

# STOCK MARKET



# WHAT IS THE STOCK MARKET?

THE STOCK MARKET CAN SOUND COMPLICATED, BUT THE BASIC IDEA IS ACTUALLY QUITE STRAIGHTFORWARD. IMAGINE YOU AND A FEW FRIENDS DECIDE TO OPEN A LEMONADE STAND. YOU ALL CONTRIBUTE MONEY TO BUY SUPPLIES, AND YOU SHARE THE PROFITS AT THE END OF THE DAY. THE STOCK MARKET WORKS IN A SIMILAR WAY, BUT ON A MUCH LARGER SCALE.

COMPANIES, LIKE YOUR LEMONADE STAND, NEED MONEY TO GROW. THEY CAN RAISE THIS MONEY BY SELLING SMALL OWNERSHIP STAKES IN THEMSELVES, CALLED SHARES. WHEN YOU BUY A SHARE OF A COMPANY'S STOCK, YOU BECOME A PART-OWNER, JUST LIKE YOU WOULD BE A PARTNER IN THE LEMONADE STAND. THE MORE SHARES YOU BUY, THE BIGGER YOUR OWNERSHIP STAKE (AND POTENTIALLY, YOUR PROFITS).

THESE SHARES ARE TRADED ON WHAT ARE CALLED STOCK EXCHANGES, LIKE THE NEW YORK STOCK EXCHANGE (NYSE) OR THE NASDAQ. THINK OF THEM AS GIANT MARKETPLACES WHERE INVESTORS (PEOPLE WHO BUY AND SELL SHARES) CAN TRADE THESE COMPANY SHARES WITH EACH OTHER. THE PRICE OF EACH SHARE CONSTANTLY CHANGES BASED ON A FEW THINGS. THE COMPANY'S PERFORMANCE IS A BIG ONE – IF THE COMPANY IS DOING WELL AND MAKING MONEY, PEOPLE ARE MORE LIKELY TO WANT TO BUY ITS SHARES, WHICH DRIVES THE PRICE UP. THE OVERALL MOOD OF THE MARKET ALSO PLAYS A ROLE. IF INVESTORS ARE FEELING OPTIMISTIC, SHARE PRICES TEND TO RISE ACROSS THE BOARD. EVEN NEWS HEADLINES CAN AFFECT STOCK PRICES – FOR EXAMPLE, IF A COMPANY ANNOUNCES A NEW PRODUCT THAT EVERYONE WANTS, ITS SHARE PRICE MIGHT JUMP.

SO, WHY WOULD SOMEONE WANT TO BUY A SHARE OF A COMPANY? THERE ARE TWO MAIN REASONS. FIRST, SOME COMPANIES SHARE THEIR PROFITS WITH THEIR SHAREHOLDERS THROUGH DIVIDENDS, WHICH ARE LIKE SMALL CASH PAYMENTS YOU RECEIVE FOR OWNING A PIECE OF THE COMPANY. SECOND, AND PROBABLY MORE EXCITING, INVESTORS HOPE THAT THE COMPANY THEY BUY SHARES IN WILL BECOME MORE SUCCESSFUL, DRIVING THE PRICE OF THE SHARE UP. THIS ALLOWS THEM TO SELL THEIR SHARES LATER FOR A PROFIT, JUST LIKE SELLING OUT OF YOUR LEMONADE STAND AT THE END OF THE DAY WITH MORE MONEY THAN YOU INVESTED!



