StockAbility Glossary of Terms

Aggregate - Another term for 'Total' and can be a large economic figure like total sales, gross domestic product, or similar. Used in Fundamental Analysis.

Bank Run - When panicked or fearful customers attempt to remove their savings from a bank at the same time, often leading to a collapse.

Bear Market - When there is a steady and consistent decline in the stock markets. Typically occurs during an economic downturn or recession. Prices are falling and the sentiment is negative and pessimistic.

Bond - A certificate issued of debt from a county, state or corporation. Basically, when you buy a bond, you are loaning money to the issuer of the bond, with the expectation of being paid back with interest.

Bull Market - When stock markets are in a steady state of rising prices. Typically goes in hand with a booming economy and growth. Investors and the general public are in a state of optimism and sometimes euphoria.

Capitalism - An economic system where capital is owned by private investors and corporations.

Capital Markets - A term broadly used to describe markets where equities (stocks) and bonds are traded and issued.

Central bank - The main monetary authority of a nation. It issues the national currency and regulates the credit supply, mostly by controlling the nation's interest rates.

Commodities - The name given to vital products to the global economy and needed to sustain the economic cycle. Often referred to as something, grown, refined and stored. Key commodities would be products like gold, oil, corn, coffee, and various other potentially degradable items.

Credit - A softer term used to describe debt; a promise to pay back someone in the future for what is borrowed today.

Credit Crunch - A dynamic seen in the 2008 financial crisis, where banks are unwilling or reluctant to lend money and supply credit, resulting in an overall economic depression.

Default - When a country, institution, or person fails to repay its debt.

Deficit - A shortfall in an account. This could be within a government's budget deficit or maybe an entire nation's current account deficit.

Deflation - A situation where the price of goods and services in an economy are on average falling, rather than rising. Basically the cost of living is becoming cheaper.

Demand - A dynamic created when people are willing to pay higher prices for products, goods and services that are in limited supply. When demand is high, there are typically more willing buyers than sellers, and prices move higher. StockAbility teaches students to find areas of demand on price charts. These areas of price accumulation are known to us as Wholesale or Buy Zones.

Depression - A severe economic recession, often defined by a gross domestic product contraction of at least 10%, or a recession lasting for three years or more.

Equilibrium - At price point where both supply and demand meet and are balanced. There is an equal amount of buyers and sellers at a specific price.

Exports - Goods and services produced domestically and then sold to foreign nations.

Fiscal Policy - Outlines a government's decisions on what it will spend money on, how it will set taxes and the levels at which it will borrow money.

FOREX - The name given to the Foreign Exchange Market where the trading of global currency takes place. Currencies can be bought and sold, much like stocks and other assets at the click of a button.

Futures - Financial contracts that are bought and sold on regulated exchanges. Futures contracts are traded, and prices agreed upon today, with the intention of delivery at a later date and time. These trades can be of both short and longer-term duration.

GDP - Gross domestic product, a key measure of economic activity and health for a nation's economy.

Gold Standard - A system that was used in the past on a global level and attempted to fix currency prices in relation to the value of gold.

Hedge - The act of mitigating risk and balancing out financial exposure and potential loss.

Hedge Funds - A type of investment fund which attempts to profit by speculating on a company's value decreasing and increasing, as well as using many other complex trading strategies.

Hyperinflation - When inflation gets too high and pushes the price of everyday goods up. Seen in the modern world era during the 1920s in Germany and more recently in Zimbabwe during the 2000s.

Imports - Goods and services bought from overseas.

Inflation - The rate at which the cost of goods and services is increasing during a strong economic cycle.

Interest - A rate expressed in percentage terms which a borrower can be expected to pay for borrowing.

Legit - A term created by StockAbility Co-Founder and Lead Coach Daniel Bustamante. Describes an attractive trading or investing opportunity that meets the requirements of his rules-based trading system, i.e. "this setup is legit."

Liquidity - A measurement of the ease at which goods can be bought and sold, for example housing, currency, precious metals and stocks.

Macroeconomics - The study of global economics by looking at and examining how the entire economies perform and work, what drives Gross Domestic Product, prices and employment.

Market - Where buyers and sellers meet (often virtually in today's world) to trade goods and services.

Microeconomics - The study of the small details and minutiae within economies, for example how companies profit and what determines how people make certain decisions.

Monetary Policy - Typically describes the decisions that governments and central banks make with regard to regulating the price and amount of money circulating within the economy.

Money Markets - The network of investors and dealers in short-term lending can be anything in duration from a few hours to a year.

Negative Equity - When an asset falls so much in value that it becomes worth less than the price paid for it originally.

Options - Contracts traded on a regulated exchange, which give you the right (but not the obligation) to own a fixed amount of shares of a company, within a certain amount of time and at a predetermined price.

Privatization - When a company or institution, that was previously owned by the government ,is sold off to a privately owned company or entity.

Quantitative Easing - When central banks use tactics to influence the quantity of money in the economy rather than the price of the money. This is used when interest rate manipulation is failing. Witnessed in Japan during the 1990s and most of the Western world during the financial crisis of 2008.

Recession - A significant economic fall for a nation, highlighted by a GDP contraction for two successive quarters.

Securities - Financial contracts that grant someone a stake in an asset, such as bonds, stocks and complex derivatives.

Shares - Another term for stocks or equities, measured as a unit of ownership in a company. Owners of shares are entitled to dividend of the company profits, as well as voting rights on the company's plans.

Stagflation - A unique combination of high inflation and stagnant economic growth.

Supply - A dynamic created when people are unwilling to pay higher prices for products, goods and services, that are in abundant supply. When supply is high, there are typically more willing sellers than buyers and prices fall. StockAbility™ teaches students to find areas of supply on price charts. These areas of price distribution are known to us as Retail or Sell Zones.

Tariff - A fee imposed by the government on goods imported from overseas.

Zero-Sum Game - A dynamic where the winner's gains are equal to the loser's losses. There will always be an equal winner to every loser and vice-versa. The opposite is the Positive-Sum Game, where both parties profit to some degree.