

Stock Investing - What you Need To Know

You do not need a broker's license if you are contemplating stock investing. But you do need a stockbroker to handle the transactions and a basic understanding of how the stock market works.

There are two ways used in to stock investing. The first is trading stocks on the stock exchange floor. For many people this brings up a mental picture of this chaotic scene of people running around yelling into phones.

The reality is, regardless of how much of a chaos it seems, stock market trading on the exchange floor is very organized. The other method is you can trade electronically which is done at your computer.

An important thing to understand about stock investing is that if you are a seller you do not set your selling price. This is different from retail sales or selling your automobile. To better understand, think of stock trading as an auction.

A big step in understanding stock investing is to learn the language of stock trading. For instance, "shares" means a partial ownership in a specific company. Now this only is in relation to what is known as "public" company. A company then, has to be a corporation or it cannot issue stocks for sale.

Now that you have decided you do want to invest in the stock. The first thing you do is call the stockbroker up and advise him on how many shares of a particular stock you want. He then relays this information to the order department who in turn advise a floor clerk on the exchange floor. This floor clerk then tells the stockbrokers company floor trader, who then will be responsible for finding another floor trader who would like to sell the shares you are in search of.

Now, it is a matter of the two traders agreeing on a price and finishing the deal. They then relay this price information back to your broker, who will inform you of the final price for your shares. Also, you get a confirmation notice of the share you bought after most deals. Now this confirmation can take minutes to hours to reach you.

Then we have the second way for stock investing. The stock market has been influenced by technology advances but you still need a stockbroker since individuals are unable to access the electronic markets. A human stockbroker is replaced by immense computer networks.

This picture of controlled confusion on the exchange floor is gone and it has become the choice of many people. An advantage to electronic stock trading is that you can manage your own account and you get instant confirmations in regards to your trades.

The next thing you want to be aware of is how to keep track of the trends of the stocks that you own. One way to do so is to look in the business segment of your local paper where a section is dedicated to the stock markets. If you want more minute information, the place to look is on a business channel. They will have what is called a ticker at the bottom of the screen. By watching this ticker you will know at any time what your shares are worth.

Summary:

You do not need a broker's license to get into the stock market. You do need a stockbroker and basic knowledge about stock investing.

Source: <http://www.articlecircle.com>

About the Author

Brooke Hayles Check Out More Helpful Information About Stock Investing For FREE! Visit <http://www.stockinvesting.investingvault.com/resources/stock-investing-tips.html> Now!