

glossary

A

Ask Price – The lowest price a seller is willing to accept for an asset. **Arbitrage** – Buying and selling the same asset in different markets to profit from price differences.

B

Bear Market – A market characterized by declining prices. **Bid Price** – The highest price a buyer is willing to pay for an asset. **Breakout** – When the price moves above resistance or below support, signaling a potential trend. **Bull Market** – A market characterized by rising prices.

C

Candlestick Chart – A chart type that shows price action using candlesticks. **Consolidation** – A period where price moves within a narrow range before a breakout.

D

Day Trading – Buying and selling assets within the same trading day. **Divergence** – When price moves in the opposite direction of an indicator, signaling a potential reversal. **Drawdown** – The percentage drop from the peak to the lowest point in an account balance.

E

Entry Point – The price level at which a trader opens a position. **Exit Point** – The price level at which a trader closes a position. **Extension** – The candle is far above the 8 EMA, and a resistance level is failing to break or hit, indicating the move is weakening and a pullback is likely. **Exponential Moving Average (EMA)** – A type of moving average that gives more weight to recent prices.

F

Float – Refers to the number of a company's shares that are available for public trading, excluding restricted or insider-held shares. **FOMO (Fear of Missing Out)** – Emotional trading caused by the fear of missing opportunities.

Fundamental Analysis – Analyzing economic data and financial statements to evaluate an asset's value. -

G

Gap – A price level where no trading occurs, leading to a jump in price. **Going Long** – Buying an asset in anticipation of a price increase. **Going Short** – Selling an asset in anticipation of a price decrease.

H

Hedge – A strategy used to reduce risk by opening offsetting positions. **Halt** – trading of a particular stock is temporarily stopped/suspended **Hold Number** – key price level which is great to take entries off of

I

Indicators – Tools used in technical analysis (e.g., EMA, Momentum, TTM Squeeze). **Inflation** – The rate at which the general price of goods and services rises. **Intrinsic Value** – The real value of an asset based on fundamental analysis. **In Play Number** – key price level used to determine a target for trading. If a stock is below the in play number, it is considered not worth trading or a target.

K

Key Resistance Level – A price point where selling pressure is expected to increase. **Key Support Level** – A price point where buying pressure is expected to increase.

L

Large-Cap Stocks – Companies with a market capitalization of over \$10 billion. **Leverage** – Borrowing money to increase trade size, amplifying gains and losses. **Liquidity** – The ease of buying or selling something without its price changing too much. **Limit Order** – An order to buy or sell at a specific price or better.

M

MACD (Moving Average Convergence Divergence) – A trend-following momentum indicator. **Margin** – Borrowed funds from a broker to trade larger positions. **Market Order** – An order to buy or sell immediately at the best available price.

N

NASDAQ – A U.S. stock exchange focusing on tech companies. **Naked Trading** – Trading without indicators, relying only on price action. **Net Profit** – Total earnings after deducting trading costs.

O

OHLC (Open, High, Low, Close) – Four key price points of a candlestick in a trading session. **Options** – Derivative contracts giving the right to buy or sell an asset at a set price. **Overbought/Oversold** – When an asset's price is considered too high or too low, based on indicators. **Over The Counter (OTC)** – Shares of companies that don't trade on major stock exchanges, instead traded through a network of dealers.

P

Pullback – A temporary price drop within an overall uptrend. **Penny Stock** – A stock that trades below \$1, often speculative and can be over-the-counter.

Q

Quarterly Earnings – A company's financial performance report every three months.

R

Resistance – A price level where there are a lot of sellers. **Resistance Hit** – A candle has hit the resistance price level but has not closed above (broken). **Resistance Breaks** – A candle closes above the resistance price level. **Risk-Reward Ratio** – The ratio of potential profit to potential loss in a trade. **Return on Investment (ROI)** – A measure of profitability relative to investment cost. **Reverse Split** – A corporate action that reduces the number of shares but increases the price per share.

S

Scalping – A strategy involving quick trades for small profits. **Short Selling** – Borrowing and selling shares to profit from a decline in price. **Small-Cap Stocks** – Companies with a market capitalization of \$300 million to \$2 billion. **Stock Split** – A corporate action that increases the number of shares while reducing the price per share. **Slippage** – The difference between the expected and actual price of an order execution. **Support** – A price level where there are more buyers. **Squeeze** – When a stock price rises very quickly.

T

Take Profit (TP) – A price level where a trader exits to lock in gains. **Trailing Stop** – A stop-loss that moves with the price to secure profits. **Technical Analysis** – Analyzing past price data and indicators to predict future movements.

U-Z

Underlying Asset – The asset that a derivative contract is based on. **Volatility** – The degree of price fluctuations in an asset. **VWAP (Volume Weighted Average Price)** – An indicator that shows where shorts are