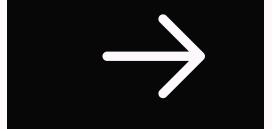


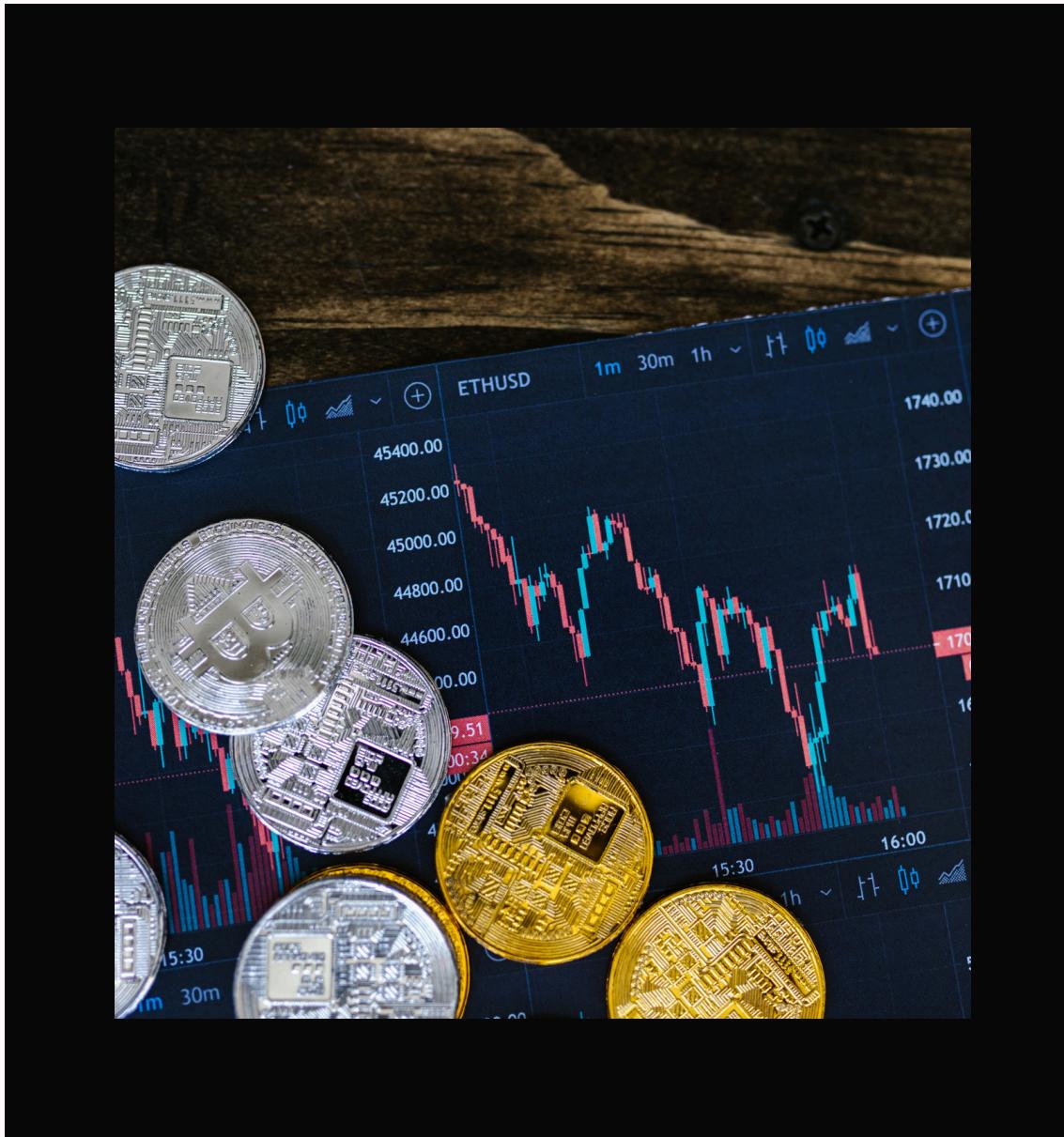
How do stocks work?

