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THE AWARE CONSUMER

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IN FOCUS
Share Market Trends – Compulsory to Know and Rightly Predict

OUT OF THE BOX
Staying in Profit

THE LAST MILE
Taking Calculated Risks for Better Returns

SHARE MARKET: TOO LOW FOR A BEAR OR TOO HIGH FOR A BULL

PLUS ROUND UP • MY MARKET • THE PRESCRIPTION

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VIEW  POINT

BEJON KUMAR MISRA | bejonmisra@consumerconexion.org

INSIDE EDGE

SINCE INCEPTION, INDIAN stock markets have tried their best to represent the country at the global level. BSE and NSE have contributed mostly to ever acquire successes. Primary and secondary share markets have been beneficial provided a platform for trading. Instruments of the market have helped the investors in earning big returns at their maturity. The government has put taxes from long term and short term gains of the market in a specific and well-planned way. There have equities and shares which are exempted from the burden of taxation and there are certain tax laws which save foreign companies from getting into the taxpaying slab. The overall documentation has procured lots of information about share market and its practices.

The premium Indian stock indices have gone up even with lingering concerns on their highly rich valuations. Both, NSE Nifty and BSE Sensex have reached ever highs, up about 13% and 14%, respectively, since 2017 has started and quite above the performances of developed markets.

The Sensex crossed its earlier high to end day at 30,133 while Nifty closed on a record closing of 9,351. Investors have credited the rally to beyond expectations earnings results of reputed companies; strong fund arrives from foreign institutional investors (FIIs) and the escalation of the rupee.

FIIs have been at the top of the action in the last few months, becoming into bullish buyers after the transitory slump in their investments after the demonetization. For the first three months of 2017, FIIS have invested $6.75 million into equities, slightly more than the investment of $3.19 billion and $3.18 billion in 2015 and 2016, respectively. Adding potency to the rally, domestic investors have been exact buyers of equities, investing approx. 16,000 crores since the start of 2017.

Moving forward, despite the enthusiasm of foreign buyers to pay a higher amount of money, there remains the considerable amount of risk of a disadvantage attached to this rally. The market cap of Indian stocks, according to a renowned financial agency published in March before the rally, ascended 40% over the last year when compared to a 21% rise in the whole world market capitalization.

The increased India's share in worldly market capitalization reaches 2.5% slightly above the historical average of 2.4%. In spite of earnings from corporate, that facilitates equity returns, have been dull for the long run. It shows a great recovery sign from the demonetization shock.

Government's take of reforming Indian economy with demonetization and other financial decisions have played a crucial role in the change. The stock market has also been under the treatment, but it has done positive for the share market and trading business. The festival season also plays an imperative segment for share market and trading and decides the highs and lows of the market. Investors are seeing a new ray of hope from the financial moves made by the government in order to secure the liability of market shock.

Here is my brief conclusion of the overall documentation of the share market.

INSIDE

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UNLOCKING CONSUMER POTENTIAL
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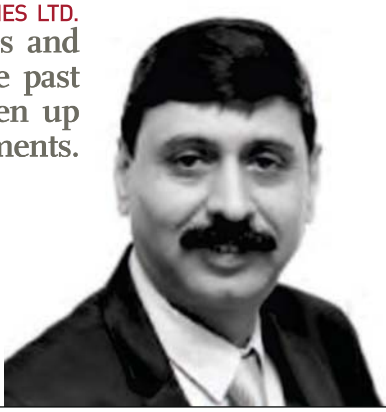
ARUN THUKRAL
MD & CEO, AXIS SECURITIES LTD.

India is at the same sweet spot where the US was in 1980s and China in 1990s. The Indian market has been on roll over the past couple of quarters on the back of the ongoing reforms taken up by the Modi regime, good monsoon and positive global sentiments.



ROUNDUP

Basics of SHARE MARKET Explained

PRIOR, STOCK BROKERS used to meet around Banyan trees to perform stock trading jobs. With the passage of years, numbers of brokers augmented and the streets flooded, they simply had no option but to migrate from one place to another. Lastly, in 1854, they shifted to Dalal Street; the oldest stock exchange in Asia- the Bombay Stock Exchange (BSE) – is now situated. Being India's first stock exchange, it has played an imperative role in the Indian stock markets. Still today, the BSE Sensex stands out as one of the parameters against which effectiveness of Indian economy and finance is calculated.

National Stock Exchange or NSE was established in 1993 and within few years, trading on both stock exchanges transformed from an open outcry system to an automated one.

This shows that stock markets in India have a strong history. Yet, at the face of it, especially when you consider investing in the stock market, it often seems like a maze. But once you start, you will realize that the investment fundamentals are not too complicated.

Above information show that Indian stock markets have a strong and long history. In spite of that, when one considers investing in the share market, it looks like taking a hesitating decision. But, the sooner you start, you will notice that the investment procedures are not too much complicated.

WHAT IS SHARE MARKET?

Share market is a market, where shares are traded or issued to the shareholders. People, in general, get a bit confused share market by stock market or think both as same. But, these two are distinct from each other. The basic difference is in the stock market, one can trade

DATA BRIEFING

The domestic market is in correction mode after hitting the much-awaited 10,000 mark on the Nifty.

