

# Glossary - A [ChartSchool]



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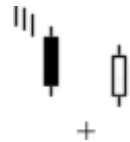
## Glossary - A

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### Abandoned Baby

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A rare reversal pattern characterized by a gap followed by a [Doji](#), which is then followed by another gap in the opposite direction. The shadows on the Doji must completely gap below or above the shadows of the first and third day.



### Above the Market

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A limit order to buy or sell a security for a specified price that is higher than the current market price. If the market does not reach the specified price, the order will go unfilled.

### Absolute Breadth Index

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Developed by Norman Fosback, the ABI is equal to the absolute value of the difference between the advancing issues and the declining issues. It shows how much activity and volatility is taking place on the New York Stock Exchange while totally ignoring the price direction.

### Absolute Price Oscillator (APO)

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An indicator based on the difference between two [exponential moving averages](#), and is expressed in absolute terms. Also known as the [MACD indicator](#), the APO is calculated by subtracting the longer EMA from the shorter EMA. See ChartSchool article on [Price Oscillators](#).

### Accredited Investor

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Term used by SEC in Regulation D of private placements. Concept: although 35 is the upper limit of persons who may purchase a private placement, accredited investors are not included in this number. General definition of accredited investors: institutional type accounts and persons of wealth (persons with a net worth of \$1 Million or more, persons with annual income of \$200,000 or more, persons who purchase \$150,000 or more of the offering and this does not represent more than 20% of their net worth).

## Accrued Interest

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The amount of interest that has been earned since the last interest payment date. When a bond trades, the buyer pays the seller the accrued interest - a pro rata portion of the next interest payment, which will be paid to the buyer of the bond.

## Accumulation

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The act of buying more shares of a security without causing the price to increase significantly. After a decline, a stock may start to base and trade sideways for an extended period. While this base builds, well-informed traders and investors may seek to establish or increase existing long positions. In that case, the stock is said to have come under accumulation.

## Accumulation Distribution Line

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A momentum indicator that relates price changes with volume. It relates the closing price to the range of prices (H - L). The closer the close is to the high, the more volume is added to the cumulative total. See ChartSchool article on [Accumulation Distribution Line](#).

## AD Line

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See [Advance Decline Line](#).

## Advance Decline Line

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One of the most widely used indicators to measure the breadth of a stock market advance or decline. The AD line tracks the net difference between advancing and declining issues. It is usually compared to a market average where divergence from that average would be an early indication of a possible trend reversal. See ChartSchool article on the [Advance-Decline Line](#).

## Advance Decline Ratio

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The ratio of advancing issues over declining issues. Taking the moving average of the AD ratio will smooth it so it can be used as an overbought and oversold indicator.

## Advancing

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A market stage of a stock that is characterized by an uptrend with subsequently higher highs and higher lows.

## Advancing Declining Issues

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A market momentum indicator using the advancing issues and the declining issues. It subtracts the declining issues from the advancing ones and is usually smoothed to make it a good overbought oversold indicator.

## Adverse Excursion

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The loss attributable to price movement against the position in any single trade.

## ADX

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See Average Directional Index (ADX).

## After Hours

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Any trade posting, adjusting, or changes made by specialists or member firm after the official close of the market.

## Against Actuals

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A transaction generally used by two hedgers who want to exchange futures or cash positions.

## Aggregate Exercise Price

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Term in security options: the exercise (strike) price times the number of securities involved in the contract. For example, a call is purchased at \$50 for 100 shares. The aggregate exercise price is \$5000 ( $\$50 \times 100$ ). Exception: GNMA options and T-Bill, T-Note, and T-Bond options, in which the aggregate exercise price is the strike price times the face value of the underlying contract.

## Agricultural Commodities Index (\$GKX)

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A weighted average of the important agricultural commodity contracts as compiled by Goldman Sachs. Commodities used include Wheat, Red Wheat, Corn, Soybeans, Cotton, Sugar, Coffee, Cocoa, and Orange Juice.

## All or None

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A type of order issued to a broker by a buyer or seller to fill the order completely or not at all. There are no partial transactions.

## Alpha

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A measure of the residual risk that an investor takes for investing in a fund rather than a market index. It represents the difference between a mutual fund's actual performance and the performance that would be expected based on the level of risk taken by the fund's manager. If a fund produced the expected return for the level of risk assumed, the fund would have an Alpha of zero. A positive Alpha indicates the manager produced a return greater than expected for the risk taken. A negative Alpha indicates the manager has not adequately rewarded investors for the risks taken.