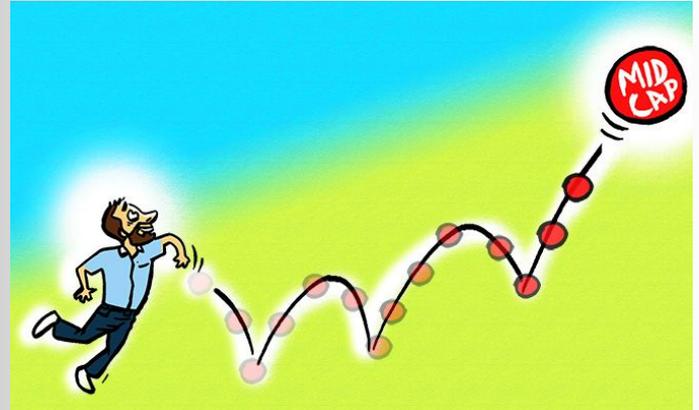
# TYPES OF STOCKS

## LARGE-CAP STOCKS



LARGE-CAP STOCKS: IMAGINE HOUSEHOLD NAMES LIKE APPLE OR COCA-COLA. THESE ARE LARGE-CAP STOCKS, REPRESENTING WELL-ESTABLISHED GIANTS OF THE INDUSTRY. THEY'VE BEEN AROUND FOR A LONG TIME, HAVE A PROVEN TRACK RECORD, AND TEND TO BE MORE STABLE. INVESTING IN THEM IS LIKE BUYING INTO A RELIABLE BRAND WITH A LOWER RISK OF GOING BUST. YOU CAN INVEST IN LARGE-CAP STOCKS THROUGH BROKERAGE ACCOUNTS THAT ALLOW YOU TO BUY INDIVIDUAL SHARES OR MUTUAL FUNDS THAT FOCUS ON LARGE-CAP COMPANIES.

## MID-CAP STOCKS



MID-CAP STOCKS: THINK OF MID-CAP STOCKS AS COMPANIES ON THE RISE. THEY'RE ESTABLISHED BUT NOT QUITE GIANTS YET, LIKE SOME FAST-GROWING TECH FIRMS. THEY OFFER A BALANCE BETWEEN RISK AND REWARD. THE PRICE CAN SWING MORE THAN LARGE-CAP STOCKS, BUT THE POTENTIAL FOR GROWTH IS ALSO HIGHER. YOU CAN INVEST IN MID-CAP STOCKS THROUGH SIMILAR AVENUES AS LARGE-CAP ONES, SUCH AS BROKERAGE ACCOUNTS OR MID-CAP FOCUSED MUTUAL FUNDS.

## SMALL-CAP STOCKS

SMALL-CAP STOCKS: THESE ARE THE YOUNG GUNS OF THE STOCK MARKET – SMALLER COMPANIES WITH EXCITING NEW IDEAS. THEY CAN BE A GOLDMINE IF THEY TAKE OFF, BUT ALSO RISKIER BECAUSE THEY'RE LESS PROVEN. INVESTING IN SMALL-CAP STOCKS IS LIKE BEING AN EARLY SUPPORTER OF A PROMISING STARTUP. YOU CAN FIND THEM ON SOME BROKERAGE ACCOUNTS, BUT THEY'RE LESS COMMON IN MUTUAL FUNDS DUE TO THE HIGHER RISK INVOLVED.

# TYPES OF STOCKS

## GROWTH STOCKS

GROWTH STOCKS: THESE ARE LIKE THE RACEHORSES OF THE STOCK MARKET. COMPANIES WITH EXPLOSIVE GROWTH POTENTIAL, OFTEN IN NEW INDUSTRIES, ARE CATEGORIZED AS GROWTH STOCKS. THEIR STOCK PRICE IS MORE SENSITIVE TO UPS AND DOWNS BECAUSE FUTURE EXPECTATIONS PLAY A BIG ROLE. THINK OF A SOCIAL MEDIA COMPANY THAT'S RAPIDLY EXPANDING. INVESTING IN GROWTH STOCKS CAN BE DONE THROUGH BROKERAGE ACCOUNTS, BUT BE PREPARED FOR A BUMPY RIDE!

## VALUE STOCKS

VALUE STOCKS: IMAGINE A STOCK MARKET TREASURE HUNT. VALUE STOCKS ARE COMPANIES THAT SEEM TO BE UNDERVALUED BY THE MARKET DESPITE STRONG FUNDAMENTALS (LIKE A GOOD TRACK RECORD AND SOLID FINANCIALS). VALUE INVESTORS BELIEVE THE PRICE WILL EVENTUALLY CATCH UP TO THE COMPANY'S TRUE WORTH. THINK OF A WELL-ESTABLISHED COMPANY GOING THROUGH A ROUGH PATCH, BUT WITH A HEALTHY CORE BUSINESS. YOU CAN INVEST IN VALUE STOCKS THROUGH BROKERAGE ACCOUNTS OR VALUE-ORIENTED MUTUAL FUNDS.

