Explanation of Key Terms

Glossary

Continental Capital Investment

A

Above The Market is an order to buy or sell at a price set higher than the current market price of the security. Examples of above the market orders include: a limit order to sell, a stop order to buy, or a stop-limit order to buy.

Absolute Breadth Index - ABI means:
A market indicator used to determine volatility levels in the market without factoring in price direction. It is calculated by taking the absolute value of the difference between the number of advancing issues and the number of declining issues. Typically, large numbers suggest volatility is increasing, which is likely to cause significant changes in stock prices in the coming weeks.

Absolute Rate means:
The fixed portion of an interest-rate swap, expressed as a percentage rather than as a premium or a discount to a reference rate.

Accreting Principal Swap means: A swap whereby the notional value is increasing over time.

Accumulation/Distribution means: A momentum indicator that attempts to gauge supply and demand by determining whether investors are generally "accumulating" (buying) or "distributing" (selling) a certain stock by identifying divergences between stock price and volume flow. It is calculated using the following formula:

Acc/Dist = ((Close – Low) – (High – Close)) / (High – Low) * Period's volume

Active Investing means: An investment strategy involving ongoing buying and selling actions by the investor. Active investors purchase investments and continuously monitor their activity in order to exploit profitable conditions.

Advance/Decline Index means: A technical analysis tool that represents the total difference between the number of advancing and declining security prices. This index is considered one of the best indicators of market movements as a whole. Stock indexes such as the Dow Jones Industrial Average only tell us the strength of 30 stocks, whereas the advance/decline index can provide much more insight into the movements of the market.

Adding To A Loser means: The action of a trader/investor increasing a position in an asset when its price is heading in the direction that's opposite to what the investor/trader desires. This is generally not a wise investment decision because unless the asset begins to move in the desired direction, the investor's losses will increase.

Aggregate Demand means:The total amount of goods and services demanded in the economy at a given overall price level and in a given time period. It is represented by the aggregate-demand curve, which describes the relationship between price levels and the quantity of output that firms are willing to provide. Normally there is a negative relationship between aggregate demand and the price level. This is also known as "total spending".

Aggregate Supply means: The total supply of goods and services produced within an economy at a given overall price level in a given time period. It is represented by the aggregate-supply curve, which describes the relationship between price levels and the quantity of output that firms are willing to provide. Normally, there is a positive relationship between aggregate supply and the price level. Rising prices are usually signals for businesses to expand production to meet a higher level of aggregate demand. This is also known as "total output".

Amplitude means: The difference in price from the midpoint of a trough to the midpoint of a peak of a security. Amplitude is positive when calculating a bullish retracement (when calculating from trough to peak) and negative when calculating a bearish retracement (when calculating from peak to trough).

Appreciation is when a currency's value grows stronger.

Arbitrage means: The simultaneous purchase and sale of an asset in order to profit from a difference in the price. It is a trade that profits by exploiting price differences of identical or similar financial instruments, on different markets or in different forms. Arbitrage exists as a result of market inefficiencies; it provides a mechanism to ensure prices do not deviate substantially from fair value for long periods of time.

Ask Rate is the rate at which a trader can buy a currency that is for sale.

Asset Swap means: Similar in structure to a plain vanilla swap, the key difference is the underlying of the swap contract. Rather than regular fixed and floating loan interest rates being swapped, fixed and floating investments are being exchanged.

At The Market means: An order to buy or sell a futures contract at the best available price upon entrance into the exchange for execution.

Authorized Forex Dealer means: Any type of financial institution that has received authorization from a relevant regulatory body to act as a dealer involved with the trading of foreign currencies. Dealing with authorized forex dealers ensure that your transactions are being executed in a legal and just way.

Automated Forex Trading means: A method of trading foreign currencies with a computer program that is based on a set of analyses that helps determine whether to buy or sell a currency pair at any one time. Automated forex trading uses a computer program that the trader "teaches" to make decisions based on a set of signals derived from technical analysis charting tools. The signals create a buy or sell decision when they point in the same direction.

B

Balance Of Payments - BOP means: A record of all transactions made between one particular country and all other countries during a specified period of time. BOP compares the dollar difference of the amount of exports and imports, including all financial exports and imports. A negative balance of payments means that more money is flowing out of the country than coming in, and vice versa.

Bank For International Settlements - BIS means: An international organization fostering the cooperation of central banks and international monetary policy makers. Established in 1930, it is the oldest international financial organization, and was created to administer the transaction of monies according to the Treaty of Versailles. Among others, its main goals are to promote information sharing and to be a key center for economic research.

Base Currency is the currency in which other currencies are quoted in a pair. Usually the U.S. dollar is considered the 'Base Currency'.

Bear Market is a market in which prices are declining.

Bid/Ask Spread is the difference between the bid and offer price.

Big Figure is a term used by dealer and/or brokers. It refers to the first few digits of an exchange rate.

Big Mac PPP means: A survey done by *The Economist* that determines what a country's exchange rate would have to be for a Big Mac in that country to cost the same as it does in the United States. Purchase power parity (PPP) is the theory that currencies adjust according to changes in their purchasing power. With the Big Mac PPP, purchasing power is reflected by the price of a McDonald's Big Mac in a particular country. The measure gives an impression of how overvalued or undervalued a currency is.

Blocked Currency means: Any currency that is mainly used for domestic transactions and does not freely trade on a forex market (usually due to government restrictions). Also referred to as a "nonconvertible currency"

Blotter means: A record of trades and the details of the trades made over a period of time (usually one trading day). The details of a trade will include such things as the time, price, order size and a specification of whether it was a buy or sell order. The blotter is usually created through a trading software program that records the trades made through a data feed.

Bretton Woods Agreement is: A 1944 agreement made in Bretton Woods, New Hampshire, which helped to establish a fixed exchange rate in terms of gold for major currencies. The International Monetary Fund was also established at this time.

Broker is an individual/firm that bring buyers and sellers together for a fee/commission.

Bull Market is a market in which prices are rising.

Bull Put Spread means: A type of options strategy that is used when the investor expects a moderate rise in the price of the underlying asset. This strategy is constructed by purchasing one put option while simultaneously selling another put option with a higher strike price. The goal of this strategy is realized when the price of the underlying stays above the higher strike price, which causes the short option to expire worthless, resulting in the trader keeping the premium.

Bulldog Market is: A slang term for the stock market in the United Kingdom. Bulldog market is usually used by non-U.K. residents. It is an allusion to the Great Britain's famous pooch the British bulldog.

Bundesbank means: Refers to the central bank of Germany. This is the German equivalent of the Federal Reserve in the USA.

C

Cable is slang used among forex traders referring to the exchange rate between the U.S. dollar and the British pound sterling. Because it is the norm in forex for most major currencies to be quoted against the U.S. dollar on a regular basis, "cable" is a commonly used term.
"Cable" can also be used to refer simply to the British pound sterling.

Cambist is: An expert trader who rapidly buys and sells currency throughout the day.

Cash Delivery means:

1. The same-day settlement of a currency trade in the forex market. This means that delivery and settlement of the transaction occur on the same date that the currency trade is made. In order for this to occur, the forex position must be opened and closed within the same trading day.

Also referred to as "same-day settlement".

2. In the context of futures contracts, a settlement term in a contract that stipulates that the underlying asset of the contract will not be delivered on the delivery date - rather, the net cash value of the position will be transferred to the applicable party instead.

Centralized Market is a financial market structure that consists of having all orders routed to one central exchange with no other competing market. The quoted prices of the various securities listed on the exchange represent the only price that is available to investors seeking to buy or sell the specific asset.

Choice Market means: A market in which the spread between the bid and the ask for a given financial instrument is zero - meaning that, at any point in time, the instrument can be bought for the same price as it can be sold in the market. This type of market only occurs when there is extreme liquidity and a limited number of intermediaries.

Clearing is a term used to refer to a process of settling a trade.

Clearing Price is the specified monetary value assigned to a security or asset. This price is determined by the bid and ask process of buyers and sellers interested in trading the security.

Commission is the fee that is charged by a broker/dealer.

Commodity Block Currency is a currency that belongs to a country whose economy is strongly correlated with the price fluctuations of a certain commodity.

Commodity Trading Advisor - CTA is an individual or a firm, registered with the Commodity Futures Trading Commission, that receives compensation for giving people advice on options, futures and the actual trading of managed futures accounts. Registration for CTAs is done through the National Futures Association, a self-regulated organization responsible for reviewing and accepting registrations.

Compound Option means:
An option for which the underlying is another option. Therefore, there are two strike prices and two exercise dates. These are the four types of compound options:

- Call on a call
- Put on a put
- Call on a put
- Put on a call

Confirmation is a document that states the terms of a transaction.

Constant Currencies means: An exchange rate that eliminates the effects of exchange rate fluctuations and that is used when calculating financial performance numbers. Companies with major foreign operations often use constant currencies when calculating their yearly performance measures.

Contract is the standard unit of trading.

Core Inflation is a measure of inflation that excludes certain items which face volatile price movements. Core inflation eliminates products that can have temporary price shocks because these shocks can diverge from the overall trend of inflation and give a false measure of inflation.
Core Inflation is thought to be an indicator of underlying long-term inflation.

Country Basket is a derivative security designed to mimic the major index of an international exchange.

Country Risk means: A collection of risks associated with investing in a foreign country. These risks include political risk, exchange rate risk, economic risk, sovereign risk and transfer risk, which is the risk of capital being locked up or frozen by government action. Country risk varies from one country to the next. Some countries have high enough risk to discourage much foreign investment.

Cover On A Bounce means: The covering of a short position after it has reached and bounced off a level of support. This strategy waits for the price to move to a support level, instead of selling before, to see if the level will hold (because the trader will benefit if it doesn't hold). Once the security bounces it is clear the security will have trouble moving down further so the trade covers their short position.

Cover On Approach means: The closing out of a profitable short position as the security moves toward a key level of support. As a security moves closer to a level of support the chances of it falling any further weaken because buying has come into the security at the support level, which keeps the price from a continued downward move and limits the continued success of the short trade.

Crawling Peg means: A system of exchange rate adjustment in which a currency with a fixed exchange rate is allowed to fluctuate within a band of rates. The par value of the stated currency is also adjusted frequently due to market factors such as inflation. This gradual shift of the currency's par value is done as an alternative to a sudden and significant devaluation of the currency.

Credit Checking is performed on the financial backing of the counterparties in a forex transaction. This credit check ensures that both parties have the means necessary to cover their leveraged positions in the trade and is done before the transaction takes place.

Credit Netting is a system whereby the number of credit checks on financial transactions is reduced by entering into agreements that simply net all transactions. These agreements are made between large banks and other financial institutions and place all current and future transactions into one agreement, removing the need for credit checks on each transaction.

Cross Currency is a pair of currencies traded in forex that does not include the U.S. dollar. One foreign currency is traded for another without having to first exchange the currencies into American dollars.

Cross Rate is the exchange rate between any two currencies that are not of the country in which the currency pair is quoted. For example, in the U.S., a GBP/JPY quote would be considered a Cross Rate. The same quote would not be a Cross Rate in either the U.K. or Japan.

Currency is a unit of exchange. Any form of money that has been issued by a government/central bank is a currency. Currencies are used as a medium of exchange, i.e. they are used as a basis for trades.

Currency Basket is a selected group of currencies whose weighted average is used as a measure of the value or the amount of an obligation. A currency basket functions as a benchmark for regional currency movements - its composition and weighting depends on its purpose.

Currency Binary means: A currency trade that offers an all-or-nothing payoff based on a given currency exchange rate when the position reaches its expiration date. Binaries have a single payoff amount rather than the variable profit amounts found in traditional options.
Binary trades can be used for either hedging purposes (such as downside protection for assets held in a specific currency) or as a speculative bet on the direction a specific exchange rate will move. The going premium on a currency binary represents the consensus "odds" that the strike exchange rate will be reached by expiration. An investor or trader can also sell (short) a currency binary position, reversing the payoff options and effectively betting that the exchange rate will fall.

Currency Carry Trade is a strategy in which an investor sells a certain currency with a relatively low interest rate and uses the funds to purchase a different currency yielding a higher interest rate. A trader using this strategy attempts to capture the difference between the rates, which can often be substantial, depending on the amount of leverage the investor chooses to use.

Currency Certificate is a note that grants the holder the right to convert a specific amount of one currency to another at a given exchange rate until it expires. A currency certificate is a bearer certificate in that there is no registered owner. Currency certificates are a useful tool for hedging foreign exchange risk.

Currency Convertibility is the ease with which a country's currency can be converted into gold or another currency. Convertibility is extremely important for international commerce. When a currency in inconvertible, it poses a risk and barrier to trade with foreigners who have no need for the domestic currency.

Currency Day Trading System means a set of analyses that the forex day trader uses to determine whether to buy or sell a currency pair at any given time. The day trader's currency trading system is usually made up of a number of currency day trading signals, which are based on technical analysis charting tools or fundamental, news-based events.

Currency ETF are exchange-traded funds (ETFs) invested in a single currency or basket of currencies. Currency ETFs aim to replicate movements in currency in the foreign exchange market by holding currencies either directly or through currency-denominated short-term debt instruments.

Currency Forward is a forward contract in the forex market that locks in the price at which an entity can buy or sell a currency on a future date. Also known as "outright forward currency transaction", "forward outright" or "FX forward".

Currency Futures is a transferable futures contract that specifies the price at which a specified currency can be bought or sold at a future date.

Currency History are the historical values of a base currency in relation to the values of other foreign currencies. Historical currency exchange rates provide the day trader with a historical reference to where a currency pair has traded in relation the currency with which it is paired. The technical analyst relies heavily on interpreting historical information for predicting future price movement.

Currency Option is a contract that grants the holder the right, but not the obligation, to buy or sell currency at a specified exchange rate during a specified period of time. For this right, a premium is paid to the broker, which will vary depending on the number of contracts purchased. Currency options are one of the best ways for corporations or individuals to hedge against adverse movements in exchange rates.

Currency Overlay stands for the outsourcing of currency risk management to a specialist firm, known as the overlay manager. This is used in international investment portfolios to separate the management of currency risk from the asset allocation and security selection decisions of the investor's money managers.

Currency Pair is the quotation and pricing structure of the currencies traded in the forex market: the value of a currency is determined by its comparison to another currency. The first currency of a currency pair is called the "base currency", and the second currency is called the "quote currency". The currency pair shows how much of the quote currency is needed to purchase one unit of the base currency.

