



Is the Stock Market Rigged Against You?

Description

Is the stock market a level playing field that's safe for regular investors? Sometimes you wonder if rigging is happening, one way or the other. Market [turbulence](#) occurs but not necessarily due to a deliberate attempt to favour some and disadvantage the rest.

However, it pays to be vigilant to be a successful investor. You can examine some of the events to help you navigate the turmoil better. The following are three ways the market is working against you.

Informational imbalance

Individual investors usually rely on data and information available online. Sometimes you chase the news to pick up more updates. But what is lacking is technical expertise and research analysis that sophisticated auto-trading programs provide.

Aside from not having access to technical analysis and trading suggestions, there is a delay in obtaining valuable inputs. Institutional investors have the upper hand and usually get advanced or inside information ahead of the public.

Political connections

People in the corridors of power can somehow influence the financial markets. Investor confidence buoys the market, but there could be instances where particular events are the result of actions by influential persons to benefit a business group or industry. Also, big investors can exercise influence on politicians and the political process.

Capital limitation

The most significant disadvantage of the average investor is limited resources. You can't compete with the big boys with massive treasure chests. Also, you can incur losses from the [actions of billionaires](#).

Many lost when Warren Buffett ditched his entire airline stocks holdings.

Another example is participating in a hot IPO. Unlike institutional investors, hedge funds, pension funds, and high-net-worth individuals, regular investors can't subscribe to an IPO easily. You don't get preferential treatment. If you did, you could be rich today from the market debut of **Lightspeed POS** ([TSX:LSPD](#)) on March 8, 2019.

The IPO of Lightspeed was the largest by a Canadian tech firm on the TSX in nine years. Its IPO price was \$16, and the company was able to raise \$179 million. If you had a \$5,000 allocation, your investment would be worth \$12,837.50 today. As of August 7, 2020, the stock price is \$41.08. However, the year-to-date gain is only 14%.

Lightspeed's market capitalization stands at \$3.78 billion. The company focuses on small- and medium-sized businesses, mostly restaurants and retailers. These customers utilize Lightspeed's Software-as-a-Service (SaaS) platform for various functions, including point of sale (POS) and inventory management.

In Q1 fiscal 2021 (quarter ended June 30, 2020), the company reported total revenue growth of 51% versus Q1 fiscal 2020. The recurring software and payments revenue was \$33.4 million, or a 57% increase. Despite the impressive top line, it posted a \$20.1 million net loss. Management still expects the rapid growth trend to continue.

You can overcome and win

There's no hard evidence to show average investors are at a disadvantage because of rigging in the stock market. You lose out on privileged information, political influence, and limited capital. However, you can harness your skills and gain experience over time. When you do, you can be abundantly rich.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
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