## INCOME STOCKS

INCOME STOCKS: THESE ARE LIKE WORKHORSES, PROVIDING A STEADY STREAM OF INCOME THROUGH DIVIDENDS. DIVIDENDS ARE A PORTION OF A COMPANY'S PROFIT PAID OUT TO SHAREHOLDERS. UTILITY COMPANIES OR ESTABLISHED FIRMS ARE GOOD EXAMPLES. INCOME STOCKS ARE IDEAL FOR INVESTORS SEEKING REGULAR INCOME ALONGSIDE POTENTIAL PRICE APPRECIATION OF THE STOCK ITSELF. YOU CAN FIND INCOME STOCKS THROUGH BROKERAGE ACCOUNTS AND INCOME-FOCUSED MUTUAL FUNDS.

## BLUE-CHIP STOCKS

BLUE-CHIP STOCKS: CONSIDER BLUE-CHIP STOCKS THE CRÈME DE LA CRÈME. THESE ARE THE TITANS OF INDUSTRY – LARGE, STABLE COMPANIES WITH A LONG HISTORY OF SUCCESS AND RELIABLE DIVIDEND PAYMENTS. THINK OF COMPANIES LIKE JOHNSON & JOHNSON OR PROCTER & GAMBLE. THEY'RE KNOWN FOR THEIR LOW RISK AND DEPENDABLE RETURNS. YOU CAN INVEST IN BLUE-CHIP STOCKS THROUGH BROKERAGE ACCOUNTS OR BLUE-CHIP FOCUSED MUTUAL FUNDS.

# TYPES OF STOCKS

## PENNY STOCKS

**PENNY STOCKS:** PENNY STOCKS ARE THE UNDERDOGS OF THE MARKET, TRADING FOR A VERY LOW PRICE PER SHARE (OFTEN LESS THAN \$1). THEY CAN BE TEMPTING DUE TO THE POSSIBILITY OF HIGH RETURNS, BUT COME WITH SIGNIFICANT RISK. MANY PENNY STOCK COMPANIES ARE HIGHLY SPECULATIVE VENTURES WITH A CHANCE OF FAILING. PENNY STOCKS ARE GENERALLY NOT RECOMMENDED FOR BEGINNER INVESTORS DUE TO THE HIGH RISK INVOLVED.



## IPO STOCKS

**IPO STOCKS:** THESE ARE STOCKS OF COMPANIES MAKING THEIR DEBUT ON THE STOCK MARKET THROUGH AN INITIAL PUBLIC OFFERING (IPO). IPOs CAN BE EXCITING, BUT ALSO RISKY. THE HYPE SURROUNDING A NEW COMPANY CAN DRIVE THE PRICE UP QUICKLY, BUT IT CAN ALSO COME CRASHING DOWN IF THE COMPANY DOESN'T MEET EXPECTATIONS. INVESTING IN IPOs REQUIRES CAREFUL RESEARCH AND UNDERSTANDING THE HIGH LEVEL OF RISK INVOLVED.



## ESG STOCKS

**ESG STOCKS:** FOR THE SOCIALLY CONSCIOUS INVESTOR, THERE ARE ESG STOCKS. THESE ARE COMPANIES THAT PRIORITIZE ENVIRONMENTAL AND SOCIAL RESPONSIBILITY ALONGSIDE FINANCIAL PERFORMANCE. IF YOU CARE ABOUT A COMPANY'S IMPACT ON THE WORLD, ESG STOCKS MIGHT BE A GOOD FIT. YOU CAN FIND THEM THROUGH BROKERAGE ACCOUNTS OR ESG-FOCUSED MUTUAL FUNDS.

### ESG STOCKS

"ESG" stands for environmental, social, and (corporate) governance – the three criteria to evaluate a company's sustainability performance.



# 2 TYPES OF MARKET

## BEAR MARKET

THE STOCK MARKET ISN'T ALWAYS ON A STRAIGHT PATH. THERE ARE PERIODS WHERE EVERYTHING SEEMS TO BE ON THE RISE, AND THIS IS CALLED A BULL MARKET. IMAGINE A TIME WHEN ECONOMIC NEWS IS POSITIVE, COMPANIES ARE PERFORMING WELL, AND INVESTOR CONFIDENCE IS HIGH. THIS OPTIMISM CAN BE LIKE A SELF-FULFILLING PROPHECY – AS MORE PEOPLE BUY STOCKS, BELIEVING THEIR VALUE WILL INCREASE, THE PRICES ACTUALLY GO UP DUE TO THE INCREASED DEMAND. THIS CAN CREATE A POSITIVE CYCLE WHERE RISING STOCK PRICES LEAD TO EVEN MORE INVESTOR INTEREST.



