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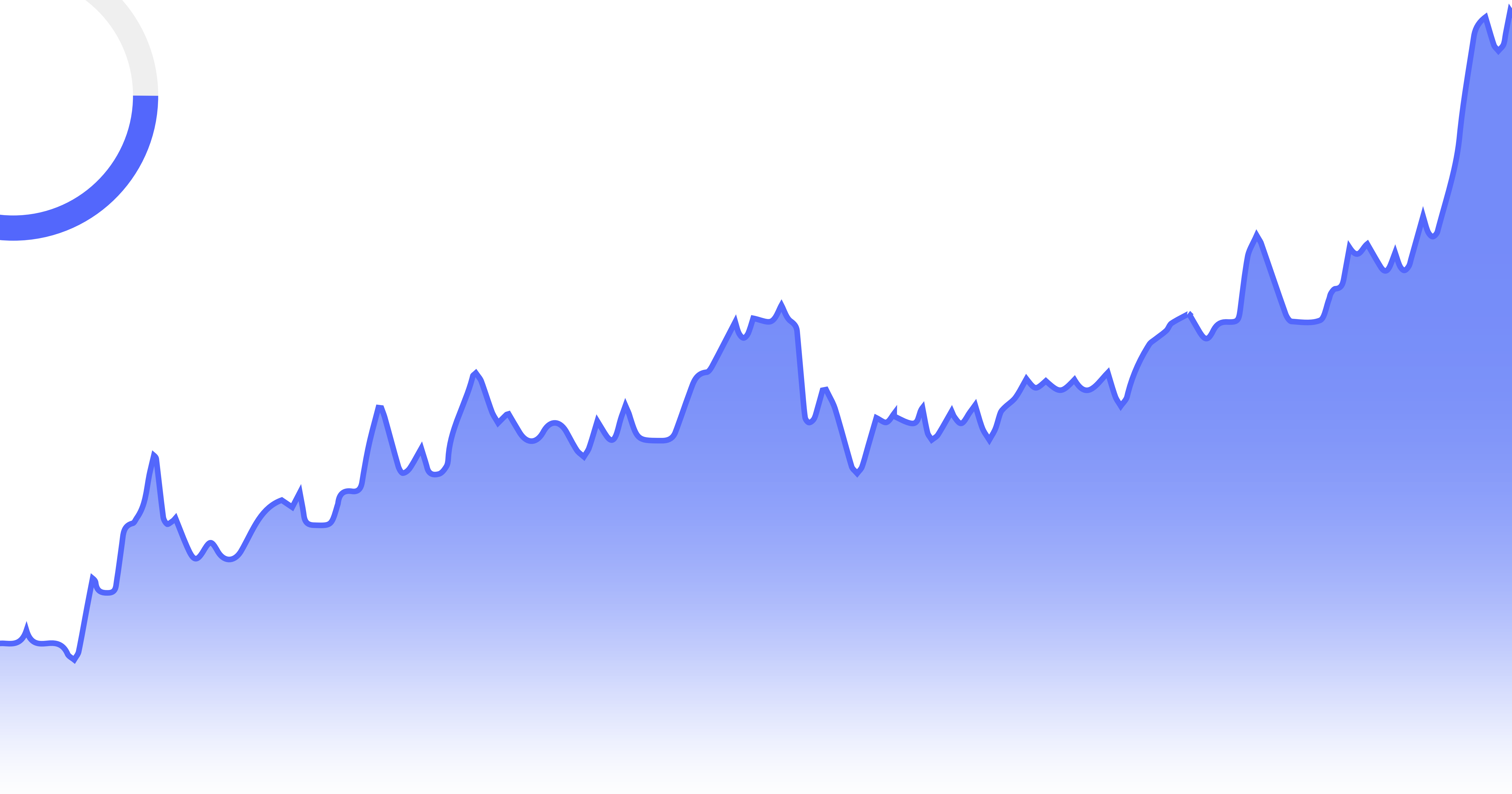
Why do **stock prices change?**



