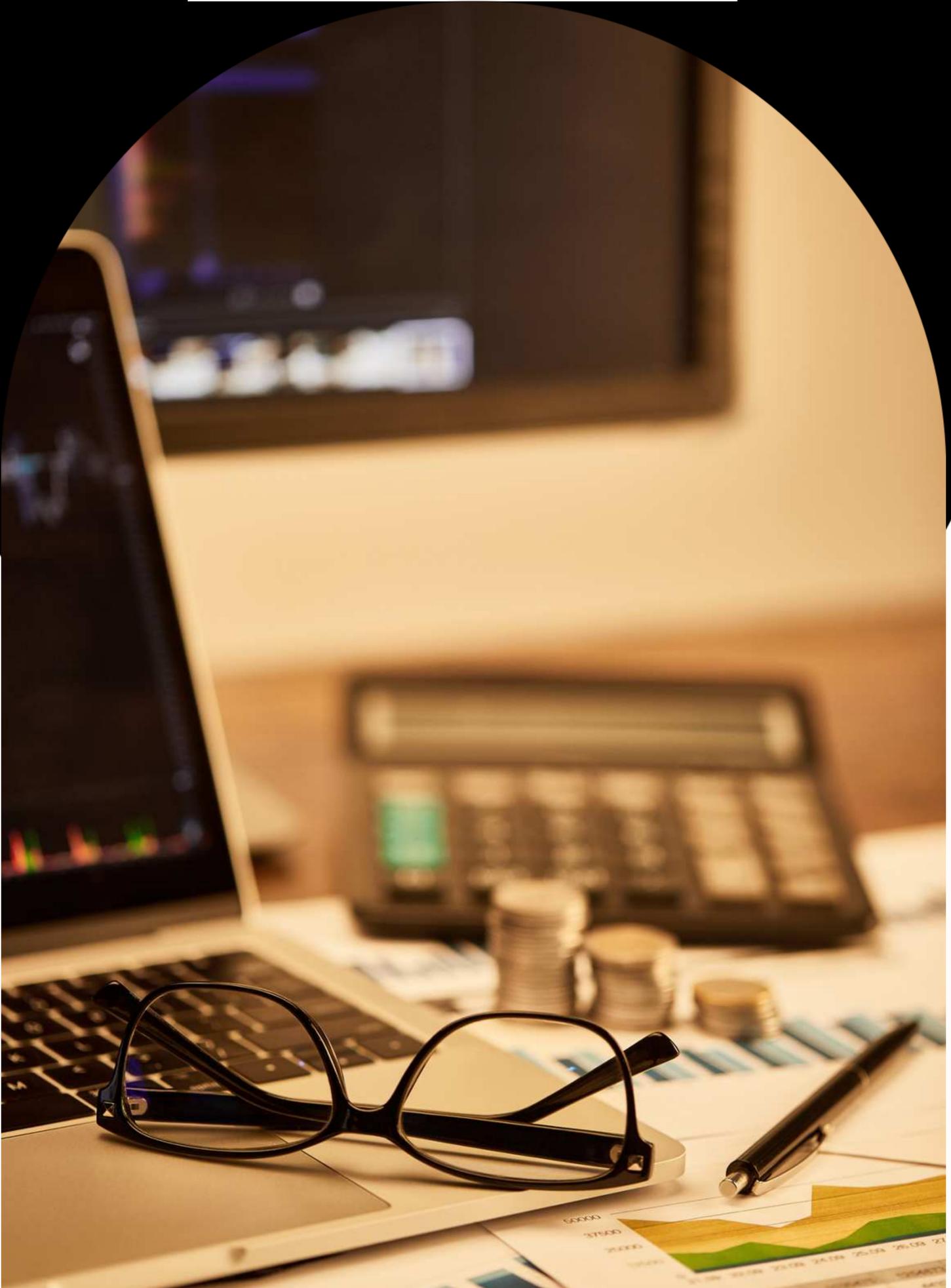


Session 1

★ The Basics of the Stock Market ★



Suhail Khan

THE BASICS OF THE STOCK MARKET PART A



This book will give you all the
information about stock market
investment

Station **91**

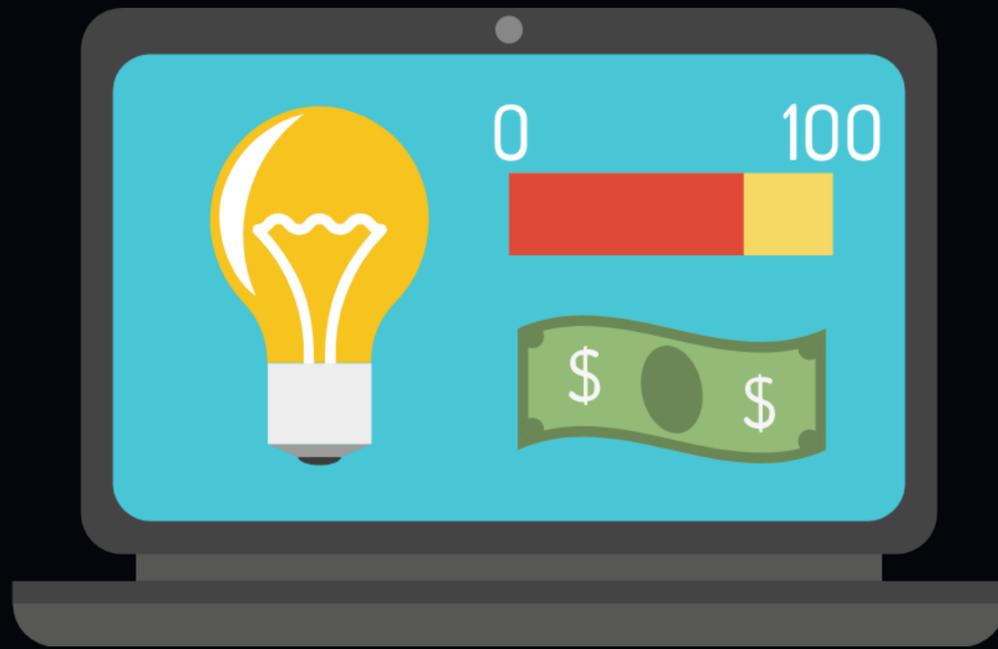
TABLE OF

Part A

- 1 **What Is the Market?**
- 2 **What Is Stock?**
- 3 **What Is Stock Market?**
- 4 **Why do Companies Issue Shares?**
- 5 **Types Of Share Markets?**
- 6 **Types Of Securities In the Stock Market?**
- 7 **Major Myths About the Stock Market?**
- 8 **Why Do Most People Fail In the Stock Market?**
- 9 **What You Should Expect from Our Course?**
- 10 **When Can We Actually Start Our Trading?**



WHAT IS STOCK MARKET



What Is Market?

A market is a place where two parties can gather to facilitate the exchange of goods and services.

The parties involved are usually buyers and sellers. The market may be physical like a retail outlet, where people meet face-to-face, or virtual like an online market, where there is no direct physical contact between buyers and sellers.

What Is Stock?

A stock (also known as equity) is a security that represents the ownership of a fraction of a corporation.

This entitles the owner of the stock to a proportion of the corporation's assets and profits equal to how much stock they own.

Units of stock are called "shares." For example, if a company has 1,000 shares of stock outstanding and one person owns 100 shares, that person would own and have a claim to 10% of the company's assets and earnings.

What Is Stock Market?

The stock market refers to the collection of markets and exchanges where regular activities of buying, selling, and issuance of shares of publicly-held companies take place.