## American Depository Receipt (ADR)

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Securities issued by commercial banks that represent the shares of a foreign company. ADRs trade just like normal stocks on various US stock exchanges. Their performance usually parallels that of the parent company on its domestic exchange. StockCharts.com does not have access to ADR data.

## AMEX

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The term used for the American Stock Exchange.

## AMEX Composite Index (\$XAX)

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A weighted index of the stocks listed on the American Stock Exchange. The market capitalization of each company is used to construct the index.

## Amex Index Options

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The American Stock Exchange trades put and call options based on a number of sector, industry and international indices. These indices cannot be bought or sold like stocks, their price movements are simply used for trading options.

## Amortization

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The paying off of debt in regular installments over a period of time.

## Analysis of Variance

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A technique used to improve the analysis over regression techniques. It can be used for identifying relationships between predictor and criterion variables, whether the predictor variables are quantitative or qualitative in nature.

## Analyst

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A person with expertise in evaluating financial instruments; he or she performs investment research and makes recommendations to institutional and retail investors to buy, sell, or hold. Most analysts specialize in a single industry or business sector.

## Andrews' Pitchfork

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Developed by Alan Andrews, this concept uses three parallel lines drawn from three points that you select. The points selected to begin the pitchfork are usually three consecutive major peaks or troughs. The three parallel lines extending out to the right are used as normal support and resistance points.

## Announcement Date

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The date on which a company first publicly announces an impending stock split.

## Annual Report

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Popular term for the yearly report made by a company to its stockholders. Federal law requires all registered corporations to make such reports. They usually contain a balance sheet, an income statement, a list of changes in retained earnings, and how the income of the corporation was used.

## Annualized

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The translation of periods of less than a year into an annual rate for comparative purposes. To annualize quarterly figures, you multiply them by four.

## Arbitrage

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The simultaneous buying and selling of securities to take advantage of price discrepancies. Arbitrage opportunities usually surface after a takeover offer.

## Area Pattern

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A pattern of sideways price movement that follows a stalled uptrend or downtrend of a stock or commodity. Some of these patterns (triangles, flags, wedges etc.) have good predictive value.

## Arithmetic (Linear) Scaling

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On an Arithmetic (Linear) scale chart, the spacing between each point on the vertical scale is identical. Thus the vertical distance between 10 and 20 is the same as the vertical distance between 90 and 100. See ChartSchool article on [price scaling](#).

## Arms Index (TRIN)

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A market indicator showing the ratio between the average volume of declining stocks and the average volume of advancing stocks. Generally, a rising TRading INdex is bearish and a falling TRIN is bullish. See ChartSchool article on [Arms Index](#).

## Aroon

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An indicator system that can be used to determine whether or not a stock is trending and the strength of its trend. The Aroon Oscillator signals an upward trend when it rises above zero and a downward trend when it falls below zero. The farther away the oscillator is from the zero line, the stronger the trend. See ChartSchool article on [Aroon](#).

## Aroon Oscillator

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An indicator called the Aroon Oscillator can be constructed by subtracting Aroon(down) from Aroon(up). Since Aroon(up) and Aroon(down) oscillate between 0 and +100, the Aroon Oscillator oscillates between -100 and +100 with zero as the center crossover line. See ChartSchool article on [Aroon Oscillator](#).

## Ascending Trend Channel

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An ascending line that connects the bottoms of the down waves and is parallel to a trendline. The ascending channel line and the [trendline](#) form borders on an uptrend.

## Ascending Triangle

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A sideways price pattern between two converging trendlines in which the lower line is rising while the upper line is flat. This is generally a bullish pattern. See ChartSchool article on [Ascending Triangle \(Continuation\)](#).

## Ask

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Also known as the “offer”, the price that the market maker guarantees to fill a buy order. A buy order placed at the market will usually be filled at the current asking (offer) price. The ask price is usually greater than the bid price.

## Assets

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Any possessions that have value in an exchange.

## At the Money

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An option whose strike price is equal to the price of the underlying security.

## Average Directional Index (ADX)

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Part of the Directional Movement System developed by J. Welles Wilder, the ADX line is based on the spread between the +DI and -DI lines from that same system. See ChartSchool article on [Average Directional Index](#).

## Average True Range (ATR)

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An indicator that measures a security's volatility. High ATR values indicate high volatility and may be an indication of panic selling or panic buying. Low ATR readings indicate sideways movement by the stock. See ChartSchool article on [Average True Range](#).