A Complete Day Trading System

Glossary

A

Accumulation phase: not to be confused with the four phases of the market auction cycle, this is one of the price action phases that a stock can move through during the course of the trading day, the accumulation phase is when the Market Makers are slowly purchasing the shares of the stock in question.

Add to a position: to purchase more shares in a stock as your trade proceeds, it is important though to understand that you only want to be adding shares when a trade is unfolding successfully, you never want to add shares to a losing trade.

After-hours trading: the trading that takes place when the stock markets are closed, the New York Stock Exchange for example is formally open for trading between 9:30am and 4pm ET, Monday through Friday, excluding trading holidays. On trading days, the market operates from 4:00am for pre-market trading and until 8:00pm from after-hours trading.

Alternative Trading System (ATS)/black pool/dark pool: a non-public exchange where larger market participants can trade in confidence in private, since the trades conducted in Alternative Trading Systems are not made public until some time has passed, large players can make large trades without impacting the "public" market price for the stock of a company (e.g., the price on the New York Stock Exchange).

Ascending triangle pattern: represents a bullish inclination in the market, the upper trend line will present in a clean horizontal line, demonstrating that the price of the stock is hitting virtually the same high in each time frame covered by your chart, the lower trend line will present in an upward moving direction, demonstrating that the price of the stock is hitting higher lows in each time frame.

Ask: the lowest per share price a seller is asking in order to sell their stock, it's always higher than the bid price.

Average True Range/ATR: this indicator measures how large of a range in price a particular stock has on average each day, if ATR is $1, then you can expect the stock to move around $1 daily, if you are trading 1,000 shares, you may then expect to profit $1,000 from that trade.

Average volume: the number of shares in a company being traded on an average each day, a quick internet search can give you that number, for example, as of writing, Apple Inc. (AAPL) has an average volume of 98 million shares/day.

B

Bag Holding: means holding on to a stock or other instrument that is not doing well, in the hope that it will bounce back, even when there is no indication that it will indeed bounce back.

Balance: a state within the market auction cycle where value has been accepted by the market's participants.

Bear: a seller or short seller of stock, if you hear the market is Bear it means the entire stock market is losing value because the sellers or short sellers are selling their stocks, in other words, the sellers are in control.

Bearish engulfing candle: a candle that opens higher than the previous candle's close and closes lower than the previous candle's open, thus engulfing the previous candle.

Bearish Level 2: your Level 2 data feed will show that there are considerably more shares being sought by buyers (the bid column of your Level 2, the price traders are willing to pay for their shares) than there are shares being offered by sale (the ask column of your Level 2, the price sellers are asking for their shares).

Bid: the highest per share price a buyer is willing to pay to purchase a stock at a particular time, it's always lower than the ask price.

"**Black box**"**:** the top secret hidden computer programs, formulas, and systems that large Wall Street firms use to manipulate the stock market.

Black pool/dark pool/Alternative Trading System (ATS): a non-public exchange where larger market participants can trade in confidence in private, since the trades conducted in black pools are not made public until some time has passed, large players can make large trades without impacting the "public" market price for the stock of a company (e.g., the price on the New York Stock Exchange).

Bottle rockets: another name for stopping volume.

Bottoming tails: another name for stopping volume.

Breakdown: a price Breakout through a support level.

Breakout: when the price of a stock breaks out and moves beyond what is its normal support or resistance level, stocks often bounce and change the direction of their price when they reach a support or resistance level, when a stock breaks out it means that it did not bounce and change direction, it instead broke through the support or resistance level.

Breakup: a price Breakout through a resistance level

Broker: the company that buys and sells stocks for you at the exchange.

Bull: a buyer of stock, if you hear the market is bull it means the entire stock market is gaining value because the buyers are purchasing stocks, in other words, the buyers are in control.

Bullish engulfing candle: a candle that opens lower than the previous candle's close and closes higher than the previous candle's open, thus engulfing the previous candle.

Bullish Level 2: your Level 2 data feed will show that there are considerably more shares being offered for sale (the ask column of your Level 2, the price sellers are asking for their shares) than there are shares being sought by buyers (the bid column of your Level 2, the price traders are will to pay for shares).

Buy order: the order you submit to your broker to buy a certain number of shares in a company.

C

Catalyst: some positive or negative news associated with a stock that causes it to move in price, this can include an FDA (the United States Food and Drug Administration) approval or disapproval, a restructuring, a merger, an acquisition, or even just a lot of buzz on social media.