Know Your Rights

BEFORE GOING INTO an agreement with a broker, get assured that it is enrolled with SEBI and that its certifications support its claims. Ensure that you get a 'Statement of Accounts' for the transaction of funds and securities settled each quarter and documented proofs of all deposits that you make.

Since you know how, to begin with, your interest in shares, don't escape as stock exchanges can be dubious and it won't require investment for you to lose cash on the off chance that you commit a slight error in judgment or take after stuff indiscriminately. Allude the errors to keep away from when putting resources into shares here. It might enable you to stay away from some basic bungles to share advertise financial specialists make while making stock market investments in India. Invest in share market with complete knowledge and with a reliable source to remain ensured you are getting best returns.

If you don't find a way to make money while you sleep, you will work until you die.

– Warren Buffett

The Inside Story of

EVEN THOUGH THE stock market operation is one of the toughest, investors never stop to trade once they are full-fledged. Stock market is a lucrative place where the lure of big money always attracts investors to fall in its lap. It only needs oodles of discipline and patience along with a great effort of research and a sound knowledge of the market. In this section, you will know how you can easily make the business profitable.

Trading of shares starts when the company officially completes the procedure of initial public offering (IPO), the shares then become public and can be accessed by any trader. Shares markets are venues where sellers meet buyers or vice-versa and then decide on a price to trade. There are some exchanges where transactions are carried out physically on a trading floor, but basically, the stock exchanges remain virtual, comprised of networks of computers for rolling out trades and also record them electronically.

Stock markets are secondary markets, where current share owners can transact with potential buyers. It is quite needed to know that the organizations listed on the share markets do not buy and sell their own shares on a permanent basis (organizations may keep in stock buybacks or issue fresh shares, but these are everyday operations). So, whenever you buy a share of the market, you should know you are not directly buying it from the company, you are purchasing from some other shareholders. Similarly, when you sell your shares, you are going to sell them to the organization- in fact you sell them to some investor.

There also exists a number of loosely regulated over-the-counter

Continued from page 7

in financial instruments as mutual funds, derivatives, and bonds, also shares of companies could be traded. Contrary to this, only shares could be traded in share market. The listing is very important significance when we talk about the shares. Let's try to understand the whole process in detail.

TYPES OF SHARE MARKETS

Primary Market

It is the place, where one gets itself registered first for any issue of shares as well as to raise money. Listing on the stock exchange is same. After getting registered, one can issue any number of shares. To understand this clearly, let's take an example. There is an IPO, an Initial Public Offering, which is concerned with first-time share sellers. When a company raises capital after entering into the primary market that directly depicts they are selling shares for the very first time. After doing this it simply becomes public. So, entering into primary market registers in turn.

Secondary Market

The sooner new securities are sold in the primary market; these securities are then traded on the market. This alerts investors to exit an investment and sell out those shares. Secondary market insists on transactions of trades where one investor buys them from another investor at the existing market or any mutual price.

Stock Market

exchanges, sometimes known as bulletin boards that go by the acronym OTCBB. OTCBB shares tend to be riskier since they list companies that fail to meet the more strict listing criteria of bigger exchanges. For example, larger exchanges may require that a company has been in operation for a certain amount of time before being listed and that it meets certain conditions regarding company value and profitability. In most developed countries, stock exchanges are self-regulatory organizations (SROs), non-governmental organizations that have the power to create and enforce industry regulations and standards.

Generally, investors perform such transactions using an intermediary such as a broker, who conduct the procedure.

HOW CAN AN INVESTOR BUY SHARES?

Buying of shares needs to open a demat account (trading account). This account will be linked to your savings account to ease a smooth transfer of shares and money.

THE FOUR FINANCIAL INSTRUMENTS TRADED IN A STOCK MARKET?

Once we have understood the basics of a stock market, now look upon the four key financial instruments which are traded-

- Bonds
- Mutual Funds
- Equity
- Derivatives

ROLE OF SEBI IN SHARE MARKET GOVERNANCE

Share markets are a subject to risk and thus need to be monitored in order to protect investors. SEBI, the Security, and Exchange Board of India (SEBI) is authorized to look after the primary and secondary markets in India since 1988. SEBI was declared an autonomous body in the SEBI Act of 1992.

SEBI governs the responsibility of both development and run of the market. It manages share market by providing regulatory measures at regular intervals.

There additionally exist various approximately managed over-the-counter exchanges, sometimes known as bulletin boards that are better known by the acronym OTCBB. OTCBB shares have a tendency to be more unsafe since they list organizations that fail to meet the more strict listing criteria of larger exchanges. For instance, larger exchanges may require that an organization has been in operation for a specific measure of time before being listed and that it meets certain conditions with respect to organization value and profitability. In most developed nations, stock exchanges are self-regulatory organizations (SROs), non-governmental organizations that have the authority to make and authorize industry controls and models. The responsibility for stock exchange is to protect investors by making rules that promote morals and equality. Cases of such SRO's in the U.S. incorporate individual stock exchanges, additionally the National Association of Securities Dealers (NASD) and the Financial Industry Regulatory Authority (FINRA).

