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Pricing In The Stock Market

When most people think of Stock Market, what comes to mind is usually basic information that's not particularly interesting or beneficial. But there's a lot more to Stock Market than just the basics.

Understanding the stock market does not only involve why businesses sell shares of their companies and why investors buy these shares. Today, there are aspects on the business of stock market that are still unclear to most people. The most obvious are the stock prices and pricing.

Pricing of stocks

Scanning the newspapers, many people are confused and still could not understand about the pricing of stock prices as they see or read it.

Among the wide variety of stock prices, what puzzles the layman would be (1) why some well-known and giant companies are being traded for relatively very low prices and (2) why some little-known companies are being sold for excessively high prices.

Investor confidence

To some extent, the prices of stocks for each company are determined by the confidence of investors based on either a real or a perceived performance of the stock.

Among the requisites of a company to its shareholders are financial status reports as reported on a quarterly basis. These would include the company cash flow, sales, and its earnings for the period.

You would think all this disclosure would suffice. The truth of the matter is that the company's worth based on its financial reports can be overridden or undermined by speculations, unfounded or not.

Rumors

Stock market rumors are some of the most devastating one can see. It virtually derails some carefully-laid out reports and scientific data and such. Rumors usually affect the fate of the company's stocks.

You can see that there's practical value in learning more about Stock Market. Can you think of ways to apply what's been covered so far?

A sample would be an ongoing rumor that states that a particular company is planning to make a strategic move. Like a crowd rush in a train station, investors would come flocking in just to buy stocks from that company.

Supply and demand

The principle of supply and demand also applies to the stock market. If there is a sudden rush of interest from investors, expect a rise on the prices.

If there is fear among them, prices will promptly plummet downwards. The worth and the performance of a company are considered to be the biggest factors to determine the prices of stocks.

Reading stock quotes

In daily market summaries of newspapers or online sources, there are sections where there is information on the current prices and market movements of stocks around the clock. (Stock brokers also provide stock quotes that can be accessed via phone or the internet.)

This stock quote table contains useful information that can help investors make their decisions in buying or selling the stocks. For would be investors, it is necessary to be able to decipher the data listed there.

The first column is a 3 or 4-character ticker symbol. (sample: BCE means Bell Canada Enterprises and MSFT stands for Microsoft.) The newspaper price was the closing price for the day. (It is updated every few minutes at the internet.)

Change is the difference between the previous day's closing price and the current quote. High indicates the highest price while Low is the lowest price sold.

Volume is the number of shares traded, and the 52-week High and Low is the highest and the lowest prices the previous year. Some tables have additional columns to make room for more data (like the Bid and Ask prices, etc.)

For would be investors, stock market pricing should be among the first areas in the business that needed to be learned and mastered. They are the heart of the business.

Now might be a good time to write down the main points covered above. The act of putting it down on paper will help you remember what's important about Stock Market.

About the Author

Charles Smith is an immigration law researcher. If you are looking for professional immigration services in the San Diego area, feel free to visit this [San Diego immigration lawyer](#) website. You can get help for green cards, deportation, marriage visas, and citizenship.

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