Central Pivot Range/CPR: this range is comprised of the 1st and 2nd level pivots (S2, S1, R1, and R2).

Chart: a chart tracks the price action (and more!) of a stock in various time frames, for example, a 1-minute chart tracks the price of a stock in 1-minute intervals, a 15-minute chart tracks the price of a stock in 15-minute intervals, a daily chart tracks the price of a stock on a daily basis.

Chart trader: also known as a chartist, these types of traders focus their analysis on the past trends of a stock as a way to predict future price movements.

Chop: if you read that a trader got chopped, it means to be caught in a kill zone or area of indecision. They keep trying to get in and out taking loss but never catching the move.

Choppy price action: refers to stocks trading with very high frequency and small movements of price, day traders avoid stocks with choppy price action as they are being controlled by the big players on Wall Street.

Climactic volume: another name for stopping volume.

Closing bell: the New York Stock Exchange, for example, closes for trading at 4pm ET, Monday through Friday.

Compression: the best way to think of compression is to visualize a V-shaped slice of pie lying sideways on your dessert plate, with the wide end containing the crust on your left and the narrow end of the slice of pie on your right (i.e., |>), at first, there will be a significant difference between the highs and lows being hit by each candle on your chart, as time passes, the difference between the highs and lows will gradually narrow, Figure 6.7 is a good example. Compression occurs during a consolidation with volume increasing.

Consolidation: the price of the stock is not making any sharp moves up or down.

Cover order: this is when you send either a market order or a limit order to your broker along with a stop loss order, it gives you extra protection from loss.

Cover your shorts: the process of wrapping up your short trade, since your broker wants the shares back that you borrowed when short selling, not your money, you will either buy those shares back at a lower price and profit or buy them back at a higher price and suffer a loss.

D

Daily levels: if you go back in time on a chart, you will usually find specific price levels where candles have often closed or opened in the past, these can be assumed to be levels of resistance and support and are referred to as daily levels.

Dark pool/black pool/Alternative Trading System (ATS): a non-public exchange where larger market participants can trade in confidence in private, since the trades conducted in dark pools are not made public until some time has passed, large players can make large trades without impacting the "public" market price for the stock of a company (e.g., the price on the New York Stock Exchange).

Day trading: when you day trade, all of your trading is done during one trading day, you do not hold any stocks overnight, any stocks you purchase during the day must be sold by the end of the trading day.

Descending triangle pattern: represents a bearish inclination in the market, the upper trend line will present on your chart in a downward moving direction and the lower trend line will present in a clean horizontal line, demonstrating that the price of the stock is hitting virtually the same low in each time frame covered by your chart.

Distribution phase: not to be confused with the four phases of the market auction cycle, this is one of the price action phases that a stock can move through during the course of the trading day, the distribution phase is when the Market Makers are slowly selling the shares of the stock in question.

Doji: a type of candle, as my friend, Dr. Andrew Aziz, explains in *How to Day Trade for a Living*, although dojis come in varying shapes and forms, they are all characterized by having either no body or a very small body, when you see a doji on your chart, it means that there is a strong fight occurring between the Bears (the sellers) and the Bulls (the buyers), as represented by the second doji in Figure 5.3, nobody has won the fight yet.

E

Earnings season: the companies you are trading the shares of usually publicly report their earnings (or lack thereof!) every three months, these reports are often all bunched together and a large number of companies, within the same industry, will make their reports public in the same one-week time frame, earnings reports can lead to volatility in the trading of a company's shares.

Engulfing candle: one that completely engulfs the previous candle.

Excess: refers to a large amount of Bid or Ask in one direction on the order book. Excess building is a key indicator that a directional move is about to start.

Exchange-Traded Fund/ETF: a tradable investment fund composed of assets such as stocks and bonds.

Exponential Moving Average/EMA: a form of moving average where more weight is given to the more recent data, it accordingly reflects the latest fluctuations in the price of a stock more than the other moving averages do.

F

Fireworks: another name for both stopping volume or topping tails.

Float: the number of shares in a particular company available for trading. For example, in July 2022, Apple Inc. (AAPL) had 16.17 billion shares available. While fairly subjective, I consider a low float stock to have under 20 million shares available for trading, a medium float stock to have 20 million to 500 million shares available for trading, and a large float stock to have over 500 million shares available for trading.

