

40 Key Stock Trading  
Terms For Beginners  
{INFOGRAPHIC}

## 40 Key Stock Trading Terms For Beginners

<b>BUY:</b>	Means to take a position or to buy shares in a company.
<b>SELL:</b>	Getting rid of the shares that you purchased, either because you've achieved your goal or because you want to cut your losses.
<b>BID:</b>	Your bid is what you're willing to pay for a stock.
<b>ASK:</b>	Ask, on the other hand, is what people selling stocks are looking to get for their shares.
<b>BID-ASK SPREAD:</b>	The bid-ask spread is the difference between what people have to spend and what people want to get. The spread must be resolved before the transaction can take place.
<b>BULL MARKET:</b>	A bull market is a market condition that means stock prices are expected to rise.
<b>BEAR MARKET:</b>	A bear market is one in which investors expect stock prices to fall. This is where short sellers shine.
<b>LIMIT ORDER</b>	A limit order provides instruction to only execute at or under a purchase price or at or above a sale price. Always use limit orders, not market orders.
<b>MARKET ORDER</b>	A market order provides instruction to execute, as quickly as possible, a transaction at the present, or market price. Don't use market orders.
<b>GOOD TILL CANCELLED ORDER</b>	A GTC order means that your order stands until you cancel it and it will be executed whenever the stock comes to your price - even if that's 2-3 weeks down the road.
<b>DAY ORDER:</b>	Day order means that your order is only good for the day when it's placed.
<b>VOLATILITY:</b>	Volatility is simply how fast a stock moves up and down.
<b>LIQUIDITY:</b>	Liquidity is how easily you can get into and out of a stock.
<b>TRADING VOLUME</b>	Trading volume is the number of shares being traded each day - a factor that has huge implications for a stock's liquidity.
<b>GOING LONG:</b>	You're betting that the company's stock will increase in price so that you can buy low and sell high.
<b>AVERAGING DOWN</b>	This is when an investor buys more of a stock as the price goes down. This results in a decrease of the average price at which the investor purchased the stock.
<b>CAPITALIZATION:</b>	Market capitalization refers to what market thinks a company's value is.

<b>PUBLIC FLOAT</b>	This is the number of shares that can actually trade, once shares that insiders (like the company's C-suite and early investors) control are subtracted.
<b>AUTHORIZED SHARES</b>	This is the total number of shares that a company can trade. It's always bigger than the public float.
<b>IPO:</b>	An IPO is an initial price offering, which happens when a private company becomes a publicly-traded company, in order to raise money.
<b>SECONDARY OFFERING:</b>	If a company's stock is doing well, they may do another offering, in order to sell more stock and raise more money.
<b>BLUE CHIP STOCKS:</b>	These are the large, industry-leading companies offering stable dividend payments.
<b>FOREX:</b>	FOREX-or "foreign exchange"- involves trading different currencies.
<b>HEDGE FUNDS/MUTUAL FUNDS</b>	Hedge funds and mutual funds are two different types of investment accounts that you can buy into. They turn around and invest your money in dozens, hundreds or even thousands of stocks.
<b>ETFs:</b>	ETFs are exchange traded funds. They're like stocks, because you buy and sell shares, but they're also like mutual funds, because they track an index.
<b>ADRs:</b>	ADRs are American depository receipts for foreign companies that trade in the US.
<b>BETA:</b>	A measurement of the relationship between the price of a stock and the movement of the whole market. If stock XYZ has a beta of 1.5, that means that for every 1 point move in the market, stock XYZ moves 1.5 points and vice versa.
<b>BROKER:</b>	A person who buys or sells an investment for you, in exchange for a fee.
<b>DAY TRADING:</b>	The practice of buying and selling within the same trading day, before the close of the markets on that day.
<b>DIVIDEND:</b>	This is a portion of a company's earnings that is paid to shareholders, the people that own that company's stock, on a quarterly or annual basis.
<b>EXCHANGE:</b>	An exchange is a place in which different investments are traded. The most well-known in the United States are the New York Stock Exchange and the NASDAQ.
<b>EXECUTION:</b>	When an order to buy or sell has been completed. If you put in an order to sell 100 shares, this means that all 100 shares have been sold.
<b>MARGIN:</b>	A margin account lets a person borrow money(take out a loan) from a broker to purchase an investment. The difference between the amount of the loan and the price of the securities is called the margin.
<b>MOVING</b>	A stock's average price-per shares during a specific period of time. Some time

<b>AVERAGE:</b>	frames are 50 and 200 day moving average.
<b>PORTFOLIO:</b>	A collection of investments owned by an investor.
<b>QUOTE:</b>	Information On a stock's latest trading price. This is sometimes delayed by 20 minutes, unless you are using an actual broker trading platform.
<b>RALLY:</b>	A rapid increase in the general price level of the market or of the price of an individual stock.
<b>SECTOR:</b>	A group of stocks that are in the same business. An example would be the "Technology" sector, including companies like Apple and Microsoft.
<b>STOCK SYMBOL:</b>	A one to three-character, alphabetic root symbol that represents a publically traded company on a stock exchange.
<b>YIELD:</b>	This refers to the measure of the return on an investment that is received from the payment of a dividend.