How To **Successfully** Make Money On The Stock Market

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INTRODUCTION

I find the stock market interesting because there are endless possibilities for finding new investments to make. In other words, there is always space to make more money.

I wanted to discover how to take a little money and expand it the safest, most effective way possible.

RESEARCH METHODOLOGIES

I used case study research. The case study research method is useful for producing theory, applying solutions, and exploring phenomena. Answering the research question includes learning how to reduce risk in investing in stock. I am producing a theory because there is no one “correct” answer to this question. Methods of reducing risk only serve as a basis for thinking further about the problem; therefore, I am providing a basis for solutions. Finally, a few caveats: my solution will not apply to everyone, and it is not a surefire way to eliminate risk while investing in stock.

DATA AND FINDINGS

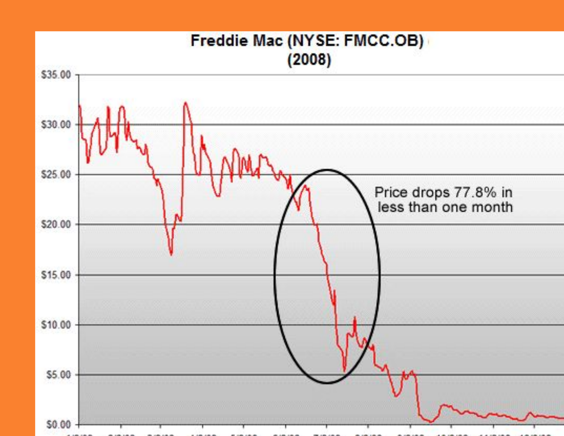
Volatility found due to 9/11

DISCUSSION, ANALYSIS, AND EVALUATION

Volatility Of Stock and Economic Growth

The volatility of the stock market is *always* present, regardless of what you invest in. Certain stocks have less risk than others, thus reducing the volatility. *Volatility* is a statistical measure of the dispersion of returns for a given security or market index. Volatility can be measured by using either the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security (Investopedia).

Risk Assessment



Studying the risk involved in stock market investment should be a prerequisite to buying stock. Risk assessment is a general term used across many industries to determine the likelihood of loss on a particular asset, investment, or loan. The process of assessing risk helps to determine if an investment is worthwhile, what steps may be taken to mitigate risk, and--through specific ratios--the upside reward compared to the risk profile. It determines what rate of return is necessary to make a particular investment succeed (Richard Crowell).

Golden rules of investment

First Rule	Second Rule	Third Rule
Study the volatility of stock and economic growth	Understand the assessment of risk return regards the negative actions and products of the stock market.	Understand the basics of investing and the fundamental aspects of the stock market.

CONCLUSIONS, IMPLICATIONS, AND NEXT STEPS

Conclusions/Implications

Investing in stock can be very risky business because the behavior of the market is not entirely predictable. An investor must determine tolerance to different kinds of risk. Every investment involves some level of risk. Understanding the type of risk, or the combination of types of risk, is essential in reducing those risks (Robert Barro).

Two big factors that can help you determine and reduce your risk tolerance are your net worth and your risk capital. Your net worth is your investments minus your liabilities (Richard Crowell). Your risk capital is money that won't impact your lifestyle if you lose it on an investment. (In other words, never go “all in.”)

Next Steps

1 — 2 — 3

Aquire
Find the stock that you believe will be successful after viewing the history and trends of that stock.

Invest
Invest as much money as you think is suitable while still watching your risk assessment.

Nurture
Watch your stock every day and make sure it isn't falling at any time, since a change can happen at any moment.

ACKNOWLEDGEMENTS / REFERENCES

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