



Financial Glossary



A.

1. ADP Non-Farm Employment Change 2. Analyst

This data is released on a monthly basis and it tracks the levels of private employment in the US, excluding farm jobs. It is sometimes also referred to as 'the private payrolls report.'

Financial professional who has expertise in evaluating investments and puts together buy, sell and hold recommendations for clients.

3. Arbitrage 4. Ask (offer) Price

The simultaneous purchase or sale of a financial product in order to take advantage of small price differentials between markets.

The price at which the market is prepared to sell a product. Prices are quoted two-way as Bid/Ask. The Ask price is also known as the Offer.

5. Averaging Down

When an investor buys more of a stock as the price goes down. This makes it so your average purchase price decreases.

B.

6. Base and Quote Currencies 7. Base Currency

In a currency pair, the first currency is known as the base currency and the second is referred to as the quote currency. So, in the EUR/USD pair, the euro would be the base currency and the US dollar would be the quote currency.

The first currency in a currency pair. It shows how much the base currency is worth as measured against the second currency.

8. Beta 9. Bid and ask

A measurement of the relationship between the price of a stock and the movement of the whole market.

Every currency pair has two price quotes. The bid price represents how much of the quote currency the broker is willing to pay to buy the base currency from you. The ask price represents the amount of quote currency the broker is willing to accept to sell you the base currency.

10. Base Rate 11. Bear-Traders

The lending rate of the central bank of a given country.

who expect prices to decline and may be holding short positions.

12. Black Swan 13. Blue Chip Stocks

Black swan is used to describe an extremely rare and unpredictable event that triggers a perfect storm of catastrophic consequences.

Blue Chip Stocks are stocks of large, industry-leading companies. These are market leaders and extremely popular among investors. They're large companies worth billions of dollars and often help shape the economy.

14. Bond

A name for debt which is issued for a specified period of time.

15. Bulls

Traders who expect prices to rise and who may be holding long positions.

16. Buyback

Companies can actually purchase back their shares of stock in what is called a share repurchase program or stock buyback.

17. BuyDIPs

Looking to buy 20-30-pip/point pullbacks in the course of an intra-day trend.

**18. Currency pairs**

A currency pair is, as the name suggests, a pair of currencies that represent the value of one currency against another. Currency pairs are expressed in a XXX/YYY format, such as EUR/USD.

19. Candlestick Chart

A chart that indicates the trading range for the day as well as the opening and closing price. If the open price is higher than the close price, the rectangle between the open and close price is shaded. If the close price is higher than the open price, that area of the chart is not shaded.

20. Capitulation

A point at the end of an extreme trend when traders who are holding losing positions exit those positions.

21. Cash Settled Futures

Cash settlement method used in certain futures and options contracts where, upon expiration or exercise, the seller of the financial instrument does not deliver the actual (physical) underlying asset but instead transfers the associated cash position.

22. Cash Price

The price of a product for instant delivery; i.e., the price of a product at that moment in time.

23. Choppy

Short-lived price moves with limited follow-through that are not conducive to aggressive trading.

24. Cleared Funds

Funds that are freely available, sent in to settle a trade.

25. Closing Price

The price at which a product was traded to close a position. It can also refer to the price of the last transaction in a day trading session.

26. Collateral

An asset given to secure a loan or as a guarantee of performance.

27. Commodities

Raw materials used every day by millions or billions of consumers, the prices of which are based on supply and demand.

28. Confirmation

A document exchanged by counterparts to a transaction that states the terms of said transaction.

29. Consolidation

A period of range-bound activity after an extended price move.

30. Contagion

The tendency of an economic crisis to spread from one market to another.

31. Correction

A statistical even where security or assets prices decline at least 10% from a recent peak.

32. Counter Currency

The second listed currency in a currency pair.

33. Counterparty

One of the participants in a financial transaction.