Currency Pair: EUR/USD (Euro/U.S. Dollar) is the abbreviation for the euro and U.S. dollar (EUR/USD) pair or cross for the currencies of the European Union (EU) and the United States (USD). The currency pair tells the reader how many U.S. dollars (the quote currency) are needed to purchase one euro (the base currency).
Trading the EUR/USD currency pair is also known as trading the "euro".

Currency Pairs are two currencies with exchange rates that are traded in the retail forex market. The rates of exchange between foreign currency pairs are calculated as the factor by which a base currency is multiplied to yield an equivalent value or purchasing power of foreign currency. The currency exchange rates of foreign currency pairs float, meaning that they change continually based on a multitude of factors.

Currency Risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

Currency Swap is a swap that involves the exchange of principal and interest in one currency for the same in another currency. It is considered to be a foreign exchange transaction and is not required by law to be shown on the balance sheet.

Currency Trading Platform is a type of trading software used to help currency traders with forex trading analysis and trade execution. Currency trading platforms provide charts and order-taking methods. As with trading platforms used for trading other securities like stocks or futures, most can differ greatly and can vary in cost.

Currency Trading Software is software to help the currency trader with forex trading analysis and the execution of trades. Currency trading software provides charts and order-taking methods, which are usually free of charge when a trading account is opened with a forex broker. As with trading software used for trading other securities like stocks or futures, most platforms differ greatly in functionality.

D

Daily Chart means: A line graph that displays the intraday movements of a given security. This contrasts to longer term charts, such as those that show a security's movement over a period of days, months or even years.

Daily Cut-Off means:In the forex market, a particular point in time specified by a forex dealer to stand as the end of the current trading day and the beginning of a new trading day. This is done for primarily administrative and logistical reasons, because although the forex market trades 24 hours a day, the market and its intermediaries require a specified beginning and end to each trading day in order to record trade dates and define settlement periods.

Daily Trading Limit is the maximum gain or loss on a derivative contract, such as options and futures contracts, that is allowed in any one trading session. The limits are imposed by the exchanges in order to protect against extreme volatility or manipulation within the markets.

Dayrate Volatility is the intraday volatility of an exchange rate (or price of a good or service), that changes due to imbalances in supply and demand. Price levels of various goods or services can change very quickly depending on the current market condition.

Day Trading are trades in which positions are opened and closed on the same day.

Dealer is an individual/firm that take one side of a position hoping to make a profit by closing out the position in a following trade with a different trader.

Decentralized Market is a market structure that consists of a network of various technical devices that enable investors to create a marketplace without a centralized location. In a decentralized market, technology provides investors with access to various bids/ask prices and makes it possible for them to deal directly with other investors/dealers rather than with a given exchange.

Deflation is a general decline in prices, often caused by a reduction in the supply of money or credit. Deflation can be caused also by a decrease in government, personal or investment spending. The opposite of inflation, deflation has the side effect of increased unemployment since there is a lower level of demand in the economy, which can lead to an economic depression. Central banks attempt to stop severe deflation, along with severe inflation, in an attempt to keep the excessive drop in prices to a minimum.
The decline in prices of assets, is often known as Asset Deflation.

Depreciation is a fall in the value of a currency.

Devaluation is a deliberate downward adjustment to a country's official exchange rate relative to other currencies. In a fixed exchange rate regime, only a decision by a country's government (i.e central bank) can alter the official value of the currency. Contrast to "revaluation".

Diamond Top Formation is a technical analysis reversal pattern that is used to signal the end of an uptrend. This relatively uncommon pattern is found by identifying a period in which the price trend of an asset starts to widen and then starts to narrow. This pattern is called a diamond because of the shape it creates on a chart.

Direct Quote is a foreign exchange rate quoted as the domestic currency per unit of the foreign currency. In other words, it involves quoting in fixed units of foreign currency against variable amounts of the domestic currency.

Dirty Float is a system of floating exchange rates in which the government or the country's central bank occasionally intervenes to change the direction of the value of the country's currency. In most instances, the intervention aspect of a dirty float system is meant to act as a buffer against an external economic shock before its effects become truly disruptive to the domestic economy.
Also known as a "managed float".

Dollar Drain is a situation that occurs when a country imports more goods and services from another country than it exports back to the same country. The net effect of spending more money importing than is received from exporting causes a net reduction in the importing country's reserves of the exporting country's currency.

Double No-Touch Option is a type of exotic option that gives an investor an agreed upon payout if the price of the underlying asset does *not* reach or surpass one of two predetermined barrier levels. An investor using this type of option pays a premium to his/her broker and in turn receives the right to choose the position of the barriers, the time to expiration, and the payout to be received if the price fails to breach either barrier. With this type of option, the maximum possible loss is just the cost of setting up the option.
A double no-touch option is the opposite of a double one-touch option.

Double One-Touch Option is a type of exotic option that gives an investor an agreed upon payout if the price of the underlying asset reaches or surpasses one of two predetermined barrier levels. An investor using this type of option is able to determine the position of both barriers, the time to expiration, and the payout to be received if the price does rise above one of the barriers. Either one of the barrier levels must be breached prior to expiration for the option to become profitable and for the buyer to receive the payout. If neither barrier level is breached prior to expiration, the option expires worthless and the trader loses all the premium paid to the broker for setting up the trade.

Dual Currency Deposit is a fixed deposit with variable terms for the currency of payment. Deposits are made in one currency, but withdrawals at maturity occur either in the currency of the initial deposit or in another agreed upon currency.

Dual Currency Issue is a bond that pays interest in one currency but pays the principal in a different currency. The amount of the principal repayment is set at initiation and paid at maturity. This principal amount usually allows for some appreciation in the exchange rate of the stronger currency. These issues are common in the Eurobond market and are a useful source of capital for multinational companies.

Dual Exchange Rate is a situation in which there is a fixed official exchange rate and an illegal market-determined parallel exchange rate. The different exchange rates are used in different situations, either in exchanges or evaluations, as mandated by the government.

Durables means: A category of consumer goods, durables are products that do not have to be purchased frequently. Some examples of durables are appliances, home and office furnishings, lawn and garden equipment, consumer electronics, toy makers, small tool manufacturers, sporting goods, photographic equipment, and jewelry.
Also known as "durable goods".

E

Earning The Points means: A currency trading term that describes when the forward ask price is lower than the spot bid price, resulting in a gain for the trader. A trader is gaining the points when he or she sells at one price now then agrees to buy for less in the future. Gaining the point only refers to the difference between sell and buy prices and does not take the time value of money into account.
This is the opposite of "losing the points".

Either-Way Market is a condition that exists in the eurodollar interbank deposit market when the bid and offer rates for a particular period are equal. Increasing levels of liquidity can narrow the spread between bid and offer rates until the two values are identical, resulting in an either-way market.

Electronic Currency Trading is a method of trading currencies through an online brokerage account. Electronic currency trading involves converting base currency to a foreign currency at the market exchange rates through an online brokerage account.

Equity Linked Foreign Exchange Option - ELF-X means: A put or call option that protects an investor from foreign-exchange risk for a future sale or purchase of a specified foreign-equity portfolio.

Euro LIBOR is the London Interbank Offer Rate denominated in euros. This is the interest rate that banks offer each other for large short-term loans in euros. The rate is fixed once a day by a small group of large London banks but fluctuates throughout the day. This market makes it easier for banks to maintain liquidity requirements because they are able to quickly borrow from other banks that have surpluses.

Euro Medium Term Note - EMTN is a flexible medium-term debt instrument that is issued and traded outside of Canada and the United States and requires fixed dollar payments. EMTNs are issued directly to the market with maturities of less than five years and are offered continuously rather than all at once like a bond issue.

Euroclear is one of two principal clearing houses for securities traded in the Euromarket. Euroclear specializes in verifying information supplied by two brokers in a securities transaction and the settlement of securities. Euroclear is market owned and governed, and has previously acquired London Crest, Necigef Netherlands, Sicovam Paris and CIK Brussels.

Eurocommercial Paper is an unsecured, short-term loan issued by a bank or corporation in the international money market, denominated in a currency that differs from the corporation's domestic currency.

Eurocurrency Market is the money market in which Eurocurrency, currency held in banks outside of the country where it is legal tender, is borrowed and lent by banks in Europe.

European Central Bank - ECB is the central bank responsible for the monetary system of the European Union (EU) and the euro currency. The bank was formed in Germany in June 1998 and works with the other national banks of each of the EU members to formulate monetary policy that helps maintain price stability in the European Union.

European Currency Quotation is an indirect quotation in the foreign exchange markets whereby the value of a foreign currency is stated as a per-unit measure of the U.S. dollar. This type of quotation shows how much foreign currency it takes to purchase one U.S. dollar.

Exchange Control are the types of controls that governments put in place to ban or restrict the amount of foreign currency or local currency that is allowed to be traded or purchased. Common exchange controls include banning the use of foreign currency and restricting the amount of domestic currency that can be exchanged within the country.

Exchange Rate is the price of one country's currency expressed in another country's currency. In other words, the rate at which one currency can be exchanged for another. For example, the higher the exchange rate for one euro in terms of one yen, the lower the relative value of the yen.

Exchange Stabilization Fund - ESF is the money available to the U.S. Treasury Department primarily used for participating in the foreign-exchange market in an attempt to maintain currency stability. It holds U.S. dollars, foreign currencies and special drawing rights.

Exotic Currency is a foreign exchange term for a thinly traded currency. Exotic currencies are illiquid, lack market depth and trade at low volumes. Trading an exotic currency can be expensive, as the bid-ask spread is usually large.

F

Failure To Deliver stands for the outcome in a transaction where one of the counterparties in the transaction fails to meet their respective obligations. When failure to deliver occurs, either the party with the long position does not have enough money to pay for the transaction, or the party in the short position does not own the underlying assets that are to be delivered. Failure to deliver can occur in both equity and derivatives markets.

Finmins is the Nickname given to the finance ministers from various countries who meet at global trade summits. Finance ministers are appointed and, depending on the country, the position can be given to an elected representative or to a non-elected official. The role played by a finance minister and the power he or she holds will vary among countries, but "finmins" are generally responsible for shaping or advising on the budget of a country and helping with other economic policies.

First Notice Day is the first day that a notice of intent to deliver a commodity can be made by a clearinghouse to a buyer in fulfillment of a given month's futures contract.

Five Against Note Spread - FAN is a spread in the futures markets created by taking offsetting positions in futures contracts for five-year treasury notes and ten-year treasury bonds.

Fixed Exchange Rate is a country's exchange rate regime under which the government or central bank ties the official exchange rate to another country's currency (or the price of gold). The purpose of a fixed exchange rate system is to maintain a country's currency value within a very narrow band. Also known as pegged exchange rate.

Fixed-For-Fixed Swaps is an arrangement between two parties (known as counterparties) in which both parties pay a fixed interest rate that they could not otherwise obtain outside of a swap arrangement.

Fixed-For-Floating Swap is an advantageous arrangement between two parties (counterparties), in which one party pays a fixed rate, while the other pays a floating rate.

Fixed-Income Arbitrage is an investment strategy that attempts to profit from arbitrage opportunities in interest rate securities. When using a fixed-income arbitrage strategy, the investor assumes opposing positions in the market to take advantage of small price discrepancies while limiting interest rate risk.

Flat stands for :

1. A price that is neither rising nor declining.
2. In forex, the condition of being neither long nor short in a particular currency. Also referred to as 'being square'.
3. A bond that is trading without accrued interest.

Flat On A Failure is a strategy of closing out of a position and taking profits if the security in question moves up to a target level but fails to break through it. This can be seen as a method of extracting what profit a trade has been able to produce so far because the trader believes that further movement past the target level is unlikely.

Flip is a point when traders shift from having more long positions to having more short positions.

Floating Exchange Rate is a country's exchange rate regime where its currency is set by the foreign-exchange market through supply and demand for that particular currency relative to other currencies. Thus, floating exchange rates change freely and are determined by trading in the forex market. This is in contrast to a "fixed exchange rate" regime.

Foreign Currency Effects is the gain or loss on foreign investments due to changes in the relative value of assets denominated in a currency other than the principal currency with which a company normally conducts business. A rising domestic currency means foreign investments will result in lower returns when converted back to the domestic currency. The opposite is true for a declining domestic currency.

Foreign Exchange, Forex, FX is the simultaneous purchase or sale of one currency against the purchase or sale of another.

Foreign Exchange Market is the market in which participants are able to buy, sell, exchange and speculate on currencies. Foreign exchange markets are made up of banks, commercial companies, central banks, investment management firms, hedge funds, and retail forex brokers and investors. The forex market is considered to be the largest financial market in the world.

Forex Market Hours are the hours during which forex market participants are able to buy, sell, exchange and speculate on currencies. The forex market is open 24 hours a day, five days a week. International currency markets are made up of banks, commercial companies, central banks, investment management firms, hedge funds, and retail forex brokers and investors around the world. Because this market operates in multiple time zones, it can be accessed at almost any time.

Forex Mini Account is a type of brokerage account that is used by beginner traders looking to enter the foreign exchange market. A forex mini account allows the investor to take a smaller position in a currency than if they were to trade the standard lots used by those with a regular account. Generally, a mini account allows the trader to trade contract sizes of 10,000 units rather than the standard 100,000.

Forex Option & Currency Trading Options means: A security that allows currency traders to realize gains without having to purchase the underlying currency pair. By incorporating leverage, forex options magnify returns and provide a set downside risk. Alternatively, currency trading options can be held alongside the underlying forex pair to lock in profits or minimize risk. In this case, limiting the upside potential is usually necessary for capping the downside as well.
Because options contracts implement leverage, traders are able to profit from much smaller moves when using an options contract than a traditional retail forex trade would allow. When combining traditional positions with a forex option, hedging strategies such as straddles, strangles and spreads can be used to minimize the risk of loss in a currency trade.
Because of the risk of loss involved in writing options, most retail forex brokers do not allow traders to sell options contracts without high levels of capital for protection.

Forex Option Trading means: A security that allows currency traders to realize gains without having to purchase the underlying currency pair. By incorporating leverage, forex options magnify returns and set a firm downside risk level. Alternatively, currency trading options can be held alongside the underlying forex pair to lock in profits or minimize risk. In this case, limiting the upside potential is usually necessary for capping the downside as well.

Forex Scalping is a trading strategy used by forex traders to buy a currency pair and then to hold it for a short period of time in an attempt to make a profit. A forex scalper looks to make a large number of trades and earn a small profit each time.

Forex Signal System is a set of analyses that a forex trader uses to determine whether to buy or sell a currency pair at any given time. Forex signal systems could be based on technical analysis charting tools or news-based events. The day trader's currency trading system is usually made up of a multitude of signals that work together to create a buy or sell decision. Forex trading signals are available for free, for a fee or are developed by the traders themselves.

