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Our guide covers 40+ key terms, helping you navigate the financial markets with confidence.

**40 Stock
Market
Terms.**



40+ Essential Stock Market Terms: Your Guide to Financial Success

Introduction

Getting a grip on stock market lingo has a big impact on anyone who wants to put money into financial markets or trade stocks. We've put together a list of over 40 key stock market terms starting with the most important and moving to the less critical ones. This guide aims to help you find your way through the tricky world of investing with more confidence.

Stock Market Terms: Key Takeaways

- You need to grasp these terms to navigate the stock market well
- Begin with the basics and learn more complex ideas over time
- Using these terms often will boost your investing abilities

40+ Stock Market Terms: From Basics to Advanced Concepts

Stock

- Definition: A share of ownership in a company
- Represents a claim on the company's assets and earnings



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Market Cap (Market Capitalization)

- The total value of a company's outstanding shares
- Calculated by multiplying the total number of shares by the current stock price

Market Capitalization



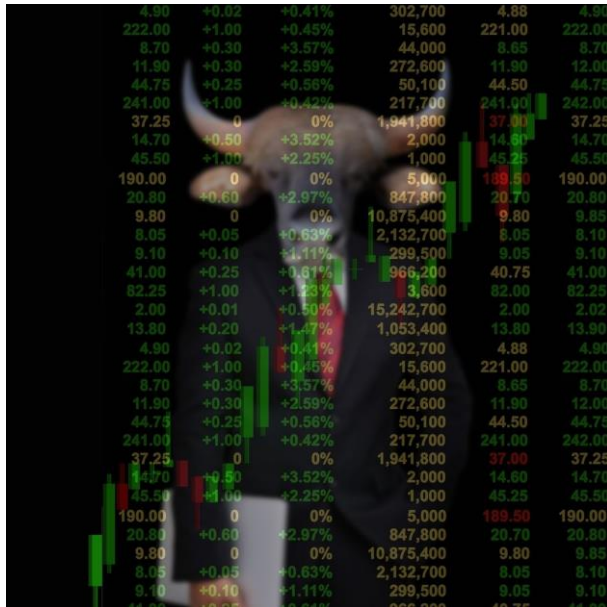
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Bull Market

- A period of rising stock prices and optimism in the market
- Typically defined as a 20% increase from recent lows



Bear Market

- A period of falling stock prices and pessimism in the market
- Usually defined as a 20% decrease from recent highs



Dividend

- A portion of a company's earnings paid to shareholders
- Can be distributed as cash or additional shares



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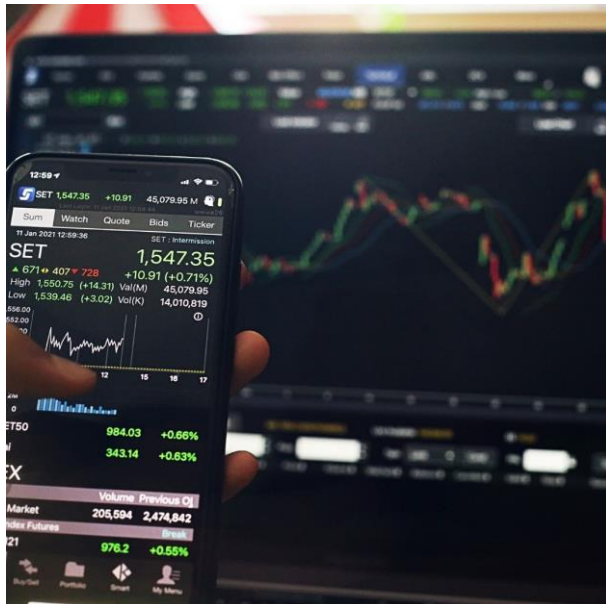
P/E Ratio (Price-to-Earnings Ratio)

- A valuation metric that compares a company's stock price to its earnings per share
- Helps investors determine if a stock is overvalued or undervalued



Volume

- The number of shares traded during a specific period
- Indicates the level of market activity and liquidity



Volatility

- A measure of the price fluctuations of a stock or market
- Higher volatility indicates greater risk and potential for larger gains or losses



IPO (Initial Public Offering)

- The process of a private company offering shares to the public for the first time
- Allows companies to raise capital and provides investors with new investment opportunities



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Broker

- An individual or firm that executes buy and sell orders for investors
- Can provide additional services like research and financial advice



