

# T RADING ERMINOLOGY

## ALERT

An alert informs members of a prospective trade that our traders are considering and in which they can participate in. **Price entries, stop losses, price targets, and any potential comments** will be included in our notifications.

## STOP LOSS (SL)

To limit a loss, a sell order is issued to sell a securities or commodity at a specific price. **A good stop loss is usually 3-5% from entry.** When making trades, make sure you apply proper risk management and stop losses.

## PRICE TARGET (PT)

The price at which you plan to complete or partially complete your trade. **Depending on the trade, price targets can be met in a matter of minutes, hours, or even days.** You do not have to wait for the price target to be met before closing your position.

## PRICE ENTRY (PE)

The price at which you enter a trade, such as TSLA, PE: \$600, **indicates that you are entering the Tesla trade at that price.** Entries are merely what our traders are doing, not suggestions to enter the trade. If you've missed our traders' entry, we don't recommend chasing a stock.

## NHOD

New high of the day. Referenced when a stock hits a **new higher level on the same day.** This can also be NHOM, NHOW etc.

## FREE RUNNERS

When you hit our price goal, you usually **close part of your positions and leave the trade's profits 'free run'** to take advantage of any more possible gains.

## HALTED

The term "halted" is used when trading on a particular security is halted by the exchange on which it is traded on. A stock might be halted for a number of reasons, **the most common of which is when it gets too volatile.** A LUDP code is the halt code assigned to this form of halt. Trading halts are also usually implemented in advance of a news announcement, or to correct order imbalances

## PATTERN

Patterns are specific price structures that, when correctly detected, can reveal the stock's future path. **"Watching for said ticker in said pattern right now,"** for example, suggests that the stock is currently in a pattern, and an entry will be made once the pattern is completed.

## FLOAT

The amount of shares available for trading is referred to as float. **Stocks with low floats and high demand tend to move faster up and down** than tickers with large floats, which is why float is so important in day trading.

## BREAKOUT

A breakout occurs when a stock moves above its resistance level or under its support level. You sometimes might hear **"Will watch for the breakout at said price before entering"** simply implies that we won't enter the trade until that price level on that security is broken. (Refer to technical analysis guide for resistance and support definitions)

## AVERAGING DOWN

The act of buying additional shares when a stock's price falls is known as averaging down. As a result, **your average entry is steadily decreasing**. Investors that are confident in a company's future will typically average down in the hopes of the stock continuing to rise in the future. **Long-term investors typically utilise this strategy.**

## ACCUMULATION/ DISTRIBUTION

The closing price is compared to the high and low price to see if more traders are **buying or selling a certain security.**

## BULLISH / BEARISH

The keywords bullish and bearish are used to characterise the market's current state. **Bullish just means the market is heading upwards**, whilst bearish simply means the market is moving downwards.

## ANNUAL REPORT

An annual report is a document produced by a company with the goal of impressing shareholders. It contains a **wealth of information on the business**, ranging from cash flow to management strategy. When you read an annual report, you're evaluating the company's financial health & solvency.

## BLUE CHIP STOCKS

The shares of significant, industry-leading corporations. **Blue chip stocks have a track record of paying out high dividends and a reputation for excellent financial management.** Blue gambling chips, which are the highest value of chips used in casinos, are considered to have inspired the phrase.

## **BROKER**

A person who buys or sells an investment on your behalf, **sometimes for a fee**, such as Robinhood, WeBull, or Trading 212.

## **BID**

The bid price is the **highest amount a buyer** will pay for a particular security.

## **CAPITAL GAINS**

A capital gain is the difference in **value between the price at which an asset** (such as real estate or stocks) is sold and the price at which the item was purchased by an investor.

## **CLOSE**

The New York Stock Exchange and Nasdaq exchanges close at 4 p.m. EST, **with after-hours trading continuing until 8 p.m. EST**. The time when a stock exchange shuts for trading is referred to as the close.

## **EXCHANGE**

A market where various **investments are traded**. **The New York Stock Exchange (NYSE) and the Nasdaq** are the most well-known exchanges in the United States.

## **DIVIDEND**

On a quarterly or annual basis, a percentage of a company's **earnings is distributed to shareholders, or persons** who own the company's shares. Dividends are not paid by every company.

## **EXECUTION**

When an order to **buy or sell** has been completed.

## HIGH

A market high occurs when a stock or index hits a higher price point than it had previously. **There are time-constrained highs, such as 30-day highs,** that can indicate that a stock or index has never reached the current price point within 30 days.

## INDEX

A benchmark that traders and portfolio managers use as a reference point. A 10% return may sound nice, but **if the market index returns 12%, you did poorly** because you could have just invested in an index fund and saved time by not trading as frequently. The Dow Jones Industrial Average and the S& 500 are two of the most popular indexes.