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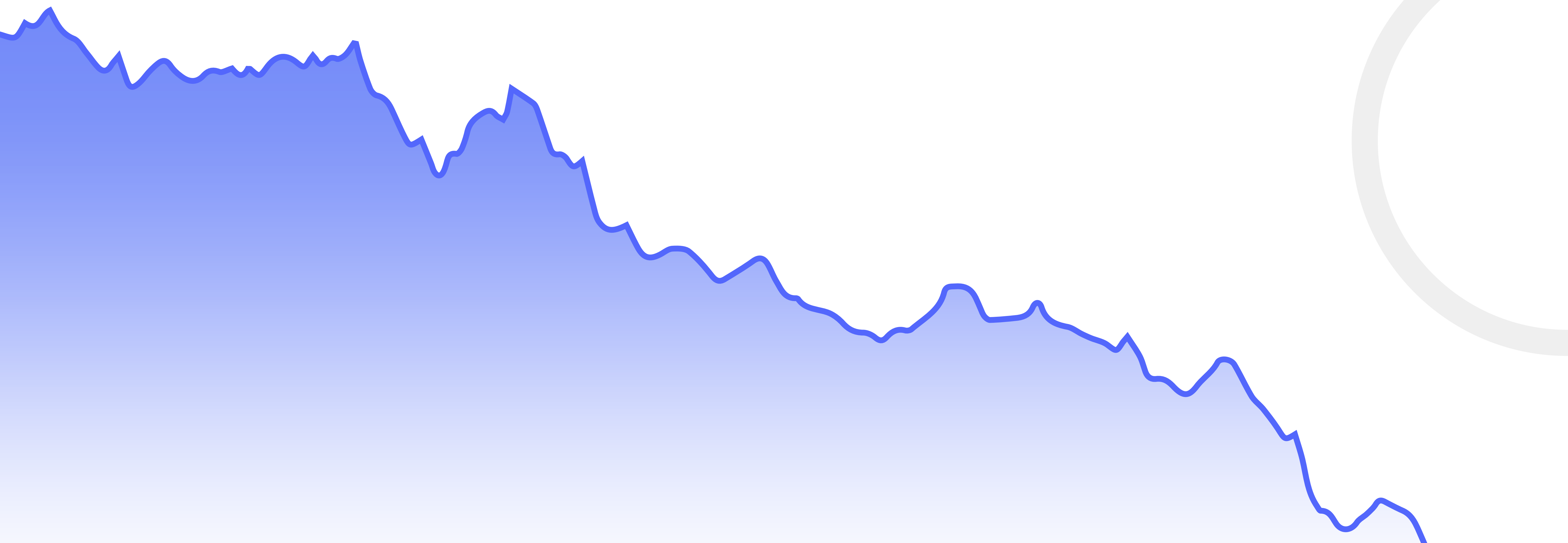
It's a demand-supply game

The share market is also essentially a market. Like any other market, the products (stocks) comprising the market are bought and sold. There are investors like you who demand for stocks and listed companies that supply these stocks. Naturally, if the demand for stocks increases and the supply is less, the stock prices will rise, whereas if there is more supply and less demand, stock prices will fall to induce more people to buy it.

But, what influences demand and supply of stocks? →



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Company-related factors

After all, it’s the companies, which are offering shares and part ownership in them. The most important factors that will impact your buying decision and your demand for a particular company's stock is heavily dependent on the company. Rising profits, new product launches, mergers and acquisitions, and any other positive or negative news developments are influential factors.

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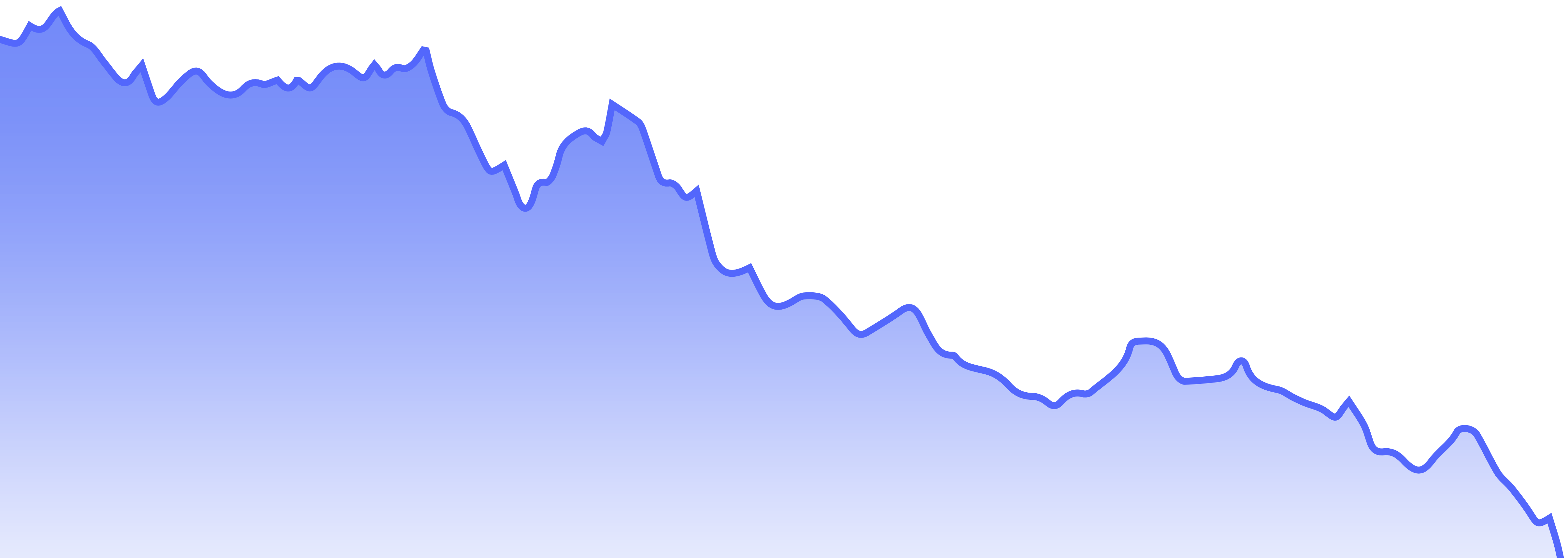
Industry-related factors

