

Presentation to BCUG

Stock Liquidity

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This presentation...

This set of slides was first prepared in 2011 for discussion in the EMG private traders group.

Now updated for workshop discussion in our BullCharts User Group.



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Trading/Investing problems

- 1) Are we interested in trading/investing in ANY / ALL listed stocks?
(ie. the ASX stocks, ignoring overseas).
If so, should we focus on just some, or all of them possible candidates?
- 2) Is there a maximum *position/parcel size* of which to be mindful?
Or can we buy as many shares as we can afford?



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Problems

- 1) Some stocks are thinly traded (not very “liquid”), and might **trade*** as little as six times per trading day (ie. once per hour).
- 2) For some stocks, a large parcel size might be as big as one half of the day's **trading value**, or one half of the day's **trading volume**.

Can this be a problem?

(see examples on next slide)



* — One **trade** is one buy/sell transaction involving one “parcel” of shares.



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