Twitter Thread by Hlubi #BTFD



Hlubi #BTFD
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Before we light up candles ■■■■■■ and manifest for this price to tank even further, let's quickly discuss the difference between the two prices - Selling At (BID) & Buying At (ASK)

Smallanyana Friday ■



SZK

DAILY MOVE

0.00%

Buy Now

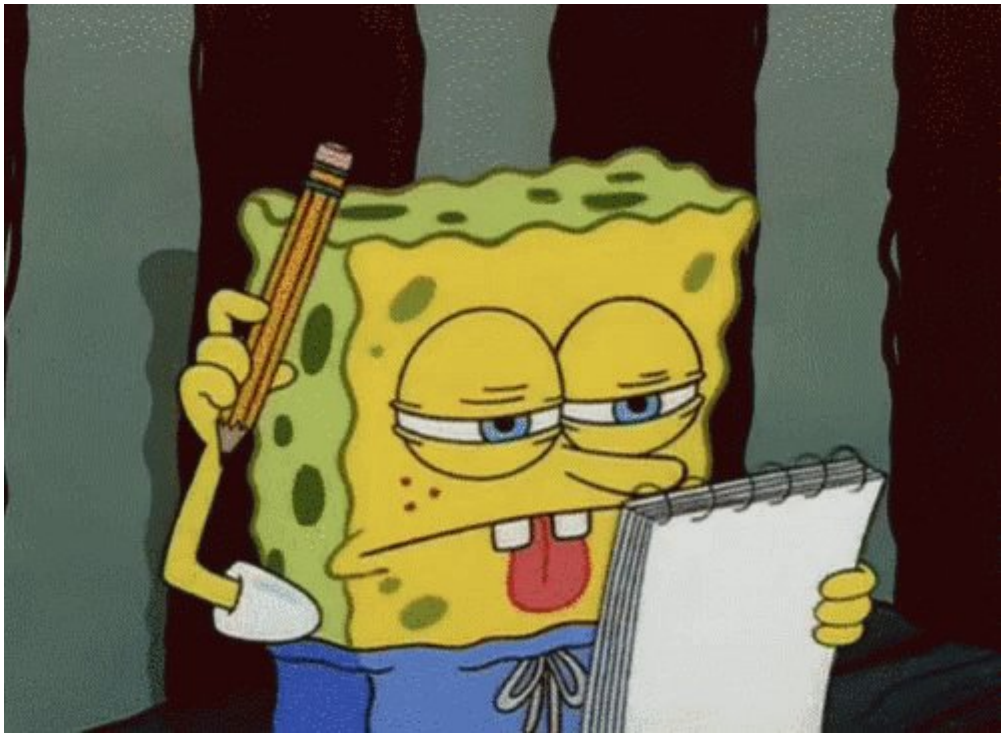
Last Updated Price: Delayed Price*

SELLING AT (BID)	BUYING AT (ASK)	LAST PRICE
R105.49	R110.00	R105.94

Price update cost: 0 credits MARKET CLOSED

Ever wondered why the prices differ? ETFRHO is usually the biggest culprit here - the difference is pretty ridiculous ■■

Well, there's something called the SPREAD



A spread is referred to as the difference between the price at which a provider (e.g. broker) is willing to buy an asset (e.g. stock) and the price at which the seller is willing to sell it....



Many brokers quote their prices in the form of a spread, meaning the price to buy will always be slightly higher than the underlying market, while the price to sell will always be slightly below it.



Mmh, but why? You may ask

The spread is a key indicator of the liquidity of the asset.
In general, the smaller the spread, the better the liquidity..



Besides the liquidity, there are other factors that can be attributed to this:

1.Volume - this is a method of reporting the quantity of a stock that is traded daily. Stocks that have a higher trading volume will often have narrower bid-offer spreads...



2. Volatility - this is a measure of how much the market price changes in a given period.
During periods of high volatility, when prices change rapidly, the spread is usually much wider...



Let's take a look at our "manifest item" JSE: SZK, the ask price is R110 with a sell price of R105.49.
From the SPREAD definition above this then means that if @F_2chainz wishes to buy this stock he would need to offer aleast R110 in order to purchase it at today's price....



It may seem like an insignificant amount (R4.51 difference) if you're buying one or two shares but for someone buying in large volumes, ISSA LOT ■



But there's instances where the bid price and ask price are close together...

What does this mean then?



Well, in such cases, this typically means that there is ample liquidity in the stock.
The stock is said to have a “narrow” bid-ask spread.



If you made it this far, cheers to you ■■
Now let's continue to manifest for the price to go further down ■■■■