Such financial activities are conducted through institutionalized formal exchanges or over-the-counter (OdmTC) marketplaces which operate under a defined set of regulations. There can be multiple stock trading venues in a country or a region which allow transactions in stocks and other forms of securities.

Why do Companies Issue Shares?

Companies issue shares because they need more money to finance their expansion and to function efficiently.

The investor buying these shares gets part ownership in the company and the company gets the needed money which it can use for its operations. This raising of money through the issuance of shares is called 'equity financing.

Types Of Share Markets?

There are two types of share markets in the country:

- *Primary Share Market:*

This is the market where companies or businesses register themselves. Companies enter the primary share market to raise funds by offering their stocks. When a company registers itself in the primary share market and offers to sell its shares for the first time, it is known as Initial Public Offering (IPO).

Here, you must understand that shares are a physical representation of a small value of the company, and owning the shares means that you are a part-owner of the company.

- *Secondary Share Market:*

The actual trading of a company's shares occurs in the secondary share market. After a company's share is listed on a stock exchange, investors can engage in trading, i.e. the sale or purchase, on prices that are governed by market movements.

You can only trade shares in the secondary share market through a broker.

In the present digital age, you can easily open a Demat Account and a Trading Account, after which you can trade in stock markets via broking platforms.

Types of securities in the stock market?

