

Primary and secondary market



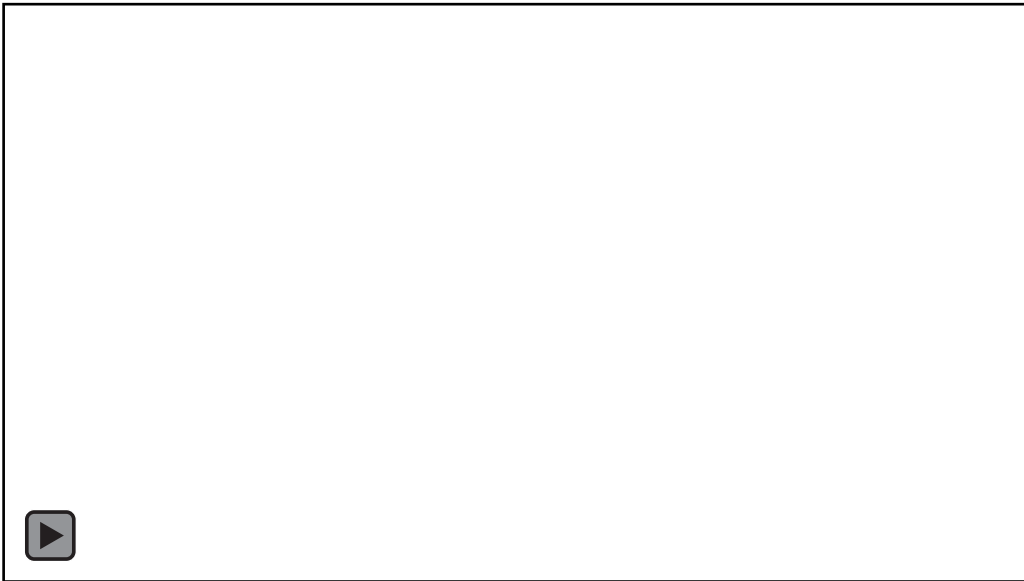
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Primary market and IPOs

Primary market is the place where stocks are born, created and then sold to the public. This is known as “floating”.

The company goes to **primary market** first to raise capital. To decide at which price the shares will be offered, companies turn to the large investors, such as investment bankers.

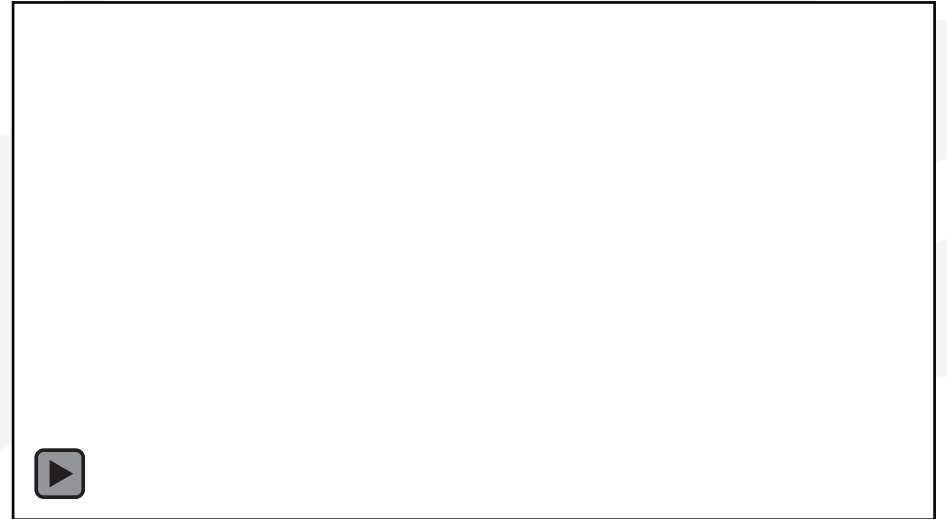


Primary market and IPOs

The **primary market** is the place where the shares of a stock, the company, are **sold** for the first time to the public from the issuer. This event is known as an **initial public offering (IPO)**.

IPO trades are an opportunity for investors and traders to **buy** securities directly from the issuer of shares; the bank that did the initial underwriting and provides guarantees for a particular stock.

NOTE: *many day traders will be experts in trading IPOs as there are strategies that work specifically and only for them.*



Secondary market

At the **secondary market**, investors and traders **buy** and **sell** shares of companies' stock to each other every day.

These transactions that do not involve the issuer, occur at **stock markets** (aka stock exchanges).

However, issuer can buy stocks back from investors and traders, which is called "**stock buyback**".

Basically, the secondary market is what we call in everyday language "wall street" or **the stock market**, or simply **market**.