

**ARISE**  
**ACADEMY**

**Traders Lingo**



# Traders lingo

If you are new to trading there are some terminologies that you may not be familiar with. This document will help you understand the Lingo used in the financial market.

## **Trendline**

To determine the direction of the market.

## **Support & Resistance**

To determine whether the buyers or sellers are in control.

## **Candlestick**

Tell us where price is and where it has previously been.

## **Pip**

Pip is an abbreviation for "percentage in point" or "price interest point."

## **Margin**

Margin refers to the amount of equity an investor has in their brokerage account.

## **Volatility**

Volatility represents how large an asset's prices swing around the mean price - it is a statistical measure of its dispersion of returns.

## **Liquidity**

The ability of a currency pair to be traded (bought or sold) on demand.

## **Divergence**

Divergence is a trading concept, applied to a Forex or Stock chart and results from the price action of a security moving in the opposite direction. This happens when a pair makes a higher high and the indicator makes a lower low.

## **Currency correlation**

The type of relationship currency pairs will have together.

## **Positive correlation**

A positive correlation means that two currency pairs move in tandem.

## **Negative correlation**

Negative correlation means that they move in opposite directions.

## **Breakout**

Is where price moves above resistance, or below support with the intention to carry on in that direction.

## **Break even**

This is where you have an open trade and bring your stop loss to point where you entered the trade.

## **Fake Out**

This is where a trader anticipates the market breaking trend or support & resistance. It then breaks the trend or support & resistance, pulls back and continues on its way.

## **Reversal**

A reversal is a change in the price direction of an asset. A reversal can occur to the upside or downside.

## **Consolidation**

This is referring to a currency pair moving between a particular chart structure or support and resistance before breaking out. This happens due to indecisiveness from traders.

## **Chart traffic**

Is a term used to describe what's happening on the other side of the price. Looking back to what the price was previously doing at a particular point or level is considered as chart traffic.

## **Range**

When price is bouncing around a specific high and a specific low.

## **Higher high**

Occurs when price closes above the previous day's high or previous bar's high.

## **Higher lows**

Occurs when the market pulls back but closes above the previous low.

## **Lower low**

When price is trending down and taking out the previous low to create a lower low.

## **Lower highs**

As the market trends down and pulls back, it will make lower highs which you would use to draw your trend lines to the downside.

## **Retest**

When price breaks through a zone and a new bar retests the same level or when price is failing to break a level on multiple different tries.

## **Long**

This is the term we use for buying in the Forex market.

## **Short**

This is the term we use for selling in the Forex market.

## **Bid**

The price a broker is willing to buy the base currency.

## **Ask**

The price the broker will sell the base currency in exchange for quote currency.

## **Spread**

This is the difference between the bid & ask price.

**Interest rates**

This is the amount a lender charges for the use of assets expressed as a percentage of the principal.

**Gross domestic product (GDP)**

This is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

**PMI The Purchasing Managers**

Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors.