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Institutional features of stocks and stock markets

Stock refers to the securities placed by corporate companies in the market so that the public can buy and provide the capital they need to expand. The stock exchange market refers to a special market where people trade in stock or securities that the companies have. Before deciding the stock to buy in the stock exchange market, people need to carry out stock valuation to determine the future value of the stock. Since people buy the stock with the intention of reselling at a future date, it is important to ensure that the process will not result into losses.

Stock listing can either be made using long and short listing. Both of them can only make profits if one buys them at lower prices then the resale is made at a higher price. Once a person buys the stock, it is the person’s duty to ensure that he or she takes time to find out the behavior of the stock prices in the market. When they feel that the prices have reached the optimum and that it is possible to make the best amount of profits. There are different methods of stock valuation that can be used to achieve this. They include the valuation of stock using the discounted cash flows method and the price earnings valuation method.

To determine the dividends one will receive in case they buy securities of certain companies, it is important to look at the current stream of dividends for the people who bought the shares in the past. Other aspects that need to be put into consideration is the time duration that has been taken for such people to receive the dividends as the well as the prices in the past and the current. Such information is used to determine the amount of money that one will get when they buy the shares at the current stock. The different methods to be used in stock valuation depends on the type of shares that one is buying.