FOMO/Fear Of Missing Out: if not controlled, the fear of missing out on a trade will lead you to make reckless and risky moves that can cost you dearly, this is why the psychological side of trading is such a critical part of a successful trader’s arsenal.

Fundamental analysis: as my friend, Ardi Aaziznia, has written, fundamental analysis "involves taking the time to understand a company's internal financial health by in part reviewing its income statement, balance sheet and cash flow statement, in addition to calculating various financial ratios (knowing basic math is definitely a prerequisite!). Equally important, you must also investigate what the economic outlook is for the company (and industry or sector) you are potentially investing your money in."

Futures: futures trading is when you trade a contract for an asset or a commodity (such as oil, lumber, wheat, currencies, interest rates) with a price set today but for the product to not be delivered and purchased until a future date, you can earn a profit if you can correctly predict the direction the price of a certain item will be at on a future date, day traders do not trade in futures.

G

Gap: a gap up or down occurs when the price of a stock has moved significantly up or down, often from where it closed one trading day and then opened the next.

Gappers watchlist: before the market opens, you can use your scanner to identify stocks that are gapping up or down in price, you then search for the fundamental catalysts that explain these price swings and build a list of stocks that you will monitor that day for specific day trading opportunities, the final version of your gappers watchlist generally has only two, three, or four stocks on it that you will be carefully monitoring when the market opens, many traders call their gappers watchlist simply their watchlist.

Going all out: to cover your shorts or sell your entire remaining long position.

H

Hammer doji: a type of candle, if the bottom wick is longer, as in a hammer doji (the first doji in Figure 5.3), it means that the sellers were unsuccessful in trying to push the price lower, this may indicate an impending takeover of price action by the Bulls.

Head and shoulders pattern: as my friend and Bear Bull Traders colleague, Ardi Aaziznia, has written, "The Head and Shoulders Pattern is a bearish distribution pattern which marks the end of an uptrend … The Head and Shoulders Pattern is composed of three hills, with the right and left hills (the shoulders) being approximately the same size, and the middle hill (the head) being the largest of the three."

Held bid: is a buy order that is left unfilled or abandoned on the order book.

Held offer: is a sell order that is left unfilled or abandoned on the order book.

High Frequency Trading/HFT: the type of trading the computer programmers on Wall Street work away at, creating algorithms and secret formulas to try to manipulate the market. As my friend, Dr Andrew Aziz, states, "although HFT should be respected, there's no need for day traders to fear it."

High of the Day Breakout/HOD breakout: occurs when the price of a stock breaks its previously-set high of the day.

High Value Area/HVA: a price level where considerable buying of shares is taking, or has previously taken, place (i.e., there is a high volume of shares being traded at that price level).

Hotkey: a key command that you program to automatically send instructions to your broker by touching a combination of keys on your keyboard. They eliminate the need for a mouse or any sort of manual entry, high speed trading requires hotkeys and you should practice using them in real time in a simulator before risking your real money.

Hulking: part of the lingo of trading, the wild and erratic type of trading that unfolds when a trader is unable to find a way to overcome and shut down the emotions that lead them to deviate from the well-thought-out risk management system that they have previously committed to.

I

Igniting bar/ignition bar: for certain trends, an igniting bar will be the first candle on your chart to signal to you that the trend is starting.

Imbalance: is a state in the market auction cycle where the market has a large amount of demand in one direction and the price is quickly moving through it.

Indicator: a mathematical calculation based on a stock's price or number of shares being traded or both. Almost all of the indicators you choose to track will be automatically calculated and plotted by the trading software you use, always remember though that indicators indicate but do not dictate.

Initiative participant: a participant who buys or sells breakouts, they are labeled as an "initiative" participant because they are buying away from value, without a retest for confirmation, in the hope of a further move from value.

Initiative position: an initiative position is a reversal or breakout taken without confirmation. Because you are taking the position without a retest, you are therefore taking the initiative

Inside day: in general terms, an inside day is a day where the price of the stock moves within a narrower range than it did the previous trading day, the high price it hits will be not as high as the previous trading day's high and, similarly, the low price it hits will be not as low as the previous trading day's low.

Institutional trader: the Wall Street investment banks, mutual fund companies, hedge funds, some proprietary firms, etc.

Investing: although some people believe investing and trading are similar, investing is in fact very different from trading, investing is taking your money, placing it somewhere, and hoping to grow it in the short term or the long term.