Let's first define security. Security relates to a financial instrument or asset that can be traded in the open market, e.g., a stock, bond, options contract, or shares of a mutual fund.

All the examples mentioned belong to a particular class or type of security.

1. Debt Securities

It represents money that is borrowed and must be repaid with terms outlining the amount of the borrowed funds, interest rate, and maturity date. In other words, debt securities are debt instruments, such as bonds (e.g., a government or municipal bond) or a certificate of deposit (CD) that can be traded between parties.

Here a fixed rate of interest is being paid

2. Equity Securities

It represents ownership interest held by shareholders in a company. In other words, it is an investment in an organization's equity stock to become a shareholder of the organization.

The difference between holders of equity securities and holders of debt securities is that the former is not entitled to a regular payment, but they can profit from capital gains by selling the stocks.

Another difference is that equity securities provide ownership rights to the holder so that he becomes one of the owners of the company, owning a stake proportionate to the number of acquired shares.

3. Derivative Securities

These are financial instruments whose value depends on basic variables. The variables can be assets, such as stocks, bonds, currencies, interest rates, market indices, and goods.

The main purpose of using derivatives is to consider and minimize risk. There are three main types of derivative securities: Futures, forwards and options

4. Hybrid Security

As the name suggests, is a type of security that combines characteristics of both debt and equity securities.

Many banks and organizations turn to hybrid securities to borrow money from investors.

Similar to bonds, they typically promise to pay a higher interest at a fixed or floating rate until a certain time in the future.

Unlike a bond, the number and timing of interest payments are not guaranteed. They can even be converted into shares, or an investment can be terminated at any time.

Major myths about the stock market?

1. Stock market is all about luck and gambling
2. Anyone can become a millionaire by joining some course
3. Only investing for the long term can make money
4. It is only for experts and degree holders
5. It is always risky
6. Here those who take more risk always make more profits
7. Low price stocks are always cheap we should buy them
8. High price stocks are always costly we should never buy them

Why do most people fail in the stock market?

1. Lack of discipline
2. Fighting with the market
3. Pre-determined judgement
4. Trading without any plan
5. No proper guidance and support
6. Driven by emotions
7. Expecting immediate results

What should you expect from our course?

1. Systematic learning
2. Better control over emotions
3. Healthy portfolio
4. A professional way to approach the market

When can we actually start to trade?

Strictly No from the first day steps to follow: -

1. Learn basics
2. Clear your advanced-level learning.
3. Backtest your learnings on paper
4. Take trade with virtual money in a live market
5. Start trading with very small capital
6. Scale up capital only after gaining consistency in profits

Suhail Khan

THE BASICS OF THE STOCK MARKET PART B



This book will give you all the
information about stock market
investment

Station **91**

TABLE OF

Part B

- 1 Major Market Participants
- 2 Process Of Trading
- 3 Major Exchanges In India
- 4 Market Timings
- 5 Market Capitalisation
- 6 Major Strategies
- 7 The Concept Of Short Selling
- 8 Best Broker For Us?



Major Market Participants?

Participants simply here refers to the total number of people who makes the market

These are majorly classified as:

Companies:

Companies from various sectors participate in the stock markets by filing an Initial Public Offering (IPO) and thereby getting listed on the stock exchanges.

A company uses the money raised from its IPO to expand the business or to meet the working capital requirements

Investors And Traders:

The stock market attracts individuals and corporations from diverse backgrounds who transact in stocks or shares.

Traders look for short-term gains while investors hold their investment(s) for the long term.

These again can be classified as – Retail participants, domestic institutions, Domestic asset management companies, Foreign institutional investors and NRI

Depository (DP) and Depository Participants:

When you buy a share the only way to claim your ownership is by producing your share certificate. A share certificate is a piece of document entitling you as the owner of the shares in a company. The place where digital share certificates are stored is called a 'DEMAT Account'. A Depository offers DEMAT account services. In India, National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) are the only depositories offering you DEMAT account services.

You cannot open a DEMAT account directly through a Depository but must do it through a Depository Participant (DP). A DP acts as an agent to the Depository and helps you set up your DEMAT account. DP is governed by the regulations laid out by the SEBI. The trading account from your broker and the DEMAT account from the Depository are interlinked.

Clearing Corporations:

The clearing corporation ensures the guaranteed settlement of your trades i.e. it identifies the buyer and seller and matches the debit and credit process.

Example: If you buy 1 share of Reliance at Rs.900 there must be someone who has sold that share to you at Rs.900. Hence, you will be debited Rs.900 from your trading account and the seller must be credited with Rs.900.