The share price on a share exchange can be set in various ways, however,the most well-known way is through an auction procedure where purchasers and vendors put bids and offer to purchase or sell. A bid is a cost at which some individual wishes to purchase, and an offer (or ask) is the cost at which someone wishes to sell. At the point when the bid and ask concur, a trade is done.

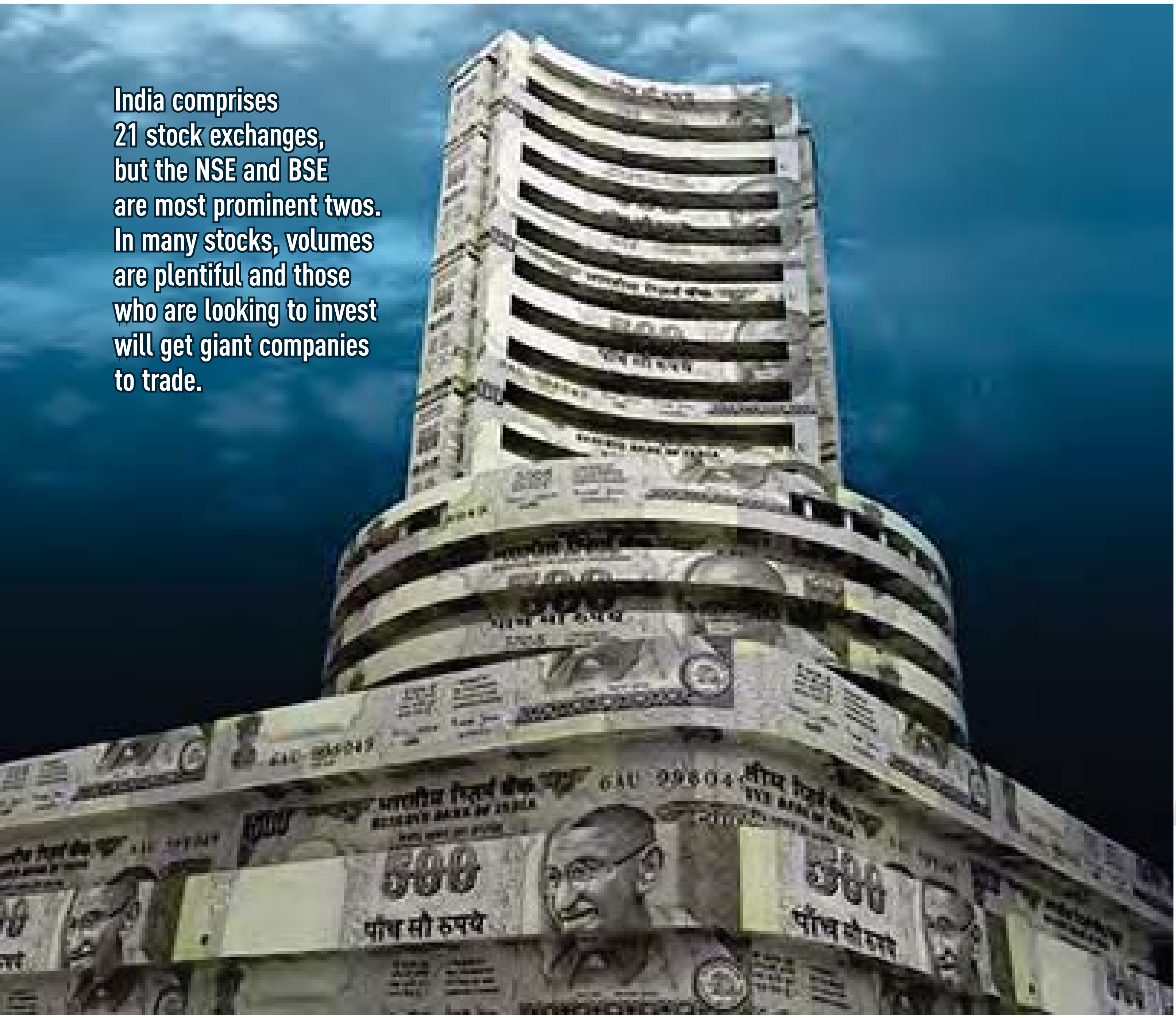
Some securities exchanges depend on proficient brokers to keep up consistent offers and offer their services since an inspired purchaser or merchant may not locate each other at any given minute. These are known as authorities or market creators. A two-sided advertise comprises of the offer and the offer, and the spread is the distinction in cost between the offer and the offer. The thinner the value spread and the bigger size of the offers and offers (the measure of offers on each side), the more noteworthy the liquidity of the stock. In addition, if there are numerous purchasers and vendors at successively higher and bring down costs, the market is said to have great profundity. Securities exchanges of the top notch, by and large, have a tendency to have little offered ask spreads, high liquidity, and great profundity. Moreover, singular loads of great, substantial organizations have a tendency to have similar qualities.

Financial analysis is utilized to make derivations about future share price and overall health of an organization utilizing company reports and non-financial information, for example, industry comparisons and evaluations of interest for the growth of the organization's products. It is essential to make inquiries, for example, "What advantage does this organization have over different firms?" or "Does it have a sizeable piece of the overall industry?"