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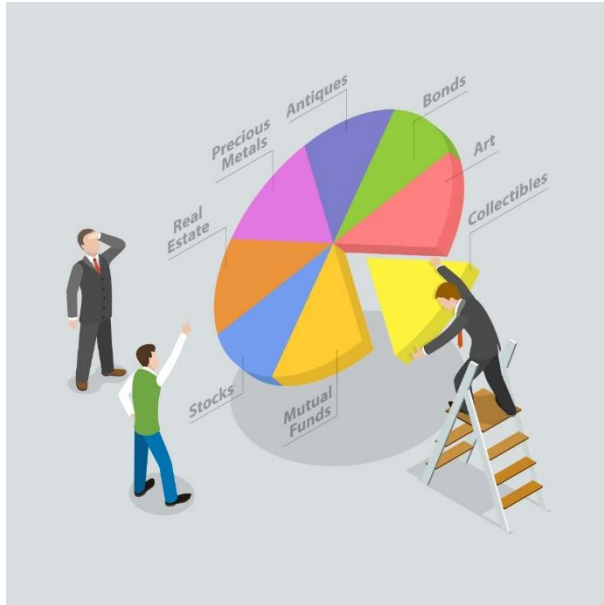
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Portfolio

- A collection of investments owned by an individual or institution
- May include stocks, bonds, mutual funds, and other assets



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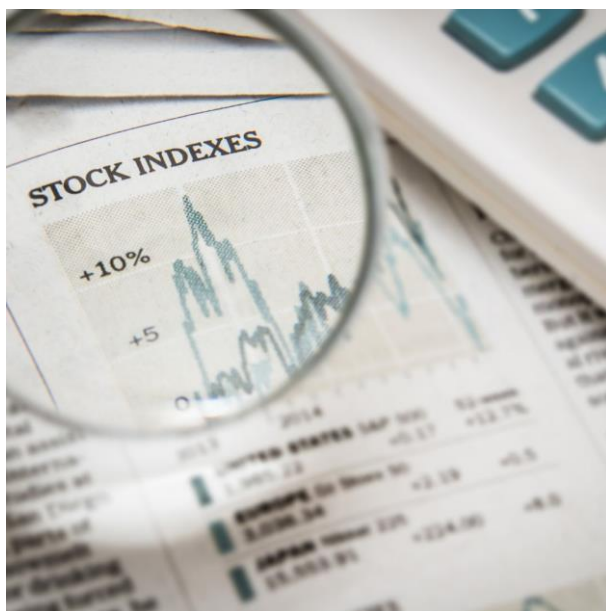
Diversification

- The practice of spreading investments across various assets to reduce risk
- Helps mitigate the impact of poor performance in any single investment



Index

- A measure of the performance of a group of stock
- Examples include the S&P 500 and Dow Jones Industrial Average



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ETF (Exchange-Traded Fund)

- A type of investment fund traded on stock exchanges
- Often tracks an index and offers diversification benefits



Mutual Fund

- A professionally managed investment vehicle that pools money from multiple investors
- Offers diversification and professional management



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Blue Chip Stocks

- Shares of large, well-established companies with a history of stable earnings
- Often considered less risky investments



Penny Stocks

- Low-priced stocks, typically trading for less than \$5 per share
- Often associated with small companies and higher risk



Margin

- Borrowing money from a broker to purchase stocks

- Can amplify gains but also increases potential losses



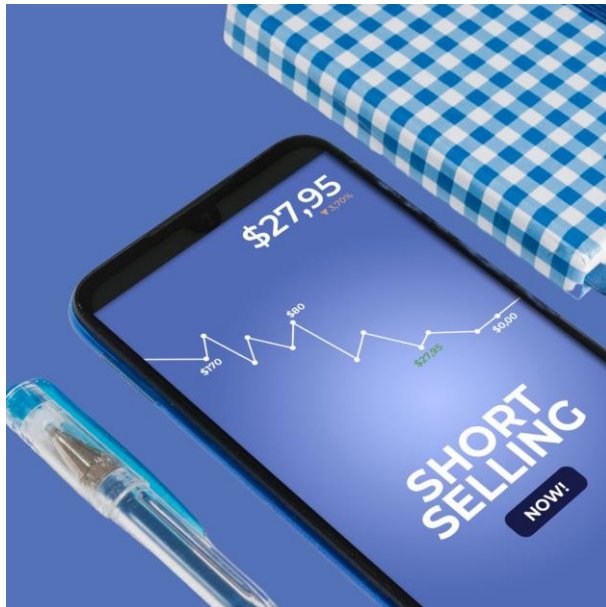
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Short Selling