The clearing corporations are heavily regulated and they work towards a smooth settlement and efficient clearing activity. National Security Clearing Corporation Ltd (NSCCL) and Indian Clearing Corporation Ltd (ICCL) are wholly owned subsidiaries of the National Stock Exchange and Bombay Stock Exchange respectively. A trader or investor would not be interacting with these agencies directly.

Banks:

Banks facilitate funds transfer from your bank account to your trading account and vice versa.

However, your bank account must be linked to your trading account to do so.

Stock Exchanges:

A stock exchange or securities exchange is an organization that facilitates listed stock brokers and traders can buy and sell securities. Stock exchanges may also provide for facilities the issue and redemption of securities, payment of income and dividends.

Many stock exchanges today use electronic trading, in place of traditional floor trading. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are India's premier stock exchanges.

Stock Brokers:

The stock broker is probably one of the most important financial intermediaries that you need to know. A stock broker or share broker is registered as a trading member with the stock exchange and holds a stock broking license. They operate under the guidelines prescribed by SEBI.

The stock broker buys and sells stocks and other securities for both retail and institutional clients through a stock exchange or over the counter in return for a fee or commission.

Stock Brokers are usually associated with a brokerage firm or broker-dealer. Regulators: In India, the stock market regulator is called The Securities and Exchange Board of India often referred to as SEBI.

The objective of SEBI is to promote the development of stock exchanges, protect the interest of retail investors, and regulate the activities of market participants and financial intermediaries.

In general, SEBI ensures:

- The stock exchanges (NSE & BSE), stock brokers and sub-brokers conduct their business fairly
- Participants don't get involved in unfair practices
- Corporates don't use the markets to unduly benefit themselves (Example: Satyam Computers)
- Large investors with huge cash piles should not manipulate the markets
- Small retail investor's interests are protected
- Overall development of markets

Malpractice by any of the entities can disrupt a harmonious market. SEBI has prescribed a set of rules and regulations or legal frameworks to each entity.

Process Of Trading?

Before the advent of the internet, you were required to physically visit brokers, and instruct them about transactions. But now stockbrokers provide digital trading platforms, where you can trade through:

- Web trading applications.
- Terminal software.
- Mobile-based apps.

How does the Actual Trading Occur?

- After providing the details of your Demat Account and Trading Account to the broker, you need to specify the number of stocks to be sold or purchased.
- The broker checks whether your account has the requisite funds. Your order is now passed for execution in the stock exchange. For instance, if you have issued a purchase order, it will be matched with a similar sell order. You have to finalize a price, following which the seller will confirm it.
- The exchange then confirms the transfer of ownership of shares. You then receive an intimation about the settlement and the shares will be reflected in your account in two working days.
- Depending upon the market movement, you either make a profit or a loss from the transaction.

Major Exchanges In India?

Here is the list of major stock exchanges in India:

Bombay Stock Exchange (BSE):

BSE is an Indian stock exchange located at Dalal Street, Mumbai and operates with a vision of “Emerge as the premier Indian stock exchange with best-in-class global practice in technology, products innovation, and customer service.”

It is one of the two principal large stock exchanges of India and was founded by Mr Premchand Roychand, famously known as the Cotton King, the Bullion King or the Big Bull.

He was one of the most influential Indian businessmen of the 19th century and made a fortune in the stock-broking business. Established in 1875, BSE is the oldest and first stock exchange in Asia and was formerly known by the name of –The Native Share & Stock Brokers Association.

But the story of BSE starts back in the 1850s when 22 stockbrokers would gather under banyan trees in front of Mumbai’s Town Hall. The location of these meetings changed multiple times to accommodate an increasing number of brokers. The group eventually moved to Dalal Street in the year 1874.

In the year 1986, Sensex was introduced, as the first equity index to provide a base for identifying the top 30 trading companies of the exchange, in more than 10 sectors.

National Stock Exchange (NSE) :

NSE is one of the youngest stock exchanges in India which came into the picture in the year 1992 and operates with a vision, "To continue to be a leader, establish a global presence, and facilitate the financial well-being of people."

Mr. Vikram Limaye is MD & CEO of NSE. In 1992, for the very first time in India, NSE introduced the advanced electronic trading system which removed the paper-based settlement system from trading and offered an easy trading facility.

One year later, in the year 1993, NSE was set up as a tax-paying company, which later on registered itself as a Stock Exchange under the Securities Contract Regulation Act.