## BULL MARKET

JUST LIKE SUNSHINE ISN'T GUARANTEED EVERY DAY, THE STOCK MARKET ALSO EXPERIENCES DOWNTURNS. THESE PERIODS, KNOWN AS BEAR MARKETS, ARE DEFINED BY A SUSTAINED DECLINE IN STOCK PRICES, TYPICALLY BY AT LEAST 20%. VARIOUS FACTORS CAN TRIGGER A BEAR MARKET, SUCH AS ECONOMIC RECESSIONS, NEGATIVE NEWS EVENTS, OR EVEN A GENERAL SENSE OF PANIC AMONG INVESTORS. DURING THIS TIME, PESSIMISM CAN SPREAD LIKE WILDFIRE, LEADING INVESTORS TO SELL THEIR HOLDINGS TO AVOID FURTHER LOSSES. THIS SELLING CAN CREATE A DOMINO EFFECT, PUSHING PRICES EVEN LOWER. WHILE BEAR MARKETS CAN BE SCARY, THEY'RE A NATURAL PART OF THE INVESTMENT CYCLE. SOME INVESTORS EVEN SEE THEM AS BUYING OPPORTUNITIES, A CHANCE TO SNAG STOCKS AT DISCOUNTED PRICES.



# HOW DO YOU FIND A STOCK

## STEP 1: RESEARCH

READ THE NEWS AND IN YOUR OWN TIME FIND AN INDUSTRY OR A TYPE OF STOCK TO INVEST IN. THIS COULD BE TECH STOCK, BANK STOCK, HEALTH CARE STOCK AND ETC. READ THE NEWS!! ONCE YOU HAVE A GENERAL IDEA OF THE TYPE OF STOCK YOU'RE INTERESTED IN, IT'S TIME TO RESEARCH SPECIFIC COMPANIES. THIS INVOLVES LOOKING AT A COMPANY'S FINANCIAL STATEMENTS, NEWS ARTICLES, AND ANALYST RATINGS. HERE ARE SOME KEY ASPECTS TO CONSIDER:

FINANCIAL HEALTH: LOOK FOR A COMPANY WITH A SOLID TRACK RECORD OF PROFITABILITY, MANAGEABLE DEBT LEVELS, AND CONSISTENT REVENUE GROWTH. INDUSTRY OUTLOOK: IS THE COMPANY OPERATING IN A GROWING INDUSTRY WITH A POSITIVE FUTURE? MANAGEMENT TEAM: DOES THE COMPANY HAVE A STRONG AND EXPERIENCED MANAGEMENT TEAM WITH A CLEAR VISION?

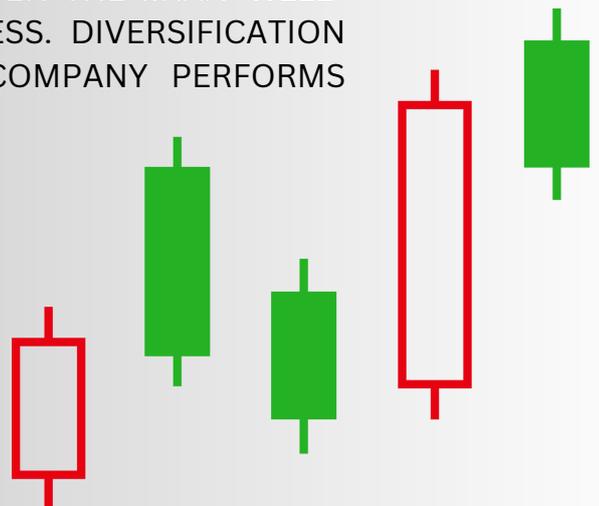
## STEP 2: CONSIDER USING STOCK SCREENER

STOCK SCREENER ARE ONLINE TOOLS THAT ALLOW YOU TO FILTER THROUGH A VAST POOL OF STOCKS BASED ON SPECIFIC CRITERIA. YOU CAN SET PARAMETERS LIKE MARKET CAPITALIZATION (SIZE OF THE COMPANY), PRICE-TO-EARNINGS RATIO (A VALUATION METRIC), OR DIVIDEND YIELD (PERCENTAGE OF PROFITS PAID OUT AS DIVIDENDS). SCREENER CAN BE A GREAT WAY TO IDENTIFY POTENTIAL INVESTMENT CANDIDATES THAT MEET YOUR PREFERENCES.

