

TRADING TERMINOLOGY CHEAT SHEET

52-Week High/Low

A security's highest or lowest price for the year

After Hours

Trading that occurs between 4:00PM – 8:00PM EST after the market closes

Ask

The price a seller willing to accept for a security

Averaging Down

Adding shares at a lower price than the initial position

Bearish

Referring to a security dropping in price

Bid

The price a buyer is willing to pay for a security

Borrow

Shares lent to a seller so they can initiate a short position

Breakout

When a security sets new highs

Bullish

Referring to a security increasing in price

Candlestick

A type of chart that shows the high, low, open, and close for a given period

Cover

Closing a short position by purchasing the borrowed security

ECN (Electronic Communication Network)

An automated system for matching buy and sell orders

EPS (Earnings Per Share)

The amount of profit a company generates divided by the number of outstanding shares

ETF (Exchange Traded Fund)

A group of similar assets trading as a single security

E/R (Earnings Report)

The report containing a company's financial performance over a quarter or year

Filing

An SEC document filed when significant changes or updates are made within a company

Float

The amount of shares available for trading

Fundamental Analysis

Evaluating a security with a focus on intrinsic value

Gap Up/Gap Down

When a security opens above or below its previous closing price

Going Long

Placing a buy order

Green

When a security is trading above its previous closing price

Hard-to-borrow

When a security is not readily available for short sellers, often resulting in additional trading fees

HOD/LOD (High/Low of Day)

The highest or lowest price a security trades at in a given day

IPO (Initial Public Offering)

The first time a private company is available for trading on public markets

Index

A combination of securities used to track the overall performance of the market

Liquidity

The ability to buy and sell with ease

Locates

Securities borrowed from other brokers or clearing firms for the purpose of short selling

Low Float

A security with a lower amount of shares available for public trading, often susceptible to higher volatility

Margin

Money borrowed for trading securities

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Margin Call

When a broker requires the return of borrowed securities or capital

Market Cap

The total value of a company based on share price and number of outstanding shares

Market Makers

The securities dealers responsible for processing order flow

Momentum

An increase in volume and volatility, ideal for active traders

Outstanding Shares

The number of shares a company has issued, including insiders, institutions, and retail traders

PDT Rule (Pattern Day Trader Rule)

SEC stipulation that traders with under \$25,000 in capital are limited to three round-trip trades in a 5-day period

Paper Trading

The process of trading without real money

Pre-Market

Trading that occurs between 7:00AM – 9:30PM EST before the market opens

PR (Press Release)

A company statement issued via newswires

(P&L) Profits & Losses

Gains and losses for a given period

Rally

A quick increase in a security's price

Red

When a security is trading below its previous closing price

Red/Green and Green/Red

When a security crosses above or below its previous closing price

Relative Strength

A security's performance relative to a broader market

Resistance

A price at which sellers generally overpower buyers

Reversal

The process of a security changing trends

Risk/Reward

The potential losses of a trade compared to the potential profits

SPY

A common ETF for tracking the S&P 500 and overall market health

SSR (Short-Sale Rule)

A restriction requiring short sales be made on an uptick

Scalp

The process of taking advantage of small price fluctuations, often with a higher volume of shares

Sector

A group of securities in the same industry

Short Selling

The process of selling a borrowed security with the goal of buying it back at a cheaper price in the future

Spread

The difference between the low ask and high bid

Support

A price at which buyers generally overpower sellers

Swing

The process of holding a position for days/weeks at a time

Technical Analysis

Evaluating a security based on its historical price performance

Trend

The direction in which a security's price is moving

Volatility

Higher price fluctuations, often resulting in broader trading ranges

Volume

The number of shares traded