Technical analysis includes the utilization of a two-dimensional chart to delineate historical movement of costs. It utilizes authentic estimations of offer prices and volume diagrams to make expectations about future prices.

Utilizing the two sorts of analysis will enable you to settle on sound decisions.

Competitive Size of Indian Share Market



India comprises 21 stock exchanges, but the NSE and BSE are most prominent twos. In many stocks, volumes are plentiful and those who are looking to invest will get giant companies to trade.

INDIA COMPRISES A list of 21 stock exchanges, with the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) being the biggest. Both of the stock exchanges proffer shares with volume and opportunity as India and other exchanges keep on growing and attracting foreign investment. While investing on these exchanges, investors or traders must know the rules, size of the market, the liquidity, the indexes, and domestic ways to invest in India, for instance as ETFs and American Depositary Receipts (ADRs).

Size and Liquidity

As per the Securities and Exchange Board of India (SEBI), India has 21 operational stock exchanges in its different cities, where the BSE and the NSE are the two largest exchanges, fulfilling the requirements of all foreign investors.

The BSE is vaguely larger than the NSE, with a market cap of US $1.076 trillion, whereas the NSE has US$1.051 trillion, as of January 2014. While comparing the market cap, both the NSE and the BSE are equal to the size of the Australian Stock Exchange ($1.298 trillion), however considerably smaller than the major U.S. exchanges.

The NASDAQ has a market cap of $5.998 trillion whereas the NYSE has $17 trillion.

There are two key Indian indexes used by traders to track the stocks; the CNX Nifty 50 (NSE) and the S&P BSE Sensex, which are made of 50 and 30 entrenched and diversified stocks, respectively.

Prominent Stocks

The BSE and the NSE, both have a huge number of very liquid and large market cap stocks. Highly liquid and active stocks are listed every day on the home pages of the exchanges: NSEIndia.com and BSEIndia.com.

While searching for high volume stocks in India, the used number system may be confusing at a very first instance, as the comma used in numbers is dissimilar than in North America.

A highly active stock on the NSE is Unitech (NSE: UNITECH) has a trading rate of more than 30M shares every day. On the exchange, the volume is listed as 7, 34, 77,483. When removing the decimals and recoup the numbers in threes starting from the right, the volume becomes 73,477,483.

Risks and Regulations

The BSE and NSE have little different market hours and procedures. These are represented below. For those who are novice about these procedures, the Continuation Trading or Normal Market times are when prices are most apparent and trading is akin to traditional market hours in the U.S.

Continuous Trading takes place between approximately 9:15 AM to 3:30 PM on the NSE and between 9:10 AM and 5 PM on the BSE.

Pre-market and post-market trading is available to everyone, but before opening, and following the close, there goes an auction where orders are placed but not instantly filled and then at a particular time a price is awarded on all orders based on supply and demand. This may cause non-transparency in pricing, as those who place orders do not know the price they will get.

The NSE has cut the trading day up into three sections.

A) Pre-open session

1) Order entry & modification Open: 09:00 hrs
2) Order entry & modification Close: 09:08 hrs*

Pre-open order matching starts immediately after the close of pre-open order entry.

B) Regular trading session

Normal Market Open: 09:15 hrs
Normal Market Close: 15:30 hrs

C) The Closing Session is held between 15.40 hrs and 16.00 hrs

Once trading is started, margins on the stock are payable daily based on how much they move. This is a complicated calculation utilizing the stock's standard deviation and makes ensure that the stock holders have ample amount of equity in their account to bear up typical moves in the stock.

The risks added with Indian stocks are those added to any other stock. Indian economy is large and diverse with high volume and large market capitalization offers some stability, however, won't guarantee profitable trades.

Indian stocks are valued (priced) in another currency, so along with investor's concern with the direction of the stock, but also to the currency. A declining rupee condition will provide a negative effect on the stock returns as well and the rupees converted back to the U.S. dollars.

Prior to the investment in a foreign stock market, it is imperative to know how that market behaves and operates. First, make small trades and go with the procedure unless you are not comfortable with its procedures and regulations. Once, you are aware of all activities, then further move on to trading your typical position size.

The Bottom Line

India comprises 21 stock exchanges, but the NSE and BSE are most prominent twos. In many stocks, volumes are plentiful and those who are looking to invest will get giant companies to trade. Market operating hours and how trading occurs outside of normal hours will need getting used to; trading in normal market hours is suggested until the auction procedure is completely understood.

CONSUMERS, BEWARE !!

Fraudsters cheer unsuspecting investors into worthless stocks

Today, all the billions won are falling. While many professionals have already repelled their stockpiles long ago, the small investors sit on their losses. Most of the private investors have lost billions and billions of money. Unfortunately the same experts who were some years ago are still advised to put the old-age provision in shares.

The highly acclaimed shares are usually traded only a little, the surprising demand is causing a price increase. The senders use it to stamp off - and sell their share package at a profit. This immediately pushes the course again. The investor, who has accessed the alleged act tips and now sits on worthless papers, is lured.

The frauds are sometimes very bold. They even praise stocks by phone, are often very persistent and oppress the called In some cases, they are even facing investors as employees of a stock exchange. Sometimes stocks are also offered before the market launch with a discount. Investors are requested to transfer the purchase price to a specific account in advance. Usually this share does not exist - and the account belongs to a private individual. Today, social media such as Twitter and Facebook are increasingly being used to spread false news about companies and alleged action hints.

