

Chapter 2: Building an investment portfolio

Video 2

How do stock markets works

Demand

“Demand” in the stock market refers to the total number of potential stock buyers who would be willing to buy at any price. As the price goes up, fewer people are willing to buy a share.

Stock market

The stock market is an exchange mechanism that helps investors buy and sell shares in publicly traded companies. This includes stock exchanges like the Toronto Stock Exchange (TSX), the New York Stock Exchange (NYSE), NASDAQ, etc.

Stock market index

A stock market index is an index that measures the performance of a stock market, or a subset of a stock market, over time.

Supply

“Supply” in the stock market refers to the total number of stockholders who would be willing to sell their shares at any price. The sellers value their shares differently. As the price goes up, the total number of shares supplied goes up as well.