In business and financial English, the term ‘market’ refers to a place where [potential buyers and sellers get together](https://marketbusinessnews.com/financial-glossary/market/) to trade goods and services, as well as the transactions between them.

**Financial Markets**

* Is anywhere where buyers and sellers can trade goods and services in exchange for money.
* Financial markets refer broadly to any marketplace where the trading of securities occurs. *[create securities products that provide a return for those who have excess funds (Investors/lenders) and make these funds available to those who need additional money (borrowers).]*
* There are many kinds of financial markets, including (but not limited to) forex, money, stock, and bond markets.
* Financial markets are a corner stone of a capitalist economies*. [because they help facilitate capital formation and liquidity for entrepreneurs and businesses. Financial Markets create liquidity by making it easy for buyers and sellers to trade their financial holdings.]*

**Types of Financial Markets**

* **Money Markets** - trade in products with highly liquid short-term maturities (of less than one year) and are characterized by a high degree of safety and a relatively low return in interest.
* **Capital Markets** – borrow in longer-term. There are two types of capital markets.
* ***Equity*** ***capital*** – is not borrowing for the issuer, for example companies sell shares to investors hoping to raise capital so they will bring in new owners. They pay back dividend a share of the profit.
* ***Debt capital*** – form of borrowing for the issuer. For debt capital they can pay interest.
* ***Forex Market*** – Theforex (foreign exchange) market is the market in which participants can buy, sell, exchange, and speculate on currencies. It is made up of banks, commercial companies, central banks, investment management firms, hedge funds, and retail forex brokers and investors.
* ***Derivatives Market*** - A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index).

*[Rather than trading stocks directly, a derivatives market trades in futures and options contracts, and other advanced financial products, that derive their value from underlying instruments like bonds, commodities, currencies, interest rates, market indexes, and stocks.]*