1. Dealer market - An individual (or firm) buying and selling stocks or bonds does so out of his or her own inventory. The dealer makes money by buying at a lower price and selling at a higher price.

2. Auction market or broker market - The broker or auctioneer helps investors find assets buyer which bid the highest price and sell the asset to them. The broker or auctioneer earns commission fee.

* Financial Management
  Involves 3 main functions

1. Capital budgeting
2. Capital structure
3. Working Capital management

1. Capital budgeting - the process of planning, evaluating, comparing and selecting the long term operating projects of the company. It answers: which project should the firm take?
2. Capital structure - The means by which a company finance its projects or activities. It answers: Where do we raise money for the project and activities.
3. Working capital management - the process of managing the day to day business. It answers how do the firm manage its day to day business? (short term)

* Goal of Financial Management

1. The goal of financial management is to maximize the current market value of equity of the private firm
2. The goal of financial management is to maximize the stock price of the public traded firm.

* Three Key Factors Determines Stock prices
Future value
Risk
Timing

Chapter 3

1. Future Value and compounding
2. Present value and discount
3. One equation and four variables
4. Rule of 72

Formulas
FV = PV x (1 + R)^N
PV = FV x 1 / (1+ r)^ n
r = ( FV / PV ) ^ 1/ n - 1
TIME VALUE OF MONEY EQUATION ON FINANCIAL CALC
n = , PV = - 1 , FV = 2, PMT = 0