Key Factors In terms Of Position Of The Stock

~~Costing~~ 8) long OR Short.

→ **Short Selling**:

In short selling when the individual assess that the current price of the stock is high and then in the near future it is expected that the stock price will be going to the fall. Then, that individual ~~takes~~ ~~to~~ borrow that stock from the owner and sell it at the higher market price. When the price of the stock is low i.e. ~~market~~ market for that stock is down then that individual buy that particular stock ~~b~~ at lower price and gives back to the owner.

1) So short selling of a stock essentially consists of ~~bow~~ borrowing the stock from someone who owns it and then selling it.

Short Seller who is the person who borrow ~~so~~ sale it in the market, somebody else's stock and hopes that the price of the stock will drop in the near future → when the drop actually happens this person buys the stock at a lower price and returns it to the owner ~~the~~ who is the person individual from whome that borrow that particular stock.

~~The investor that owns the stock to the short sellers~~, so this person who short sells

Short Position →

A short position in the stock market refers to the practice of selling a stock without the ownership of the stock, with intention of buying it back later at a lower price to profit.

Long Position In the Stock Market

'Long position' in the stock market refers the practice of buying and holding a stock with the expectation that its price will rise in the future, allowing the investor to sell it at a higher price, make profit.

The process of short selling and subsequent returning the stock to the owner, → the entire process is called "Covering the Short Position"

Long and Short Position Of Bonds.

Short Position In Bond

In case of a bond, short position is the one which is associated with the debtor who has basically borrowed the money from the customer and issue a bond to that customer.

Long Position. In Bond

Long position is for the person who is basically the creditor who lend out the money to the debtor. i.e. who purchase the bond.

- For short position, the person should issue the bond.
- For long position, the person should buy the bond.

→ So the basic fundamental difference between stock and bond is that, the purchasors of the bond knows before ~~the~~ hand what will be the nominal value that is the fixed amount what they will get after the maturity. But in case of Stock, the stockholder does not know

What will be the return (Dividend, Capital return) in future.

→ From legal claim, there exists a fundamental difference between stocks and bonds.

In case of bond the debtor is legally obliged to return the money (promised amount) to the creditor on the maturity date.

In case of stocks, it is very clear to the stock owners that ~~the~~ ~~reception~~ return can be good and they can face losses too while the business of the company does not go well / bankruptcy. So, there is no legal ~~to~~ bounds to the company while they issue the stocks ~~the po~~

Because of the inherent risk in stocks people generally get high return compared to bonds ~~but~~ until and unless there is serious situation because of that the company will close their business.