

[The Truth Behind Stock Market Trading.](#)

If you happen to watch a business show or business news on TV, you'd probably hear words or phrases like "stock market," "trading," "stocks" or "stock market trading." What are these things and what is their significance? To answer your questions, here's an overview on what stock market trading is.

Definition In simple terms, stock market trading is the voluntary buying and selling or exchange of company stocks and their derivatives. Stocks refer to the capital raised by a corporation by means of issuing and sharing shares. These are traded in a stock market just as commodities like coffee, sugar, wheat and rice are traded in a commodity market. The physical or virtual (as trading may take place online) marketplace for trading shares on the other hand is called stock exchange.

Trading Process Stock market trading takes place as one sells his stocks and as the other buys them. Usually buyers and sellers of stocks meet in stock exchanges and there they agree on the price of the stocks. The actual stock market trading happens on a trading floor-the one usually shown on TV when news on stock market trading are reported. Here investors raise their arms, throwing signals to each other. That auction-like picture of a stock market trading is the traditional way stocks are traded. It's called "open outcry" since the traders cry out their bids.

Key Players in Stock Market Trading Stock market trading participants vary from persons selling small individual stock investments to institutions trading collective investments, hedge funds, pension funds, mutual funds, etc. Big investors can be banks, insurance companies and other huge companies.

Importance of Stock Market Trading Stock market trading is required to foster economic growth. It does this by helping companies raise capital or by helping them handle their financial problems. Stock market trading helps ensure that the capital is saved and is invested in most profitable business. Moreover, stock market facilitates the transfer of payments between traders.

Online Stock Market Trading With the emergence and popularity of the Internet, almost everything can now be done conveniently online. You can go shopping online, join conferences online, read news online and communicate with business partners wherever you are. Even stock market trading can now be done virtually and this has made entering into a business much easier for anyone interested. Aside from conducting stock market trading over the Internet, you can also conveniently check status of your investments online.

The benefits of online stock market trading are just endless. Aside from the above mentioned, choosing where to invest is also much easier online. You can find virtually all kinds of stocks over the Internet; however, it would be best to invest in stocks with moving prices to ensure profitability in the long run.

Disadvantages of Stock Market Trading One of the greatest drawbacks of stock market trading, whether online or not, is its lower leverage compared to other forms of trading like Forex trading. Also, you cannot easily short sell stocks as it takes time for stock prices to go up. This means that increasing your profit may also take time.

About the Author

[Double Your Money](#) within 3 Months. Sadiqur Rahman Promots a software which will help you to be success in [Stock Market](#).

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