J

K

Kangaroo market: a newly coined term, this type of market acts just like the marsupial, it's a market where stocks are bouncing up and down, increasing in price, decreasing in price, over and over again.

Kill zone: an area inside your pivot range where a stock or ETF will likely get caught up in choppy price action, you should never trade inside a kill zone.

L

Ladder: in this context it refers to regularly tiered limit orders on the order book to one side creating what looks like rungs on a ladder.

Where you can take a trade in the direction of the ladder.

Lagging indicator: these are indicators that provide you with information on the activity taking place on a stock <u>after</u> the trade happens.

Larger Time Frame (LTF) participant: a participant who buys/sells stocks over days, weeks, or even months, they are labeled as an "LTF" participant because they are working in extremely large time frames and playing the "long game", you will hear stories of someone accumulating a position at a specific price level for months and then securing a massive move for a massive profit, an LTF participant has a gigantic account, and they have the largest effect on price, their share purchases add the support levels and their selling of shares add the resistance levels that you will use to trade every single day.

Leading indicator: unlike lagging indicators, leading indicators provide you with information on the activity taking place on a stock before the trade happens.

Level 1/Lv1: the top section of the Montage window in the DAS Trader Pro platform, information such as a stock’s previous day’s closing price, volume, VWAP, Bid-Ask Spread, current bid and ask prices, and last sale price can be found here.

Level 2/Level 2: also known as L2 or the Order Book, is a data feed provided by the various stock exchanges. It gives you a ranked list of the best bid prices (what traders are willing to pay for shares of a particular company) and ask prices (the price sellers are asking for shares of a particular company) from each of the different Market Makers and participants. When orders are placed, they are listed here, giving you detailed insight into the price action of a stock before your trade unfolds.

Level 3/L3: a more detailed and deeper set of market data than what Level 2 provides. This includes Dark Pool Data, Order stop data.

Limit order: as Dr. Andrew Aziz, the founder of my trading community, has written, a limit order means, "Buy me at this price only! Not higher!" or "Sell me at this price only! Not lower!", you have some protection if the price of the stock suddenly changes between the time you send in your order and the time your broker completes it.

Liquid: being liquid means to not be holding any stocks at the end of the trading day.

Liquidity area/liquidity zone: a price level with a large amount of limit orders waiting on the order book aka the Level 2.

Long: a long position is one where you buy stock in the hope that it will increase in price, to be "long 100 shares AAPL" for example is to have bought 100 shares of Apple Inc. in anticipation of their price increasing.

Long-legged doji: is a narrow-bodied candle with long wicks in both directions. In all instances this is an indecision candle. VPA helps to read candle meaning.

Lot: a standard lot is considered to be 100 shares of a specific stock.

Low of the Day Breakout/LOD breakout: occurs when the price of a stock breaks its previously-set low of the day.

M

Market auction cycle: is the 4 phases (Value, Balance, Excess, and Imbalance). Every Market will move through these phases as its participants make decisions.

Market auction theory: is a philosophy for observing and trading markets. The theory is based on observing value and the overreaction of the markets participants as that value is accepted or rejected.

Market capitalization/market cap: the total dollar value of a company’s float, for example, if a company’s shares are worth $10 each and there are 3 million shares available for trading (a 3 million share float), that company’s market cap is $30 million.

Market Maker: a big player on Wall Street, a broker-dealer that offers shares for sale or purchase on the exchange, the firm holds a certain number of shares of a particular stock in order to facilitate the trading of that stock at the exchange, a firm will often be designated by an exchange as the sole Market Maker for a specific stock.

Market order: as Dr. Andrew Aziz, the founder of my trading community, has written, a market order means, "Buy me at any price! Now!" or

"Sell me at any price! Now!", due to how volatile the market can be, your broker may not get you the price you were hoping for when you sent in your market order, every second can count.

Montage: the most critical window in your trading platform, much important information can be found in it, the top section of the Montage window in the DAS Trader Pro platform is called Level 1 and information such as a stock's previous day's closing price, volume, VWAP, Bid-Ask Spread, current bid and ask prices, and last sale price can be found here, the second section of the Montage window is called Level 2 or market depth and it provides you with the leading indicators, information on the activity taking place on a stock before the trade happens, important insight into a stock's price action, what type of traders are buying or selling the stock, and where the stock is likely to head in the near term, the next section of this window features the hotkey buttons, and the bottom part of this window contains the manual order entry fields that you can use to enter your orders manually if you choose not to use hotkeys.