The reason for the high-altitude flight: The stock market is a turbo-fraud system

The stock exchanges are hurrying from one all-time high to the next. The reason for this development: With the high-speed trade, a snowball system has got out of control. The end should be as in the 1920s: trillions of real money from unsuspecting citizens will be destroyed.

The founder and investor Mark Cuban wrote a remarkable blog entry in 2004. In this he describes what is happening on the exchanges.

Read it! Feel your spine chill

Cuban has established two companies - MicroSolutions and Broadcast.com - and made great. After selling MicroSolutions, he launched Broadcast.com. The price rose from one dollar on the first trading day to over 60 dollars at the end of the day.

Cuban explains how this has ended: the stock market, he writes, is nothing but a gigantic snowball system. The value of shares does not depend on the actual value of the company, but is a marketing number: People who want to sell are looking for people who want to buy. To this end, the salesmen tell the buyers the most beautiful fairy tales. What is decisive is that as many as possible will be able to pull one share.

Enthusiasm for a share does not arise because the company is good. Enthusiasm arises because others say that a stock is a "hot tip". Nothing has anything to do with reality. It's about marketing.

Cuban reported on the road show for Broadcast.com. This is the stage before an exchange launch. The managers of the company present the company to potential investors. With the help of investment banks, the founders exercise what they may and may not. There is only one goal: as many investors as possible are to be bought.

Cuban says he was particularly shocked by the fact that among the hundreds of investors there were not even a handful of reasonable questions about the company. Still worse, investors did not want to know what the company is all about. They wanted to buy because the marketing had lured them.

And they buy - with the money of others. Most "investors" manage the money of people who have entrusted them with the money. Pension funds and asset managers collect funds and promise returns. The money comes from ordinary people. Usually, these simple people do not even know that it is their money: who earns a pension claim through deposits does not see his money for decades. He trusts that the pension will be paid out at the end of his professional life. This system is called stock exchange.

The most important key indicator on the stock market are the quarterly figures (the "number", as the stock exchange circles say). They are identified and communicated by the companies. If a company exceeds the expectations of the analysts and submits a good "number", the price increases. If the "number" falls short of expectations, the price drops.

“The number has nothing to do with the reality of the company.”

These manipulations are devilish, because they are not per se illegal. You can make a balance in one way or another. The larger the company, the easier the "number"to be manipulated. Experts writes that there are no limits to legal manipulation. They seduce the investor to purchase by being manipulative.

ADVICE

Investors are attracted by a fantastic high return on investment. Experts give tips on how to protect themselves from losses.

Year after year, investors in many countries are "facilitated" by millions. The Federal Criminal Police Office estimates that up to € 2.5 billion annually in the so-called "gray capital market" through plant sacking – and the trend still grows.

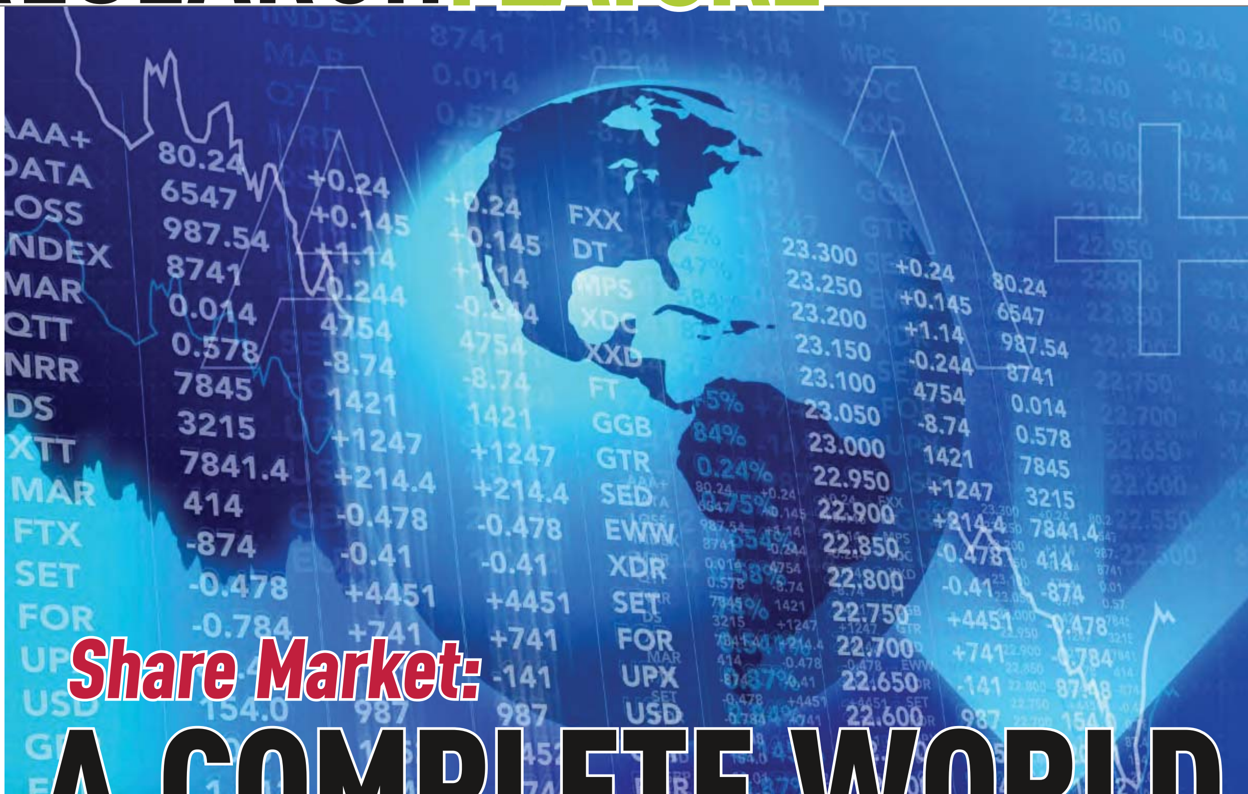
How do you recognize a dubious offer? Experts will give tips on how investors can protect their money from fraudsters. The calming, but at the same time the frightening thing, is that most of the frauds can already be avoided with the simple understanding of the human being.