When something big happens on an industry level, all stocks of companies in that industry get affected. For example, when BSVI rules were imposed on the auto industry, almost all auto stocks were negatively impacted together. Another example is, when the Coronavirus pandemic had hit the world in the early 2020s, all pharmaceutical stocks and the sector returned positive during that time period. Investors increase their demand for this sector's stock in the anticipation of a COVID-19 vaccine, thus boosting positivity in pharma companies.



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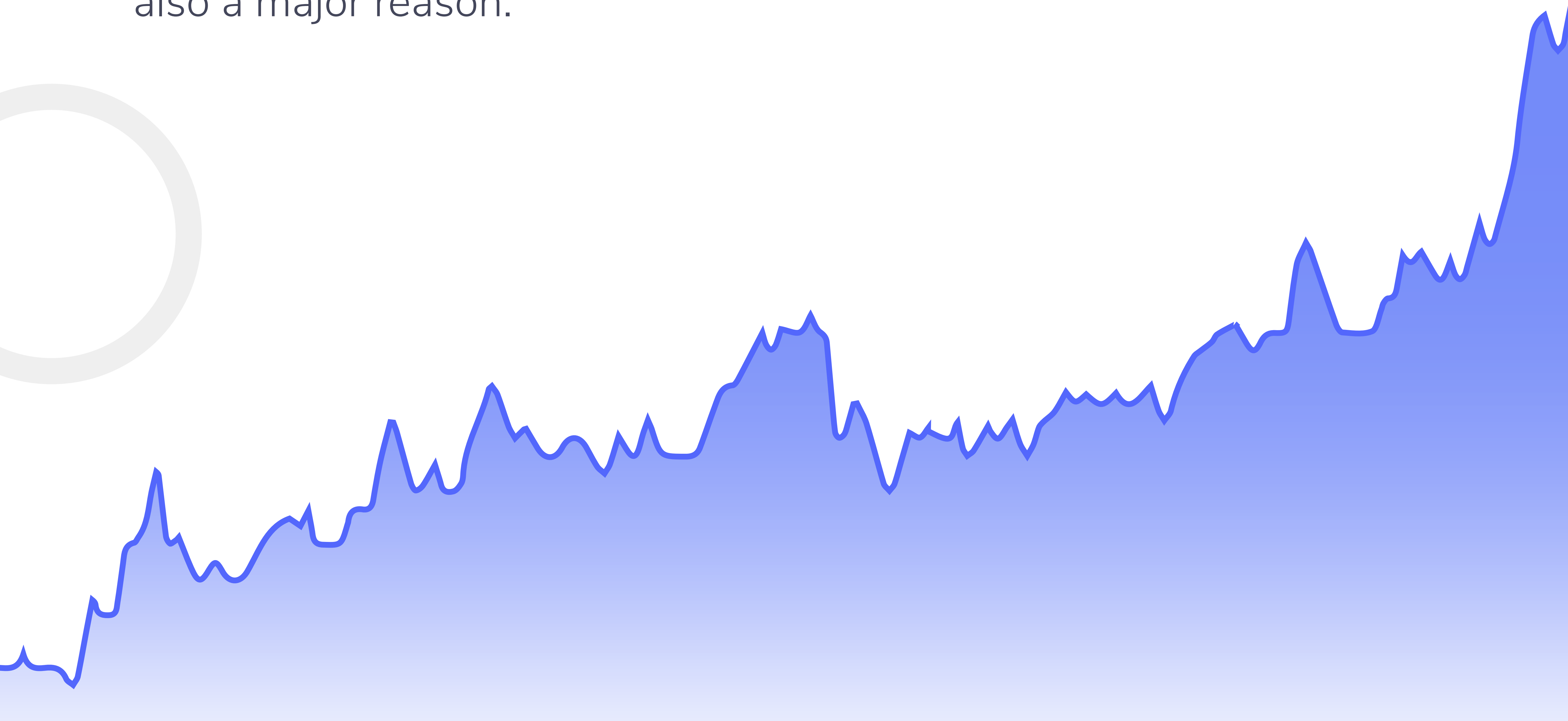
Market cycles