- Betting against a stock by borrowing shares and selling them, hoping to buy them back at a lower price
- A strategy used to profit from falling stock prices



Liquidity

- The ease with which an asset can be bought or sold without affecting its price
- Higher liquidity generally means lower risk



Yield

- The income return on an investment, typically expressed as a percentage
- Often refers to dividend payments in the context of stocks



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Market Order

- An order to buy or sell a stock immediately at the best available price
- Ensures execution but not price



Limit Order

- An order to buy or sell a stock at a specific price or better
- Provides price control but doesn't guarantee execution



Stop Loss Order

- An order to sell a stock when it reaches a certain price
- Used to limit potential losses

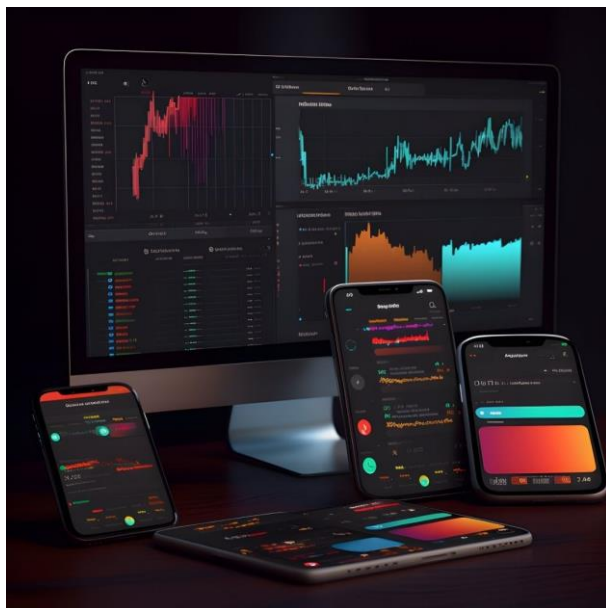


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Day Trading

- The practice of buying and selling stocks within the same trading day
- Aims to profit from short-term price movements



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Fundamental Analysis

- Evaluating a company's financial health and business prospects to determine its stock value
- Involves examining financial statements, industry trends, and economic factors



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Technical Analysis

- Analyzing statistical trends gathered from trading activity to forecast future price movements
- Uses charts and other tools to identify patterns



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Sector

- A group of stocks in the same industry or business area
- Examples include technology, healthcare, and finance sectors



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Earnings Per Share (EPS)

- A company's profit divided by its number of outstanding shares
- Used to gauge a company's profitability



Beta

- A measure of a stock's volatility compared to the overall market
- A beta of 1 indicates the stock moves with the market, while higher or lower values indicate greater or lesser volatility



Dividend Yield

- The annual dividend payment as a percentage of the stock price
- Used to compare the relative attractiveness of dividend-paying stocks

$$\text{Dividend Yield (\%)} = \frac{\text{Dividend Per Share (DPS)}}{\text{Share Price}}$$

Moving Average

- A technical analysis tool that smooths out price data over a specified period
- Helps identify trends and potential support or resistance levels



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Resistance Level

- A price level where a stock tends to stop rising
- Often represents a selling opportunity for technical traders



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Support Level

- A price level where a stock tends to stop falling
- Often represents a buying opportunity for technical traders



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Market Maker

- A firm that stands ready to buy and sell a stock at publicly quoted prices
- Provides liquidity to the market



Option

- A contract giving the buyer the right, but not the obligation, to buy or sell a stock at a specific price within a certain time frame
- Used for hedging or speculation

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Arbitrage

- The simultaneous buying and selling of securities in different markets to profit from price differences
- Helps keep markets efficient



Gross Domestic Product (GDP)

- The total value of goods and services produced by a country in a year

- A key indicator of economic health that can impact stock markets



Inflation

- A general increase in prices and fall in the purchasing value of money
- Can affect stock valuations and investment strategies



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Exchange Rate

- The value of one currency for the purpose of conversion to another
- Important for international investors and companies with global operations



U.S.A.	USD	0.8962	0.0500
JAPAN	JPY	115.594	110.502
UNITED KINGDOM	GBP	0.4613	0.4613
NEW ZEALAND	NZD	1.2281	1.2281
THAILAND	THB	31.505	888888
FJI	FJD	1.546	888888
HONG KONG	HKD	7.488	7.220
EURO	EUR	0.6837	0.6837
CANADA	CAD	0.977	0.959
MALAYSIA	MYR	3.2862	888888
SINGAPORE	SGD	1.4516	888888
PAPUA NEW GUINEA	PGK	2.956	888888

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