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INEXTRICABLE LINK BETWEEN FINANCIAL MARKET AND INVESTMENT

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ABSTACT

The article provides a rationale for the relevance of the research topic, discusses the key concepts of the functioning of the investment market - investment demand and investment supply. The author's definition of these components of the investment process is given.

The author considers the functioning of the investment market on the basis of two components: the market for investment capital (investment resources) and the market for investment goods and services.

On the basis of the study, the author concludes that the coincidence of the formulas for the movement of funds describing the processes in the markets of investment capital (investment resources) and the markets of investment goods and services is not accidental. In essence, we are talking about one investment market, but considered in two aspects: firstly, from the point of view of the movement of investments (investment capital) placed by investors, and, secondly, from the standpoint of the movement of investment goods, which are objects of investment for investors. In conclusion, the author argues that it is advisable to reduce the whole variety of relations between the real sector and the investment market to three main mechanisms of interaction: the demand of the real sector of the economy for investment resources; offering the investment market to the real sector of the economy; potential supply of accumulated investment resources by the real sector of the economy to the investment market.

Keywords: investment sphere, investment demand, investment offer, investment resources.

The categories "investment market" and "investment" are key to characterizing the investment sector as the fundamental basis of any type of economy. In our opinion, the investment sphere is a system economic relations regarding the movement (implementation) of investments.

In this regard, we can agree with the interpretation of L. L. Igonina: "The whole set of connections and relations for the implementation of investments in various forms at all structural levels of the economy forms the economic content of the concept of the investment sphere" .

The fundamental significance of the investment sphere for national economies lies in the fact that the most important structural relations of the national economy are laid here: between accumulation and consumption, between accumulation and investment, between investment and the growth of capital property, between costs (investments) and return on investment. Ultimately, the state of the investment sphere, which forms the factors of production, determines the competitiveness of national economies and makes it possible to identify, as a model for others, the optimal model for organizing expanded reproduction.

From the point of view of the composition and structure of the main elements, the investment sphere is a complex conglomerate, an alloy of relations for the implementation of investments of various levels of hierarchies. These relations on the surface of phenomena appear in the form of investment activity as a way of connecting, combining the need for investment with investment opportunities.

In general, investment activity is an objective unity of the processes of resource movement and income generation (beneficial effect) in the future. It can be carried out on the basis of the coincidence of investment demand and investment proposal.

Investment activity carried out within the framework of the investment market implies the emergence of economic relations between the subjects of this market, which is expediently divided into the market of investment capital (investment resources) and the market of investment goods and services. These relationships represent investment demand and investment supply.

The investment demand of a specific subject of the investment market involves the following components:

• new investments;

• investments directed to the reproduction of new capital for the purpose of subsequent investment.

Therefore, in essence, the investment demand of a particular subject of the investment market is a supply of investments.

From the point of view of the investment proposal of a particular subject of the investment market, it represents the demand for investment resources, expressed in the form of objects of this market. Thus, we can state the existence of a dialectical relationship between the subjects of the investment market, mediated by the implementation of supply and demand as a result of the operation of the mechanisms of this market.

At the same time, it should be noted the dual nature of the nature of investments considered from the point of view of the object: resources and costs.

However, taking into account the dual nature of investment demand and the investment offer of a particular subject of the investment market, we note that the object of the market can be both resources (goods) and costs (investments), depending on the position from which these objects are considered, i.e. from the position of demand or supply.

In order to understand the nature of capital circulation in the investment market, let us analyze the chain of metamorphoses: resources (benefits, values) – investments (costs) – increase in capital values – income (effect).

In accordance with this chain, the main stages of the investment activity of the subjects of the investment market are distinguished.

The first stage involves the transformation of resources into investments (costs). This is actually investment, i.e. the process of transforming investments into objects of investment activity.

The second stage of investment activity covers a metamorphosis: investments - an increase in capital values. This stage characterizes the completion of the transformation of investments, the emergence of a new consumer value.

And, finally, at the last stage: the increase in capital values - income is realized, the ultimate goal of investment activity is to receive income from investment.

Further analysis of the chain of investment metamorphoses shows that its final links must be closed, forming a new relationship.

income-resources. This relationship reflects the processes of accumulation, the formation of investment demand.