At times, stock markets move in cyclical fashion. There is a bull market phase, when stocks move up and then, the stock market can lose its value. These movements can happen in a cyclical fashion. Reasons prompting the bull and bear market phase can obviously be different and unique. However, trends in the stock market are also a major reason.



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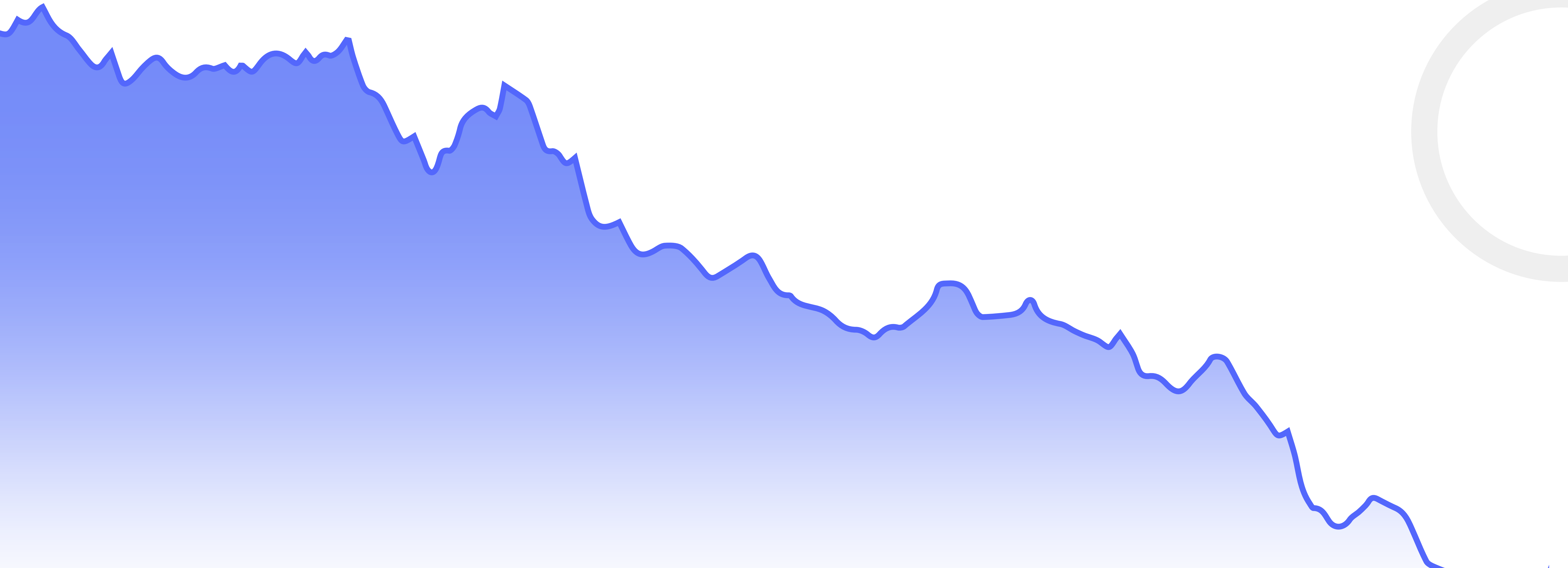
Macroeconomic factors

There are some factors, which impact the larger economy on the whole that in turn may impact the stock market or a few select sectors. For example, the 2008 U.S. recession. An event in the U.S. spiralled a worldwide financial recession and stocks of companies almost all over the globe fell. The country's GDP, inflation numbers, interest rates, international factors, etc. highly impact the buying decision of investors.



Investing made easy.

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