Forex Spot Rate is the current exchange rate at which a currency pair can be bought or sold. The spot forex rate differs from the forward rate in that it prices the value of currencies compared to foreign currencies today, rather than at some time in the future. The spot rate in forex currency trading, is the rate that most traders use when trading with an online retail forex broker.

Forex System Trading is a method of trading forex that is based on a series of analyses to determine whether to buy or sell a currency pair at a given time. Forex system trading could be based on a set of signals derived from technical analysis charting tools or fundamental news-based events. The day trader's currency trading system is usually made up of technical signals that create a buy or sell decision when they point in a direction that has historically led to a profitable trade.

Forex Trading Robot is a computer program based on a set of forex trading signals that helps determine whether to buy or sell a currency pair at any one time. Forex robots are designed to remove the psychological element of trading, which can be detrimental.

Forex Trading Strategy stands for a set of analyses that a forex day trader uses to determine whether to buy or sell a currency pair at any given time. Forex trading strategies can be based on technical analysis charting tools or fundamental, news-based events. The day trader's currency trading strategy is usually made up of a multitude of signals, which trigger buy or sell decisions. Forex trading strategies are available for free, for a fee or are developed by the traders themselves.

Forex Training is a form of instruction or mentorship that provides information on forex trading tactics, methods and successful practices. Forex training acts as a guide for the retail forex trader, providing insights into successful strategies, signals and systems as well as other general information on the foreign exchange market.

Forward Contract is a cash market transaction in which delivery of the commodity is deferred until after the contract has been made. Although the delivery is made in the future, the price is determined on the initial trade date.

Forward Discount means: In a foreign exchange situation where the domestic current spot exchange rate is trading at a higher level then the current domestic futures spot rate for a maturity period. A forward discount is an indication by the market that the current domestic exchange rate is going to depreciate in value against another currency.

Forward Points are the number of basis points added to or subtracted from the current spot rate to determine the forward rate. When points are added to the spot rate, there is a forward points premium; when points are subtracted from the spot rate, there is a points discount.

Forward Premium means: When dealing with foreign exchange (FX), a situation where the spot futures exchange rate, with respect to the domestic currency, is trading at a higher spot exchange rate then it is currently. A forward premium is frequently measured as the difference between the current spot rate and the forward rate, but any expected future exchange rate will suffice.

Forward Rate Agreement - FRA is an over-the-counter contract between parties that determines the rate of interest, or the currency exchange rate, to be paid or received on an obligation beginning at a future start date. The contract will determine the rates to be used along with the termination date and notional value. On this type of agreement, it is only the differential that is paid on the notional amount of the contract.
Also known as a "future rate agreement"

Fundamental Analysis is the analysis of economic and political information as it aims to determine future market movements.

G

Gap is a break between prices on a chart that occurs when the price of a stock makes a sharp move up or down with no trading occurring in between. Gaps can be created by factors such as regular buying or selling pressure, earnings announcements, a change in an analyst's outlook or any other type of news release.

Gather In The Stops is a trading strategy of driving down a stock's price by selling large amounts of stock in order to trigger preset stop-loss orders, which in turn enhances the decline of the stock.

General Collateral Financing Trades - GCF are general collateral repurchase agreements executed on a blind broker basis through the Government Securities Clearing Corporation.

Give Up is a procedure in securities or commodities trading where the executing broker places a trade on behalf of another broker as if he/she actually executed the trade. This is usually done because a broker is too busy to place a trade for a client and asks another broker to place the trade for him/her. On the record books, the trade will not show the executing broker's information, but the broker to whom the client belongs. Thus, the broker of the client and the broker on the other side of the trade will receive the commission, while the executing trader will get nothing. This is a grey area of law governing reimbursement of brokers for services (e.g. research).

Gold Standard is a monetary system in which a country's government allows its currency unit to be freely converted into fixed amounts of gold and vice versa. The exchange rate under the gold standard monetary system is determined by the economic difference for an ounce of gold between two currencies. The gold standard was mainly used from 1875 to 1914 and also during the interwar years.

Good Through is an order to buy or sell a security or commodity at a certain price for a certain period of time, unless it is canceled or changed.

Greenback is a slang term for U.S. paper dollars. Greenbacks got their name from their color, however, in the mid-1800s, "greenback" was a negative term. During this time, the Continental Congress did not have taxing authority. As a result, the greenbacks did not have a secure financial backing and banks were reluctant to give customers the full value of the dollar.

Gross Margin Return On Investment - GMROI is an inventory profitability evaluation ratio that analyzes a firm's ability to turn inventory into cash above the cost of the inventory. It is calculated by dividing the gross margin by the average inventory cost and is used often in the retail industry. To illustrate:

$$\text{GMROI} = \frac{\text{Gross Margin}}{\text{Average Inventory Cost}}$$

Gross margin return on investment is also known as the "gross margin return on inventory investment" (GMROII).

Guppy Multiple Moving Average - GMMA is an indicator used in technical analysis to identify changing trends. The technique consists of combining two groups of moving averages with differing time periods. One set of moving averages in the Guppy Multiple Moving Average (GMMA) has a relatively brief time frame and is used to determine the activity of short-term traders. The number of days used in the set of short-term averages is usually 3, 5, 8, 10, 12 or 15.
The other group of averages is created with extended time periods and is used to gauge the activity of long-term investors. The long-term averages usually use periods of 30, 35, 40, 45, 50 or 60 days.

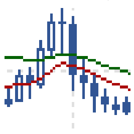
H

Haircut means:

1. The difference between prices at which a market maker can buy and sell a security.
2. The percentage by which an asset's market value is reduced for the purpose of calculating capital requirement, margin and collateral levels.

Hammer is a price pattern in candlestick charting that occurs when a security trades significantly lower than its opening, but rallies later in the day to close either above or close to its opening price. This pattern forms a hammer-shaped candlestick.

Hanging Man is a bearish candlestick pattern that forms at the end of an uptrend. It is created when there is a significant sell-off near the market open, but buyers are able to push this stock back up so that it closes at or near the opening price. Generally the large sell-off is seen as an early indication that the bulls (buyers) are losing control and demand for the asset is waning.



Harami Cross is a trend indicated by a large candlestick followed by a doji that is located within the top and bottom of the candlestick's body. This indicates that the previous trend is about to reverse.

Hard Currency is a currency, usually from a highly industrialized country, that is widely accepted around the world as a form of payment for goods and services. A hard currency is expected to remain relatively stable through a short period of time, and to be highly liquid in the forex market.

Hard Stop is a price level that, if reached, will trigger an order to sell an underlying security. Hard stops are set at a constant price and are inherently good until cancelled. A hard stop is used to protect the downside of holding an investment by always being active, and is only triggered once the price reaches the specified stop level.

Haurlan Index is a technical analysis indicator, developed by P.N. Haurlan, that is used to detect market breadth. There are three components of the Haurlan index:
Short Term: a 3-day exponential moving average is taken of the net NYSE advances over declines.
Intermediate Term: same, using a 20-day exponential moving average.
Long Term:same, using a 200-day exponential moving average.

Head And Shoulders Pattern is a technical analysis term used to describe a chart formation in which a stock's price:
1. Rises to a peak and subsequently declines.
2. Then, the price rises above the former peak and again declines.
3. And finally, rises again, but not to the second peak, and declines once more.

The first and third peaks are shoulders, and the second peak forms the head.

Head Trader is the manager of a trading business. He or she is responsible for the positions, risk and ultimate profitability of that business. In a registered securities firm, the head trader supervises all traders and other personnel within his or her purview. Most notably, the head trader is charged with insuring regulatory and internal compliance for every employee who is part of the trading operation.

Hedgelet is a simplified derivative instrument that allows investors to hedge or speculate on economic events such as housing prices, commodity prices, interest rates, currencies and economic indicators. The price for a hedgelet contract is based on the prevailing market price determined by participants in the market. Every contract has the same defined payout scheme: $10 for a correct contract and $0 for an incorrect one. Each hedgelet contract is set so that investors must make a decision on whether an economic event will occur or not occur.

Held At The Opening is a situation in which a security is restricted from trading when the stock exchange opens for the day. Stock exchanges can halt trading on securities at any time, but trading usually resumes in under an hour. If the halt occurs before the beginning of a trading day, the stock is considered held at the opening. This kind of halt in trading is done to protect investors.

Histogram is:
1. A graphical representation, similar to a bar chart in structure, that organizes a group of data points into user-specified ranges. The histogram condenses a data series into an easily interpreted visual by taking many data points and grouping them into logical ranges or bins.
2. The MACD histogram is a very common technical indicator that illustrates the difference between the MACD line and the trigger line. This difference is then plotted on a chart in the form of a histogram to make it easy for a trader to determine a specific asset's momentum.

Hockey Stick Bidding is an anti-competitive bidding practice in which a market participant (or trader) offers an extremely high price for a small portion of a good.
The name derives from the price curve of this practice, which resembles a hockey stick.

Hook Reversal is a short-term candlestick pattern, occurring in either an uptrend or a downtrend, that is used to predict a reversal in the trend's direction. The pattern is identified when a candlestick has a higher low and a lower high compared to the previous day's candlestick. This pattern is unique because the difference in size between the first and second bar's body is small, compared to that seen in other types of engulfing patterns.

Horizontal Channel stands for using trend lines to connect variable pivot highs and lows shows price contained between the upper line of resistance and lower line of support. This is price range or sideways trend. This horizontal channel or sideways trend is also a rectangle pattern (dotted lines show the pattern). Buying and selling pressure is equal and the prevailing direction of price sideways. This happens in periods of price consolidation.

I

Ichimoku Kinko Hyo is a technical indicator that is used to gauge momentum along with future areas of support and resistance. The Ichimoku indicator is comprised of five lines called the tenkan-sen, kijun-sen, senkou span A, senkou span B and chickou span. This indicator was developed so that a trader can gauge an asset's trend, momentum and support and resistance points without the need of any other technical indicator.

Impulse Wave Pattern is a term used in the Elliott wave theory to describe the strong move in a stock's price coinciding with the main direction of the underlying trend. These impulse waves are shown in the illustration below as wave 1, wave 3 and wave 5. Impulse waves also refer to the strong downward movements in a downtrend.

In And Out is the purchase and sale of a security within a short period of time, usually on the same day.

Indicator stands for statistics used to measure current conditions as well as to forecast financial or economic trends. Indicators are used extensively in technical analysis to predict changes in stock trends or price patterns. In fundamental analysis, economic indicators that quantify current economic and industry conditions are used to provide insight into the future profitability potential of public companies.

Inflation is an economic condition in which the prices of goods rise, hence decreasing the purchasing power of consumers.

Initial Margin is the deposit given to a broker/dealer; it is the collateral required to enter into a position as a guarantee on future performance.

Inside Day is a candlestick formation that occurs when the entire daily price range for a given security falls within the price range of the previous day. This term often refers to all versions of the harami pattern and can be very useful for spotting changes in the direction of a trend.

Inside Quote is the highest bid and lowest offer price for a security quoted among all of the market makers competing in a security.

Intraday Intensity Index is a volume based indicator that depicts the flow of funds for a security according to where it closes in its high and low range. Calculated as:

$$= \frac{(2 \times \text{close} - \text{high} - \text{low})}{(\text{high} - \text{low}) \times \text{volume}}$$

Inverse Head And Shoulders is a chart pattern used in technical analysis to predict the reversal of a current downtrend. This pattern is identified when the price action of a security meets the following characteristics:

1. The price falls to a trough and then rises.
2. The price falls below the former trough and then rises again.
3. Finally, the price falls again, but not as far as the second trough.

Once the final trough is made, the price heads upward toward the resistance found near the top of the previous troughs. Investors typically enter into a long position when the price rises above the resistance of the neckline. The first and third trough are considered shoulders, and the second peak forms the head.

Inverse Saucer is a technical chart formation that indicates the stock's price has reached its high and that the upward trend has come to an end. An inverse saucer is characterized by a steady flattening of the uptrend to such a degree that the market at one moment enters a sideways range, but then slowly starts to fall slowly and finally accelerates downward. This rare formation provides no clear price target but usually implies quite a lot of potential since 50% or more retracement of the preceding uptrend can be expected. Also known as "rounded top".

Inward Arbitrage is a form of arbitrage involving rearranging a bank's cash by borrowing from the interbank market, and re-depositing the borrowed money locally at a higher interest rate. The bank will make money on the spread between the interest rate on the local currency, and the interest rate on the borrowed currency.

Island Reversal stands for an occurrence in technical analysis where a stock price will gap up/down, trade higher than this price, and then gap down/up below the initial price.

J

Joseph Effect is the idea that movements in a time series tend to be part of larger trends and cycles more often than they are completely random. The Joseph Effect is quantified by the Hurst component, where movements fall between a Hurst range of 0 to 1. The term was coined by Benoit Mandelbrot.

K

Kagi Chart is a type of chart developed by the Japanese in the 1870s that uses a series of vertical lines to illustrate general levels of supply and demand for certain assets. Thick lines are drawn when the price of the underlying asset breaks above the previous high price and is interpreted as an increase in demand for the asset. Thin lines are used to represent increased supply when the price falls below the previous low.

Keltner Channel is a volatility based 'envelope' indicator that measures the movement of stocks in relation to an upper and lower moving-average band.

Kicker Pattern is a two-bar candlestick pattern that is used to predict a change in the direction of the trend for an asset's price. This pattern is characterized by a very sharp reversal in price over the span of two candlesticks; traders use it to determine which group of market participants is in control of the direction.

Kijun-Sen is a component of the Ichimoku Kinko Hyo indicator that is primarily used to measure medium-term momentum. This line is calculated by using the following formula:

$$\text{Kijun-Sen} = \frac{\text{HighestHigh} - \text{LowestLow}}{2}$$

Kiwi is a slang term for the New Zealand dollar (NZD). It derives its name from New Zealand's national icon - a flightless bird called a kiwi - which is pictured on one side of the country's $1 coin.

Klinger Oscillator is a technical indicator developed by Stephen Klinger that is used to determine long-term trends of money flow while remaining sensitive enough to short-term fluctuations to enable a trader to predict short-term reversals. This indicator compares the volume flowing in and out of a security to price movement, and it is then turned into an oscillator.

L

Leads And Lags is the alteration of normal payment or receipts in a foreign exchange transaction because of an expected change in exchange rates. An expected increase in exchange rates is likely to speed up payments, while an expected decrease in exchange rates will probably slow them down.

