OPINIONS REGARDING ONLINE INVESTING ON THE US STOCK MARKET

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ABSTRACT: *The operation of the stock market can be a great source of confusion for many people. Some people think investing is a form of gambling and they feel that if they invest, they will probably lose money more than win. These fears may result from the personal experiences of family members and friends who have suffered similar events or lived through the Great Depression. These feelings are usually not based on facts. Someone who believes along this line of thinking probably does not have a thorough understanding of the stock market and why it exists. Other people think they should invest in the long run, but do not know where to start. Before they know how the currency market works, they look at an investment as a kind of black magic that only a few people know how to use it. Most of the time, they leave financial decisions on the hands of professionals, and they cannot tell why they have a particular action or a mutual fund. After learning a few techniques, the average investor can evaluate a company's balance sheet and, after some relatively simple calculations, arrives at its own interpretation of the actual or intrinsic value of a company and its shares. This allows an investor to look at the shares and to know it deserves, for example, $ 30 per share. This gives each investor the freedom to determine when the market has a stock, substantially increasing long-term returns, or overestimating a stock, making it a poor choice for investment.*

KEY WORDS: *investments, strategies, market, capital.*

JEL CLASSIFICATIONS:

1. INTRODUCTION

The Internet can help an intelligent investor in collecting the information needed to create a profitable investment. There are countless online tutorials nowadays for beginner investors. You can find up-to-the-minute news as well as advice from news organizations, newspapers and specialist magazines.

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Also in the online environment you can find academic journals of a financial nature to help research the latest methodologies for choosing profitable investments. At the same time, personal email can be linked to several newsletters that can be constructive for the investor. Through a financial newsletter, the intelligent investor is up to date with the latest research information.

Another opportunity the internet offers are demo accounts that software applications reflect market reality, but leave the investor to experience without losing financial resources.

Another opportunity for investors is engaging in an online investor platform. These platforms are designed to enable different investment-based games, real-time games that are designed to improve the financial forecasting qualities. There are online platforms for experimentation, both paid and free.

2. AVOIDING OVER-INFORMATION

For an investor who is at the beginning of the road, the information of such a wide sphere on the internet can be overwhelming. The vast amount of financial information and business information needs to be sorted by the investor to focus on a particular category of products or services.

A good choice for a beginner investor might be to add some categories of bookmarks inside the web browser they use. The investor may choose to add categories such as: investment clubs, investment news and capital market comments, investment simulations, investment publications, investment tutorials, and investment training.

Bookmarks provide an easy way to save web pages. When the investor finds a web page he wants to reread, he adds it to his list of bookmarks or favourite web pages. So every time the investor wants to access these webpages, the investor does not need to look again or remember the name of all the webpages, with the possibility of selecting them from the bookmarks. Web browsers have commands and icons in the menu list that make it easy to create and organize bookmarks.

3. BUILDING AN INVESTMENT PLAN

Building an investment plan is the start of any investment action on the stock market. Choosing the shares to be bought by the investor is not the first thing investors do. Choosing the right actions is just one element of the investment process, following many other steps. In order to make a profitable investment, it is necessary to take a series of steps to help the investor to build a successful investment plan that meets the individual needs and objectives at the same time.

A fundamental part of online investment is setting realistic expectations for the investor. The investor will not become a millionaire overnight, but history shows that the market has a lot of ups and downs. So in long-term investments of five years or more, investors have often been rewarded for their efforts. Moreover, riskier investments that have been held on a long-term basis have yielded more profits to investors than low-risk investments.

Statistics show that portfolios held over a larger period bring more consistent and sustained profitability than short-term transactions.

Thus, we can create a general framework in which to plan investments by following a few realistic steps in estimating the investment reality of the investor:

- Determining where the investor is financially. It is necessary for the investor to have a clear understanding and vision of the current financial commitments and future financial commitments. The investor must ensure that he has both a financial fund in an emergency and a financial savings fund.
- The investor must clearly set out his financial targets. He needs to know how much financial resources he needs? When does it need these financial resources? How much risk is the investor willing to tolerate? If the investor loses the main investment, would he be able to recover mentally and invest again?
- Determining the amount of allocation of financial resources according to the age of the investor (young adult, middle-aged, retirement, etc.). The investor must draw up an investment plan that he frequently uses and at the same time he has to take account of it regardless of market volatility.
- The investor must choose the investments or assets that meet the financial targets, but also the level of risk tolerance. The investor needs to know how long he wants to invest (in years). Another question the investor has to ask is whether he should be an active trader who invests during the day or would he have to invest passively with the buy and hold strategy?
- Analysing candidates for investment is another step. Before contacting an online broker, the investor must know that he can explain to any man in just a few sentences why he wants to invest in the chosen direction. The investor should also know how much he wants to keep an investment or share and know the price at which he wants to sell. Adopting a mentality to earn profits or to reduce losses is a healthy mentality in the investment world.
- Selecting an online broker that meets the investor's needs and goals. Avoiding mutual funds that have a tax on investing in them and avoiding investments that have high commissions and fees because they drastically reduce the benefits of the investment. It is more profitable to use automated investment plans, dividend reinvestment programs, investment clubs, and other programs that reduce brokerage commission fees.
- A very important step in the investment process is the monitoring of the investment portfolio. Portfolio monitoring and revaluation of objectives must be done on a regular basis. Making a table or a statistic of the performance of the investment is necessary and actions to make changes to improve the investment as well. The investor can expect to see changes in the overall market situation, introduction of new products on