Guide to
Understanding
Financial Markets

Presented by
COLLINS M. W.

1st February 2025





What is the Stock Market?

A Marketplace for Shares



The stock market is made up of investors buying, selling, and trading shares of companies, reflecting these firms' collective value and performance.

A stock represents a share in a company's ownership, and those who own stocks can claim a percentage of the company's assets and earnings.



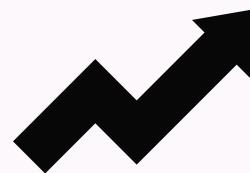
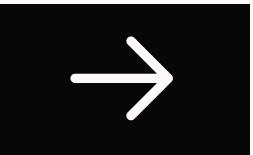
How Does the Stock Market Work?



The Mechanism Behind Trading

The stock market works by allowing buyers and sellers to trade stocks listed on a particular exchange, mostly online and through licensed brokers. Although some physical stock exchanges like the NYSE still exist, most markets operate and trade online, aided by computer automation.

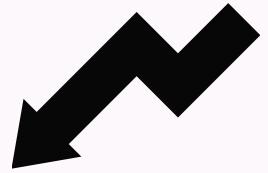




Now

1792

1602



Stock market hours vary according to country. Regular trading hours for the New York Stock Exchange and the Toronto Stock Exchange are Monday through Friday, 9:30 a.m. to 4:00 p.m. The London Stock Exchange operates from 8:00 a.m. to 4:40 p.m.

Stock Market Hours





What Is a Stock Exchange?



Once a company goes public, its stocks can be traded freely on the stock market. This means that investors can buy and sell shares among themselves. This is the secondary market for stocks, and most trading is done through stock exchanges.

Stock exchanges are organized and regulated "places" (much trading today is virtual) where stocks and other types of securities are bought and sold. They play a crucial role in the financial system by providing a platform for companies to raise money by selling their stocks and bonds to the public.

The **NYSE** and **Nasdaq** are prime examples, serving as central locations for the buying and selling of stocks. There are major exchanges worldwide, such as the **London Stock Exchange**, the **Tokyo Stock Exchange**, and the **Shanghai Stock Exchange**. Each has its own internal rules, and investors follow different national and local laws.

These are meant to ensure fair trading practices and to keep investors confident in dealing there. They also provide transparency in the trading process, giving real-time information on securities prices, which is why it's so easy to find up-to-date stock prices on just about any financial news site.



