The Stock Market

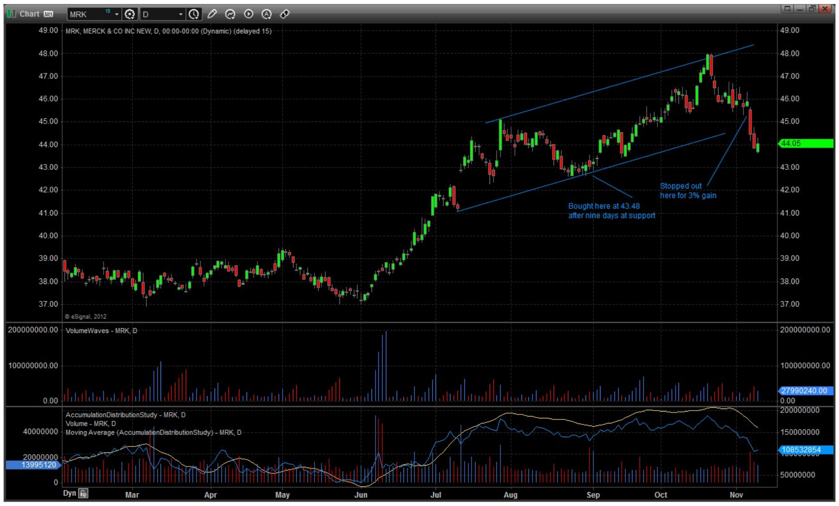
The stock market is just a globally organized, and networked, marketplace where money is moved back and forth. Over one year, $55,225,000,000,000.00 is exchanged. This is greater than the value of the goods and services of the whole world economy. It is not commodities; but it is securities, most commonly shares that are traded. A share is portion of the company. The value of the share though is dependent on the success of the company. If you have a more valuable company the share that you have for it is more valuable.

The value of a business can increase and decrease at a moment's notice. So shareholders have to act quickly. If they buy shares in a business that has a value of $38 and it goes up in value to $50 it can be sold to make a profit. When sold the profit is $12/share and money is made by the shareholder.

Why do companies do this though? If a company needs to raise funds for something it may sell a portion of itself to somebody that wants it. The money most of the time goes to the growth of the company making it more valuable. When a shareholder doesn't want a share anymore or needs money they can sell a share, but to know when to sell is a big part of it. Nobody can tell when a business is going to take a hit, or when it will increase in value. So it's a bit of a gamble. If a business has a bad reputation it will have trouble selling its shares. If the business has a good reputation it will sell its stocks fairly quickly.

The stock market is the place of exchange for securities. These are in the form most of the time as shares. The shares are traded among wanting consumers that are hoping to make a profit off of the shares. If you buy a stock when it is cheap and sell it when it is at high demand you will most likely make money. It also works the other way around.

When you look at a stock graph what you see is a graph of price, percentage, and date with time. The graph will show the dates and/or times on the x-axis and the percentage on the y-axis. The graph usually looks something like this:



The red is parts in the graph where the value has seen a dip and the opposite is for the green. When the line starts to rise that means that the value of the stock is seeing an increase and something has impacted the business to cause it. It is usually influenced by the overall increase in the success of the business. The percentages mean the percent increase in the stock.

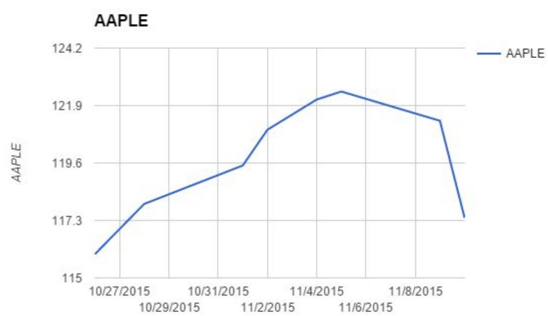
The stock market has a tendency to fluctuate wildly in an unpredictable fashion. There is reason to its changes though. Every time shares get sold there are more on the market. Often the shares may become diluted and less valuable. This can famously be seen in the buyback of securities for J.P. Morgan's company in the 1900's. It caused the shares to take a large hit in value. But the value of the shares don't only depend on that. The value of the share is mostly based on the value of the company.

Some very recent evidence could show how the stock market could take a strange turn in two major companies that have been seeing some increases and decreases in stock value. Apple and Amazon, two of the largest companies in the world have been seeing their stocks change dramatically. Amazon's stock has gone up almost 15% since the beginning of the year. While Apple's stock was down about 8% from one month prior. These are huge changes for a company in a short timespan.

Amazon's stock was expected to go up but not by as much as it did. The company has a plan that they execute every couple of years to try to increase that value of their stock. That is where every couple of years Amazon invests huge amounts of money into the company itself to try to improve it. This year Amazon really hit the jackpot surprising stock analyzers everywhere with the huge unexpected increase in the value of their stock.

