

Go Stock Trade . com Primer: What is the stock market all about?

Thousands of people who have money in any type of account for their retirement can consider ourselves participating in the Stock market. But have you pondered about the functionality of how this interesting market works? Imagine being at a regular auction, where instead of nice bits such as cars and antiques are being bid away, think of bits of public companies being auctioned away.

To make a less confusing analogy, think about the role of an auctioneer. The auctioneer's role is to get the highest and best price for each product. Well, the stock exchanges around the globe kinda operate in the same fashion. The auctioneer role, is called a Market Maker. In a stock sale, there is no stable, set price for stocks, but instead, setting the price is the role of the Market Maker.

The price will fluctuate greatly, because the ying and yang of the market, the buyers and sellers, will bid on either the stock going lower, or higher. Usually when you see a stock price go up, it means that the buy price of a stock has increased. This is vice versa when a stock declines in value.

Now I am sure you have seen visuals on the major news networks of how a stock floor looks. You know, the floor where tons of stark raving mad folks, scream numbers and look at monitors and make trades all day. The trading day starts at 9:30 in the morning Eastern Time, and stops at 4:00 in the afternoon Eastern Time. Depending on business news, market forecasts, world events, and a few other things thrown in between, can dictate how much volume a market can have in a day.

The last couple of paragraphs have mentioned all of the particulars of two major markets, the New York Stock Exchange(NYSE) and the lesser known American Stock Exchange. But there is a third one too! It is called NASDAQ.

Now what makes NASDAQ quite unique from the other two, is that this market is controlled by computers. Despite the technological advances of this stock market, NASDAQ still has the conventional bidding water of NYSE and American Stock Exchange. The buyers and sellers have their own areas to buy and sell stock, and bid through a quote system called Level II.

The great thing with stock trading, is that in order to be successful with trading stocks, you do not have to be in the pit, bidding like a madman on the hunt for their lives. Not at all! You can now use the very computer in your house, or go to a trading office if you live in a big city and trade stocks. Many different internet based brokerages are out there, and have plenty of materials to get you started on your way to becoming a great stocktrader!

PROFIT ON!

About the Author

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