In the year 1995, National Securities Depository Limited (NSDL) was formed to provide depository services to investors.

NSDL allows investors and traders to securely hold and transfer their stocks electronically along with this, it also allows investors to hold and trade in as few as one share or one bond.

Nifty 50 the popular benchmark index in the Indian stock market, was introduced by NSE in the same year. Nifty lists top the 50 companies which traded on the NSE stock exchange market.

Classified as Business

Calcutta Stock Exchange (CSE):

CSE is a regional stock exchange (RSE) located at the Lyons Range, Kolkata and is the second oldest stock exchange in South East Asia. Incorporated in 1908, CSE is the second-largest Stock Exchange in India.

In the year 1980, it was granted permanent recognition by the Government of India under the relevant provisions of the Securities Contracts (Regulation) Act, 1956. While nearly 20 regional stock exchanges have voluntarily exited in the face of SEBI's stringent regulations against RSEs, CSE continues to fight a lone battle.

Metropolitan Stock Exchange (MSE):

The Exchange was notified as a "Recognized Stock Exchange" under the Companies Act by the Ministry of Corporate Affairs on December 21, 2012. MSE offers a hi-tech platform to trade in the capital market, futures & options, currency derivatives, and debt market segments of the Indian market.

It was recognized by SEBI on 16th September 2008 and is valid till 15th September 2020, as last checked on October 6. Shareholders of MSE include Indian public sector banks, private sector banks, investors and domestic financial institutions which are subjected to CAG Audit.

It has come out with a "Manifesto of Change", which is a roadmap of what the stock exchange intends to achieve in terms of driving market development and inclusive growth over the next 10 years.

India International Exchange (India INX):

Opened in January 2017, India INX is India's first international stock exchange.

It is a wholly-owned subsidiary of the Bombay Stock Exchange (BSE) and is located at the International Financial Services Centre (IFSC), GIFT City in Gujarat. It is claimed to be the world's most advanced technology platform with a turn-around time of 4 microseconds which operates 22 hours a day and six days a week. There are two sessions: 4.30 a.m. to 5.00 p.m. and 5.01 p.m. to 2.30 a.m.

India INX also launched the Global Securities Market, an international primary market platform in India that connects global investors with Indian and foreign issuers.

NSE IFSC Ltd.:

NSE IFSC Limited (NSE International Exchange) incorporated on 29th November 2016, is a wholly-owned subsidiary of the National Stock Exchange (NSE) and is located at the International Financial Services Centre (IFSC), GIFT City in Gujarat.

The exchange is permitted to offer securities trading in any currency other than the Indian rupee. NSE IFSC Limited usually conducts 16 hours of daily trading over two trading sessions.

Currently, there are two trading sessions, the first between 8 am and 5 pm and the second between 5.30 pm and 11.30 pm.

Classified as Business

Multicommodity Exchange Or MCX:

MCX is India's first listed commodity exchange. It facilitates online trading and clearing and settlement of commodity derivatives transactions, thereby providing a platform for risk management. It is based in Mumbai under the regulations of SEBI. It has its web-based application called "ComRIS to maintain a digital record of commodities deposited at the exchange

National Commodity And Derivatives Exchange (NCDEX) :

NCDEX is one online multi-commodity exchange managed by professionals. The shares of NCDEX are mostly owned by national-level institutions, large public sector banks and companies. NCDEX is a public limited company and was incorporated on 23rd April 2003. It is headquartered in Mumbai

Market Timings? As per the normal stock market timings, the market opens at 09:15 AM and closes at 03:30 PM. There's a preopening session before 09:15 AM and a post-closing session after 03:30 PM.

So, all in all, the share market timings consist of the pre-opening session, the normal session, and the post-closing session.

Pre-Opening Session: The pre-opening session starts at 09:00 AM and extends up to 09:15 AM. It's further divided into three sections.

During one of these sections, you can place orders to buy or sell shares for a limited period. Let's look at the details of the pre-opening session below.

Section 1: From 09:00 AM to 09:08 AM: During these 8 minutes, you can place orders to buy or sell different shares in the stock market.

In addition to that, you can also modify or cancel any orders that you may have placed. When the normal trading session begins at 09:15 AM, the orders placed during this section of the preopening session get preference in the queue of orders.

Section 2: From 09:08 AM to 09:12 AM: During these 4 minutes, you cannot place any new orders, modify existing ones, or cancel any order.