EXAMPLES OF SCREENER: FINVIZ, YAHOO FINANCE AND TRADING VIEW

## STEP 3: START SMALL AND DIVERSIFY!

AS A BEGINNER, IT'S WISE TO START SMALL AND GRADUALLY BUILD YOUR PORTFOLIO OVER TIME. THIS ALLOWS YOU TO SPREAD YOUR RISK ACROSS DIFFERENT COMPANIES AND SECTORS. REMEMBER, EVEN THE MOST WELL-RESEARCHED INVESTMENT ISN'T GUARANTEED SUCCESS. DIVERSIFICATION HELPS MITIGATE POTENTIAL LOSSES IF A SINGLE COMPANY PERFORMS POORLY.



# 2 MAIN TYPES OF ANALYSIS

## FUNDAMENTAL ANALYSIS

FUNDAMENTAL ANALYSIS IS LIKE EXAMINING THE APPLE FROM THE INSIDE OUT. HERE, INVESTORS FOCUS ON A COMPANY'S FINANCIAL HEALTH, INDUSTRY TRENDS, AND FUTURE PROSPECTS. THEY DIG INTO THE COMPANY'S FINANCIAL STATEMENTS, LOOKING FOR THINGS LIKE PROFITABILITY, DEBT LEVELS, AND REVENUE GROWTH. THEY ALSO CONSIDER THE OVERALL HEALTH OF THE INDUSTRY THE COMPANY OPERATES IN. IS IT A GROWING INDUSTRY WITH A BRIGHT FUTURE, OR A STAGNANT ONE? FINALLY, THEY ASSESS THE MANAGEMENT TEAM - DO THEY HAVE A GOOD TRACK RECORD AND A CLEAR VISION FOR THE COMPANY'S SUCCESS? BY UNDERSTANDING THE COMPANY'S FUNDAMENTALS, INVESTORS GET A SENSE OF ITS INTRINSIC VALUE, ESSENTIALLY ITS TRUE WORTH BASED ON ITS BUSINESS HEALTH.

## TECHNICAL ANALYSIS

TECHNICAL ANALYSIS, ON THE OTHER HAND, FOCUSES ON THE STOCK'S PRICE HISTORY AND TRADING ACTIVITY. IT'S LIKE LOOKING AT THE APPLE'S COLOR AND SHAPE TO GUESS ITS RIPENESS. HERE, INVESTORS USE CHARTS AND GRAPHS TO IDENTIFY PATTERNS IN THE STOCK'S PRICE MOVEMENTS AND TRADING VOLUME. THESE PATTERNS CAN SOMETIMES INDICATE POTENTIAL FUTURE TRENDS. TECHNICAL ANALYSTS BELIEVE THAT PAST PRICE MOVEMENTS AND TRADING ACTIVITY CAN INFLUENCE FUTURE BEHAVIOR. FOR EXAMPLE, IF A STOCK PRICE CONSISTENTLY BOUNCES BACK AFTER A DIP, IT MIGHT SIGNAL A BUYING OPPORTUNITY FOR TECHNICAL ANALYSTS.

THERE'S NO SINGLE "RIGHT" WAY TO ANALYZE STOCKS. SOME INVESTORS RELY HEAVILY ON FUNDAMENTAL ANALYSIS, WHILE OTHERS FAVOR TECHNICAL ANALYSIS. YOU CAN EVEN USE A COMBINATION OF BOTH! FUNDAMENTAL ANALYSIS IS A GOOD APPROACH FOR LONG-TERM INVESTORS WHO ARE LOOKING FOR COMPANIES WITH STRONG UNDERLYING VALUE. TECHNICAL ANALYSIS CAN BE HELPFUL FOR SHORT-TERM TRADERS WHO WANT TO IDENTIFY OPPORTUNITIES TO BUY OR SELL STOCKS BASED ON PRICE MOVEMENTS. ULTIMATELY, THE BEST APPROACH DEPENDS ON YOUR INVESTMENT GOALS AND RISK TOLERANCE.

# 10 MOST COMMON INDICATORS

1. PRICE-TO-EARNINGS RATIO (P/E RATIO): IMAGINE THIS AS THE PRICE TAG ON A COMPANY RELATIVE TO ITS EARNINGS (PROFITS). A HIGH P/E RATIO MIGHT INDICATE THE STOCK IS EXPENSIVE COMPARED TO ITS CURRENT EARNINGS, WHILE A LOW P/E COULD SUGGEST A POTENTIAL BARGAIN. HOWEVER, IT'S IMPORTANT TO COMPARE THE P/E RATIO TO COMPANIES WITHIN THE SAME INDUSTRY FOR BETTER CONTEXT.