Level 1 is a trading service consisting of real-time bid/ask quotes for securities trading on the Nasdaq stock market and comparable information for securities quoted in the OTC Bulletin Board Service.

Level 2 is a trading service consisting of real-time access to the quotations of individual market makers registered in every Nasdaq listed security, as well as market makers' quotes in OTC Bulletin Board securities.

Level 3 is a trading service consisting of everything in Level 2, plus the ability to enter quotes, execute orders and send information. This service is restricted to NASD member firms that function as registered market makers. Also known as "Level III".

Limit Order is an order that sets restrictions on the amount of profit and loss it can make.

Limit-On-Close Order is a type of limit order to buy or sell shares near the market close only if the closing price is trading better than the limit price. This order is an expansion of the market-on-close order, adding to it a limit condition, which places a maximum on the entry price and minimum on the selling price.

Limit-On-Open Order is a type of limit order to buy or sell shares at the market open if the market price meets the limit condition. This type of order is good only for the market opening and does not last for the whole trading day.

Liquidity is the ability of a market to accept large transaction without it impacting the stability of its prices.

Liquid Market is a market with many bid and ask offers. The market is characterized by high liquidity, low spreads, and low volatility.

Little Board is a slang term primarily referring to the American Stock Exchange (AMEX). It can also describe any exchange that is not the New York Stock Exchange (NYSE). Little board was originally used to refer to the New York Consolidated Stock and Petroleum Exchange, which closed its doors in the 1920s.

Locked Market is a short-term situation occurring within a market where both the bid and ask are identical, resulting in no bid-ask spread.

Lock In Profits means realizing the gains of a position, such as buying a stock, by exiting at a profit. By locking in, that portion of the investment is no longer exposed to risks. All profits are unrealized until the position is closed.
Also known as “realization.”

Logarithmic Price Scale is a type of scale used on a chart that is plotted in such a way that two equivalent percent changes are represented by the same vertical distance on the scale, regardless of what the price of the asset is when the change occurs. The distance between the numbers on the scale decreases as the price of the underlying asset increases. This is the case because a $1 increase in price becomes less influential as the price heads higher since it now corresponds to less of a percentage change than it did when the price of the asset was at a lower level. Also referred to as a "log scale".

Long Position is a position that increases in value if market prices increase.

Long Put is an options strategy in which a put option is purchased as a speculative play on a downturn in the price of the underlying equity or index. In a long put trade, a put option is purchased on the open exchange with the hope that the underlying stock falls in price, thereby increasing the value of the options, which are "held long" in the portfolio.
The options can either be sold prior to expiration (for a profit or loss) or held to expiration, at which time the investor must purchase the stock at market prices, then sell the stock at the stated exercise price.

Long-Term Equity Anticipation Securities - LEAPS stands for publicly traded options contracts with expiration dates that are longer than one year. Structurally, LEAPS are no different than short-term options, but the later expiration dates offer the opportunity for long-term investors to gain exposure to prolonged price changes without needing to use a combination of shorter-term option contracts. The premiums for LEAPs are higher than for standard options in the same stock because the increased expiration date gives the underlying asset more time to make a substantial move and for the investor to make a healthy profit.

Long-Term Growth - LTG is an investing strategy or concept where a security will appreciate in value for a relatively long period of time, whether or not the growth is initiated immediately or later on. Long-term growth is a relative term, as the investing horizon differs between investing styles, but the perceived appreciation in the security remains the same.

Long/Short Equity is a hedge fund strategy that involves buying certain stocks long and selling others short. There usually isn't a restriction on the country that the stocks trade in either.

Low Volume Pullback is a technical correction toward an area of support that occurs on lower-than-average volume. The low volume is a signal to traders that the trend is not reversing and that it is only the weak longs looking to lock in a quick profit. Frequent moves that occur in the opposite direction of a trend, which are accompanied by low volume, are normal fluctuations and generally deemed to be insignificant. On the other hand, a large spike in volume in the opposite direction of the trend could be used to signal that the smart money is starting to look for the exits and that the trend is getting ready to reverse.

M

Macro-Hedge is an investment technique used to eliminate the risk of a portfolio of assets. In most cases, this would mean taking a position that offsets the whole portfolio. But this technique is difficult in practice because there is rarely one asset that will offset the risk of a broader portfolio, so applying a macro-hedge most likely requires taking an offsetting position in each individual asset.

Maintenance Margin is the minimum amount of equity that must be maintained in a margin account. In the context of the NYSE and NASD, after an investor has bought securities on margin, the minimum required level of margin is 25% of the total market value of the securities in the margin account. Keep in mind that this level is a minimum, and many brokerages have higher maintenance requirements of 30-40%. It is also referred to as "minimum maintenance" or "maintenance requirement".

Manufactured Payment is a tax concept whereby the lender of a stock receives the equivalent dividend payment from the borrower of the stock.

Margin is:

1. Borrowed money that is used to purchase securities. This practice is referred to as "buying on margin".

2. The amount of equity contributed by a customer as a percentage of the current market value of the securities held in a margin account.
3. In a general business context, the difference between a product's (or service's) selling price and the cost of production.
4. The portion of the interest rate on an adjustable-rate mortgage that is over and above the adjustment-index rate. This portion is retained as profit by the lender.

Margin Account is a brokerage account in which the broker lends the customer cash to purchase securities. The loan in the account is collateralized by the securities and cash. If the value of the stock drops sufficiently, the account holder will be required to deposit more cash or sell a portion of the stock.

Margin Call is when the broker/dealer request additional collateral to guarantee performance on a position that has moved against the investor.

Margin Loan Availability means:

1. The dollar amount in an existing margin account that is currently available for purchasing securities. For new accounts, this represents the percentage value of the current balance that is available for future margin purchases.
2. The dollar amount available for withdrawal from an account with existing marginable positions being used as collateral.

Market Arbitrage is the purchasing and selling of the same security at the same time in different markets to take advantage of a price difference between the two separate markets.

Market Breadth is a technique used in technical analysis that attempts to gauge the direction of the overall market by analyzing the number of companies advancing relative to the number declining. Positive market breadth occurs when more companies are moving higher than are moving lower, and it is used to suggest that the bulls are in control of the momentum. Conversely, a disproportional number of declining securities is used to confirm bearish momentum.

Market Depth is the market's ability to sustain relatively large market orders without impacting the price of the security. This considers the overall level and breadth of open orders and usually refers to trading within an individual security.

Market Identifier Code - MIC stand for a four-character code used to identify stock markets and other trading exchanges within global trading and referencing computer systems. The first letter of any MIC is "X", followed by a three-digit alphanumeric code for the market in which a trade takes place. The code is used to process and clear trades, and is being pushed toward global acceptance as the securities industries move toward straight-through-processing (STP). The London Stock Exchange uses MICs as part of their SEDOL security-identifying systems, which is an alternative to the U.S.-based CUSIP identifying system.

Market If Touched - MIT is a conditional order that becomes a market order when a security reaches a specified price. When using a buy market-if-touched order, a broker will wait until the security falls to a certain level before purchasing the asset. A sell market-if-touched order will activate when the price of a security rises to the specified level. It is also referred to as a "board order".

Market Indicators is a series of technical indicators used by traders to predict the direction of the major financial indexes. Most market indicators are created by analyzing the number of companies that have reached new highs relative to the number that created new lows, also known as market breadth.

Market Maker is a dealer who quotes both bid and ask prices, hence makes a two-sided market for any financial instrument.

Market Maker Spread is the difference between the price at which a market maker is willing to buy a security and the price at which the firm is willing to sell it (the difference between the bid and ask for a given security). Because each market maker can either buy or sell a stock at any given time, the spread represents the market maker's profit on each trade.

Market On Close - MOC is a market order to be executed as near to the end of the exchange day as possible. It is also known as an "at-the-close order."

Market Order is an order to buy or sell a stock immediately at the best available current price.
A market order is sometimes referred to as an "unrestricted order".

Market Overhang stands for an observational theory stating that in certain stocks at certain times, there is a buildup of selling pressure. This occurs as a combined result of sales and a strong wish to sell among those who still hold the stock but fear that selling it may cause further declines. Depending on the overall liquidity in the stock, a market overhang can last for weeks, months or longer. Market overhang usually relates to trading in one security but can also apply to larger areas of the market, such as an entire sector.

Market Psychology is the overall sentiment or feeling that the market is experiencing at any particular time. Greed, fear, expectations and circumstances are all factors that contribute to the group's overall investing mentality or sentiment.

Market Risk Premium is the difference between the expected return on a market portfolio and the risk-free rate.

Market Technicians Association - MTA stands for a nonprofit organization located in the U.S. that promotes ethical trading practices among technical analysts.

Market versus Quote - MVQ is a comparison between the last price at which a security traded and the current bid/ask prices.

Market-With-Protection Order is a type of market order that is canceled and re-submitted as a limit order if the price of the asset moves dramatically after the investor places the order. The limit on the limit order is placed at around the current market price as determined by a broker. This type of order adds a protective measure, helping the investor ensure his or her market order will not be completed at a price that is far off from the market price at the time of the order.

Material Amount is the movement of a security's price to the extent that it confirms or refutes the trader's original prediction. A movement of material amount that refutes the trader's original prediction should trigger a stop-loss trade.
It can also signify an amount worth mentioning, as in financial statements or conference calls. If it is not a material amount, then it is considered too insignificant to mention.

Matrix Trading is a fixed income trading strategy that looks for discrepancies in the yield curve on which an investor can capitalize by instituting a bond swap. Discrepancies come about when current yields on a particular class of bond (corporate, municipal, etc.) don't match up with the rest of the yield curve or its historical norms.

Maturity is the date in which a financial instrument is expired or a transaction is settled.

Member Short-Sales Ratio is a ratio comparing the number of short sales transacted on behalf of NYSE members to the entire number of short sells transacted on the exchange.

Memory-Of-Price Strategy is a trading strategy that assumes the support and resistance points of double tops and double bottoms exert an influence on future price action after they have been broken. The memory-of-price strategy says that after support or resistance has been broken and the majority of stops have been cleared, the price will be attracted back to these support and resistance levels.
This strategy is based on the theory that it will take a very large amount of buying or selling to exceed the prior range of the double top or double bottom, respectively.

Micro-Hedge is an investment technique used to eliminate the risk of a single asset. In most cases, this means taking an offsetting position in that single asset. If this asset is part of a larger portfolio, the hedge will eliminate the risk of the one asset but will have less of an effect on the risk associated with the portfolio.

Mini-Lot is a currency trading lot size that is 1/10 the size of the standard lot of 100,000 units. One pip of a currency pair based in USD is equal to $1 when trading a mini-lot, compared to $10 for a standard-lot trade. Mini-lots are available to trade if you open a mini-account with a forex dealer.

Mini-Sized Dow Options is a type of option for which the underlying assets are Dow Jones Industrial Average futures contracts. The option has a 5 times multiplier, which means that each option contract on the index controls 5 times the value of the index. This gives the option holder more leverage on his/her investment compared to cash index options at a lower cost. The option is traded on the Chicago Board of Trade.

Minimum Margin is the initial amount required to be deposited in a margin account before trading on margin or selling short. For example, the NYSE and the NASD require investors to deposit a minimum of

$2,000 in cash or securities to open a margin account. Keep in mind that this amount is only a minimum - some brokerages may require you to deposit more than $2,000.(Not so WSD GM)

Mixed Lot is a type of order for a number of securities that is not a round (or whole) lot order amount. This type of order is comprised of a round lot order and an odd lot order. A round lot is the exchange-established trading unit, which defines the interval at which securities typically should be traded. An odd lot is an order that falls below the initial round lot amount.

Model Risk is a type of risk that occurs when a financial model used to measure a firm's market risks or value transactions does not perform the tasks or capture the risks it was designed to.

Model risk is considered a subset of operational risk, as model risk mostly affects the firm that creates and uses the model. Traders or other investors who use the model may not completely understand its assumptions and limitations, which limits the usefulness and application of the model itself.

Momentum Investing is an investment strategy that aims to capitalize on the continuance of existing trends in the market. The momentum investor believes that large increases in the price of a security will be followed by additional gains and vice versa for declining values.

Momo Play is a slang term used to describe an investment purely as a momentum play, not worrying about the company's fundamentals.

Money Flow is calculated by averaging the high, low, and closing prices, and multiplying by the daily volume. Comparing that result with the number for the previous day tells you whether money flow was positive or negative for the current day.

Moving Average - MA is an indicator frequently used in technical analysis showing the average value of a security's price over a set period. Moving averages are generally used to measure momentum and define areas of possible support and resistance.

Moving Average Chart is a tool used by technical analysts to track the price movements of a security or commodity. It plots average daily settlement prices over a defined period of time, anywhere from a few days to a couple years.

Moving Average Convergence Divergence - MACD is a trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A nine-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.

Moving Average Ribbon is a technique used in technical analysis to identify changing trends. It is created by placing a large number of moving averages onto the same chart. When all the averages are moving in the same direction, the trend is said to be strong. Reversals are confirmed when the averages crossover and head in the opposite direction.

Multiple Compression is the effect that arises when a stock trades at a certain multiple and, while earnings may be strong, the stock price doesn't move up (or even goes down). The result is that the given multiple (P/E ratio) is reduced even though nothing is fundamentally wrong with the company. Compression of a company's multiple can be interpreted as the valuation being called into question.

N

Naked Position is a securities position that is not hedged from market risk. Both the potential gain and the potential risk are greater when a position is naked instead of covered (a covered position is hedged from market risk).

Naked Put is a put option whose writer does not have a short position in the stock on which he or she has written the put. Sometimes it is also referred to as an "uncovered put."

Naked Shorting is the illegal practice of short selling shares that have not been affirmatively determined to exist. Ordinarily, traders must borrow a stock, or determine that it can be borrowed, before they sell it short. But due to various loopholes in the rules and discrepancies between paper and electronic trading systems, naked shorting continues to happen.

While no exact system of measurement exists, most point to the level of trades that fail to deliver from the seller to the buyer within the mandatory three-day stock settlement period as evidence of naked shorting. Naked shorts may represent a major portion of these failed trades.

Nasdaq-100 After Hours Indicator is an indicator of post-market sentiment and trading activity, calculated by measuring the after-hours price levels of stocks within the Nasdaq 100 and using the same methodology as that used to create the Nasdaq 100 during regular trading sessions. Because some stocks may not be trading in the after-hours session, their prices will remain at the daily close when calculating the Nasdaq 100 after-hours indicator.