34. Cryptocurrencies

A digital currency formed from a series of coded transactions, the record of which is kept on a digital ledger called blockchain. The first digital currency was Bitcoin, which has since skyrocketed in price even as others such as Ethereum have come on the scene.

D.

35. Day Trading

The practice of buying and selling within the same trading day, before the close of the markets on that day, is called day trading.

36. Dealing Spread

The difference between the buying and selling price of a contract.

37. Deliverables Futures

Deliverable futures contracts are the forward contracts to buy or sell a certain underlying instrument with actual delivery of the underlying instrument occurring. Settlement occurs 30 days after the contract is purchased.

38. Dividend

A portion of a company's earnings that is paid to shareholders, or people that own that company's stock, on a quarterly or annual basis.

39. Dove

Dovish refers to data or a policy view that suggests easier monetary policy or lower interest rates. The opposite of hawkish.

40. Dow Jones Industrial Average

DJIA or Dow, is a stock market index that measures the stock performance of 30 large companies listed on stock exchanges in the United States.

41. DX/ SY

Symbol for the US Dollar Index.

E.

42. Easing

a central bank cutting interest rates.

43. Economic Bubble

When an asset class rises in value based on investor sentiment rather than actual stat-driven analysis.

44. ECB

European Central Bank, the central bank for the countries using the euro.

45. Eurozone Labor Cost Index

Measures the annualized rate of inflation in the compensation and benefits paid to civilian workers and is seen as a primary driver of overall inflation.

46. Ex-Dividend

A share bought in which the buyer forgoes the right to receive the next dividend and instead it is given to the seller.

F.**47. FED**

The Federal Reserve Bank, the central bank of the United States, or the FOMC (Federal Open Market Committee), the policy-setting committee of the Federal Reserve.

48. Flat or Flat Reading

-Economic data readings matching the previous period's levels that are unchanged.

49. FinTech

FinTech is a culturally shortened derivation of the words Financial Technology. It refers to the use of the technology that is used to automate and provide innovation to, financial services.

50. FOMC Minutes

Written record of FOMC policy-setting meetings are released three weeks following a meeting. The minutes provide more insight into the FOMC's deliberations and can generate significant market reactions.

51. Forex

The Foreign Exchange Market (FX) is the largest in the world, with the highest amount of liquidity.

52. Forward Points

The pips added to or subtracted from the current exchange rate in order to calculate a forward price.

53. Fundamental Analysis

Analysis that seeks to assess which stocks are valuable, and which are not, through analyzing sales, P/E ratio, profits, EPS (earnings per share), and other factors.

54. Futures Contract

Trading futures involves buyers and sellers who agree to trade a specified asset in a particular amount at a particular date at a particular price.

G.**55. G-7**

Group of 7 Nations — United States, Japan, Germany, United Kingdom, France, Italy, and Canada.

56. G-8

Group of 8 — G7 nation plus Russia.

57. G-20

This group of 20 finance ministers and central bank governors from 19 countries is the primary global economic council. The 20th member of the G-20 is the European Union. The G-20 includes the G-7, which is a group of the world's most developed economies, including the United States, the United Kingdom, France, Germany, Italy, Japan, and Canada.

58. Going Long

The purchase of a stock, commodity or currency for investment or speculation with the expectation of the price increasing.

H.**59. Handle**

Every 100 pips in the FX market starting with 000.

60. Hair Cut

In simplest stock market terms, a haircut is an extremely thin spread between the bid and ask prices of a given stock. It can also refer to a situation in which a stock price gets reduced by a specific percentage for margin trades or other purposes.

61. Hedge

A position or combination of positions that reduces the risk of your primary position.

I.**62. Index**

A stock index, or stock market index, is an index that measures a stock market, or a subset of the stock market, that helps investors compare current price levels with past prices to calculate market performance. It is computed from the prices of selected stocks. Examples are the Dow Jones Industrial Average and Standard & Poor's 500.

63. Initial Public Offering (IPO)

An IPO is the first sale or offering of a stock by a company to the public. It happens when a company decides to go public rather than remain solely owned by private or inside investors.

