Are Stock Market Prices an Accurate Reflection of the Value of Your Stock Portfolio?

In order to trade and make money in the markets - either stock or commodities one should have a basic idea of determinants of share valuation prices.
Actual logistics , standard procedures and rules as well as human nature and greed all play major roles.
Consider this as part of the mix when evaluating purchases and sales of your securities.
Timing , perceptions and even sometimes luck play major roles in your quest for your eventual fortune awaiting you.
investment, investments , securities , stocks, bonds, fortune , money , wealth , market
The usual description of any market assumes that every trader wishes to purchase or sell a known quantity at each possible price. All the traders come together, and in one way or another price is found that clears the market ?that is, makes the quantity demanded as close as possible to the quantity supplied.

After all it has been said by the authoritative stock trader W. Haddad of B.K. Labovitch that ultimately economics is supply and demand.

This may or may not be an adequate description of the markets for consumer goods, but it is clearly inadequate when describing security markets. The value of any capital asset depends on its future prospects, which are almost always uncertain. Any information that bears on such prospects may lead to a, which s we know are always uncertain. Any information that depends on its future prospects may lead to a revised estimate of value. The fact that a knowledgeable trader is willing to buy or sell some quantity of a security or commodity at a particular price is bound to be information just of that sort. Offers to trade May this affect other offers. Prices may, therefore, both clear markets and covey information.

The dual role of prices has a number of implications. For example, it behooves the liquidity motivated trader to publicize his or her motives and thereby avoid an adverse effect on the market. Thus, an institution purchasing securities for a pension fund that intends, simply to hold a representative cross section of securities should make it clear that it does not consider the financial interments under priced. On the other hand, any firm trying to buy or sell al large number of shares that it considers wrongly underpriced should try to conceal its motives, its identity or both (and may try). Such attempts may be ineffective, however, as those asked to take the other side of such trades try very hard as you know to find out exactly what is going on and many do well succeed in these days of rapid communications and access to many sources of information succeed.

Most securities are sold in very standard ways which requires payment and electronic notification of delivery within the standard settlement period (standard is three Business as opposed to calendar days). On rare occasions, a sale may be made as a cash transaction requiring payment immediately on receipt. Sometimes as a reward or as in effect a marketing or sales promotion payment may be extended over a longer time period ?usually 15, 30 or 60 days.

Sometimes in the case of new issues a payment extension period is also granted for the same reasons as above.

It would be extremely insufficient if every securities transaction had to end with a physical delivery of transfer of actual share certificates from seller to buyer. A brokerage firms might well sell 1000 shares of ABC Co. for one client. , Mr. Stevens to another client and later that day buy 1000 shares for Mr. Felon obtained by accepting delivery from her seller. Mr. Stevens shares could be delivered to his buyer, and Mr. Felon shares could be obtained by accepting delivery from her seller.

However, it would be much easier to transfer Mr. Steven shares to Mr. Felon and instruct Felon seller to deliver the 1000 shares directly to Mr. Steven buyer.

This would be especially helpful if the brokerage firm clients Mr. Felon and