Caution in "double-digit returns without risk"

- If the providers lend themselves with dreamy profit promises, all alarm bells should shrill.
- Yields of more than ten percent can only be achieved with highly sophisticated forms of investment, which also threaten the total loss, experts warn.
- The current interest rate for a ten-year federal bond can be used as a benchmark for each bank. Counter-offers facilitate the comparison.
- Take special care with uninvited phone calls. Telephone advertising is prohibited in many countries, unless there is a business relationship with the caller.
- Initial yields do not necessarily prove the reliability of the facility. Often investors are only supposed to be enticed to invest even more money.
- Only comparative periods of five to ten years are meaningful.
- If the intermediary tries to put the potential investor under a time pressure, it is better to keep fingers away. This is to give new customers the chance to carefully examine the offer.

Seriousness of the provider is crucial

- Before signing, the provider's reliability should be checked. In doing so, experts warn against relying on the judgment of relatives or acquaintances who are themselves "admitted".
- Mistrust should be announced at unknown companies, where no reliable information is available.
- Even the involvement of a trustee or notary does not guarantee the seriousness of the investment offer.
- The police also recommend that the mediator's identity card be shown and the data recorded. To the well-known companies of the gray market, whose offers experts put on doubtful hold, include the general economic service.
- In the case of foreign companies, only one mailbox is often behind them. Also, in some exotic countries it is difficult to find an investigator, and judicial disputes are almost hopeless, say lawyers.



Share Market: A COMPLETE WORLD

Information on the stock market

The stock market appears to be the most popular market among stock market speculators, since on the one hand its functioning is easy to understand and on the other it can be put on numerous national and international values.

Shareholders will, of course, also benefit from this market as they receive a dividend for the securities they hold.

What is the stock market?

The equity market is the market on which companies spend securities to cover their financing requirements. Investors who buy such securities will become shareholders of the company and receive a dividend. This is dependent on the income the company achieves appreciation to this capital and, of course, on the number of shares purchased.

On the stock market, you can buy securities from all companies listed on the various financial centers of the world.

India is an emerging market with GDP slightly upwards of $2 trillion in 2017

Organization of the stock market

The stock market is divided into the following submarkets:

The shares of a company are traded on the primary market (also referred to as the issuing market or the initial market) for the first time, ie during the trading session. The initial issue of shares is called IPO (Initial Public Offering). The resulting capital flows to the issuer.

On the secondary market (also known as circulation market), already issued shares are traded. The financial titles are sold from investor to investor, without the capital of the issuing company.

When a company decides to go to the stock exchange, it shares its share capital. A single fraction of this capital is called a share. These can be traded on the stock market. A stock is issued by companies to win fresh money. This is required, for example, for expensive investments or to allow the company to expand. In principle, the equity business works a bit like a loan: the company, as a borrower, needs money and as a security for the shareholder (= owner of the share) transfers a share of his company. Each company has a certain stock of equity, which is shared with the share issue. A share is therefore nothing more than a fraction of a company's capital.

In this transaction, shareholders and the company's board of directors have certain rights and obligations to each other. Shareholders may participate in the Shareholders' Meeting once a year, on which the Management Board informs them about profits and losses. This meeting will also determine the amount of the annual dividend to be paid. In this way, the company shares the shareholders' profits and compensates them for the borrowed money. But it is not just that a stock is interesting: it is traded on the stock exchange, just like other securities. This means that it can be sold and sold by the shareholders. The stock market price is based on many parameters and the value of a share stands and falls with it. If it is well in the course, a sale can bring a lot more money than you originally paid for it. This means you get a return. However, no one can predict exactly how the value of the stock will develop. Stock trading is always a bit like gambling. If you're unlucky, you can get rid of your savings too quickly. For this reason, for example, savers are advised not to invest all the shares in stock deposits. The majority should still be traditionally fixed and interest-bearing.

How it operates?

The equities market works in the same way as most other financial markets, that is, purchase and sales orders for listed securities are issued. An order, also called order, may contain certain conditions, so-called order additions. These may be price limits or restrictions on the validity of the order.