2. EARNINGS PER SHARE (EPS): THIS IS A SIMPLE BUT IMPORTANT MEASURE OF A COMPANY'S PROFITABILITY. IT SHOWS HOW MUCH PROFIT THE COMPANY MAKES FOR EACH OUTSTANDING SHARE OF STOCK. A RISING EPS OVER TIME IS GENERALLY A GOOD SIGN, INDICATING THE COMPANY IS GROWING ITS PROFITS.

3. MARKET CAPITALIZATION (MARKET CAP): THIS TELLS YOU THE TOTAL MARKET VALUE OF A COMPANY'S OUTSTANDING SHARES. IT'S CALCULATED BY MULTIPLYING THE CURRENT STOCK PRICE BY THE NUMBER OF SHARES OUTSTANDING. LARGE-CAP COMPANIES HAVE A HIGH MARKET CAP, WHILE MID-CAP AND SMALL-CAP COMPANIES HAVE LOWER MARKET CAPS.

4. DEBT-TO-EQUITY RATIO: THIS HELPS YOU UNDERSTAND A COMPANY'S FINANCIAL LEVERAGE – HOW MUCH DEBT IT HAS COMPARED TO ITS EQUITY (SHAREHOLDER OWNERSHIP). A HIGH DEBT-TO-EQUITY RATIO CAN BE RISKY, AS IT INDICATES THE COMPANY RELIES HEAVILY ON BORROWING.

5. DIVIDEND YIELD: THIS TELLS YOU THE PERCENTAGE OF A COMPANY'S PROFITS THAT IT PAYS OUT TO SHAREHOLDERS AS DIVIDENDS. INVESTORS SEEKING REGULAR INCOME MIGHT FAVOR STOCKS WITH A HIGH DIVIDEND YIELD. HOWEVER, A HIGH YIELD CAN ALSO INDICATE A SLOW-GROWING COMPANY.

6. MOVING AVERAGES: THESE ARE TREND LINES THAT SMOOTH OUT SHORT-TERM PRICE FLUCTUATIONS, GIVING YOU A BETTER SENSE OF THE OVERALL PRICE DIRECTION. SHORT-TERM MOVING AVERAGES ARE MORE SENSITIVE TO RECENT PRICE CHANGES, WHILE LONG-TERM AVERAGES SHOW THE BROADER TREND.

7. RELATIVE STRENGTH INDEX (RSI): THIS INDICATOR HELPS YOU GAUGE WHETHER A STOCK IS OVERBOUGHT (POTENTIALLY OVERPRICED) OR OVERSOLD (POTENTIALLY UNDERVALUED). AN RSI ABOVE 70 MIGHT SUGGEST AN OVERBOUGHT CONDITION, WHILE AN RSI BELOW 30 COULD INDICATE AN OVERSOLD ONE.

8. SUPPORT AND RESISTANCE LEVELS: THESE ARE PRICE POINTS WHERE THE STOCK PRICE HAS HISTORICALLY FOUND BUYERS (SUPPORT) OR SELLERS (RESISTANCE). IDENTIFYING THESE LEVELS CAN HELP YOU UNDERSTAND POTENTIAL TURNING POINTS IN THE STOCK'S PRICE MOVEMENT.

9. TRADING VOLUME: THIS REFERS TO THE NUMBER OF SHARES TRADED IN A GIVEN PERIOD. HIGH TRADING VOLUME CAN INDICATE INCREASED INTEREST IN THE STOCK, WHICH CAN AFFECT ITS PRICE.

10. ANALYST RATINGS: WHILE NOT A GUARANTEE OF FUTURE PERFORMANCE, ANALYST RATINGS CAN PROVIDE INSIGHTS FROM PROFESSIONALS WHO FOLLOW THE COMPANY CLOSELY. THESE RATINGS CAN RANGE FROM "STRONG BUY" TO "SELL," OFFERING ANOTHER PERSPECTIVE ON THE STOCK'S POTENTIAL.

*Thank you for all you've done by reading this article on stock market. Try to apply it wherever you can. ENJOY!*

**Thank  
You!**

FROM: TARUSH