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# Financial Glossary

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## Market Capitalization

Market Capitalization (Market Cap) is a measurement of business value based on share price and number of shares outstanding. It generally represents the market's view of a company's stock value and is a determining factor in stock valuation.

For example, if a company has 1.5 million shares outstanding at a share price of \$25, its market cap is \$37.5 million (1.5 million x \$25). Companies can be categorized based upon the size of their market capitalization.

There are five basic groups: mega-cap (market cap over \$200B), large-cap (\$10B–\$200B), mid-cap (\$2B–\$10B), small-cap (\$300M–\$2B), and micro-cap (\$50M–\$300M). Market cap is not always an accurate indication of value because it does not account for debt and other factors.

## Formula

Market Capitalization = Number of Shares Outstanding x Price

## Analysis Tutorial

### Related Terms

[Cash Equivalent to Market Cap](#)[Cash to Market Cap](#)[Enterprise Value](#)[Fama-French Market Beta](#)[Free Cash Flow Yield](#)[KZ Index](#)[Market Cap plus Net Liabilities](#)[Market Cap Score](#)[Price](#)[Shares Outstanding](#)

## YCharts - Market Cap Analysis Tutorial

