



# Article Side

Tips for Purchasing Bonds by [James Blee](#)

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There are two basic ways by which a company in a market can raise money: by issuing stocks or debt instruments, also known as bonds. Bonds have certain advantages over stocks, which account for its popularity. While stock trading can be hugely profitable and highly risky simultaneously, there is no such risk involved in case of bonds as the company or the government is liable to return you the principal amount of investment. For making profit over a long period, bonds are the ultimate choice. However, one must enquire at the outset about the bond quotes offered by the company.

Certain facts and nomenclatures regarding bonds and enlisted below for better familiarization with the concept and one might get guided in buying bonds.

â€¢ â€œPrincipalâ€™ is the amount that is returned upon maturity.

â€¢ â€œCoupon rateâ€™ is another name for interest rate.

Bonds can be purchased at a discount brokerage or even a full service. However, there are alternate ways of purchasing as well; a bond broker can assist you with this..

One can also purchase bonds from the government. Bonds can be purchased from both the state and federal government which sell bonds. These can be bought directly from the treasury after making an enquiry of the treasury bonds rates.

One must be very careful about the trading prices while purchasing bonds. The actual price of the bond must be ensured as brokers oftentimes offer their own quotes and keep a margin in the transaction, so that they get a commission. Moreover, it is always advisable to go for government bonds rather than the non government and private ones, as they oftentimes fluctuate.

Thus, these tips and guides will aid a person in the bond buying procedure and would ensure that he does not get duped by fraudulent market practices.

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