## INITIAL PUBLIC OFFERING (IPO)

An initial public offering is when a company sells or offers its stock to the **general public for the first time.**

## LAGGING INDICATOR

Technical indicators that are known to trail the **price movement of an underlying security** are known as lagging indicators.

## LEADING INDICATOR

Leading indicators are measurable elements of **economic performance that fluctuate ahead of the economic cycle** before it settles into a predictable pattern.

## LEVERAGE

When you employ leverage, you borrow stock shares from your broker in order to increase your profit. **You return the shares and keep the difference if you borrow shares and sell them all at a higher price point.** This is exceedingly riskier style of trading

## LOW

Low is the opposite of high. It represents a lower price point for a stock or index. **Low has time-constrained lows**, such as yearly lows or 30-day lows, just as high does.

## MOVING AVERAGE (MA)

The moving average is the average price-per-share of a company over a given period of time. The **50-day and 200-day moving averages** are two popular time frames to evaluate in terms of a stock's moving average.

## ORDER

An order is a bid by an investor to purchase or sell a **specific number of shares or option contracts**. For example, you must place an order to purchase or sell 100 shares of stock.

## MARGIN

A margin account allows a person to borrow money (essentially a loan) from a **broker in order to purchase an investment**. The margin is the difference between the loan amount and the price of the securities. In a margin account, you must frequently maintain a minimum balance.

## OPEN

Every weekday, **the stock market in the United States opens at 9:30 a.m. EST**. It's based on the Nasdaq & NYSE's trading hours. The pre-market trading session starts at 4:30 a.m. EST.

## PINK SHEET / OTC

The term "pink sheets" is most typically used to describe penny stocks, which are **traded for \$5 or less per share**. Because of the way they're exchanged, they're also known as over-the-counter stocks. They're usually smaller corporations that aren't listed on the Nasdaq, NYSE, or any other big exchange.

## PORTFOLIO

An investor's portfolio is a collection of investments that he or she owns. A portfolio can contain as few as one stock, but it can potentially contain an infinite number of stocks or other securities.

## PROFIT/LOSS RATIO

A profit/loss ratio is a percentage-based metric that assesses a trader's capacity to make profit rather than loss.

## QUOTE

The quote is the information on a stock's most recent trading price. Unless you're utilising a genuine broker trading platform, this can take up to 20 minutes.

## SHARE MARKET

Any market where stock in a certain company can be bought and sold. The stock market is an example of a share market, and it is probably the most well-known.

## SECTOR

A sector is a group of securities that are all in the same industry. The technology sector, for example, comprises corporations such as Apple and Microsoft. Some traders choose to trade in a certain sector, such as energy, because they are familiar with the business and can predict stock price movements more accurately.

## RALLY

A rally is a sudden increase in the market's overall price level or the price of a single stock. It may be referred either as a bull rally or a bear rally, depending on the general atmosphere. In a weak market, even small upward trends of 10% can be considered a rally.



## SHARES OUTSTANDING

The stock of a company that is currently held by all shareholders, including **restricted and institutional shares**, is referred to as shares outstanding.

## SHORT SELLING

Short-selling a stock entails borrowing shares from your broker and promising to return them later. **The money from the borrowed stock is deposited into your account when you sell it.** However, you owe the broker the shares. It's a strategy for profiting from a stock that you predict will fall in value. The idea after selling short is to purchase back the shares at a cheaper price and pocket the difference as profit. **You lose money if you buy to cover at a higher price.**

## SPREAD

This is the difference between the bid and the ask prices of a stock, or the amount for **which someone is willing to buy it and the amount for which someone is willing to sell it.** For instance, if a trader is willing to trade XYZ stock for \$10 and a buyer is willing to pay \$9 for it, the spread is \$1.

## TICKER SYMBOL

A stock symbol is a one- to four-character alphabetic root symbol that represents a **publicly traded company on a stock exchange.** Apple's stock symbol is AAPL, while Walmart's is WMT.

## TRADING HALTS

Trading in a single stock or, even more rarely, the entire market has had to be halted in exceptional circumstances. **This is known as a trade halt, and it is used to safeguard investors of all hues from large losses caused by a lack of transparency.**

## VOLATILITY

The price movements of a stock or the stock market as a whole. Highly volatile stocks are those with extreme daily up and down movements and wide intraday trading ranges. This is often common with stocks that are thinly traded or have low trading volumes.

## VOLUME

The number of shares of stock traded during a particular time period, normally measured in average daily trading volume. Volume can also mean the number of shares you purchase of a given stock. For instance, buying 2,000 shares of a company is a higher-volume purchase than buying 20 shares.

## YIELD

Often refers to the measure of the return on an investment that is received from the payment of a dividend. This is determined by dividing the annual dividend amount by the price paid for the stock. If you bought stock XYZ for \$40 per share and it pays a \$1.00-per-year dividend, you have a “yield” of 2.5 perce



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