Apple on the other hand has seen a turn for the worse in the month of October. One reason that Apple's stock has taken a turn for the worse could have been due to the way that they market it and the product itself. Apple for the last decade has been the number one go-to company to get a high quality phone, computer, or tablet. Recently though Apple has been changing the way that they do things. They are no longer the best company on the market. The devices that they make are less powerful than one would expect and for a higher price. They have opened up new phone markets in other parts of the world and have gotten some sales from it, but overall it isn't really helping them. So as a result the market has taken less interest in the company and the stock value has gone down as a result.

Here is a graph of Apple's recent economic jumps and drops from 10/27/15 to 11/8/15:



It may look good and in fact it is at least up until the last day, but when you look at the overall graph over a larger span of time you can get a different perspective. In the 6 month graph shown below you can see that the stock value has been steadily going down. This is because of the product being offered. When the price of a thing outweighs its value or what people are willing to spend on it, less people will buy it. This is a key element in the industry. Now take a look at the 10 year graph and the outlook is wildly different.

http://www.nasdaq.com/symbol/aapl/stock-chart?intraday=off&timeframe=6m&splits=off&earnings=off&movingaverage=None&lowerstudy=volume&comparison=off&index=&drilldown=off

Ten year graph.

http://cdn.osxdaily.com/wp-content/uploads/2011/01/apple-stock-instead-of-apple-hardware.gif

This graph shows a drastic increase in Apple's stock around the time of the IPhone release. At the time it was revolutionary but by today's standards Apple's products are less and less innovative and lack in power compared to the next leading brand Samsung. This still doesn't explain how they are seeing growths in profit over large time spans with a relative standstill in tech. If you take their most profitable market, the IPhone, you can compare it with the next leading brand, Samsung. The Apple IPhone has a hefty price tag while competitors are less. The tech inside the IPhone can be underwhelming but the sales for it skyrocket in 1st world countries. In other places of the world the competitors take the upper hand on sales, due to a higher income.

It may be the central idea among people able to afford the smartphones of today that Apple used to be the best on the market and that they may still be. This is not true; Apple is not the best on the market anymore. It is a strange phenomenon, but when it comes to advertising Apple takes the cake.

Trading

Trading throughout the world's history has been a huge part of a country's economy. If you couldn't export or input goods you would often not be able to make a profit. There are some exceptions of completely self sufficient countries in the ages ago like China, but in general if a country is to become powerful it needs goods, and services from others. When there is a demand there is a person most willing to fulfill that. Most of the time other countries and people will do these labors. And even more so than just other people: the construction and agriculture of an empire may have been built on slavery.

Slavery being a cheap way of getting labor with little expenditure allowed places like China to build the Great Wall and Egypt to build the pyramids. The slaves themselves were a valuable resource and some people even turned it into a business.

Even without slavery in our modern day the value of a company can and will collapse if it cannot get its product out on the market. Could you think if Amazon just stopped shipping? They would go out of business in a blink of an eye. So it is imperative to have an efficient means of moving goods and things of the such from one place to another. Sometimes though it is hard to move things, perhaps most notably in the Dutch East India Trading Company. The Dutch East was a trading company that came to be around the 1600's from the trade with far away colonies to get exotic spices and furs. The DEIC (Dutch East India Company) began with some wealthy investors putting money into a pot to fund an excursion to colonies to retrieve goods and revenue. The trips were treacherous and a risk to invest in. The payoff though could be astronomical.

To combat the chances of a failed trip due to piracy and bad weather the DEIC started to pay for fleets of ships hoping some of them would return. This investment paid off when they began to bring in ships stocked full of spices and valuables. Now able to pay for more ships the company would grow and grow. Pretty soon it was the frontrunner of investing and trade. The DEIT would sell out parts of its company to fund more trips. To the people that bought the shares of the company, they hoped to see it succeed and the value of their share go up. When the share went up in value they would sell it to another investor and make a profit. This laid the road for the future of stock trade.

When you buy a share you are taking a risk. You don't know it the company you just bought a part of will fail or succeed. The hope is that you will make a return profit from selling the shares. If you or somebody is able to predict the stock market they can take that knowledge to the stock exchange to be able to make huge sums of money. But take a wrong turn or sour business decision and you could lose everything. It is the world's biggest game of chance and you can only hope to hit the jackpot.

http://www.businessinsider.com/apple-prices-too-high-2013-11
http://www.trustedreviews.com/opinions/samsung-galaxy-s6-vs-iphone-6
http://www.stock-compass.com/results/monthly/mrk_9_12.png
https://www.youtube.com/watch?v=GnJCOof2HJk
https://www.youtube.com/watch?v=5iyvvhipL68
http://www.investopedia.com/articles/07/stock-exchange-history.asp
https://en.wikipedia.org/wiki/Stock_exchange
http://www.historyworld.net/wrldhis/PlainTextHistories.asp?historyid=ab72
https://www.youtube.com/watch?v=GnJCOof2HJk
http://finance.yahoo.com/news/why-amazon-s-stock-is-really-flying--hint--it-s-not-the-cloud-144934941.html
http://www.stock-compass.com/results/monthly/mrk_9_12.png