Moving Average/MA: a widely used indicator in trading that smooths the price of a stock by averaging its past prices, the two basic and most frequently used, MAs are the Simple Moving

Average (SMA), which is calculated by adding up the closing price of a stock for a number of time periods (e.g., 1-minute, 5-minute, or daily charts) and then dividing that figure by the actual number of time periods, and the Exponential Moving Average (EMA), where more weight is given to the most recent data, it accordingly reflects the latest fluctuations in the price of a stock more than the other MAs do, the most common applications of MAs are to identify the trend direction and to determine support and resistance levels, your charting software will have most of the types of MAs already built into it.

N

Naked short selling: the short selling of shares that you actually have not borrowed yet or confirmed that you will be able to borrow, it can impact the liquidity and value of a stock.

Narrow central pivot range: the price of the stock will move within a greater range than it did the previous trading day, the high price it hits will be higher than the previous trading day's high and, similarly, the low price it hits will be lower than the previous trading day's low.

NITF/No Intention To Fill order: they are most often put far away from the price of a stock but in an unusually off size to gain attention and make speculators think there is more liquidity in the market than there really is at that moment.

O

Open auction: the opening 15 minutes or so of trading on a stock after the market opens. It is largely a period of imbalance.

Opening bell: the New York Stock Exchange, for example, is open for trading between 9:30am and 4pm ET, Monday through Friday.

Opening Range Breakout/ORB: Dr. Andrew Aziz writes in *How to Day Trade for a Living*, "Another well-known trading strategy is the so-called Opening Range Breakout (ORB). This strategy signals an entry point, but does not determine the profit target … The ORB is an entry signal only, but remember, a full trading strategy must define the proper entry, exit and stop loss. Right at the market Open (9:30 a.m. New York time), Stocks in Play usually experience violent price action that arises from heavy buy and sell orders that come into the market. This heavy trading in the first five minutes is the result of the profit or loss taking of the overnight position holders as well as new investors and traders. If a stock has gapped up, some overnight traders start selling their position for a profit. At the same time, some new investors might jump in to buy the stock before the price goes higher. If a stock gaps down, on the other hand, some investors might panic and dump their shares right at the Open, before it drops any lower. On the other side, some institutions might think this drop could be a good buying opportunity and they will start buying large positions at a discounted price. Therefore, there is a complicated mass psychology unfolding at the Open for the Stocks in Play. Novice traders sit on their hands and watch for the opening ranges to develop and allow the more experienced traders to fight against each other until one side wins. Typically, a new trader should give the opening range at least five minutes (if not more). This is called the 5-minute ORB. Some traders will wait even longer, such as for thirty minutes or even for one hour, to identify the balance of power between the buyers and sellers. They then develop a trade plan in the direction of the 30-minute or 60-minute breakout. The longer the time frame, the less volatility you can expect."

Order book: found in Level 2, an electronic list of buy and sell orders for a security or other instrument organized by price level.

Order flow: the speed which orders are being transacted.

Order positioning: means how the orders on the orderbook are congregating or adding to the excess.

Outside day: in general terms, an outside day is a day where the price of the stock moves within a greater range than it did the previous trading day, the high price it hits will be higher than the previous trading day’s high and, similarly, the low price it hits will be lower than the previous trading day’s low.

Overtrading: as my friend and colleague, Dr Andrew Aziz has written, "There are plenty of traders out there who are making the error of overtrading. Overtrading can mean trading twenty, thirty, forty, or even sixty times a day. You’ll be commissioning your broker to do each and every one of those trades, so you are going to lose both money and commissions. Many brokers charge $4.95 for each trade, so for forty trades, you will end up paying $200 per day to your broker. That is a lot. If you overtrade, your broker will become richer, and you will become, well, broker!"

P

Paper hands: a trader who for whatever reason (generally due to a lack of conviction) sells too soon and misses out on a potentially profitable trade.

Partial order: in basic terms, a partial is when your trade has multiple profit targets rather than just one, instead of planning to exit a trade at one price level and take 100% of the profit, you may take 50% of it at one price level and then the remaining 50% at the other price level, you could also structure your trade so that you are taking, for instance, 50% of the profit at one price level, 30% at a second level, and 20% at a final level, partial orders are a very good method of ensuring you pocket some profit should a trade go south when you are in the midst of it, this practice can also be referred to as scaling out.

