

# Glossary of Trading Terms

**Bear Market:** A market condition characterized by declining prices.

**Bid:** The price at which a buyer is willing to purchase.

**Bull Market:** A market condition characterized by rising prices.

**Contract for Difference (CFD):** A contract between buyer and seller.

**Dividend:** Payment made by a company to shareholders.

**Equity:** Ownership interest in a company.

**Forex:** Foreign exchange market.

**Hedge:** Investment to offset potential losses.

**Leverage:** Using borrowed money to increase investment exposure.

**Liquid:** An asset that can be easily bought or sold.

**Long:** Buying an asset expecting its value to rise.

**Margin:** Money borrowed from a broker to purchase securities.

**Order:** Instruction to buy or sell an asset.

**Pip:** Smallest price move in a currency pair.

**Price Action:** Movement of a security's price over time.

**Quote:** Price at which a security is bought or sold.

**Rally:** Recovery in prices after a decline.

**Risk:** Possibility of losing money on an investment.

**Short:** Selling an asset expecting its value to fall.

**Spread:** Difference between bid and ask price.

**Volatility:** Measure of price variation over time.