

1.1 A stock is a digital or hardcopy of a written agreement between you and company which states your shareholding in that company and it is traded via stock market between different parties

1.2 Market order executes the trade at the current market prices whereas limit order waits or confirms the price point and then only executes the trade

1.3 Bid-Ask spread is the micro-factor which produces the final large scale changes it gives direction to price of stock as per eagerness of sellers to sell at a lower price or that of buyers to buy at a high price, either one of them has to give up their want and which one does is what decides price-movement

1.4 Price of a stock is what the market is willing to pay for that given stock to you and the price is solely decided by market and has nothing to do with company's working after the IPO

1.5 A symbol is a unique representation given to a company which lists its stocks in the market to make it easily identifiable for traders and investors to look up for it

1.6 Dividends are a kind of bonus rewards given by a company to its shareholders on a per share basis when it has an extra cash reserve and doesn't have much growth opportunities at that time to invest in

2.1 A drawdown is the gap between the highest price upto which a stock goes and after which it starts declining and the lowest point upto which it declines until it again starts increasing during a specific period of time

2.2 Risk Management is doing things or planning actions accordingly to minimise the chances of having a loss using certain strategies or methods like diversification, hedging etc.

2.3 A stop-loss order is one which limits the loss in a trade to a certain amount. It is used by specifying a limit upto which one is willing to take risk in case of a loss making trade, once the trade realises that much loss stop-loss is activated and the trade is squared-off with that much loss only

2.4 Position sizing is deciding the amount of stocks you are buying in a trade as per your risk appetite per stock and amount of capital you are willing to put at risk out of the total capital

3.1 Algorithmic trading is the kind of trading where a person writes a programme which does the trades based on a fixed algorithm

3.2 Algo trading has benefits such as increased efficiency as the trades are done by a machine rather than a human, lack of risk of wrong decisions due to emotions and easy management of large portfolio and has drawbacks such as it doesn't acknowledge market events and news which may be a big factor in sudden market movements and it also requires a lot of resources and time to make a profitable algo-trading programme and it would also require a large capital investment

3.3 Backtesting is using a strategy on the available historical data to see if it works well and where does it go off in order to improve it or decide whether to use it or not

## Technical Indicators Section

**Moving Average :** It's the average of a certain quantity over a moving period of time ex- last 10 days. Moving averages follow the trend thus helps in identifying direction of market over a period of time

**Relative Strength Index :** RSI is an oscillating technical indicator which tells if a stock is overbought or oversold by using recent changes in price. It looks if the gains are being

balanced by losses in recent period of time and if not which action is influencing the price more

MACD : Moving Average Convergence Divergence signifies a change in the market trend when the SMA indicating more recent movements crosses the SMA indicating trend over a larger period of time

Bollinger Bands : Is a combined indicator with usually a SMA line and two line at some Standard Deviations units from it. If the volatility is high the bands are more spaced and if its less they are closer, price generally crossing the band lines signify overbuying or overselling of the stock

Technical Indicators makes it easy to look at those scary numbers by simply taking all the data and conveying the things they are suppose, either telling us what the market trend is or what its going to be to help us make and reassure about our trading decisions of going long or short on a stock