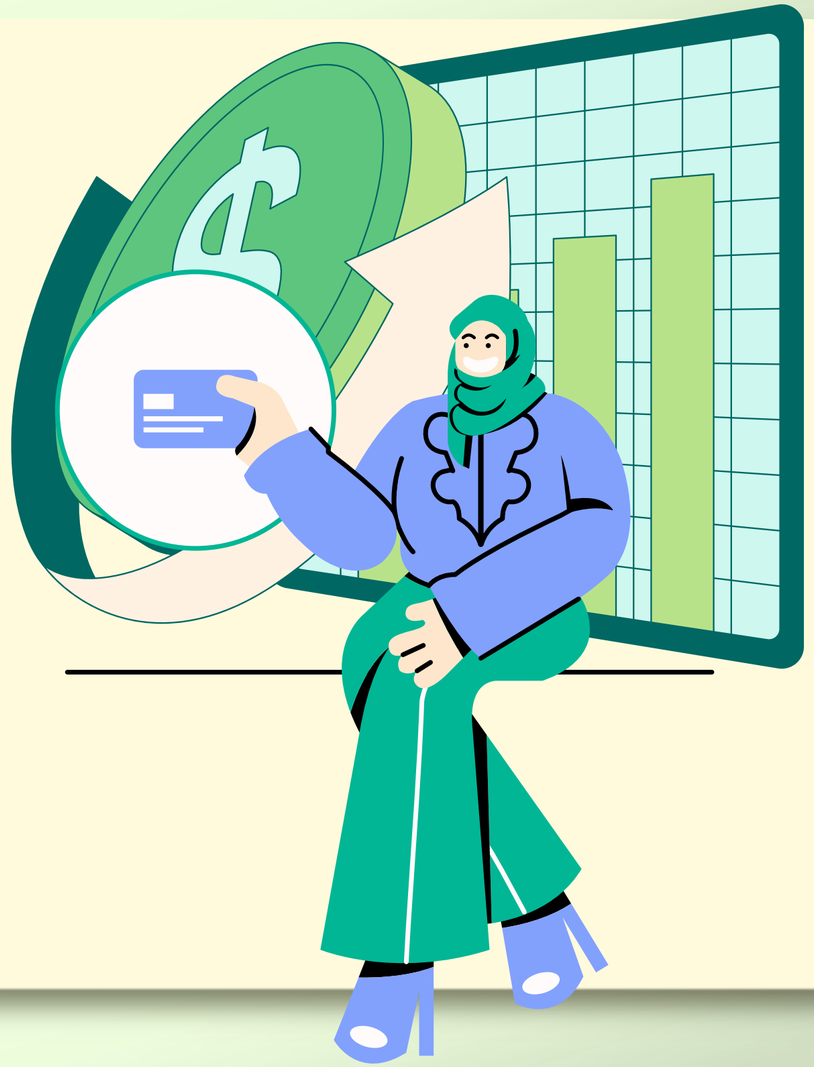
FINANCIAL MARKETS AND ECONOMICS

INTRODUCTION TO FINANCIAL MARKETS

Financial markets are platforms where people and institutions trade financial assets such as stocks, bonds, and currencies. These markets play a vital role in economics by influencing savings, investments, and the allocation of resources. They affect employment, growth, and personal financial decisions.

TYPES OF FINANCIAL MARKETS



- Capital Markets
- Derivatives Markets
- Money Markets
- Currency Markets

Capital markets handle long-term financial instruments like stocks and bonds. Money markets deal with short-term instruments. Derivatives markets trade contracts based on the future value of assets. Currency markets allow for the exchange of different national currencies. Each market serves a unique purpose in supporting economic activity.

FUNCTIONS OF FINANCIAL MARKETS

01
- Channeling funds from savers to borrowers

02
- Enabling price discovery

03
- Providing liquidity

04
- Facilitating risk management

Financial markets match those who have extra money with those who need funding. They help determine the value of assets, ensure people can quickly buy or sell financial instruments, and offer tools to manage financial risks, creating a balanced and efficient economy.

MAIN FINANCIAL INSTITUTIONS

Various financial institutions are involved in the smooth operation of markets. Some oversee the stability of the financial system. Others provide everyday services like saving and lending. Still others offer investment advice and help manage risk. All work together to support individuals, businesses, and governments.

ECONOMIC INDICATORS

- National output
- Employment conditions
- Inflation levels
- Cost of borrowing

Economic indicators provide a snapshot of how well an economy is performing. Output measures productivity. Inflation shows how fast prices are rising. Employment rates indicate job availability. Interest rates reflect borrowing costs. Investors and policymakers watch these closely to make informed decisions.

FINANCIAL MARKETS & ECONOMIC POLICIES

01

- Tools to guide the economy

02

- Adjusting interest rates

03

- Influencing supply of money

Economic authorities use various tools to stabilize the economy. Changing interest rates can encourage or slow down borrowing and spending. Managing the money supply helps control inflation and promote growth. These policies often influence how financial markets perform.

GLOBAL FINANCIAL CONNECTIONS

Financial markets across the world are interlinked. A change in one country can influence others. Global events like natural disasters or political shifts can impact markets. Trade and currency exchange add another layer of complexity, making global awareness important.

EVOLVING TRENDS IN FINANCE

01
- Rise of digital finance

02
- Peer-to-peer financial systems

03
- Automation and data-driven decision-making

Finance is evolving rapidly. New technologies are creating digital assets and decentralized systems that don’t rely on traditional intermediaries. Automation and data analysis tools are being used for trading, credit assessment, and fraud prevention. These trends are changing how we think about money and markets.

THANK YOU