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MARKET AND FACTORS AFFECTING IT

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Annotation:
Markets are important components of modern economic systems, providing individuals and companies with the means of trading goods and services. Most markets involve a certain degree of risk, whether in the form of price fluctuations, supply uncertainty, or other market uncertainties. In this article we will explore the concept of market risk and its implications for businesses and investors.

Keywords: market, enterprise, investor, currency, commodity, fund, investment, inflation, interest rate, price, income.

Market risk is the risk of financial loss associated with market fluctuations. This risk can manifest itself in a number of ways, including changes in interest rates, changes in exchange rates, changes in commodity prices and stock market volatility. Businesses and investors should consider these risks when making investment decisions or creating operations strategies.

One of the most common types of market risk is systematic risk, which is the type of risk that affects the entire market. This can include macroeconomic factors such as inflation, interest rates, or political instability. Another type of risk is unsystematic risk specific to individual companies or sectors. For example, a company may face risks such as supply chain disruptions, changes in consumer preferences, or legal and regulatory changes.

In addition, businesses must consider other factors such as product quality, brand reputation, and availability that may influence consumer choice. These factors play a role in shaping consumers' perception of value and can influence their purchasing decisions even when price and income considerations are positive.

In addition, businesses must be aware of the risks in their pricing strategy and the potential impact on profitability. Pricing a product too low may attract more customers, but may also reduce profit margins. On the other hand, pricing a product too high can turn off potential customers and lead to a drop in sales. Therefore, it is important for businesses to carefully study and analyze the market to determine the optimal price point and strike a balance between affordability and profitability.

Investors and businesses can manage and reduce market risks through various strategies. One common approach is diversification, which involves investing in a number of assets or sectors to spread risk. This helps minimize exposure to unsystematic risk and provides a buffer against market volatility. Similarly, hedging strategies, such as buying put options or selling short, can protect against market declines. However, managing market risk is not always straightforward. In some cases, risks can be difficult to identify or quantify, making it difficult to create an effective mitigation strategy. In addition, new risks can emerge quickly in rapidly changing markets, requiring businesses and investors to be nimble and flexible.

In short, market risk is an inevitable part of modern economic systems. While this can pose challenges for businesses and investors, it can also create opportunities for growth and innovation. By understanding market risk and taking steps to effectively manage it, businesses and investors can navigate the complexities of the market and achieve their goals. Understanding the interrelationship between price, revenue, and consumer choice is critical for businesses to develop effective marketing strategies, pricing policies, and product placement. By paying close attention to these factors, businesses can increase profitability, attract and retain customers, and remain competitive in the marketplace.

Nowadays scientific and technological changes form the motivating power of scientific and economic policies adopted to ensure economic growth and development. Technological development brings economic growth. However, it also enhances social wealth on the one hand by increasing the income levels and wealth and causes certain social problems on the other hand. Technological development makes very important contributions to the economic and social-cultural life. A study conducted in America reveals that people work more than the past; virtues like industriousness and self-discipline are more valued; entrepreneurship increased and people increased their technological capabilities for their new careers (EraydÕn, 2001). However in spite of these positive developments, the fluctuations and uncertainties created in the commercial life by the technological development caused uncertainties in the job positions of the employees. While technological development eliminated certain jobs and work areas and made a negative impact to employment on the one hand, it created new job opportunities and taught other methods to perform the jobs on the other hand. This condition brought negative consequences for the developing countries that have great difficulties in producing technology. The traditional industrial centers of the past find hard to preserve their competitive power and at the same time, global cities started to become dominant as new supervisory centers. Causing increased communication, easy and fast access to the new markets, increase in the marketing channels and company mergers, technological development made a positive impact to the economy. As a result of e-commerce made on Internet, the dimensions of commerce have changed. The producers and consumers could meet with each other in international markets through e-commerce and make commerce. Technological advances develop competition among nations. For the technology producing countries, technology brings economic and military superiority to other countries. Thus countries with superior technology may exert pressure to the other countries. The speed of the technological development causes economic uncertainty and difficulties in forecasting the future. Increasing exposition of the economies to global fluctuations, fierce competition environment and insufficient security cause economic negativities. Increasing mutual dependency between the global countries make economies exposed to the financial crises (Mandel, 1998). One of the areas in which we can observe the effects of technological development is the financial markets. Many banks and intermediary institutions adapt their systems to the technological developments and start to provide online banking services. Branch-free banking activities are able to provide banking services on 7-24 basis throughout the world because information could be transferred and shared. At this point, we must emphasize the importance of education. Education may make a great contribution to this ongoing process by re-training the people and helping the individuals and to societies adapt to the new conditions. Therefore, the nations should to derive the maximum benefits (growth) from technological advances by supporting and disseminating the positive aspects of this process and minimizing its negative impacts.

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