Nasdaq Intermarket is an electronic marketplace where National Association of Securities Dealer (NASD) members could execute trades, communicate, and receive quotations on stocks listed on the New York Stock Exchange (NYSE) and the American Stock Exchange (Amex). Formerly known as "Nasdaq's third market", Nasdaq Intermarket used Nasdaq's Computer Assisted Execution System (CAES) to connect buy and/or sell orders. Nasdaq announced its intentions to withdraw from the Intermarket Trading system in 2005.

National Best Bid and Offer - NBBO is a term applying to the SEC requirement that brokers must guarantee customers the best available ask price when they buy securities and the best available bid price when they sell securities.

Neckline is a level of support or resistance found on a head and shoulders pattern that is used by traders to determine strategic areas to place orders. Each peak of a regular head and shoulders pattern falls toward a support level, also known as a neckline, before it rises to create the next peak. A move below the neckline (in the case of a head and shoulders top) is used by traders as a signal of a reversal of the current uptrend.

Negative Directional Indicator - -DI is a component of the average directional index (ADX) that is used to measure the presence of a downtrend. When the -DI is sloping upward, it is a signal that the strength of the downtrend is increasing. This indicator is almost always plotted with the positive directional indicator (+DI).

Negative Volume Index - NVI is an index that focuses on days where the volume has significantly decreased from the previous day's trading.

Neural Network is a series of algorithms that attempt to identify underlying relationships in a set of data by using a process that mimics the way the human brain operates. Neural networks have the ability to adapt to changing input so that the network produces the best possible result without the need to redesign the output criteria.

Noise Trader is the term used to describe an investor who makes decisions regarding buy and sell trades without the use of fundamental data. These investors generally have poor timing, follow trends, and over-react to good and bad news.

Noise Trader Risk is a form of market risk associated with the investment decisions of noise traders. The higher the volatility in market price for a particular security, the greater the associated noise trader risk.

Non-Marginable Securities are securities that cannot be purchased on margin at a particular brokerage or financial institution. Some classes of securities, such as recent initial public offerings (IPOs), over-the-counter bulletin board stocks, and penny stocks, are non-marginable by decree of the Federal Reserve Board. Other securities, such as stocks with share prices under $5 or with extremely high betas, may be excluded at the discretion of the broker itself. Non-marginable securities must be 100% funded by the investor's own cash, and holdings in non-marginable securities do not add to the investor's margin buying power.

Not-Held Order is a market or limit order that gives the broker or floor trader both time and price discretion to attempt to get the best possible price.

O

Odd Lot Theory is a technical analysis theory/indicator based on the assumption that the small individual investor is always wrong. Therefore, if odd lot sales are up - that is small investors are selling stock - it is probably a good time to buy.

Offer is the rate at which a dealer is willing to sell.

OHLC Chart is short for "Open, High, Low, Close chart." This is a securities chart that clearly shows the opening, high, low and closing prices for a security.

Oil ETF is a category of exchange-traded funds that invest in companies engaged in oil and gas discovery, production, distribution and retail. Some oil ETFs may be set up as commodity pools – with limited partnership interests instead of shares – and invest in derivative contracts such as futures and options. The benchmark target for an oil ETF may be a market index of oil companies or the spot price of crude itself, and funds may be focused on just United States-based companies or invest around the world. There are even inverse ETFs for oil and other sectors that move in an equal and opposite direction to the underlying index or benchmark. Oil ETFs will attempt to track their relevant index as closely as possible, but small performance discrepancies will be found, especially over short time frames.

On-Balance Volume - OBV is a method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security. This indicator was developed by Joe Granville.

One-Cancel-All Order is a type of order comprising several limit orders for several companies, but in the event that one gets filled, the rest are canceled. This type of order allows a trader to buy one out of a number of potential stocks at the best price in the shortest amount of time.

One To Many is a trading platform where all buyers and sellers transact with a sole market operator. Whereas a normal exchange involves the operator matching buyers with sellers, a one-to-many platform operator will purchase the assets from the sellers and sell to the buyers. All bids and offers are posted by the platform operator.

One-Touch Option is a type of exotic option that gives an investor a payout once the price of the underlying asset reaches or surpasses a predetermined barrier. This type of option allows the investor to set the position of the barrier, the time to expiration and the payout to be received once the barrier is broken. Only two outcomes are possible with this type of option: 1) the barrier is breached and the trader collects the full payout agreed upon at the outset of the contract, or 2) the barrier is not breached and the trader loses the full premium paid to the broker.

Online Trading is the act of placing buy/sell orders for financial securities and/or currencies with the use of a brokerage's internet-based proprietary trading platforms. The use of online trading increased dramatically in the mid- to late-'90s with the introduction of affordable high-speed computers and internet connections. Stocks, bonds, options, futures and currencies can all be traded online.

Opening Price is the price at which a security first trades upon the opening of an exchange on a given trading day.

Open position is a deal that has not yet been settled with a physical payment.

Optimization stands in the context of technical analysis, it is the process of adjusting one's trading system in an attempt to make it more effective. These adjustments include changing the number of periods used in moving averages, changing the number of indicators used, or simply taking away what doesn't work.

Option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

Option Agreement is:

1. A signed agreement between an investor who is seeking to open an options account and his or her brokerage firm. This agreement is used to verify the investor's level of experience and to ensure that the investor clearly understands the various risks involved when trading options.

2. An agreement between two parties that provides one of the parties with the right but not the obligation to buy, sell or obtain a specific asset at an agreed upon price at some time in the future.

Option Class is the set of all the call options or all the put options for a particular stock, index fund, or futures security on a listed exchange. The number of options available for purchase or sale within a given option class will depend on the size and trading volume of the underlying company or index, as well as overall market conditions.

Order Imbalance is a situation resulting from an excess of buy or sell orders for a specific security on a trading exchange, making it impossible to match the buyers' and sellers' orders. For securities that are overseen by a market maker or specialist, shares may be brought in from a specified reserve to add liquidity, temporarily clearing out excess orders from the inventory so that the trading in the security can resume at an orderly level. Extreme cases of order imbalance may cause suspension of trading until the imbalance is resolved.

Outside Reversal is a charting trend in which a stock price's high and low for the day exceed those of the preceding day.

Overbought is;

1. A situation in which the demand for a certain asset unjustifiably pushes the price of an underlying asset to levels that do not support the fundamentals.
2. In technical analysis, this term describes a situation in which the price of a security has risen to such a degree - usually on high volume - that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.

Overnight Delivery Risk is the risk that occurs as a result of conducting transactions between different time zones. More specifically, this refers to how the receiving party may not necessarily know whether the other party fulfilled its obligations until the next trading day.

Overnight Trading are trades in which positions remain open until the next day.

Oversold is:

1. A condition in which the price of an underlying asset has fallen sharply, and to a level below which its true value resides. This condition is usually a result of market overreaction or panic selling.
2. A situation in technical analysis where the price of an asset has fallen to such a degree - usually on high volume - that an oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors.

Overtrading is:

1. Excessive buying and selling of stocks by a broker on an investor's behalf in order to increase the commission the broker collects. This situation has been known to arise when brokers are pressured to place a newly issued security underwritten by a firm's investment banking arm. This is also known as "churning".
2. A situation in which a company is growing its sales faster than it can finance them. This usually leads to enormous accounts payable or accounts receivable and a lack of working capital to finance operations.

P

Pairoff means:

1. A purchase of securities to offset a previously transacted sale of the same security.
2. A transaction in securities markets where off-setting buy and sell trades are settled in cash, based on the difference in the prices between the off-setting trades. No securities trade hands; instead the settlement difference between the trades is calculated, and a money wire is sent to the appropriate party.

Pairs Trade stands for the strategy of matching a long position with a short position in two stocks of the same sector. This creates a hedge against the sector and the overall market that the two stocks are in. The hedge created is essentially a bet that you are placing on the two stocks; the stock you are long in versus the stock you are short in.

Panic Buying is high volume buying brought about by sharp price increases.

Parabolic Indicator is a technical analysis strategy that uses a trailing stop and reverse method called "SAR," or stop-and-reversal, to determine good exit and entry points.

Pattern means: In technical analysis, the distinctive formation created by the movement of security prices on a chart. It is identified by a line connecting common price points (closing prices, highs, lows) over a period of time. Chartists try to identify patterns to try to anticipate the future price direction. This is also known as "trading pattern".

Pattern Day Trader is an SEC designation for traders who trade the same security four or more times per day (buys and sells) over a five-day period, and for whom same-day trades make up at least 6% of their activity for that period.

Penalty Bid is a bid, or offer to purchase securities, provided by a lead underwriter or other member of a syndicate as part of early IPO trading. The bid comes with the restrictions; if it is used, a penalty will be assessed to the broker offering the shares back to the underwriter. The penalty bid is created to deter investors from "flipping" IPO shares shortly after trading begins.

Pennant is a continuation pattern in technical analysis formed when there is a large movement in a stock, the flagpole, followed by a consolidation period with converging trend lines, the pennant, followed by a breakout movement in the same direction as the initial large movement, the second half of the flagpole.

Penny Stock is a stock that trades at a relatively low price and market capitalization, usually outside of the major market exchanges. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure. They will often trade over the counter through the OTCBB and pink sheets.

Percentage Price Oscillator - PPO is a technical momentum indicator showing the relationship between two moving averages. To calculate the PPO, subtract the 26-day exponential moving average (EMA) from the nine-day EMA, and then divide this difference by the 26-day EMA. The end result is a percentage that tells the trader where the short-term average is relative to the longer-term average.

Calculated as:

$$PPO = \frac{9 \text{ Day EMA} - 26 \text{ Day EMA}}{26 \text{ Day EMA}}$$

Pink Sheets are a daily publication compiled by the National Quotation Bureau with bid and ask prices of over-the-counter (OTC) stocks, including the market makers who trade them. Unlike companies on a stock exchange, companies quoted on the pink sheets system do not need to meet minimum requirements or file with the SEC. Pink sheets also refers to OTC trading.

Pips/Points is one unit of price change in the bid/ask price of a currency. It is the last digit in a rate; the fourth decimal place in an exchange rate.

Pivot is a price level established as being significant either because the market fails to penetrate it or because a sudden increase in volume accompanies a move through that price level.

Pivot Point is a technical indicator derived by calculating the numerical average of a particular stock's high, low and closing prices.

Play is a slang term that describes the positive aspects of an investment decision. A play in investing is the reason why an investor made his or her decision. "Playing the stock market" is a phrase used by beginner investors signifying that they have gained access, simulated or real, to the ups and downs of the stock market.

Point & Figure Chart is a chart that plots day-to-day price movements without taking into consideration the passage of time. Point and figure charts are composed of a number of columns that either consist of a series of stacked Xs or Os. A column of Xs is used to illustrate a rising price, while Os represent a falling price. As you can see from the chart below, this type of chart is used to filter out non-significant price movements, and enables the trader to easily determine critical support and resistance levels. Traders will place orders when the price moves beyond identified support/resistance levels.

Polarized Fractal Efficiency - PFE is a technical indicator developed by Hans Hannula that was invented to determine price efficiency over a user-defined time period. This indicator fluctuates between -100 and +100 with 0 as the center line. Securities with a PFE greater than zero are deemed to be trending up, while a reading of less than zero indicates the trend is down.

Plus Tick is a price designation referring to the trading of a security at a price higher than the previous sale price for the same security. This is also known as an "uptick".

Poop And Scoop is a highly illegal practice occurring mainly on the Internet. A small group of informed people attempt to push down a stock by spreading false information and rumors. If they are successful, they can purchase the stock at bargain prices.

Position is the netted total holdings of a given currency.

Position Limit is a predetermined position level set by regulatory bodies for a specific contract or option.

Position Sizing stands for the dollar value being invested into a particular security by an investor. An investor's account size and risk tolerance should be taken into account when determining appropriate position sizing.

Position Trader is a type of stock trader who holds a position for the long term (from months to years). Long-term traders are not concerned with short-term fluctuations because they believe that their long-term investment horizons will smooth these out.

Positive Carry is a strategy of holding two offsetting positions, one of which creates an incoming cash flow that is greater than the obligations of the other.

Positive Directional Indicator - +DI is a component of the average directional index that is used to measure the presence of an uptrend. When the +DI is sloping upward, it is a signal that the uptrend is getting stronger. This indicator is nearly always plotted along with the negative directional indicator.

Positive Volume Index - +PVI is an index that focuses on days where the volume has significantly increased from the previous day's trading.

Pre-Market stands for the trading done before the regular market opens.

Pre-Syndicate Bid is a bid entered by a syndicate manager or underwriter in the Nasdaq system to stabilize the price of a Nasdaq security prior to the effective date of a registered secondary offering. The term "penalty bid" is also used.

Previous Close is a security's closing price on the preceding day of trading.

Price Action stands for the movement of a security's price. Price action is encompassed in technical and chart pattern analysis, which attempt to find order in the sometimes seemingly random movement of price. Swings (high and low), tests of resistance and consolidation are some examples of price action. The candlestick and price bar are important tools for analyzing price action, since they help traders visualize of price movement. Candlestick patterns such as the Harami, engulfing pattern and cross are all examples of visually interpreted price action.

Price By Volume Chart - PBV is a horizontal histogram plotted on the chart of a security, which corresponds to the volume of shares traded at a specific price level. Price by volume histograms are found on the Y-axis and are used by technical traders to predict areas of support and resistance.

Price Rate Of Change - ROC is a technical indicator that measures the percentage change between the most recent price and the price "n" periods in the past. It is calculated by using the following formula: (Closing Price Today - Closing Price "n" Periods Ago) / Closing Price "n" Periods Ago. ROC is classed as a price momentum indicator or a velocity indicator because it measures the rate of change or the strength of momentum of change.

Price Tension is the phenomenon by which the seller of a particular good, service or security desires to maximize the selling price, while the buyer desires to minimize the purchasing price. Generally speaking, the greater the price tension within a particular market, the greater the bid-ask spread.

Price Transparency stands for the accessibility of information on the order flow for a particular stock, allowing knowledge of the quantities of stock being offered and the bids at the various price levels.

Print means to execute a trade. The name comes from the printing of the trade on the ticker tape.

Profit Taking is the action of selling stock to cash in on a sharp rise. This action pushes prices down temporarily. When traders are profit taking, the implication is that there is an upward trend in the security.

Profit/Loss Ratio : This ratio refers to a trading system's ability to generate profits over losses. The profit/loss ratio is the average profit on winning trades divided by the average loss on losing trades over a specified time period.

$$= \frac{\dfrac{\text{Total Gain}}{\text{Number of Winning Trades}}}{\dfrac{\text{Total Loss}}{\text{Number of Losing Trades}}}$$

Program Trading stands for computerized trading used primarily by institutional investors typically for large-volume trades. Orders from the trader's computer are entered directly into the market's computer system and executed automatically.