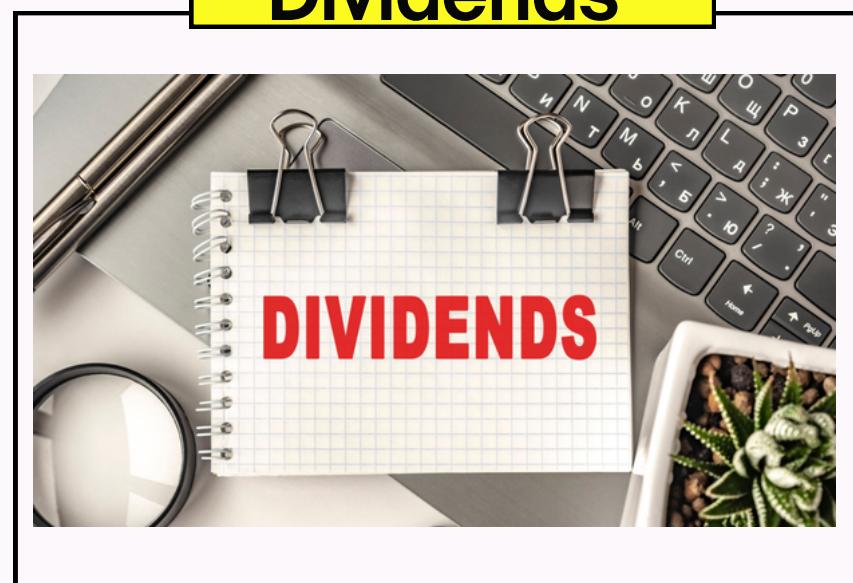
Key Stock Market Terminology

Essential Terms to Know

Shares



Dividends



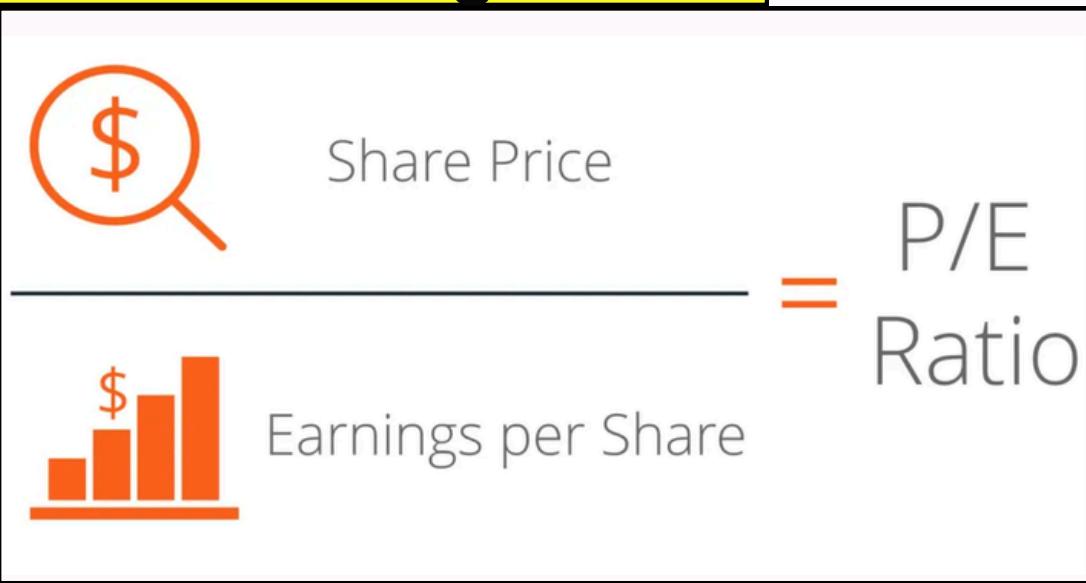
Bull/Bear Markets



Revenue Growth



Price/earnings ratio

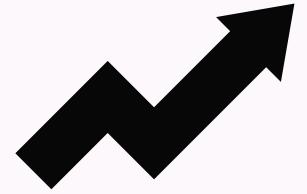


Earnings per share

$$\text{EPS} = \frac{\text{net income} - \text{dividend payments}}{\text{weighted average shares outstanding}}$$

