

Lecture 4

What is a Market?

Market: A place where people gather for the purchase and sale of products. It's a place where commercial dealings are conducted.

Auction Market: Is a market in which the buyers compete on buying prices, and sellers compete on selling prices simultaneously.



Stock Market: A market in which shares of publicly traded companies are issued and traded. The stock market provides companies with access to capital and provides investors an easy way to have ownership in companies.

It's just a place where buyers and sellers of stocks meet to transact.

Primary market: This is where the issuance of new securities happen. In this market companies raise funds by issuing new stocks through an initial public offering (IPO). The underwriter (a company that helps other companies introduce new securities to the market) will take care of selling those stocks to funds and banks.

Secondary market: also called the aftermarket, is the financial market in which previously issued financial instruments such as stock, bonds, options, and futures are bought and sold. ... After the initial issuance, investors can purchase from other investors in the secondary market.

IPO (Initial public offering): This is the first time that a stock of a private company is offered to the public. It is very hard for regular investors to get shares at the IPO.
