The Advantages of Investing in the Stock Market by Cody

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When you think of investing, one of the best options that come to your mind is to invest in the Stock market. However, investing in shares can be tricky if you donâ€™t have the right kind of knowledge and experience. Stock trading is one of the fastest ways of building your wealth. These days, shares are traded online as opposed to being bought and sold in paper transactions with the help of stock brokers a few years back. For online trading purposes, you can avail any of the high speed internet connections like the ATT UVerse Internet.

Share trading has a lot of advantages when compared to other investments. Some of the important benefits of share trading are:

With the introduction of online trading, share trading has become simple, fast, and efficient. Which means you have complete control over the trading process; be it buying or selling, you can do it at the blink of the eye.

You have the advantage of placing â€˜After Market Ordersâ€™ (AMO). Which means, you can bid for shares even after the trading time of market is closed.

Apart from this, you also get dividends twice or thrice a year and this is a big bonus for investors.

As far the NRIâ€™s are concerned, share trading is one of the easiest options to invest in Indian market and multiply their wealth.

These days, you have a lot of news channels and websites offering complete information about the current trend of the market, factors affecting the global markets, stock specific news, experts giving live buy and sell calls.

The beauty of share market is that, you can make money in both bull and bear market. In simple words, you can make money in the market irrespective of whether the market trends up or down. You can go long on shares when the market is bullish and you may go short (short selling) when the market is bearish.

You also have the option of investing and trading in stocks. If you would like to invest in shares with a long term view, you can buy and hold for a year or two until the stock really sky rockets with good financial results quarter over quarter. If you want to make some quick money in the market, you can opt for short term investments. Nevertheless, if you want to pocket some very quick money, intraday trading is the best option for you. Day traders can take a sudden news inflow to their advantage. For example, the best option for day traders to make some quick profits is when the corporate results of the companies are being announced as you can see a big fluctuation in the intraday chart on the share price of those companies. Most traders consider this as an ideal entry and exit point. Another option for day traders would be to keep track of the global markets and capitalize on any major news factor.

Another advantage is that apart from trading in shares of different companies, you can also trade on various Index like Dow Jones and S&P in the Future & Options segment. You can make use of a sudden news flow to trade on the index and make quick profits.

Some of the most important technical indicators are:

Relative Strength Index(RSI): Buy when the RSI of a stock is less than 30 and short sell when the RSI of a stock is above 70. Day traders can use 20 and 80 as buying and selling signals on the intraday chart.

Bollinger Band: When the candlestick of the stock goes above the Bollinger band, itâ€™s considered as a selling signal and when the candlestick of the stock goes below the Bollinger Band, itâ€™s supposed to be a buying signal. However, you should keep an eye on the volume before making any entry.

Apart from these, there are other important indicators like Moving Average, Stochastic (slow and fast) and many more. And there are some powerful Candlesticks patterns which are helpful in determining the movement of stocks.

Preferably try to invest in blue chip stocks.

A simple trading suggestion for aspiring traders and investors is to â€œBuy when the stock is low and sell when the stock is highâ€•

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