It should be noted that only part of the income, which has a complex structure, is used for accumulation. As you know, income is aggregated by the elements of cost recovery, accumulation, consumption. And for the accumulation of investment resources are only compensation and accumulation funds.

As follows from the analysis, the processes of accumulation are not explicitly included in the investment activity, but are its necessary prerequisite and consequence. This leads to the development of investment activities on an expanded basis. In essence, it represents the organizational basis of a constant turnover, i.e., the circulation of investments. Thus, investment activity extends to the entire investment cycle.

The investment cycle (period) covers one turnover of investments, i.e., the movement of value advanced into capital property, from the moment of accumulation of funds to real compensation.

Investment activity as a unity of investing resources and receiving a stream of income in the future can arise and be effectively carried out on the basis of the coincidence (balancing) of investment demand and investment supply. These are new categories, completely undeveloped by domestic economic science. Their application in the analysis and modeling of investment processes will make it possible to identify the mechanisms of self-regulation of the investment sphere and substantiate the regulatory influence of the state to realize the possibilities of the market mechanism, to determine by adapting the existing investment sphere to the market, to achieve state priorities with the aim of macroeconomic balance of the economy.

Investment demand is, on the one hand, a solvent need for investment, and on the other hand, investment potential, i.e., accumulated income (accumulation fund). In this sense, investment demand is the supply of capital.

The investment proposal includes investment objects that reflect the demand for investment capital.

Investment demand and investment supply, as well as the demand and supply of capital for investment purposes, are personified in specific subjects of investment activity. It is advisable to distinguish between potential investment demand and real investment demand.

Potential investment demand is the amount of income accumulated by business entities that can be directed to investment purposes. It reflects the value of potential investment capital.

Under the real investment demand, it is proposed to understand the real need of economic entities for investment resources. Therefore, it represents the amount of investment resources (investment capital) directly intended for investment, i.e., it expresses planned or intentional investments.

An investment proposal is a set of objects of investment activity, presented in all forms, reflecting the demand for investment resources.

The subjects of investment activity implement the investment offer and investment demand, entering into certain relationships through investment markets.

The investment demand of a particular subject of the investment capital market (investment resources) involves the following components:

• new investments (the amount of which is determined by retained earnings directed to capital investments);

• investments aimed at the replacement and disposal of fixed capital (depreciation deductions allocated for the reproduction of fixed capital);
• reinvestment (accumulation of dividend income for subsequent investment).
Therefore, from the standpoint of economic theory, the investment demand of a particular subject of the investment capital market (investment resources) is a supply of investment capital (investment resources).
From the point of view of the investment proposal of a specific subject of the investment capital market (investment resources), it represents the demand for investment capital, expressed in the form of objects of this market. Thus, we can state the presence of a dialectical relationship between the subjects of the investment capital (investment resources) market, mediated by the implementation of supply and demand as a result of the investment market mechanisms.
At the time of realization of investments (sales of investment capital) on the investment market, they are opposed by a set of so-called investment goods or investment objects.
These goods are structurally heterogeneous. They can exist, for example, only in monetary form, not having a material shell. Investment goods that have a natural (material) form are also different in terms of the elements of the material structure. These goods are united by only one common quality - they are able to generate income. The problem is the assessment of some additional value, for which additional demand could potentially be presented, but it was not presented due to circumstances not related to the price factor in the investment market (for example: a temporary short-term change in the profitability of certain types of investments, “unexpected” repayment of receivables or a reduction in its volume, etc.). Some hypothetical potential for increasing the volume of demand for investment resources may represent a change in the ratio of receivables and payables of the real sector in a particular region (industry). Thus, other things being equal, the lower the ratio of accounts receivable to accounts payable, the more strained the investment attractiveness of economic entities looks. They experience a high need for attracted investment funds, but the probability of returning the received resources in this case is less, and, accordingly, the less likely it is to provide such resources.
Thus, ceteris paribus, the largest hypothetical potential for expanding effective investment demand for investment resources is owned by those real sector entities that have a relatively better ratio of receivables and payables.
At the same time, it should be noted that the mechanisms of functioning of the investment market described above generally contribute to the development of market methods of competition between its subjects for investment resources, which in turn leads to market fluctuations in supply and demand both in the investment market as a whole and in individual market segments.

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