Pattern: is lines or shapes drawn onto price charts to help predict future price action.

Pivot: this book is all about pivots and especially the Camarilla pivots. In very basic terms, a pivot is a critical price level on your charts.

Pivot point line: a synonym for the Central Pivot Line within the Floor Pivot system.

Platform: your trading platform is the trading software you use.

PNL: an abbreviation for profit and loss.

Price-based analysis: or value-based analysis as I prefer to call it, takes into consideration the price levels that are most apt to generate transactional volume.

Print: refers to a single transaction that is displayed in your Time and Sales.

Prior bear: a trader who had previously sold shares in a specific stock.

Prior bull: a trader who had previously bought shares in a specific stock.

Proprietary firm/prop: a firm that trades their own money rather than the money of clients.

Pull back: occurs when the price of a stock temporarily stops its upward movement and either remains at a certain price or slips down a bit in price.

Q

Quote: the most recent price at which an investment (or any other type of asset) has traded.

R

Rally: occurs when over a somewhat small time frame the stock market as a whole increases in price.

Range bound: a stock that is trading in a range-bound manner is one that is trading between its support and resistance levels.

Relative Strength Index/RSI: a technical indicator that compares the magnitude of recent gains and losses in the price of stocks over a period of time to measure the speed and change of price movement, your scanner software or platform will automatically calculate the RSI for you, RSI values range from 0 to 100.

Resistance level: the level that the price of a specific stock usually does not go higher than.

Responsive participant: a participant who buys or sells reversals, they are labeled as a "responsive" participant because they are buying away from value, after a retest for confirmation, in the hope of a return move to value.

Responsive position: is one taken with confirmation from a retest. These positions will most usually be taken after both a low-volume retest and the price of the stock hitting a new 5-minute high.

Retail trader: a person like you and I who trades as an individual and does not work for a firm or manage the money of others.

Risk Versus Reward/RVR: the key to successful day trading is finding trading setups that have excellent risk versus reward ratios, these are the trading opportunities with a low-risk entry and a high reward potential, for example, a 3:1 ratio means you will risk $100 but have the potential to earn $300, a 2:1 ratio is the minimum I will ever trade.

S

S&P: the abbreviation for S&P Global Inc., a company formerly known as Standard & Poor's.

Scale out: in basic terms, to scale out is to set up multiple profit targets for your trade rather than just one, instead of planning to exit a trade at one price level and take 100% of the profit, you may take 50% of it at one price level and then the remaining 50% at the other price level, you could also structure your trade so that you are taking, for instance, 50% of the profit at one price level, 30% at a second level, and 20% at a final level, scaling out is a very good method of ensuring you pocket some profit should a trade go south when you are in the midst of it, this practice can also be referred to as taking partials.

Scanner: the software you program with various criteria in order to find specific stocks to day trade in.

Sell off: when a stock sells off, it means that a large number of its shares are being sold in a small time frame, the end result is that the price of that stock will drop.

Sell order: when you enter a trade, you must always have a target price in mind, for example, for a long trade, if the stock is priced at $100/share when you enter the trade, based on your research and investigations, you might have a target price of $110/share for where you will sell your position, this is what your sell order will then be for.

Shooting star doji: a type of candle, if the top wick is longer, as in a shooting star doji (the third doji in Figure 5.3), it means that the buyers were unsuccessful in trying to push the price higher, this may indicate an impending takeover of price action by the Bears.

Short cover rally: short sellers want prices to drop so they can buy back the shares they borrowed at a low price and make a profit on their trade If a stock has a large number of short sellers, as soon as the price of the stock begins to rise, the short sellers will panic and start buying as quickly as they can to minimize their losses, this frenzy of buying causes the price of the stock to rise at an ever quicker pace, this event is referred to as a short cover rally.

Short selling: you borrow shares from your broker and sell them, and then hope the price goes even lower so you can buy them back at the lower price, return the shares to your broker, and keep the profit for yourself.

Short Selling Restriction/SSR: regulators and the exchanges place restrictions on the short selling of a stock when its price is down 10% or more from the previous day's closing price, when a stock is in SSR mode, you are still allowed to sell short the stock, but you can only short when the price is going higher, not lower, intraday.

Sideways market: a stock that is trading in a sideways manner is one that is trading within a general price range, its price is not trending up and it is not trending down. Regularly, at times the majority of the market can be trading in a sideways fashion.