the market, innovative technologies that change how businesses work. Using this new information in order to know when it's time to hold stock in the portfolio and when it's time to sell stock can be an asset in the investment process.

4. MEASURING CAPITAL GAIN

A capital gain is the difference between the amount of the sale and the investment base that has been sold. The basis of the investment or the action is made up of the investor's cost. The investor's cost is usually the purchase price plus the commission of the broker, but it can be changed based on different events.

As an example, if a stock split happens and the shares are divided into two, then the base of the investment is halved. Most online investment programs take account of the mathematics of the owned portfolio.

For example:

- if we bought 200 shares at a company at $ 40 each, we pay $ 8,000 plus a brokerage fee of $20, so we have $8020 basis of investment;
- later, we sell the shares when their price reaches $45;
- we receive $9,000 minus the $20 brokerage commission, so the amount is $8980;
- the capital gain equals $8980 minus $8020, or $ 960.

If the basis of the investment is greater than the amount made, then we have capital losses.

5. WHAT HAPPENS TO LOSSES OF CAPITAL?

In the United States, investors are left with a loop that lets them deduct up to $3,000 net, using a standardized form. If the investor is married and the form is completed separately, then the deduction is $1,500 for each. This deduction method can be used to counterbalance capital gains. If there are no capital gains or if capital losses are higher than capital gains, the capital loss can be deducted from other income. If losses are greater than $3,000 in any year, losses can be incurred in the coming year.

Short-term losses, no long-term action:

- Up to $3,000 can be deducted in return for normal earnings.
- If the loss is greater than $3,000, the next year's loss may be prolonged.
- The prolongation of the loss is also considered a short-term loss.

No short-term action, long-term loss:

- It can deduct up to $3,000 against normal income.
- If the loss is greater than $3,000, the next year's loss may be prolonged.
- The prolongation of losses is considered a long-term loss.

Short-term net loss, long-term net loss:

- Up to $3,000 can be deducted from normal earnings.
- Deduction of the $3,000 is first applied to short-term net losses.

- If there is an unused deductible amount, deduction is prolonged for the following year as a short-term loss.
- Any unused long-term loss is prolonged for the following year as a long-term loss.

Short-term net loss, long-term gain:

- If long-term gain is greater than short-term loss, then gain is considered a long-term gain and is taxed at a favourable rate.
- For example, if there is a short-term net loss of $3,000 and some long-term net earnings of $3,200, the investor will pay the $200 long-term earnings charge.
- On the other hand, if the short-term loss is greater than the long-term net loss, the total loss is considered a short-term loss.
- This allows the investor to deduct up to $3,000 from other earnings and the excess to extend over the next year.

Net short-term gains, long-term net loss:

- If short-term earnings are greater than long-term loss, net gain is considered a short-term gain and is taxed at the normal rate of income.
- If long-term net loss is greater than short-term earnings, loss is considered long-term and it is allowed to deduct up to $3,000 against other earnings and the excess to be extended for the following year.
- The best time to deal with a loss of capital is one year with short-term or no-gain capital gains.
- This match of the period helps the investor not to pay the fees at the full normal level.

4. CONCLUSIONS

Knowing what to sell and when to sell is the hallmark of an investor who knows how the market works. Sales decisions are difficult because no single solution suits all investors.

Typically, individual investors typically sell winning shares too early and keep their losses for too long. From the moment an investor acquires a stock, it is necessary that he thinks of the right time to sell and reap the rewards of the transaction.

If the investor is considering selling a share, he should not just focus on the sale price. The investor must take more time to ask more questions and search the internet to respond to the future of the stock.

The investor must create a checklist for the sales system. The investor will compare his checklist with broker sales lists. If the investor's choice is in the direction of loss, they have to face disappointment and lose. If the investment is winning, the investor can enjoy the way to the bank.

The Internet connection provides access to millions of documents, a wide variety of software and high-calibre information that in the past could be accessed only by large financial institutions.

The World Wide Web offers an easy-to-use interface to access many of the Internet's financial resources. With the web browser you can get an investment education. Costly financial services are avoided and it is advisable for the investor to conduct thorough and careful research in the online environment.

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