Protective Stop is a strategy that aims to limit potential losses to a desired amount by using a stop-loss or stop-limit order.

Pullback is a falling back of a price from its peak. This type of price movement might be seen as a brief reversal of the prevailing upward trend, signaling a slight pause in upward momentum.

Punter means:

1. A trader who hopes to make quick profits. Basically it is, another term for "speculator".
2. A British and Australian term for one who gambles someone who is a bettor.

Purchasing Power represents:

1. The value of a currency expressed in terms of the amount of goods or services that one unit of money can buy. Purchasing power is important because, all else being equal, inflation decreases the amount of goods or services you'd be able to purchase.
2. In investment terms, the dollar amount of credit available to a customer to buy additional securities against the existing marginable securities in the brokerage account.

Pure Yield Pickup Swap is a transaction in which bonds with lower yields are swapped for bonds with higher yields.

Put-Call Parity is a principle referring to the static price relationship, given a stock's price, between the prices of European put and call options of the same class (i.e. same underlying, strike price and expiration date). This relationship is shown from the fact that combinations of options can create positions that are the same as holding the stock itself. These option and stock positions must all have the same return or an arbitrage opportunity would be available to traders. Any option pricing model that produces put and call prices that don't satisfy put-call parity should be rejected as unsound because arbitrage opportunities exist.

Put-Call Ratio is the ratio of the trading volume of put options to call options. It is used to gauge investor sentiment.

Put Ratio Backspread stands for an investment strategy that combines options to create a spread which *has limited loss potential and a mixed profit potential.*

Pyramiding is a method of increasing a position size by using unrealized profits from successful trades to increase margin.

Q

Qstick Indicator is a technical indicator developed by Tushar Chande to numerically identify trends in candlestick charting. It is calculated by taking an 'n' period moving average of the difference between the open and closing prices. A Qstick value that is greater than zero means that the majority of the last 'n' days have been up, indicating that buying pressure has been increasing.

Quantitative Analysis is a business or financial analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically. Quantitative analysis can be done for a number of reasons such as measurement, performance evaluation or valuation of a financial instrument. It can also be used to predict real world events such as changes in a share price.

Quote is an indicative market price, normally used for information purposes only and not for deals.

R

Range is a stock's low price and high price for a particular trading period, such as the close of a day's trading, the opening of a day's trading, a day, a month, or a year.

Range-Bound Trading stands for a trading strategy that identifies stocks trading in channels. By finding major support and resistance levels with technical analysis, a trend trader buys stocks at the lower level of support (bottom of the channel) and sells them near resistance (top of the channel).

Rate is the price of one currency in terms of another.

Rate Of Change is the speed at which a variable changes over a specific period of time. Rate of change is often used when speaking about momentum and it can generally be expressed as a ratio between changes in one variable relative to corresponding changes in another. Graphically, the rate of change is represented by the slope of a line.

Real Body means: In candlestick charting this is the wide part of a candle that represents the range between the opening and the closing prices over a specific time period.

Rectangle is a pattern formed on a chart where the price of a security is trading within a bounded range in which the levels of resistance and support are parallel to each other, resembling the shape of a rectangle. This pattern signals that the price movement, which has stalled during the pattern, will trend in the direction of the price breakout of the bounded range.

Red Candlestick is the component of a candlestick chart that represents a downward movement in the underlying price. A red candlestick is composed of the period's high, low, opening and closing prices. If the closing price is lower than the day's opening price, then the body of the candle is red or black. It is also known as a "black candlestick" or a "closed candlestick".

Relative Strength is the measure of price trend that indicates how a stock is performing relative to other stocks in its industry.

Relative Strength Index - RSI is a technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of an asset. It is calculated using the following formula:

$$\textbf{RSI} = 100 - \frac{100}{1 + RS}$$

$$\textbf{RS} = \text{Average of x days' up closes / Average of x days' down closes}$$

Renko Chart is a type of chart, developed by the Japanese, that is only concerned with price movement; time and volume are not included. It is thought to be named for the Japanese word for bricks, "renga". A renko chart is constructed by placing a brick in the next column once the price surpasses the top or bottom of the previous brick by a predefined amount. White bricks are used when the direction of the trend is up, while black bricks are used when the trend is down. This type of chart is very effective for traders to identify key support/resistance levels. Transaction signals are generated when the direction of the trend changes and the bricks alternate colors.

Resistance (Resistance Level) is the price at which a stock or market can trade, but not exceed, for a certain period of time. This is often referred to as "resistance level".

Retracement is a reversal in the movement of a stock's price, countering the prevailing trend.

Reversal is a change in the direction of a price trend. On a price chart, reversals undergo a recognizable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows. This is also referred to as a "trend reversal", "rally" or "correction".

Reversal Amount is the amount of price movement required to shift a chart to the right. This condition is used on charts that only take into consideration price movement instead of both price and time.

Ripple is a metaphor for a short-term market trend.

Rising Bottom is a pattern on a security's chart that results from the daily low price rising over time, creating a series of ascending troughs. Technical traders use this pattern to confirm that the trend of the underlying security is heading upward. The chart below illustrates a security that has three rising bottoms, indicating progressively higher lows over time. This is also known as "ascending bottom".

Risk is an exposure to the chance of loss.

Rogue Trader is a trader who acts independently of others - and, typically, recklessly - usually to the detriment of both the clients and the institution that employs him or her. In most cases this type of trading is high risk and can create huge losses.

Roll-Over is a process in which the settlement of a transaction is pushed forward to another date.

Rounding Bottom is a chart pattern used in technical analysis, which is identified by a series of price movements that, when graphed, form the shape of a "U". Rounding bottoms are found at the end of extended downward trends and signify a reversal in long-term price movements. This pattern's time frame can vary from several weeks to several months and is deemed by many traders as a rare occurrence.

Rounding Top is a chart pattern used in technical analysis which is identified by price movements that, when graphed, form the shape of an upside down "U". A rounding top may form at the end of an extended upward trend and indicates a reversal in the long-term price movement. The pattern can develop over several weeks, months or even years, and is considered a rare occurrence by many traders.

Runaway Gap is a type of gap on a price chart that occurs during strong bull or bear movements characterized by an abrupt change in price and appearing over a range of prices. They are best described as gaps caused by an sudden increase/decrease in interest for a stock.

Runner is a broker employee who delivers a market order to the broker's floor trader. After a customer places an order to the broker's order taker, the runner will pass the instructions to the pit trader and wait for confirmation. Once the trade is executed, the runner will return to the order taker, confirming the order has been filled.

Runoff is the procedure of printing the end-of-day prices for every stock on an exchange onto ticker tape.

S

Salomon Brothers World Equity Index - SBWEI is an index that measures the performance of fixed-income and equity securities from domestic and international markets that consist of companies with a float of at least $100 million.

Samurai Market is a slang term for the stock market in Japan. Samurai market is usually used by non-residents of Japan, with a reference to the iconic Japanese warrior - the samurai.

Sanku (Three Gaps) Pattern is the Japanese word for a candlestick pattern that consists of three individual gaps located within a well-defined trend. After the appearance of the third gap, the pattern is used to suggest an impending reversal in the direction of the current trend.

Saucer is a technical charting formation that indicates that a stock's price has reached its low and that the downward trend has come to a close.

Scale In is the process of purchasing shares as the price decreases. To scale in (or scaling in) means to set a target price and then invest in increments as the stock falls below that price. This buying continues until the price stops falling or the intended trade size is reached. Ideally the Scaling in process will, lower the average purchase price. If the stock does not come back to the target price, however, the investor ends up purchasing a losing stock.

Scale Order is a type of order that comprises several limit orders at incrementally increasing or decreasing prices. If it is a buy scale order, the limit orders will decrease in price, triggering buys at lower prices as the price starts to fall. With a sell order, the limit orders will increase in price, allowing the trader to take advantage of increasing prices, thereby locking in higher returns.

Scale Out is the process of selling portions of total held shares while the price increases. To scale out (or scaling out) means to get out of a position (e.g., to sell) in increments as the price climbs. This strategy allows the investor to take profits while the price is increasing, rather than trying to time the peak price. If the actual value continues to increase, however, the investor could be selling a winner too early.

Scalpers is a person trading in the equities or options and futures market who holds a position for a very short period of time, attempting to make money off of the bid-ask spread.

Scalping is a trading strategy that attempts to make many profits on small price changes. Traders who implement this strategy will place anywhere from 10 to a couple hundred trades in a single day in the belief that small moves in stock price are easier to catch than large ones.

Seagull Option is a three-legged option strategy, often used in forex trading that can provide a hedge against the undesired movement of an underlying asset. A seagull option is structured through the purchase of a call spread and the sale of a put option (or vice versa).

Seasoned Security means:

1. A financial instrument that has been publicly traded in the secondary market long enough to eliminate any short-term effects from its initial public offering.
2. Any security that has been issued and actively traded in the Euromarket for at least 40 days.

Seat stands for a membership to the NYSE.

SEC Fee is a nominal fee that was created by the Securities Exchange Act of 1934 to be an additional transaction cost attached to the selling of exchange-listed equities. This fee is usually listed as a separate fee, independent of any associated brokerage commissions or fees. Up until 2007, the fee is 1% of one three-hundredth of the dollar value of the equities sold. After 2007, the fee will be 1% of one eight-hundredth of the dollar value of the equities sold.

Secondary Market is a market where investors purchase securities or assets from other investors, rather than from issuing companies themselves. The national exchanges - such as the New York Stock Exchange and the NASDAQ are secondary markets. Secondary markets exist for other securities as well, such as when funds, investment banks, or entities such as Fannie Mae purchase mortgages from issuing lenders. In any secondary market trade, the cash proceeds go to an investor rather than to the underlying company/entity directly.

Selling Into Strength stands for a proactive trading strategy carried out by selling out of a long or into a short position when the price of the asset being traded is still rising but is expected to reverse in price. It is the opposite of "buying into weakness".

Senkou Span A is a component of the Ichimoku Kinko Hyo indicator that is used to measure momentum and future areas of support and resistance. Senkou span A is always plotted alongside Senkou span B and the area between the two lines is filled with shaded indicator lines, also known as the cloud, which is used by traders to predict levels of future support/resistance. Senkou span A is calculated by using the following formula:

$$\text{Senkou Span A} = \frac{\text{TenkanSen} - \text{KijunSen}}{2}$$

Senkou Span B is a component of the Ichimoku Kinko Hyo indicator that is used to create the 'cloud' of the indicator. Senkou span B is always plotted alongside Senkou span A and the area between the two lines is shaded. The shaded area, known as the cloud, is then used to give traders an idea of future support and resistance. Senkou span B is calculated by using the following formula:

$$\text{Senkou Span B} = \frac{\text{HighestHigh} - \text{LowestLow}}{2}$$

Senkou span B is generally regarded as the slowest moving component of the Ichimoku indicator because it is created by using the greatest number of time periods in its calculation (generally 52 time periods).

Sensex is an abbreviation of the Bombay Exchange Sensitive Index (Sensex) - the benchmark index of the Bombay Stock Exchange (BSE). It is composed of 30 of the largest and most actively-traded stocks on the BSE. Initially compiled in 1986, the Sensex is the oldest stock index in India.

Sentiment Indicator is a general term used to describe indicators that gauge investor attitudes toward the market.

Setup Price is a price level predetermined as the point of entry into a specific security, stock, or currency. Once the setup price is broken the trader will enter the position determined by the setup. This could include shorting a stock because they think the price will drop or going long because they expect an upward movement.

Shadow is a small line found on a candle in a candlestick chart that is used to indicate where the price of a stock has fluctuated relative to the opening and closing prices. Essentially, these shadows illustrate the highest and lowest prices at which a security has traded over a specific time period.

Shooting Star is a type of candlestick formation that results when a security's price, at some point during the day, advances well above the opening price but closes lower than the opening price.

Short Hedge is an investment strategy that is focused on mitigating a risk that has already been taken. The "short" portion of the term refers to the act of shorting a security, usually a derivatives contract, that hedges against potential losses in an investment that is held long (i.e., the risk that was already taken). If a short hedge is executed well, gains from the long position will be offset by losses in the derivatives position, and vice versa.

Short Interest is the total number of shares of a security that have been sold short by customers and securities firms.

Short Interest Ratio is a sentiment indicator that is derived by dividing the short interest by the average daily volume for a stock. This indicator is used by both fundamental and technical traders to identify the prevailing sentiment the market has for a specific stock. It is also known as the "short ratio".

$$\text{Short Interest Ratio} = \frac{\text{Short Interest}}{\text{Average Daily Trading Volume}}$$

Short Interest Theory is the theory that a large short interest is the predecessor of a rise in the price of a stock.

Short Position is a position that increases in value if the market prices decrease.

Short Sale is a market transaction in which an investor sells borrowed securities in anticipation of a price decline and is required to return an equal number of shares at some point in the future.

The payoff to selling short is the opposite of a long position. A short seller will make money if the stock goes down in price, while a long position makes money when the stock goes up. The profit that the investor receives is equal to the value of the sold borrowed shares less the cost of repurchasing the borrowed shares.

Short Sell Against the Box is the act of short selling securities that you already own. This results in a neutral position where your gains in a stock are equal to the losses. For example, if you own 100 shares of ABC and you tell your broker to sell short 100 shares of ABC, you have shorted against the box. An alternative to short selling against the box is to buy a put on your stock. This may or may not be less expensive than doing the short sale. It is also known as "shorting against the box".

Short Selling is the selling of a security that the seller does not own, or any sale that is completed by the delivery of a security borrowed by the seller. Short sellers assume that they will be able to buy the stock at a lower amount than the price at which they sold short.

Short Squeeze is a situation in which a lack of supply and an excess demand for a traded stock forces the price upward.

Sidecar Investment is an investment strategy in which one investor allows a second investor to control where and how to invest the capital. The sidecar investment will usually be used when one of the parties lacks the ability or confidence to invest for themselves. The strategy will place trust in someone else's ability to gain profits.

Sideways Market is a situation where stock prices change little over a specific period of time.

Signal Line is a moving average plotted alongside a technical indicator and is used to create transaction signals. Buy signals are generally created when the indicator crosses above the signal line, while sell signals are generated when the indicator crosses below it. A signal line is also commonly known as a "trigger line".

Signaling Approach is the idea that insiders have information not available to the market. Moves made by insiders can signal information to outsiders and change the stock price.