This section is necessary so that price matching can be performed. Price matching involves comparing demand and supply. It helps determine the final prices at which different shares will be traded when the market opens at 09:15 AM.

Section 3: From 09:12 AM to 09:15 AM: This 3-minute window of time is like a connection section between the pre-opening session and the normal trading hours.

It behaves like a buffer to ease the transition into the regular trading session. Again, during these 3 minutes as well, you cannot place, modify, or cancel any orders.

Normal Session: This is also known as the continuous trading session, and it runs from 09:15 AM to 03:30 PM. During this session, you can trade freely, place orders to buy or sell stocks, and modify or cancel your buy or sell orders without any limitations. During this window of the share market timings, a bilateral order matching system is followed.

This means that each sell order is matched with a buy order that has been placed at the same stock price, and each buy order is matched with a sell order that has been placed at the same stock price.

Post-Closing Session: This session begins when the regular trading session comes to a close at 03:30 PM. The post-closing session, which runs up to 04:00 PM, consists of two sections.

Section 1: From 03:30 PM to 03:40 PM: In these 10 minutes, the closing prices of stocks are calculated by taking the weighted average of the stock prices traded between 03:00 PM and 03:30 PM.

The closing prices of indices like Sensex and Nifty are calculated by considering the weighted average prices of all the securities that are listed in that index.

Section 2: From 03:40 PM to 04:00 PM: In this 20-minute section, you can still place buy and sell orders. But the orders are confirmed only if there are sufficient numbers of buyers and sellers in the market.

Muhurat Trading: In India, the stock market typically remains closed on public and national holidays. On Diwali each year, however, the stock market is open for a one-hour session.

Known as the Muhurat trading session, this is in place since Diwali is considered to be an auspicious day. The time and the date for this session change each year.

Market Capitalisation?

Market capitalization is one of the most effective ways of evaluating the value of a company. This is defined by the total market value of the outstanding shares of a company.

How To Calculate Market Cap?

One of the major factors while evaluating a stock is the basis of market capitalization in India. Before going into the finer nuances, knowing the formula for this evaluation method can provide clarity to investors.

$$\mathbf{MC = N \times P}$$

Where,

MC stands for Market Capital,

N for the number of outstanding shares,

And P is the closing price of each share of the concerned company.

An example can demonstrate the calculation of market capitalization with more ease. If a company has 10,000 shares, each with a closing price of Rs.100; the total MC of the company would be computed as follows.

$$\begin{aligned} \text{MC} &= \text{N} \times \text{P} \\ &= 10,000 \times \text{Rs.}100 \\ &= \text{Rs.}1,000,000 \end{aligned}$$

The total value of this company comes to Rs.10 lakh

Importance Of Market Cap:

While the importance of market capitalization has been touched upon in its definition, potential investors must understand its need in further detail.

This can also help them in understanding the market as well as its impact on the shares and value of a company.

- **Universal Method:** This is the most widely used method around the globe to evaluate a company.

Since this is one of the universally accepted methods, this makes it easy for investors to understand a company's value irrespective of their geographical or economic locus.

- **Precise In Suggestion:** Suggesting market conditions is always subject to risks since they can fluctuate due to many factors. Nevertheless, the market cap is one method which is quite precise in its evaluation.

As a result, though not full-proof due to obvious reasons, it is a reliable method to judge the risk associated with investing in a company.

- **Affects The Index:** This method is also used to weigh the shares of different companies for the index in the share market.

Using this method, stocks with higher market capitalization get better weight in the index.

- **Helps In Comparison:**

Since this is a universal method that can be applied to evaluate any company's market worth, it is a convenient method for investors to compare different companies. This comparison not only helps in understanding the size of a company, but also the risk associated with investing in them.

- **Balanced Portfolio:**

Investors should maintain a balanced portfolio to ensure they do not run the risk of any major loss. This includes opting to invest in a few top companies by market cap, along with high-risk investments in developing enterprises

Types Of Companies Based On Market Cap

Based on this popular method of evaluating a company, there are 3 different types of stocks from which an investor can choose. Balancing out the portfolio with a good combination of all of these can minimize the chances of risk.

TYPE OF STOCK	MARKET CAP
Small-Cap Stocks	Up to Rs.500 crore
Mid-Cap Stocks	From Rs.500 crore up to Rs.7,000 crore
Large-Cap Stocks	From Rs.7,000 crore up to Rs.20,000 crore

Companies with MC above Rs.20,000 crores are often termed as Mega-Cap Stocks.

Major strategies?

