Most people get intimidated by the idea of making an investment. Mostly because they don’t understand the different types of financial markets and which one could be the best suited for them. Our article today sheds light on the different types of financial markets so that you can make better investments in the future.

1. **Stocks**

Most people are aware of stocks. They are probably the most popular and simple kind of investment that has been around for a really long time. Basically, when you invest in stocks you are buying a part of a share in a public trading company. Some of the biggest companies in the world today such as Microsoft, Apple, Samsung, all sell their shares.

However, they sell only a small percentage in the stock market. Once you buy the stock and the prices go up in the stock market then you can sell the share at a profit. The downside is obviously if the price goes down and you will go into a loss. If you wish to buy stocks then [brokers](https://www.investopedia.com/terms/b/broker.asp) are the right people to get in touch with as they will help you make an investment.

1. **Bonds**

Buying a bond means you are lending money to an enterprise that is either government-owned or is a business. Businesses issue corporate bonds whereas the government issues treasury bonds or municipal bonds. Once you have held the bond for a particular time period and it reaches maturity, you can acquire the bond with interest. Bonds are generally a [low-risk investment](https://www.bankrate.com/investing/low-risk-investments/) and come with a lower return as compared to stocks.

1. **Foreign Exchange**

This is a relatively simpler investment. Foreign exchange investors buy a currency that is expected to increase in value in the future and then they make a profit out of it. The profits all depend on the exchange rates at the time of selling.

1. **Mutual Funds**

Mutual funds refer to a pool of investors who are investing in several companies at the same time. These funds are either managed actively in which the manager chooses the companies for the investors to put their money or they can be passively managed in which the fund tracks some stock market investment. There can be mutual funds which are a mixture of actively managed and passively managed funds.

1. **Certificates of Deposit**

One of the safest forms of investment is a certificate of deposit in which you give money to a bank for a certain time period and once the time period is over you can withdraw the money along with the interest which was pre-determined.

1. **Physical Assets**

Investing in physical assets means you are buying an asset that holds a market value and can be liquidated when you need the money. These assets can be precious metals, jewelry, property, etc. As in the case of most investments, investors who put their money here expect the prices to increase so that they can sell their property, jewelry, etc. at a higher price.

1. **Cryptocurrencies**

Cryptocurrencies can be thought of as digital currencies that have market value and are a great investment option. Bitcoin is one of the [most famous cryptocurrencies](https://www.investopedia.com/tech/most-important-cryptocurrencies-other-than-bitcoin/) that is now coupled with advanced [smart card](http://www.cardzgroup.com/BankCards.html) technology. However, cryptos can be an extremely risky form of investment as their value fluctuates tremendously.

1. **Retirement Plans**

Most people are offered a retirement plan at either their workplace or some other means. Retirement plans are not exactly an investment category but they can be thought of as a means to make other investments as they give you countless advantages such as tax leverages.

1. **Annuities**

A lot of people use [annuities coupled with their retirement plans](https://www.protective.com/learn/boosting-your-retirement-planning-confidence-with-annuities#:~:text=Retirement%20advantages%20of%20annuities,free%20until%20funds%20are%20withdrawn.) to make investments. Once you purchase an annuity you come to terms with a contract with an insurance company that provides you with payments periodically. The payment duration and the amounts are both predetermined. Annuities are a low-risk investment but they are low-growth as well.

1. **Options**

Options can be thought of as a complex kind of stock. An option gives you the ability to either buy or sell a certain asset at a predetermined price at whatever given time. An option may decrease in value and might end up in a loss for the investor.

**Conclusion**

Overall, financial markets make it possible for companies to acquire capital due to their regulated and open system and enable businesses to balance risk with the help of foreign exchange, commodities and other derivates.