Signature Guarantee is a form of authentication issued by a bank or other financial institution that verifies the legitimacy of a signature and the signatory's overall request. This type of guarantee is often used in situations where financial instruments are being transferred. In most cases, the guarantor accepts all consequences in the event that the signature is fraudulent.

Simple Moving Average - SMA is a simple, or arithmetic, moving average that is calculated by adding the closing price of the security for a number of time periods and then dividing this total by the number of time periods. Short-term averages respond quickly to changes in the price of the underlying, while long-term averages are slow to react.

Single Stock Future - SSF is a futures contract with an underlying of one particular stock, usually in batches of 100. No transmission of share rights or dividends occurs.

Skewness describes asymmetry from the normal distribution in a set of statistical data. Skewness can come in the form of "negative skewness" or "positive skewness", depending on whether data points are skewed to the left (negative skew) or to the right (positive skew) of the data average.

Small Order Execution System - SOES is a computer network that automatically executes trades in Nasdaq market securities and some Nasdaq small cap securities. This allows individual investors to execute trades in fast moving markets.

Small Trader is an options or futures investor holding or controlling a single position below the required reporting levels.

SOES Bandits is a slang term for traders who make rapid buy and sell orders, using the SOES system, in order to make a profit from small price changes.

Special Memorandum Account - SMA is a special account where excess margin generated from a client's margin account is deposited. It is also known as "special miscellaneous account".

Specialist Firms are the firms that hire the specialists to represent companies listed on certain exchanges. Companies listed on certain exchanges will interview employees of the specialist firms, seeking out suitable people to represent them by holding inventories of the companies' stocks.

Specialist Short Sale Ratio is a ratio comparing the number of short sales made by specialists versus the total number of short sales transacted on the market.

Speculation Index is the ratio comparing the volume of trades upon the American Stock Exchange and the NYSE.

Speculative Capital stands for the funds earmarked by an investor for the sole purpose of speculation. This capital is often associated with extreme volatility and a high probability of loss. Most speculators have short-term investment horizons and often use high degrees of leverage in their efforts to obtain profits.

Speculative Company is a company with a large number of assets tied up in projects with uncertain returns.

Speed Resistance Lines is a tool in technical analysis that is used for determining potential areas of support and resistance. This tool, consisting of three trend lines, is created by drawing the first trend line from the most recent low to the most recent high when the asset is in an uptrend and from the most recent high to the most recent low when the asset is in a downtrend. The other two trend lines are drawn with smaller angles in an attempt to predict areas that will act as possible barriers in the event of a retracement.

Split Block Pricing is the act of dividing a large order of financial securities into several smaller lots in order to allow each portion to be traded at different prices. The ultimate effect of using a split block pricing method is that the trader will receive the order at a price equaling the weighted average price of each block traded.

Spread refers to the difference between the bid and offer prices for a currency pair.

Spread Betting is a type of speculation that involves taking a bet on the price movement of a security. A spread betting company quotes two prices, the bid and offer price (also called the spread), and investors bet whether the price of the underlying stock will be lower than the bid or higher than the offer. The investor does not own the underlying stock in spread betting, they simply speculate on the price movement of the stock.

Stag is a slang term for short-term speculator.

Star means:
1. A type of candlestick formation that is identified when a small bodied-candle is positioned above the price range of the previous candle as a result of a gap in the underlying assets price.
2. One of the four categories (quadrants) of the BCG growth-share matrix that represents the division within a company that has a large market share in a rapidly expanding industry.

STARC Bands is a type of technical indicator that is created by plotting two bands around a short-term simple moving average (SMA) of an underlying asset's price. The upper band is created by adding a value of the average true range (ATR) - a popular indicator used by technical traders - to the moving average. The lower band is created by subtracting a value of the ATR from the SMA.
Upper STARC band = SMA + ATR
Lower STARC band = SMA – ATR

STIX is a short-term trading oscillator that compares the amount of volume flowing into advancing and declining stocks.

Stochastic Oscillator is a technical momentum indicator that compares a security's closing price to its price range over a given time period. The oscillator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result. This indicator is calculated with the following formula:

%K = 100[(C - L14)/(H14 - L14)]

C = the most recent closing price
L14 = the low of the 14 previous trading sessions
H14 = the highest price traded during the same 14-day period.
%D = 3-period moving average of %K

StochRSI is an indicator used in technical analysis that ranges between zero and one and is created by applying the Stochastic Oscillator formula to a set of Relative Strength Index (RSI) values rather than standard price data. Using RSI values within the Stochastic formula gives traders an idea of whether the current RSI value is overbought or oversold - a measure that becomes specifically useful when the RSI value is confined between its signal levels of 20 and 80.

Stock Ahead is a situation in which an order is placed, but not executed, because of a previously sent order involving the same price. Depending on the exchange's priority rules, this can also happen when two bids are made at the same time with identical prices; only the larger order will be executed.

Stock Basher is an individual, either acting alone or on behalf of someone else, who attempts to devalue a stock by spreading false or exaggerated claims against a public company. After the stock's price has dropped, the basher, or the basher's employer, will then purchase the stock at a lower price than what he or she believes it is intrinsically worth.

Stock Cycle is the evolution of a stock's price from an early uptrend to a price high and eventually to a downtrend. The stock cycle is a buy-and-sell cycle that occurs over several years and has four stages:
1. Accumulation
2. Markup
3. Distribution
4. Markdown

Stock Idea is a note of suggestion or thinking that initiates the further analysis of a potential investment. Stock ideas can be thought of when news comes across the wire, or when the suggestion is heard from another analyst or investor.

Stock Pick is a situation in which an analyst or investor uses a systematic form of analysis to conclude that a particular stock will make a good investment and, therefore, should be added to his or her portfolio. The position can be either long or short and will depend on the analyst or investor's outlook for the particular stock's price.

Stock Replacement Strategy is an investment strategy that attempts to mimic the returns of a certain asset or group of assets by using a combination of different derivatives rather than buying the individual shares in the market. Traders will attempt to profit from the leverage found in options and futures because they can provide the same type of exposure to the underlying asset for a lower cost than if the trader were to buy the underlying assets outright.

Stop Hunting is a strategy that attempts to force some market participants out of their positions by driving the price of an asset to a level where many individuals have chosen to set their stop-loss orders. The triggering of many stop losses generally leads to high volatility and can present a unique opportunity for investors who seek to trade in this environment.

Stop Loss Order is an order in which an open position is automatically liquidated at a specific price. Stop Loss Order minimized potential losses if the market moves in the opposite direction of the investor's position.

Strong Buy stands for a type of stock purchasing recommendation given by analysts for a stock that is expected to dramatically outperform the average market return and/or the return of comparable stocks in the same sector or industry. It is an analyst's emphatic endorsement of a stock.

Structural Pivot is a price-bar formation that gives real-time price signals of support and resistance. When a series of price bars reverses direction, it is considered a structural pivot (not a calculated pivot). The price bar has an open, high, low and close. The pivot is composed of a minimum of three bars and occurs in every time frame. The pivot lows and highs are used to draw trend lines to show support, resistance and trend direction.

Substitution Swap is a swap that is carried out by trading a fixed-income security for a higher yielding bond with similar features.

Sum Certain is a legal description of the predetermined settlement price for a contract or negotiable instrument.

Sunshine Trade is a high-volume transaction prematurely revealed to the market before the order is even entered.

SuperMontage stands for a fully integrated order entry and execution system used by Nasdaq for all securities' transactions.

Support (Support Level) is the price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock. This is often referred to as the "support level".

Sushi Roll is a candlestick pattern consisting of 10 bars where the first five (inside bars) are confined within a narrow range of highs and lows and the second five (outside bars) engulf the first with both a higher high and lower low. If a sushi roll appears in a prevailing trend, it is a sign that there may be an upcoming trend reversal.

Sustainable Business 20 - SB20 is a group of stocks that are chosen according to the companies' ability to provide products and services while contributing to a sustainable economy. The SB20 are selected yearly by a panel of judges with experience in analyzing sustainable stocks. The list attempts to identify innovative and progressive companies with the potential to positively affect the goal of a more sustainable society.

Swap is the sale and purchase of a certain amount of a certain currency at a forward exchange rate.

Sweep-To-Fill Order is a type of market order in which the broker splits an order into numerous parts comprising the best prices and amounts at that price currently offered on the market for speedier order execution. It is used by traders who care more about entering the stock as quickly as possible and less about the price.

Swing is:

1. A fluctuation in the value of an asset, liability or account. This term is most commonly used when referring to a situation in which the price of an asset experiences a significant change over a short period.
2. A short-term trading strategy in which a trader attempts to capture gains by holding a security for only a few days. It is also known as "swing trading".

Swing High is a term used in technical analysis that refers to the peak reached by an indicator or an asset's price. A swing high is formed when the high of a price is greater than a given number of highs positioned around it. A series of consecutively higher swing highs indicates that the given asset is in an uptrend.

Swing Low is a term used in technical analysis that refers to the troughs reached by an indicator or an asset's price. A swing low is created when a low is lower than any other point over a given time period. Successively lower swing lows indicate that the underlying asset is in a downtrend, while higher lows mean it is in an uptrend.

Swing Trading is a style of trading that attempts to capture gains in a stock within one to four days.

Switching means:

1. In mutual funds, the process of transferring an investment from one fund to another.
2. In securities, the process of liquidating a position in exchange for other securities with better prospects for growth, yields or capital gains.

Symmetrical Triangle is a chart pattern used in technical analysis that is easily recognized by the distinct shape created by two converging trend lines. The pattern is identified by drawing two trend lines that connect a series of sequentially lower peaks and a series of sequentially higher troughs. Both trend lines act as barriers that prevent the price from heading higher or lower, but once the price breaches one of these levels, a sharp movement often follows.

Syndicate Bid is a bid that can be entered in the Nasdaq system to stabilize the price of a Nasdaq security prior to the date of a secondary offering.

Synthetic Collateralized Debt Obligation is a form of collateralized debt obligation (CDO) that invests in credit default swaps (CDSs) or other non-cash assets to gain exposure to a portfolio of fixed income assets. Synthetic CDOs are typically divided into credit tranches based on the level of credit risk assumed. Initial investments into the CDO are made by the lower tranches, while the senior tranches may not have to make an initial investment. All tranches will receive periodic payments based on the cash flows from the credit default swaps. If a credit event occurs in the fixed income portfolio, the synthetic CDO and its investors become responsible for the losses, starting from the lowest rated tranches and working its way up.

Synthetic Futures Contract is a position created by combining call and put options for the purpose of mimicking the payout schedule and characteristics of a futures contract.

Synthetic Put is an investment strategy of short selling a security and entering a long position on its call.

T

T+1 (T+2,T+3) are abbreviations that refer to the settlement date of security transactions. The T stands for transaction date, which is the day the transaction takes place. The numbers 1, 2 or 3 denote how many days after the transaction date the settlement or the transfer of money and security ownership takes place.

Take A Report is a slang phrase signifying that an individual's trade order has been executed. "Take a report" is also trader slang for "get out of my face" or "you're done".

Take-Profit Order - T/P is an order used by currency traders specifying the exact rate or number of pips from the current price point where to close out their current position for a profit. The rate deemed to be the level where the trader wants to take a profit is sometimes referred to as the "take-profit point".

Tax Lien Certificate is a certificate of claim against property that has a lien placed upon it as a result of unpaid property taxes.

Tech Bubble is a pronounced and unsustainable market rise attributed to increased speculation in technology stocks. A tech bubble is highlighted by rapid share price growth and high valuations based on standard metrics like price/earnings ratio or price/sales. The technology stocks involved in a bubble may be confined to a particular industry (such as internet software or fuel cells), or cover the entire technology sector as a whole, depending on the strength and depth of investor demand. At the peak of a bubble, many fledging tech companies will seek to go public through initial public offerings (IPOs) in an attempt to capitalize on heightened investor demand.

Technical Analysis is an analysis of historical market trends in an effort to forecast future market movements.

Technical Indicator is any class of metrics whose value is derived from generic price activity in a stock or asset. Technical indicators look to predict the future price levels, or simply the general price direction, of a security by looking at past patterns. Examples of common technical indicators include Relative Strength Index, Money Flow Index, Stochastics, MACD and Bollinger Bands.

Technical Rally is an upward movement in a security's price following a declining trend. The movement is caused by technical as opposed to fundamental factors affecting sentiment.

Technically Strong Market stands for a situation in which the stock market is rising on high volume or falling on low volume.

Technically Weak Market stands for a situation in which the stock market is rising on low volume or falling on high volume.

Tenkan-Sen is a component of the Ichimoku Kinko Hyo indicator that is primarily used to measure short-term momentum. This line is calculated by using the following formula:

$$\text{Tenkan-Sen} = \frac{\text{HighestHigh} - \text{LowestLow}}{2}$$

This line is generally constructed by only considering the highs and lows for the last seven to nine time periods. The resulting line is interpreted in the same manner as a short-term moving average.

Test stands in relation with technical analysis, it is when a stock price approaches a support or resistance level set by the market. If the stock stays within the support and resistance levels, the test is passed. However, if the stock price reaches new lows and/or new highs, the test has failed.

Three Black Crows is a bearish candlestick pattern that is used to predict the reversal of the current uptrend. This pattern consists of three consecutive long-bodied candlesticks that have closed lower than the previous day with each session's open occurring within the body of the previous candle.

Three White Soldiers is a bullish candlestick pattern that is used to predict the reversal of the current downtrend. This pattern consists of three consecutive long-bodied candlesticks that have closed higher than the previous day, with each session's open occurring within the body of the previous candle.

Throwback is a price move back toward the entry level of a security that has broken beyond the barrier of a price pattern or trend line. The retreat toward the level of the breakout is not uncommon and is used by many traders to confirm the validity of the new momentum. Notice how the price in the chart below retests the neckline of the head and shoulders pattern before continuing its move higher.

Tick Index is the number of stocks trading on an uptick minus the number of stocks trading on a downtick.

Tick Test Rules is a now defunct rule that placed restrictions on when a short sale may be executed. Tick test rules dictated that a short sale could be made only in two situations:
1. When the price of the particular stock was higher than the last trade price (an uptick).
2. When there was no change in the last trade price. The previous trade price had to be higher than the trade price that preceded it (a zero uptick or zero plus tick) .
This is also known as the "short sale rule".

Tide is a metaphor for a long-term market trend.

Time In Force is a special instruction used when placing a trade to indicate how long an order will remain active before it is executed or expires. Time-in-force options allow traders to be more specific about the time parameters in which an order is activated. This is especially important for active traders.