The orders are executed on the exchange market in a particular order. Either the price can be prioritized, the orders are executed in ascending order, or the time, they are executed chronologically.

There are two ways of listing stocks

Variable or ongoing quotation refers to shares of major companies. In this case, the price is quoted consecutively during the trading period.

Smaller values are recorded at the cash rate: in this case the price is updated one time per day.

For trading on the stock market, you have to either opt for a banking product or register it on a trading platform to speculate on the prices using CFDs or binary options.

First listing

When the stock price is first set, a classic listing is difficult because the performance of the securities is not yet known. And yet the price has to be fixed. The first price of a share, the so-called first quotation, differs from the first quotation of an index since it corresponds to the price that most buyers are willing to pay and to which the seller wants to sell. You will find further information on the calculation below.

Different courses

It is important to understand that not all shares are listed on the stock exchange in the same way. One differentiates between two course types: the continuous or variable listing as well as the unit price.

The ongoing listing is the more common listing system and affects the majority of the securities available on the market, but above all the securities of large listed companies. The unit price is applied in the case of securities that are not traded on an ongoing basis for lack of liquidity. Often, these are small companies whose shares have a very low trading volume.

As the name implies, the cumulative quotation is determined continuously and changes during the course of an exchange day, while the unit or cash rate is fixed only once a day.

How investors make their decision?

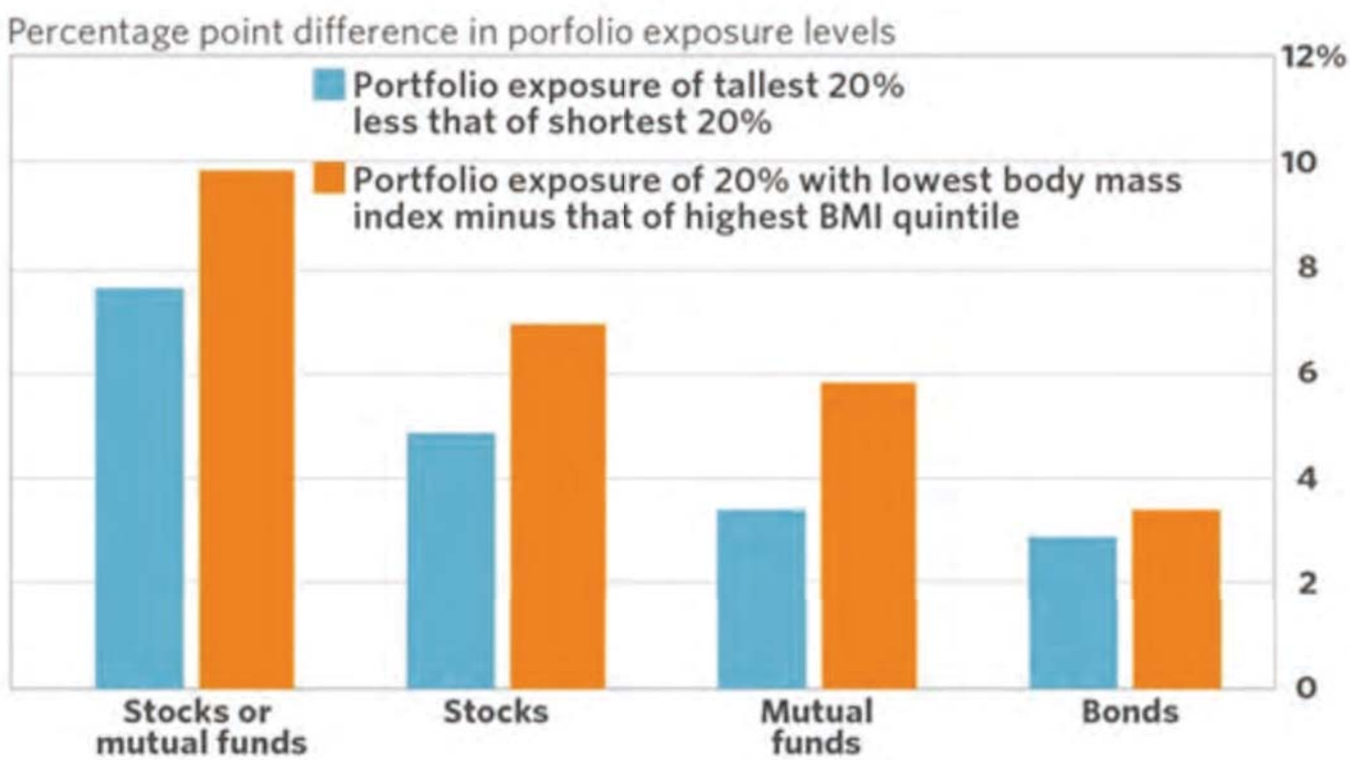
Before investing, investors must go through the few concerned. By paying a dividend, the shareholders will participate in the profit of the company. Whether and to what extent a distribution is made to the shareholder is decided at the annual general meeting of the stock company.

Risk of loss

If a company goes bankrupt, its shares lose their value and the affected investors face the total loss of their invested capital.

