

Stock Market

The stock market is one of the most vital components of the global financial system. It serves as a platform where investors buy and sell shares of publicly traded companies, allowing businesses to raise capital and investors to grow their wealth. This guide provides an in-depth look at how the stock market works, its key participants, types of markets, benefits, risks, and strategies for successful investing.

What is the Stock Market?

The stock market (or equity market) is a marketplace where buyers and sellers trade stocks (shares) of publicly listed companies. These transactions occur on stock exchanges like the New York Stock Exchange (NYSE), NASDAQ, London Stock Exchange (LSE), and Bombay Stock Exchange (BSE).

Key Functions of the Stock Market:

- Capital Raising – Companies issue shares to raise funds for expansion, research, and operations.
- Investment Opportunities – Investors buy shares to earn profits through dividends and price appreciation.
- Liquidity – Provides a platform for easy buying and selling of securities.
- Economic Indicator – Reflects the health of an economy (bull markets indicate growth, bear markets signal downturns).