64. Initial Margin Requirement

The initial deposit of collateral required to enter into a position.

65. Institutional Investors

These large companies or firms buy and sell securities along the lines of their investment strategy, along with facilitating trades for members and shareholders.

66. Introducing Broker

A person or corporate entity which introduces account to a broker in return for a fee.

L.

67. Last Dealing Time

The last time you may trade a particular product.

68. Leading Indicators

Statistics that are considered to predict future economic activity.

69. Lots

Lots are the unit of measurement used to express trade size. There are three common lot sizes; a standard lot which is equal to \$100,000 of a currency, a mini-lot which is equal to \$10,000 of a currency, and a micro-lot which is equal to \$1,000 of currency.

70. Leverage

When you make a trade with a forex broker, the trading position than you could afford with your own capital. Leverage rates are usually expressed as ratios, for example, 50:1. This means you can hold a position fifty times larger than your account balance.

71. LIBOR

The London Inter-Bank Offered Rate. Banks use LIBOR as a base rate for international lending.

72. Liquidity

A measurement of how easily an asset such as stocks, cash, real estate, or valuables could be bought or sold without affecting the standard price.

M.

73. Majors/minors

Currency pairs are generally split into two different categories. Major currency pairs include the US dollar and are more frequently traded. Minor currency pairs are those which don't include the dollar.

74. Margin

This refers to the initial deposit you need to make in a trade, in order to utilize leverage. Margin requirements are expressed as a percentage of the trading position.

75. Margin Call

Demand for additional funds, or equivalent, because of adverse price movement or some other contingency.

76. MOM

Abbreviation for month-over-month, which is the change in a data series relative to the prior month's level.

77. Momentum

A series of technical studies (e.g. RSI, MACD, Stochastics, Momentum) that assesses the rate of change in prices.

78. Moving Average

A stock's average price-per-share during a specific period of time is called its moving average.

N.

79. Net Position

The amount of currency bought or sold which has not yet been offset by opposite transactions.

80. NASDAQ

This American Stock exchange is the second-largest marketplace in the world in terms of market cap.

81. Offered

If a market is said to be trading offered, it means a pair is attracting heavy selling interest, or offers.

82. Options Trading

This sale of buyer-seller contract allows the purchaser to have the right without obligation to buy or sell a certain security at a certain price and on or before a certain date.

83. Order

An instruction to execute a trade.

84. Pip

The change in value between two currencies is expressed through a unit of measurement known as a pip. If the EUR/USD pair was to rise from position. \$1.1001 to \$1.1002, that increase of 50.0001 is equal to one pip. In major currency pairs, pips are the fourth decimal place in a quote.

85. Political Risk

Exposure to changes in governmental policy which may have an adverse effect on an investor's position.

86. Portfolio

A collection of investments owned by an entity.

87. Premium

The amount by which the forward or futures price exceeds the spot price.

88. Pull Back

The tendency of a trending market to retrace a portion of the gains before continuing in the same direction.

89. Purchasing Manager Index (PMI)

An economic indicator which indicates the performance of manufacturing companies within a country.

Q.**90. Quote**

An indicative market price, normally used for information purposes only.

R.**91. Rally**

A recovery in price after a period of decline.

92. Range

When a price is trading between a defined high and low, moving within these two boundaries without breaking out from them.

93. Real Money

Traders of significant size including pension funds, asset managers, insurance companies, etc. They are viewed as indicators of major long-term market interest, as opposed to shorter-term, intra-day speculators.

94. Realized profit/loss

The amount of money you have made or lost when a position has been closed.

95. Resistance Level

A price that may act as a ceiling. The opposite of support.

96. Retail Investor

An individual investor who trades with money from personal wealth, rather than on behalf of an institution.

97. Revaluation

When a pegged currency is allowed to strengthen or rise as a result of official actions; the opposite of a devaluation.

98. Risk Management

The employment of financial analysis and trading techniques to reduce and/or control exposure to various types of risk.

