



TRADING TERMINOLOGY

TRADE WITH THE PROS



DAY TRADE

A day trade is a position that is entered and exited in a single day.

SWING TRADE

A position held period of days, weeks, or month.

BETA

Beta is a measurement of a stock's volatility compared to the overall markets.

If the Beta rating is 1.5 the stock moves on average 1.5 points for every point the overall market moves.

INDEX

An index is a benchmark used as a reference market for traders and investors. The S&P 500 is an example of an index.



S&P500

The S&P 500 is a basket of 500 stocks to represent the US economy.

SECTOR

A group of stocks in the same industry belong to the same sector. Examples tech stocks, energy stocks, and financial stocks

EXCHANGE

An exchange is where traders and investors buy and sell stocks. The New York Stock Exchange and Nasdaq are examples.

MOVING AVERAGE

A moving average is an indicator that shows a stock's average price per share during a specific period.



VOLUME

The number of shares traded during a period. This is typically measured in average daily value.

LIMIT ORDER


A limit order is a willing to buy or sell a stock at a specific price. If the current price is \$75 a trader can place a limit order to buy at \$70.

MARKET ORDER

A market order is an order placed at the current market price.

PROFIT TARGET ORDER

A profit target is a predetermined price which to exit a position at a profit.



BULL vs. BEAR MARKET

A bull market is when the price of a security is ascending and trending higher.

A bear market is when the price of a security is descending and trending lower.



STOP LOSS ORDER

A stop loss is a predetermined price point to exit a trade at a loss. The stop loss is used to manage risk.

LONG TRADE

A position opened with a buy order with the expectation price will move higher.

SHORT TRADE

A position opened with a sell order with the expectation price will move lower.



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