

## **Semester 6**

### **L3 (EEM)**

**Academic year: 2022-2023**

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#### **Lesson 2: Markets**

### **Definition of market**

market refers to a place, physical or virtual, where goods and services are bought and sold. The buyers and sellers interact with each other to determine the price of the product or service.

The market structure and competition determine the price of goods and services, and the allocation of resources in an economy. Companies need to understand market dynamics and competition to make informed business decisions and stay competitive.

It is also important to note that markets can be impacted by various external factors such as government regulations, economic conditions, and technological advancements, which can affect the supply and demand for goods and services.

### **Types of markets**

There are other several types of markets, each with its own definition:

1. **Perfect Competition:** A market structure in which a large number of firms produce an identical product and there are no barriers to entry or exit. As a result, firms have no market power and must accept the market price.
2. **Monopolistic Competition:** A market structure in which many firms produce similar but differentiated products. There are barriers to entry, but firms have limited market power and can charge a higher price for their unique product.
3. **Oligopoly:** A market structure in which a few large firms dominate the market and have significant market power. There are significant barriers to entry, and firms may engage in price collusion or price leadership.
4. **Monopoly:** A market structure in which a single firm has complete control over the market and no close substitutes exist. The firm has complete market power and can set prices without competition.
5. **Duopoly:** A market structure in which only two firms dominate the market and have significant market power.

6. **Monopsony:** A market structure in which a single buyer controls the market and has complete market power to set prices.
7. **Oligopsony:** A market structure in which a few large buyers dominate the market and have significant market power.
8. **Pure Exchange Market:** A market in which buyers and sellers exchange goods and services for money, with no intermediaries involved.
9. **Wholesale Market:** A market in which goods are bought and sold in large quantities, usually for resale or further processing.
10. **Retail Market:** A market in which goods are bought and sold in small quantities directly to consumers.

### Examples of markets

1. **Stock Market:** A market where stocks (or shares) in publicly traded companies are bought and sold.
2. **Foreign Exchange Market:** A market where currency from different countries is bought and sold for investment or trade purposes.
3. **Commodity Market:** A market where raw materials and primary goods such as agricultural products, precious metals, and energy are bought and sold.
4. **Real Estate Market:** A market where properties, such as homes and commercial buildings, are bought and sold.
5. **Labor Market:** A market where workers sell their labor and skills to employers in exchange for wages and salaries.
6. **Consumer Goods Market:** A market where consumer goods, such as electronics, clothing, and food, are bought and sold.
7. **Healthcare Market:** A market where healthcare services, such as doctor visits and medical procedures, are bought and sold.
8. **Tourism Market:** A market where travel and leisure services, such as hotel stays, tours, and attractions, are bought and sold.
9. **Derivatives Market:** A market where derivatives, such as futures contracts, options, and swaps, are bought and sold.
10. **Cryptocurrency Market:** A market where digital currencies, such as Bitcoin, Ethereum, and Ripple, are bought and sold.