99. Rollover

A rollover is the simultaneous closing of an open position for today's value date and the opening of the same position for the next day's value date at a price reflecting the interest rate differential between the two currencies.

100. Round Trip

A trade that has been opened and subsequently closed by an equal and opposite deal.

5.**101. S&P 500 Index**

500 different large cap companies are listed in The Standard and Poor's Index. a popular stock market index that follows their price and performance.

102. Spread

The difference between the bid and ask price is known as the spread. This is expressed in pips.

103. Slippage

Slippage refers to situations in which you receive a different trade execution price than intended. This can happen for a number of reasons, including slow software and large order sizes. Slippage is neither positive nor negative, the same term is used whether the execution price has fallen or risen.

104. SEC

The Securities and Exchange Commission.

105. Settlement

The process by which a trade is entered into the books, recording the counterparts to a transaction.

106. Short-Covering

After a decline, traders who earlier went short begin buying back.

07. Short Selling

When you short-sell a stock, you borrow shares from someone else with the promise to return them at a point down the road. You then sell the stock for a profit. It's a way to take advantage of a stock that you believe will decrease in price.

108. Short Squeeze

A situation in which traders are heavily positioned on the short side and a market catalyst causes them to cover (buy) in a hurry, causing a sharp price increase.

109. Slippage

The difference between the price that was requested and the price obtained typically due to changing market conditions.

110. Slippery

A term used when the market feels like it is ready for a quick move in any direction.

111. Sloppy

Choppy trading conditions that lack any meaningful trend and/or follow-through.

112. Sovereign Names

Refers to central banks active in the spot market.

113. Spot Commodity

The actual physical commodity, as distinguished from the futures.

114. Spot Market

A market whereby products are traded at their market price for immediate exchange.

115. Spread

The difference between the bid and offer prices.

116. Square

Purchase and sales are in balance and thus the dealer has no open position.

117. Stop loss order

Stop loss orders are an important risk management tool. By setting stop loss orders against open positions you can limit your potential downside should the market move against you.

118. Strike Price

The defined price at which the holder of an option can buy or sell the product.

119. SWAP

A currency swap is the simultaneous sale and purchase of the same amount of a given currency at a forward exchange rate.

T.

120. Technicians/Techs

Traders who base their trading decisions on technical or charts analysis

121. Tick (size)

A minimum change in price up or down.

122. Tightening

a central bank hiking interest rates.

123. Thin

An illiquid, slippery or choppy market environment. A light-volume market that produces erratic trading conditions.

124. The NonFarm Payrolls

This data also tracks the monthly change in the number of jobs created by the US economy, excluding the agricultural ones.

125. Trading Bid

A pair is acting strong and/or moving higher; bids keep entering the market and pushing prices up.

126. Two-way-price

When both a bid and offer rate is quoted for a forex transaction.

127. Trend

Price movement that produces a net change in value.

128. Trading Halt

A postponement to trading that is not a suspension from trading.

U.**129. US Prime Rate**

The interest rate at which US banks will lend to their prime corporate customers.

130. UK Claimant Count Rate

Measures the number of people claiming unemployment benefits. The claimant count figures tend to be lower than the unemployment data since not all of the unemployed are eligible for benefits.

131. Ugly

Describing unforgiving market conditions that can be violent and quick.

V.**132. Value Date**

Also known as the maturity date, it is the date on which counterparts to a financial transaction agree to settle their respective obligations, i.e., exchanging payments.

133. Volatility

Referring to active markets that often present trade opportunities.

134. 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.

W.**135. Wedge Chart Pattern**

Chart formation that shows a narrowing price range over time, where price highs in an ascending wedge decrease incrementally, or in a descending wedge, price declines are incrementally smaller.

136. Working Order

Where a limit order has been requested but not filled.

137. Whipsaw

Slang for a highly volatile market where a sharp price movement is quickly followed by a sharp reversal.

138. 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.