Simple Moving Average/SMA: a form of moving average that is calculated by adding up the closing price of a stock for a number of time periods (e.g., 1-minute, 5-minute, or daily charts) and then dividing that figure by the actual number of time periods.

Slam: similar to a squeeze but in reverse. A slam is initiated by longs taking profit and then selling on the new lows using market orders causing quick downward price movements.

Slippage: I define slippage as unaccounted for loss during a trade. There are times when you stop out of a trade that you do not get filled instantly. Most stop orders hit the book as a market order which will often result in a slow fill if the market is moving quickly.

Small Time Frame (STF) participant: a participant (trader) like you and I who are not looking to hold our positions for a long time. As a day trader, your risk tolerance should be very low and so you will be apt to close your position when there is any sort of adverse movement in the price of the stock.

Speculator: a day trader is a speculator, the Market Makers will ultimately move the price of a stock to where the investors want it, and you (and I) do not get a say in that, you are only speculating on where you think the price will go.

Spinning top candle: a long-legged doji with high volume at the top of a trend or chart pattern.

Spoofing: an illegal form of market manipulation in which a trader places a large order to buy or sell a financial asset (such as a stock, bond, or futures contract) with no intention of executing it, by doing so, the trader - or the "the spoofer" - creates an artificial impression of high demand for the asset.

Spread: the difference between the ask price and the bid price for shares of a stock, if the ask price for a share is $25, and the bid price is $24.75, then the spread for that stock is $0.25, it's the difference at any given moment between what people are willing to pay to purchase a particular stock and what other people are demanding in order to sell that stock, the bid price will always be lower than the ask price.

Squeeze: similar to a slam but in reverse. A squeeze is initiated by shorts taking profit and then covering on the new highs using market orders causing quick upward price movements.

Stack: a grouping of lots at the same price level in either the bid or ask column of your Level 2, the bids or asks in a stack can be posted by one or more Market Makers.

Stock in play: this is what you as a day trader are looking for. It's a stock that offers excellent risk versus reward potential, it will move higher or lower in price during the course of the trading day, and it will move in a way that is predictable, stocks with a catalyst and heavy volume are often stocks in play.

Stop/stop loss: the price level where you must accept a loss and get out of your trade, the maximum amount you should ever risk on a trade is 2% of your trading account, for example, if your account has $20,000 in it, then you should never risk more than $400 on a single trade, once you calculate the maximum amount of money you can risk on a trade, you can then calculate your maximum risk per share, in dollars, from your entry point (for instance, using $400 as your maximum loss on a trade, if you are entering a long trade at $10/share, and buying 1000 shares, your stop loss will be hit at $9.60/share (a loss of $.40/share x 1000 shares)), you must always honor your stop loss, do not change it in the middle of a trade because you hope something will happen, if the price of the stock reaches your stop loss, gracefully exit your trade and accept the loss, do not be stubborn and risk seriously damaging your trading account.

Stops/Stop loss order/stop order: an instruction to your broker to buy or sell when a stock hits a specific price, it helps protect you from suffering a significant loss (the definition of "stop/stop loss" will provide you with some general information on how to calculate your stop loss).

Stop out: to be stopped out means that you have hit your stop (or stop loss or stop order or stop loss order), it’s time to gracefully exit your trade and accept whatever your loss is.

Stopping volume: as the price of a stock moves up or down into a high value area, the Bears or the Bulls will start to take their profits, at the same time, their counterparts will begin anticipating reversals and start taking contrary positions, this causes massive spikes in volume that will result in the Market Makers having an imbalance in their orders, this is where value is being asserted and it is always the most likely spot for a reversal to set up.

Strong hands: a strong hands and weak hands are defined by the ability to tolerate risk, the size of the account does not factor in, even the smallest account can have strong hands if the holder never sells their position, likewise, a massive account can have weak hands if the holder’s tolerance for risk is small. Strong hands are what the institutional traders along with some retail traders are called, how these participants respond to the price of a stock will move the market.

Support level: the level that the price of a specific stock usually does not go lower than.

Swing trading: when you swing trade, you hold stocks for a period of time, generally from one day to a few weeks. Swing trading is a completely different business than day trading is.

T

Tape: originally a physical tape that would print out transaction information. In modern times, we use the Time and Sales.

Tick: each tick represents a single transaction (purchase or sale) of shares in a stock.