Historical price



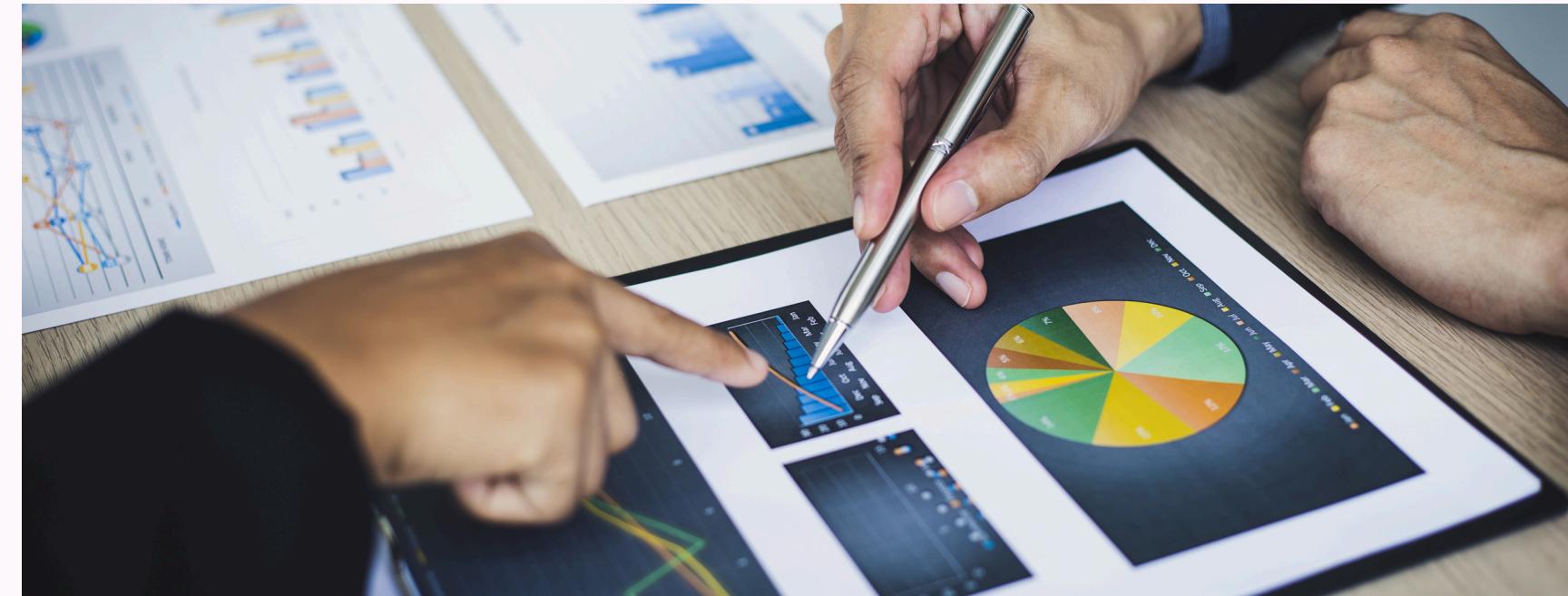


What Are Public Companies?

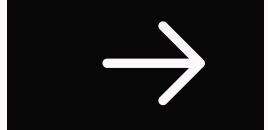
Not all companies can offer stock to the public. Only public companies that have offered their shares for the first time in an **initial public offering (IPO)** can have their stock bought and sold on exchanges like the NYSE or Nasdaq. From the time a company starts planning its IPO through all the time its shares are sold to the public, it must meet stringent regulations and financial disclosure laws.



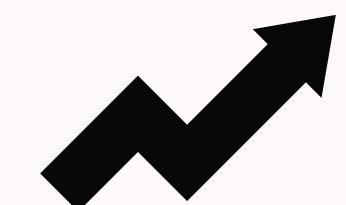
Risks of Stock Market Investment



**Understanding the
Market Correction**



The ten biggest stock exchanges in the world are listed below:



Name	Location	Market Capitalisation (USD)
New York Stock Exchange (NYSE)	USA	25.53 trillion
NASDAQ	USA	11.23 trillion
Tokyo Stock Exchange (TSE), also known as Japan Exchange Group	Japan	5.1 trillion
Shanghai Stock Exchange (SSE)	China	4.67 trillion
Hong Kong Stock Exchange (SEHK)	China	4.23 trillion
Euronext	Netherlands	3.67 trillion
Shenzhen Stock Exchange (SZSE)	China	3.28 trillion
London Stock Exchange (LSE)	UK	3.2 trillion
TMX Group, includes the Toronto Stock Exchange (TSX) and the Montreal Stock Exchange	Canada	1.75 trillion
Bombay Stock Exchange (BSE)	India	1.51 trillion



Tips for New Investors

Starting Your Investment Journey

[kulture56/financial-market-Guide: 1%](#)

Understand
Your Risk
Tolerance

Diversify
Your
Portfolio

Educate
Yourself



Thank  You

Starting Your Investment
Journey With Me

