownership claims on businesses; these may include securities listed on a public stock exchange, as well as stock that is only traded privately, such as shares of private companies which are sold to investors through equity crowdfunding platforms. Investment is usually made with an investment strategy in mind. There are two major stock exchanges in India namely National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

SIZE OF THE INDIAN STOCK MARKET



Currently the rank of Indian stock market is as follows

Ranking [\[edit\]](#)

	Country	Total market cap (in mil. US\$) ^[2]	Total market cap (% of GDP) ^[3]	Number of domestic companies listed ^[4]	Year
1	United States	44,719,661	194.5	4,266	2020
2	China	13,214,311	83.0	4,154	2020
3	Japan	6,718,220	122.2	3,754	2020
4	Hong Kong	6,130,420	1,768.8	2,353	2020
5	India	3,612,985 ^[5]	103	5,270	2023
6	France	2,823,000	84.9	457	2022
7	United Kingdom	2,821,000	100	1,858	2022
8	Canada	2,641,455	160.7	3,922	2020
9	Saudi Arabia	2,429,102	347.0	207	2020
10	Germany	2,284,109	60.0	438	2020

According to the National Stock Exchange, the market capitalization of the stock market is of 3.61 trillion Dollars.

FUNCTION AND PURPOSE

The stock market is one of the most important ways for companies to raise money, along with debt markets which are generally more imposing but do not trade publicly.[20] This allows businesses to be publicly traded, and raise additional financial capital for expansion by selling shares of ownership of the company in a public market. The liquidity that an exchange affords the investors enables their holders to quickly and easily sell securities.

A) What is a share?

Shares are units of ownership in a company. It is a matter of how you're talking about a company and how much ownership you have in it. For example, say XYZ company issued stock and you purchased 10 shares of it. If each share represents 1% of ownership, you own 10% of the company. The company issued stock, and you bought shares of it.

B) WHO ARE THE PARTICIPANTS IN THE MARKET?

SEBI, Companies which are listed in the stock market through their IPOs, retail investors, and market intermediators.

C) WHO CONTROLS THE STOCK MARKET?

Several brokers, speculators, different types of firms, or sometimes even company persons may work together as a syndicate to move a stock price for their personal agenda or profits. This syndicate, also referred to as the stock market operators, work together to rapidly move stock prices, creating a frenzy among the investors. This is mostly done to leverage the sharp price difference created in the short run, thus generating higher profits for themselves. The target is generally small and mid-cap stocks since it is easier to influence them.

D) How as a retail investor can you start trading shares?

The practice starts by choosing your goal whether it is long term investing or short term investing.

Depending on the choice you've made, there are two major analysis that should be done to have clarity on the choice of stocks for trading.

Factor	Fundamental analysis	Technical analysis
• What is	• Calculate stock real value	• Predict future price movement
• Done with the use of	• Financial data, company and sector information	• Price, trading volume data
• Time horizon for analysis	• Long term	• Short term
• Suitable for	• Investors	• Traders

FUNDAMENTAL ANALYSIS

- Basics: Understand key terms like EPS, P/E ratio, revenue, profit margin, and debt-to-equity ratio.
- Stock Selection: Choose companies you know or understand.
- Financial Statements: Obtain income, balance sheet, and cash flow statements.
- Income Statement: Assess revenue growth, profit margins, and EPS trends.
- Balance Sheet: Examine assets, liabilities, and shareholders' equity.
- Cash Flow Analysis: Study operating cash flow and financing/investing activities.
- Management and Strategy: Research leadership and long-term plans.
- Industry Analysis: Consider industry performance and competitive positioning.
- Competitive Analysis: Compare financial metrics with competitors.
- Valuation Metrics: Calculate P/E, P/S, and P/B ratios, and compare to peers.
- Economic Factors: Account for economic and market conditions.
- Investment Decision: Make informed investment choices.
- Continuous Monitoring: Stay updated and adjust your strategy as needed.

TECHNICAL ANALYSIS

In this method of analysis, various indicators are used to predict the price action of any particular stock using candlestick chart patterns.

- 1) You need to have basic knowledge of candlestick patterns. That can be accessed through the link [CHARTPATTERNS](#).
- 2) Then you find various indicators that are suitable for yourself. Find some of the most used technical indicators through the link [TECHNICALINDICATORS](#).
- 3) After learning chart patterns and technical indicators, you need to combine both to identify trends, whether bearish or bullish, and invest into stocks accordingly.

CHOOSING TRADING STYLE

- A) Intraday Trading
- B) Futures and Options
- C) Long term investing

A) Intraday Trading:

Intraday trading involves buying and selling assets within the same day to profit from short-term price fluctuations. It's fast-paced and high-risk.

B) Futures and Options Trading:

These are derivative markets where traders speculate on future asset prices. They offer leverage and are suitable for experienced traders.

C) Long-Term Investing:

Long-term investing involves buying and holding assets for years to benefit from potential growth and is less concerned with short-term market changes. It's a patient and less risky approach.

[RISK MANAGEMENT](#)