

The Facebook IPO is the most important IPO to hit the stock market inforever. Not because of its size in dollars. Not because of the gap up it may experience in its first day of trading. Nope. Its the most important IPO ever because:

1. It could lead to individual retail investors coming back into the market.

For the first time in a long time I had someone ask me what I thought about an IPO. They wanted to know if they should buy Facebook at its IPO.

If lots of individual, retail investors do buy into Facebook and they make money at it, that could lead to individual retail investors coming back into the market. Something that individuals smartly have avoided for the last several years.

Retail buyers making money would be great for the market..

or would it ?

2. High Frequency Traders LOVE RETAIL INVESTORS.

Facebook will be a highly liquid name. Perfect for High Frequency/Algorithmic Traders (HFTA). If Facebook is a huge draw for individual retail investors, HFTA Traders will see them as lambs waiting to be slaughtered. They will feast on the unwashed, unsophisticated mass of retail buyers dashing into Facebook. They will pray that the stock skyrockets and stories of individuals making out like bandits are spread throughout the media. They will attack this stock like a pack of wolves.

What happens from there is anyone's guess. But I can tell you that no one is hoping for an explosion in the price of Facebook more than High Frequency/Algorithmic traders.

Facebook could be the most important IPO in the history.

But not for the reasons you think..