Time-Of-Day Order is an order to buy or sell an asset that is placed at a specific time period during a trading session. A time-of-day order enters the market at a predetermined minute and remains good until canceled, unless otherwise specified.

Time Segmented Volume - TSV is a technical analysis indicator developed by Worden Brothers Inc. that segments a stock's price and volume according to time intervals. The price and volume data is then compared to uncover periods of accumulation (buying) and distribution (selling).

Tirone Levels are a series of three sequentially higher horizontal lines used to identify possible areas of support and resistance for the price of an asset. The position of the center line is plotted by calculating the difference between the highest high and the lowest low for the asset price over a period of time and dividing it by 2. The top and bottom line are drawn 1/3 and 2/3 of the difference, respectively, between the same high and low that are used to calculate the center line.

Top is the highest price level reached by a security, index of securities, commodity or economic cycle in a given time period, followed by at least a short-term decline.

Top-Down Analysis is a method of analysis that involves looking at the "big picture" first, and then analyzing the details of smaller components. By first analyzing the overall picture, such as a macroeconomic trend, an investor can start narrowing potential companies to analyze. A trader that uses technical analysis may use top-down analysis as part of their trading system.

Toraku Index is a technical indicator that compares the number of advancing stocks on the Tokyo Stock Exchange to the number that are declining. The result is used by technical traders to determine the likelihood of a market correction.

Trade Price Response is the setting up of a trade which is based upon what the price of a security does once it reaches a certain critical level. After the security has to reacted the level, the security's positive or negative reaction is used to set up trades. Traditionally, the critical levels are areas of resistance or support for the security.

Trader is an individual who engages in the transfer of financial assets in any financial market, either for themselves, or on behalf of a someone else. The main difference between a trader and an investor is the duration for which the person holds the asset. Investors tend to have a longer term time horizon, whereas traders tend to hold assets for shorter periods of time in order to capitalize on short-term trends.

Trade Volume Index - TVI is a technical indicator that measures the amount of money flowing in and out of an asset. Unlike many technical indicators, the TVI is generally created using intraday price data. The underlying assumption of this indicator is that there is buying pressure when the price trades near the asking price and selling pressure when it trades near the bid.

Trading Account is:

1. An account similar to a traditional bank account, holding cash and securities, and is administered by an investment dealer.
2. An account held at a financial institution and administered by an investment dealer that the account holder uses to employ a trading strategy rather than a buy-and-hold investment strategy.

Trading Channel means: When charting the price of an asset, this is the space on the chart between an asset's support and resistance levels. The price of the asset will stay within the support and resistance levels until a breakout occurs.

Trading Desk is a desk where transactions for buying and selling securities occur. Trading desks can be found in most organizations (banks, finance companies, etc.) involved in trading investment instruments such as equities, fixed-income securities, futures, commodities and foreign exchange. A trading desk provides traders with access to instantaneous trade executions. This is also known as "dealing desk".

Trading Floor is the floor where trading activities are conducted. Trading floors are found in the buildings of various exchanges, such as the New York Stock Exchange and the Chicago Board of Trade. These floors represent the area where traders complete the buying or selling of an asset.

Trading Session is a period of time consisting of one day of business in a financial market, from the opening bell to the closing bell. Within the time frame of the trading session, all orders for the day must be placed, and buyers and sellers both participate in setting current market prices.

Transaction Cost is the cost of making a financial transaction whether it is buying or selling.

Trend is the general direction of a market or of the price of an asset. Trends can vary in length from short, to intermediate, to long term. If you can identify a trend, it can be highly profitable, because you will be able to trade with the trend.

Trend Analysis is an aspect of technical analysis that tries to predict the future movement of a stock based on past data. Trend analysis is based on the idea that what has happened in the past gives traders an idea of what will happen in the future. There are three main types of trends: short-, intermediate- and long-term.

Trend Trading is a trading strategy that attempts to capture gains through the analysis of an asset's momentum in a particular direction. The trend trader enters into a long position when a stock is trending upward (successively higher highs). Conversely, a short position is taken when the stock is in a down trend (successively lower highs).

Trendline is a line that is drawn over pivot highs or under pivot lows to show the prevailing direction of price. Trendlines are a visual representation of support and resistance in any time frame.

Tri-Star is a type of candlestick pattern that signals a reversal in the current trend. This pattern is formed when three consecutive doji candlesticks appear at the end of a prolonged trend.

Triangle is a technical analysis pattern created by drawing trendlines along a price range that gets narrower over time because of lower tops and higher bottoms. Variations of a triangle include ascending and descending triangles. Triangles are very similar to wedges and pennants.

Triangular Arbitrage is the process of converting one currency to another, converting it again to a third currency and, finally, converting it back to the original currency within a short time span. This opportunity for riskless profit arises when the currency's exchange rates do not exactly match up. Triangular arbitrage opportunities do not happen very often and when they do, they only last for a matter of seconds. Traders that take advantage of this type of arbitrage opportunity usually have advanced computer equipment and/or programs to automate the process.

Trigger Line is a moving-average line found in the moving average convergence divergence (MACD) theory, which is used to signal buy or sell points for a security. The trigger line interacts with the two moving averages that form the MACD line and attempts to predict upcoming trends.

TRIN is short for TRaders INdex. A technical analysis indicator calculated by taking the advances-to-declines spread and dividing that by the volume of advances to declines.

Triple Bottom is a pattern used in technical analysis to predict the reversal of a prolonged downtrend. The pattern is identified when the price of an asset creates three troughs at nearly the same price level. The third bounce off the support is an indication that buying interest (demand) is outweighing selling interest (supply) and that the trend is in the process of reversing.

Triple Top is a pattern used in technical analysis to predict the reversal of a prolonged uptrend. This pattern is identified when the price of an asset creates three peaks at nearly the same price level. The bounce off the resistance near the third peak is a clear indication that buying interest is becoming exhausted. It is used by traders to predict the reversal of the uptrend.

True Strength Index - TSI is a technical momentum indicator that helps traders determine overbought and oversold conditions of a security by incorporating the short-term purchasing momentum of the market with the lagging benefits of moving averages. Generally a 25-day exponential moving average (EMA) is applied to the difference between two share prices, and then a 13-day EMA is applied to the result, making the indicator more sensitive to prevailing market conditions. After the data is smoothed, some calculations are done to make the indicator fall in a range from +100 to -100, or from +1 to -1.

Turtle Channel is a trading band created by plotting the highest and lowest prices of an asset over a certain time period around the price of that asset.

Two-Sided Market is a market in which market makers (or specialists) are required to give both a firm bid and firm ask for each security in which they make a market. In other words, those making the market must be willing to both buy and sell at the prices they quote. This is also known as a "two-way market".

U

Ulcer Index - UI is an indicator developed by Peter G. Martin and Byron B. McCann that is used to measure the riskiness of investments such as securities, commodities, indexes or mutual funds. It is created by factoring in the depth and duration of draw downs from recent peaks. A large UI value indicates that the security represents undue risk and an investor who holds it will likely need to wait longer for the investment's price to climb back to its recent highs.

Ultimate Oscillator is a technical indicator invented by Larry Williams that uses the weighted average of three different time periods to reduce the volatility and false transaction signals that are associated with many other indicators that mainly rely on a single time period.

Unchanged as term stands for a situation in which the price or rate of a security does not change between two periods. This can be over any time frame including a trading day, week, or even as much as a year. This is sometimes also to be seen as "UNCH".

Unified Managed Household Account - UMHA is a type of unified managed account that will allow not only for the investing of any form of security by an individual investor, but also will allow any member of the immediate family the same investing access under the same account. This type of account will allow for the ease of administration on behalf of the financial institution and greater transparency for the investing family.

Universe Of Securities is a set of securities that shares a common feature such as the same market capitalization, industry or index. Universe of securities can also refer to securities within a defined price range, securities that deal in specific commodities and/or securities with the same product line.

Up Volume is a stock's volume when the security closes at a price higher than the previous day's close.

Upside/Downside Ratio is the volume of advancing NYSE issues divided by the volume of declining NYSE issues.

Uptick Rule is a former rule established by the SEC that requires that every short sale transaction be entered at a price that is higher than the price of the previous trade. This rule was introduced in the Securities Exchange Act of 1934 as Rule 10a-1 and was implemented in 1938. The uptick rule prevents short sellers from adding to the downward momentum when the price of an asset is already experiencing sharp declines. The uptick rule is also known as the "plus tick rule".

Uptick Volume is the volume of a security that trades at a price higher than its previous price.

V

VIX - CBOE Volatility Index is the ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking and is calculated from both calls and puts. The VIX is a widely used measure of market risk and is often referred to as the "investor fear gauge". There are three variations of volatility indexes: the VIX tracks the S&P 500, the VXN tracks the Nasdaq 100 and the VXD tracks the Dow Jones Industrial Average.

VIX Option is a type of non-equity option that uses the CBOE Volatility Index as the underlying asset. This is the first exchange-traded option that gives individual investors the ability to trade market volatility. Trading VIX options can be a useful tool for investors wanting to hedge their portfolios against sudden market declines, as well as to speculate on future moves in volatility.

Volume Price Trend Indicator - VPT is a technical indicator consisting of a cumulative volume line that adds or subtracts a multiple of the percentage change in share price trend and current volume, depending upon their upward or downward movements.

W

Wave is a metaphor for daily market activity that goes against the weekly market tide.

Weak Longs as term refers to the group of investors that holds a long position and is quick to exit that position at the first sign of weakness. This group of investors is generally looking to capture the potential upside in a given security, but is not willing to take much loss. These investors will quickly close their positions when a trade does not work in their favor.

Weak Shorts as term refers to the group of investors who hold a short position and are quick to exit their positions at the first sign of strength in the underlying asset. This group of investors looks to capture the gain on a move lower, but they are usually unwilling to take on as much risk as other investors.

Wedge is a technical chart pattern composed of two converging lines connecting a series of peaks and troughs.

Weekend Effect is a phenomenon in financial markets in which stock returns on Mondays are often significantly lower than those of the immediately preceding Friday. Some theories that explain the effect attribute the tendency for companies to release bad news on Friday after the markets close to depressed stock prices on Monday. Others state that the weekend effect might be linked to short selling, which would affect stocks with high short interest positions. Alternatively, the effect could simply be a result of traders' fading optimism between Friday and Monday.

Weekly Chart is a chart where each data point is comprised of the price movement for a single week of trading. This type of chart typically shows high, low, open, and close for the whole week and does not show the day-to-day movements of the security. This type of chart is used by technical analysts to gauge the long-term trend of a given asset.

Weighted Alpha is a weighted measure of how much a stock has risen or fallen over a certain period, usually a year. Generally, more emphasis is placed on recent activity by assigning higher weights to it than those assigned to earlier movements. This helps to give a return figure that has a greater focus on the most current period and is a more relevant measure for short-term analysis. This technique is popular with technical analysts.

Whipsaw is a condition where a security's price heads in one direction, but then is followed quickly by a movement in the opposite direction. The origins of term are derived from the push and pull action used by lumberjacks to cut wood with a type of saw with the same name.

Whisper Number stands for:

1. Traditionally, the unofficial and unpublished earnings per share (EPS) forecasts that circulate among professionals on Wall Street. In this context, whisper numbers were generally reserved for the favored (wealthy) clients of a brokerage.
2. A company's forecasted future earnings or revenues according to the collective expectations of individual investors. In this sense, a whisper number would be compiled by a website polling its visitors. Individuals come up with a whisper number using their own analyses of company financials, market trends, gut feel, etc.

White Candlestick is a point on a candle stick chart representing a day in which the underlying price has moved up. Candlesticks will have a body and usually two wicks on each end. The bottom of the white body represents the opening price and the top of the body represents the closing price. The top and bottom tips of each wick are the day's highest and lowest price respectively. This is also known as an “open candlestick”.

Wide Basis is a condition found in futures markets in which the spot price of underlying commodities is not close to the futures price of the same contract.

Wide Open is a situation at the opening of a trading day when there is a wide spread between the bid and ask prices for a security.

Williams %R is a term in technical analysis, this is a momentum indicator measuring overbought and oversold levels, similar to a stochastic oscillator. It was developed by Larry Williams and compares a stock's close to the high-low range over a certain period of time, usually 14 days.

Win/Loss Ratio is a ratio of the total number of winning trades to the number of losing trades. It does not take into account how much was won or lost simply if they were winners or losers. The win/loss ratio is also known as the "success ratio".

With Discretion is a type of limit order that can be modified by a floor broker according to his or her own judgment, allowing him or her to buy or sell to a set point beyond the bounds of the original order. This trading modifier used along with limit and stop orders allows greater customization and flexibility.

Wolfe Wave means: In technical analysis, it is a naturally occurring trading pattern present in all financial markets. The pattern is composed of five waves showing supply and demand and a fight towards an equilibrium price. These patterns can develop over short- and long-term time frames such as minutes or weeks and are used to predict where a price is heading and when it will get there.

Workout Market is a market maker prediction as to the trading price range that a security will occupy within a reasonable period of time. The characteristics of a workout market are seen prevalently in thin markets.

Workout Period is the period of time in which temporary yield discrepancies between fixed income securities are adjusted.

X

Xenocurrency is a currency that trades in markets outside of its domestic borders. "Xeno" is a prefix meaning foreign or strange.

Y

Yankee Market is a slang term for the stock market in the United States. Yankee market is usually used buy non-U.S. residents and refers to the slang term for an American - a Yankee.

Yard is slang for one billion units in currency.

Z

Zero Minus Tick is a securities trade executed on an exchange at the same price as the preceding trade, but at a lower price than the last trade of a different price. For example, if a succession of trades occur in the following order - $10.25, $10.00, and $10.00 - the last trade would be considered a zero minus tick or zero downtick trade.

Zero-Investment Portfolio is a group of investments which, when combined, create a zero net value. Zero-investment portfolios can be achieved by simultaneously purchasing securities and selling equivalent securities. This will achieve lower risk/gains compared to only purchasing or selling the same securities.

Zero Plus Tick is a security trade that is executed at the same price as the preceding trade but at a higher price than the last trade of a different price. For more than 70 years there was an "uptick rule" as established by the U.S. Securities and Exchange Commission (SEC); the rule stated that stocks could be shorted only on an uptick or a zero plus tick, not on a downtick. This rule was lifted in 2007.

Zig Zag Indicator is a trend following indicator that is used to predict when a given security's momentum is reversing. The indicator is used by traders to eliminate random price fluctuations and attempts to profit when the trend changes. The Zig Zag tool is often used in wave analysis to determine the positioning of the stock in the overall cycle.

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