Topping tails: another name for stopping volume or fireworks.

Ticker: another name for a stocks symbol. For instance, the ticker for Microsoft is $MSFT.

Time and Sales/T&S: part of the DAS Trader Pro platform, Time and Sales lets you see where each transaction happened (was it at the ask or above the ask, was it happening between the bid and the ask, was it happening at the bid or below the bid). The way traders are actually making their trades demonstrates what kind of attitude they have toward the current price and its future direction. It helps you to understand the psychology of the traders sending orders to the market.

Trailing stop order: when you enter a trade, you must always have a target price in mind. For example, for a long trade, if the stock is priced at $100/share when you enter the trade, based on your research and investigations, you might have a target price of $110/share for where you will sell your position (i.e., your sell order). If the stock reaches $110/share, you will then gross a profit of $10/share. Likewise, you should also place a stop order (also known as a stop loss order) for where you will abandon your trade. For example, if the stock drops to $95/share, you will abandon your trade with a loss of $5/share (from your purchase price of $100/share). A trailing stop order will move with your trade based on the instructions you provide. To keep it simple, let's pretend you set your trailing stop order at 10%, in this example, if the price of the stock reaches $110/share (a 10% increase on your $100/share purchase price), your trailing stop order will increase to $99/share (10% below $110/share), if the price of the stock then reaches $120/share, your trailing stop order will increase to $108/share (10% below $120/share), if the price of the stock then suddenly begins to drop, your trade will be abandoned when the price hits $108/share, a trailing stop order helps protect you from suffering a bad loss.

Trend: the direction the stock is going. It could be trending up in price, it could be trending down in price, it can continue its trend, or it can reverse its trend. Regularly, the majority of the market can be trending in a specific direction.

Trending average: to discern the trending average, you must analyze your chart as the stock is trending, you will notice that one of the moving averages will be in play or interacting with the price of the stock more strongly, you can tell which moving average is in play because its price is honored every time it is tested in a pull back.

Tweezers: another name for stopping volume or topping tails. Tweezers generically comes in 2 candle pairs. Hence the name.

U

V

Value: at its most basic level, Value equals price. Wherever participants transact we get value.

Value-based analysis: is the analysis of price action based upon transactional volume at various price levels.

Volatility: a stock is considered to be trading in a volatile fashion when it is significantly fluctuating in price – hitting extreme highs and extreme lows, volatility can impact not just a single stock but also the entire stock market or a specific sector of it (e.g., the tech sector).

Volume: the number of shares in a company being traded during a set time frame.

Volume and Price Analysis/VPA: is a system of reading market effort and result using the amount of participation as the price moves.

Volume by Price indicator: most trading platforms allow you to not only see where a stock's value is, tick by tick, but also let you chart where those ticks congregate, each tick at a specific price adds up and over time these individual transactions will clump together, so to speak, and be clearly visible on your chart.

Volume Point of Control/VPOC: a powerful tool in most trading platforms that lets you drill down to the specific price that is experiencing the most transactions, this gives you the best representation of where the value for a stock is being perceived by the overall market within your chart's selected time frame.

Volume Weighted Average Price/VWAP: the most important technical indicator for day traders. Your trading platform should have VWAP built right into it, VWAP takes into account the volume of the shares being traded at any given price while other indicators are calculated based only on the price of the stock on the chart, VWAP considers the number of shares in the stock being traded at each price, VWAP lets you know if the buyers or the sellers are in control of the price action.

W

Watchlist: before the market opens, you can use your scanner to identify stocks that are gapping up or down in price. You then search for the fundamental catalysts that explain these price swings and build a list of stocks that you will monitor that day for specific day trading opportunities, the final version of your watchlist generally has only two, three, or four stocks on it that you will be carefully monitoring when the market opens, some traders call their watchlist their gappers watchlist.

Weak hands: a weak hands and strong hands are defined by the ability to tolerate risk, the size of the account does not factor in, even the smallest account can have strong hands if the holder never sells their position, likewise, a massive account can have weak hands if the holder's tolerance for risk is small. The holders of weak hands truly have no power over the market, they have no influence on the price of a stock nor on the perception of its value.

Wide central pivot range: the price of the stock will move within a narrower range than it did the previous trading day, the high price it hits will be not as high as the previous trading day's high and, similarly, the low price it hits will be not as low as the previous trading day's low.

X

Y

Z

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