Mainly we have categorized trading strategies into 3 types such as:

Technical Analysis:

It is a means of examining and predicting price movements in the financial markets, by using historical price charts and market statistics.

It is based on the idea that if a trader can identify previous market patterns, they can form a fairly accurate prediction of future price trajectories. Technical analysts have a wide range of tools that they can use to find trends and patterns on charts.

These include moving averages, support and resistance levels, Bollinger bands, and more.

All of the tools have the same purpose: to make understanding chart movements and identifying trends easier for technical traders.

Fundamental Analysis:

It is a method of evaluating the intrinsic value of an asset and analysing the factors that could influence its price in the future.

This form of analysis is based on external events and influences, as well as financial statements and industry trends.

The tools that traders might choose for their fundamental analysis vary depending on which asset is being traded.

Hybrid Analysis:

Here we combine the features of both the analysis discussed above. Having the support of both ends will significantly improve our accuracy and conviction in the trade.

The concept of short selling?

When an investor goes long on an investment, it means she has bought a stock believing its price will rise in the future.

Conversely, when an investor goes short, he is anticipating a decrease in share price. Short selling is the selling of a stock that the seller doesn't own.

More specifically, a short sale is the sale of a security that isn't owned by the seller, but that is promised to be delivered. That may sound confusing, but it's a simple concept.

Here's the idea: when you short-sell a stock, your broker will lend it to you. The stock will come from the brokerage's inventory, from another one of the firm's customers, or another brokerage firm.

The shares are sold and the proceeds are credited to your account. Sooner or later you must "close" the short by buying back the same number of shares (called "covering") and returning them to your broker.

If the price drops, you can buy back the stock at a lower price and make a profit on the difference. If the price of the stock rises, you have to buy it back at a higher price, and you lose money.

Full-Service Brokers:

Full-Service Brokers offer the largest collection of diversified financial services and usually assign a licensed individual broker to each client.

They tend to have their investment banking and research departments that provide their analyst recommendations, products and access to initial public offerings (IPOs).

Clients have the option of calling their broker directly to place trades or use their apps on various platforms including web, desktop and mobile. They usually charge higher commissions or brokerage. Full-Service brokers have physical offices across various locations. They also offer financial planning, asset management and banking services. In addition to savings and checking accounts many full-service brokers provide personal, business and home loan services. Their online platforms tend to have fewer day trading tools and indicators as they cater more towards long-term investors.

Discount Brokers:

Discount brokers when compared to full-service brokers charge very less commission or brokerage on the trading of securities. Therefore, scalpers, high-frequency traders, swing traders and active investors generally choose discount brokers as they can save a lot of brokerage on trades.

Example:

Zerodha is a discount broker which charges Rs.20/- on each intraday trade irrespective of the number of shares involved in the trade, excluding other statutory charges.

They do not charge any brokerage on equity and mutual funds investments. However, a full-service broker like Kotak Securities charges Rs.0.04 per share, intraday: Rs.0.03 per share, or Rs.21/- per executed order, whichever is higher.

Factors To Consider While Choosing the Broker?

- Availability and reliability of Interface files i.e. The Platform UI
- Multimarket and instrument settlement accuracy
- Collateral & Margin requirements
- Commissions & Fees
- Reconciliation process
- Direct & Efficient Support
- Hidden costs

Suhail Khan

THE BASICS OF THE STOCK MARKET PART C



This book will give you all the
information about stock market
investment

Station **91**

TABLE OF

Part C

- 1 **Some technical jargon**
- 2 **Types of trends**
- 3 **Types of trading**



Jargons:

Leverage -

Leverage is the means of gaining exposure to large amounts of security without having to pay the full value of your trade upfront. Instead, you put down a small deposit, known as a margin.

The key point is that when you close a leveraged position, your profit or loss is based on the full size of the trade. It is a kind of short-term loan provided by the broker to its clients.

Long -

Having a “long” position in security means that you own the security. Investors maintain “long” security positions in the expectation that the stock will rise in value in the future.

In other words, it means we have bought this security

Short -

A short, or a short position, is created when a trader sells a security first to repurchase it or cover it later at a lower price.

A trader may decide to short a security when she believes that the price of that security is likely to decrease shortly.

Entry -

Entry point refers to the price at which an investor buys or sells a security. A good entry point is often the first step in achieving a successful trade.

Exit –

An exit point is a price at which an investor or trader closes a position or trade.