Price risk (value fluctuation risk)

The price risk is that the value of a share may fall below the purchase price.



Crucial Determinant

The price of the investor's share in the company is not changed by price changes alone, since the number of his shares remains the same. Only the value of the shares falls or rises with the rates. Investors must either expect losses if they wish to sell shares on a particular day.

Inflation risk

Inflation reduces the value of money, which is reflected by an increase in the price level. An increase in the inflation rate leads to a faster price rise of all goods and services.

Interest rate risk

If the general interest rate rises after the central bank's interest rate, safe investments will be more attractive compared to equities.

What doexperts say?

The stock exchanges are at an all-time high. This is usually a fine thing and many stocks in your portfolio are likely to have developed quite well. This alone is, of course, no reason to sell everything and to enjoy the profits. Finally, share prices can continue to rise.

But when it bangs on the stock exchange, it usually goes quite fast. Many fund managers and large investors had the problem in the financial crisis, not to have estimated the situation correctly.

The cruelest exchanges

However, hardly a stock broker has any real bearish or sideways phases. These are long periods when the exchanges do not come right from the spot. In the last 13 years, everything went well somehow. The bear market for some period surpassed and the financial crisis crash was quickly picked up again at least in terms of share price.

You as prudent Stock brokers

But we should keep an eye on all the eventualities. As a prudent Stock broker you are not really a bull or a bear. They take things as you are and act accordingly. At the moment we are still in an uptrend. This uptrend will break anyway - even with your shares in your depot.

"The xy share I bought about 2 years ago at Rs. 1000. Today it stands at Rs. 2000. This is a nice profit of 100 percent." And therefore it makes sense to think about a profit-taking with a corresponding medium-term strategy. Even if it is a phrase, it is logical and comprehensible: buy cheap, sell for good profit.

Everything is possible

Perhaps everything is also quite different and the stock market fluctuates in the next 10 years in a range of 20 percent down and up. Experts advices us to drive a medium-term strategy, it is about getting good profits (no losses) or even painful losses.

What are the threats and how one can avoid that?

The risk of dealing in shares and other securities should be an absolute must in the backstory. However, many investors think primarily of the opportunities for the issue of shares and exchanges. The good news is that you can avoid most risks relatively easily.

Risk 1

You do not have an investment strategy and buy from your guts any stock you find interesting. Without a strong equity strategy, it is very difficult to be successful on the stock market. It can also have a serious impact on the wrong strategy.

Risk 2

You only invest the money into 1 or 2 shares (or other securities). Do not do this! Because of this increases the risk of making losses and not making money with stocks. Instead, buy at least about 10 different stocks. A simple example:

Case 1: Mr. A. buys only one share (= share A) for Rs. 3,000. In the following weeks, this share A fell by 20%. Result: Mr. A. has made Rs. 600 loss.

Case 2: Mr B. has also invested Rs. 3,000 in shares at the same time. But Mr. B. bought 3 different shares at Rs. 1000 (share A, share B and share C). The development of the shares could then have been as follows:

Share A: -20% (= Rs. 200 loss for Rs. 1000)
Share B: + 10% (= Rs. 100 profit for 1000)
Share C: + 20% (= Rs. 200 profit for 1000)

Conclusion: Mr. B. has made some decent profit, because he invested his money in 3 different shares. Mr. A., on the other hand, sits on a loss of Rs. 600 because he has only invested all his money in a single share.

Risk 3

One thinks that one can be successful on the stock market almost without the knowledge. Advice: Say goodbye to this wishful thinking.

Risk 4

As a starter, Risky derivatives such as warrants, leverage certificates, forex or CFDs act. The risk of loss in these financial instruments is much higher! Due to the increased risk, you can achieve higher profits with leveraged investment schemes.

Risk 5

You buy and sell stocks prematurely (for whatever reason). One should give a share time to develop. Patience often pays off.

Risk 6

Fingers away from Pennystock shares! There are certainly isolated interesting Pennystocks. But often there are scrap stocks or stock companies behind them, which are almost nothing more worth and just before the insolvency.

Risk 7

Only buy stocks with your own money!

How could it benefit you?

How can you benefit from an investment?

Again and again I am asked: How can I profit in the long term on the stock markets? I would like to explain this question with a recent example. But before taking a closer look at the example, let's take a cursory look at it: if you want to achieve good results in the long term, consider the stock exchange and the traded companies also in the long term. This tip now sounds banal. But often it is not as complicated as you think.

There are basically two ways to benefit from an investment. On the one hand, gains on sale can be generated as the difference between the purchase price and the sale price. On the other hand, capital gains, which the issuer pays to the bondholder, can also be profited. Depending on the type of installation, the source or mixture of the total profit is different. In addition, the sources can be taxed differently.

All shares can generate gains on the sale of shares, since share prices on the market are constantly changing. Thus, there is the chance to sell at a higher price than the purchase price. Some shares also generate capital income by paying dividends from a company's income. For example, a stock was purchased for Rs. 1000, the company paid an annual dividend of Rs. 50. After two years, the share is sold for Rs. 1050.

The gain on sale is 50%. The total profit thus amounts to 60%. Bonds are mainly known for their coupon payments, which constitute a source of income or capital. Nonetheless,