Target –

A price target is an analyst's projection of a security's future price. It is the price at which the trader plan to exit the trade and book its profit

Stoploss –

Stop-loss can be defined as an advance order to sell an asset when it reaches a particular price point. It is used to limit loss or gain in a trade.

Trailing Stoploss –

A trailing stop is a modification of a typical stop order that can be set at a defined percentage or amount away from a security's current market price.

BTST/STBT –

Whenever you buy shares, you must wait for them to be delivered to your Demat account before you can sell them. It takes two trading sessions for delivery to come into your account.

If the stock price moves up the very next trading day, you cannot sell it. This is possible if your broker offers you the Buy Today Sell Tomorrow (BTST) facility, where the investor can sell shares that he has purchased even before he receives the delivery of the same from the exchange, thereby giving him higher liquidity.

Exit –

An exit point is a price at which an investor or trader closes a position or trade.

Target –

A price target is an analyst's projection of a security's future price. It is the price at which the trader plan to exit the trade and book its profit

Stoploss –

Stop-loss can be defined as an advance order to sell an asset when it reaches a particular price point. It is used to limit loss or gain in a trade.

Trailing Stoploss –

A trailing stop is a modification of a typical stop order that can be set at a defined percentage or amount away from a security's current market price.

BTST/STBT –

Whenever you buy shares, you must wait for them to be delivered to your Demat account before you can sell them. It takes two trading sessions for delivery to come into your account.

If the stock price moves up the very next trading day, you cannot sell it. This is possible if your broker offers you the Buy Today Sell Tomorrow (BTST) facility, where the investor can sell shares that he has purchased even before he receives the delivery of the same from the exchange, thereby giving him higher liquidity.

Whereas Sell Today Buy Tomorrow (STBT) is a facility that allows customers to sell the shares in the cash segment (shares which are not in their Demat account) and buy them the next day.

Types Of Trends?

We have 4 types of trends: Uptrend, sideways, volatile, downtrend

Uptrend –

An uptrend describes the price movement of a financial asset when the overall direction is upward. In an uptrend, each successive peak and trough is higher than the ones found earlier in the trend.

The uptrend is therefore composed of higher swing lows and higher swing highs. As long as the price is making these higher swing lows and higher swing highs, the uptrend is considered intact.

Downtrend –

A downtrend refers to the price action of a security that moves lower in price as it fluctuates over time. While the price may move intermittently higher or lower, downtrends are characterized by lower peaks and lower troughs over time. .

As long as the price is making these Lower swing highs and Lower swing lows, the downtrend is considered intact.

Sideways

A sideways market, or sideways drift, occurs when the price of a security trades within a fairly stable range without forming any distinct trends over some time.

The price action instead oscillates in a horizontal range or channel, with neither the bulls nor bears taking control of prices.

Volatile Market –

It is similar to a sideways market but here market shows wild moves, touching lows and highs very frequently

Types Of Trading Style?

We have 4 types of trading styles: Scalping, Day trading, Swing trading, and Positional trading Different trading styles depend on the timeframe and length of period the trade is open for.

TIMEFRAME	PERIOD OF TRADE	PERIOD OF TRADE
Scalping	Short-term	Seconds or minutes
Day trading	Short-term	1-day max - do not hold positions overnight
Swing trading	Short/medium-term	Several days, sometimes weeks
Position trading	Long-term	Weeks, months, years

Scalping

Scalping is the most short-term form of trading. Scalp traders only hold positions open for seconds or minutes at most. These short-lived trades target small intraday price movements.

The purpose is to make lots of quick trades with smaller profit gains, but let profits accumulate throughout the day due to the sheer number of trades being executed in each trading session.

Swing trading

Unlike day traders who hold positions for less than one day, swing traders typically hold positions for several days, although sometimes as long as a few weeks.

Because positions are held over a period of time, to capture short-term market moves, traders do not need to sit constantly monitoring the charts and their trades throughout the day.

This makes it a popular trading style for those who have other commitments (such as a full-time job) and would like to trade in their leisure time.

However, it is still necessary to dedicate a few hours a day to analysing the markets.

Position trading

Position traders are focused on long-term price movement, looking for maximum potential profits to be gained from major shifts in prices.

As a result, trades generally span over a period of weeks, months or even years.

Position traders tend to use weekly and monthly price charts to analyse and evaluate the markets, using a combination of technical indicators and fundamental analysis to identify potential entry and exit levels.

The End

**HOPE YOU
★ FIND IT ★
IMPLEMENT
THESE LIFE
LONG LESSONS**

This book will give you all the
information about stock market
investment

Station **91**