



Free Glossary of 120 + Stock Market Terms

Learn more than 120+ stock market terms so that you can read financial newspapers like social newspapers.



JANUARY 16, 2026
YOGESH ALIM ACADEMY
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Unlock Stock Market Success with Our FREE "100+ Trading Terms Glossary"

Mastering stock market terminology is your first step toward confident trading. Whether you're deciphering "**Bullish Engulfing**" patterns, understanding "**Implied Volatility**" for options, or grasping "**Risk-Reward Ratio**" calculations, every professional trader started exactly where you are now—confused by jargon.

That's why Yogesh Alim Academy created this FREE "100+ Stock Market Trading Terms Glossary"—your instant reference guide to trading vocabulary.

What You'll Get Instantly:

- **100+ Essential Terms** explained in plain English
- **Real Trading Examples** for context
- **Quick Definitions** (under 50 words each)
- **Visual Chart Examples** for technical terms
- **Practical Usage** in Indian markets (NIFTY, BANKNIFTY, stocks)

Perfect For:

text

- Absolute Beginners overwhelmed by jargon**
- Part-time traders needing quick references**
- Options learners confused by Greeks (Delta, Theta, Vega)**
- Technical analysts learning candlestick patterns**
- Anyone serious about trading discipline**

Stock Market ABC: Your First 120 + Trading Words

Master basic trading language in one sitting so you can finally watch market news and charts without feeling lost.

1. Stock – A stock is a small unit of ownership in a company.

Example: If you buy 10 shares of Reliance, you own a small part of Reliance Industries.

2. Share – A share is one single unit of a company's stock.

Example: If a company has 1,00,000 shares and you buy 100, you own 100 shares of that company.

3. Equity – Equity is the ownership value you hold in a company.

Example: The shares in your demat account are your equity in those companies.

4. Stock Market – The stock market is a place where buyers and sellers trade company shares.

Example: NSE and BSE are stock markets in India where people buy and sell shares.

5. Stock Exchange – A stock exchange is an organized platform where securities are listed and traded.

Example: Infosys shares are listed on the NSE stock exchange.

6. Index – An index is a group of selected stocks used to measure the market's overall movement.

Example: When the Nifty 50 goes up, it shows that most large Indian stocks are going up.

7. Sensex – Sensex is an index of 30 large companies listed on the BSE.

Example: News channels say "Sensex is up 500 points" to show the market is bullish.

8. Nifty 50 – Nifty 50 is an index of 50 major companies listed on the NSE.

Example: Option traders often trade Nifty 50 options for intraday moves.

9. Market Capitalization (Market Cap) – Market cap is the total value of a company's shares in the market.

Example: If a company has 1 crore shares at ₹200 each, its market cap is ₹200 crore.

10. Large Cap Stock – Large cap stocks belong to big, established companies with high market cap.

Example: HDFC Bank is considered a large cap stock.

11. Mid Cap Stock – Mid cap stocks belong to medium-sized companies by market cap.

Example: Persistent Systems is generally treated as a mid cap stock.

12. Small Cap Stock – Small cap stocks belong to relatively smaller companies with lower market cap.

Example: A small IT company listed recently may be categorized as a small cap stock.

13. Blue-Chip Stock – A blue-chip stock is a strong, reputed company with stable performance and good track record.

Example: TCS is widely viewed as a blue-chip stock.

14. Penny Stock – Penny stocks are very low-priced shares, often illiquid and high risk.

Example: A company trading at ₹5 with low volumes is likely a penny stock.

15. Face Value – Face value is the nominal value of a share decided by the company.

Example: Many Indian stocks have a face value of ₹1, ₹2, or ₹10.

16. Market Price – Market price is the current trading price of a share in the market.

Example: If HDFC Bank shows ₹1,600 on your broker screen, that is its market price.

17. 52-Week High – 52-week high is the highest price a stock has touched in the last 12 months.

Example: If a stock touched ₹900 at most in the last year, ₹900 is its 52-week high.

18. 52-Week Low – 52-week low is the lowest price a stock has touched in the last 12 months.

Example: If a stock fell to ₹400 at the lowest in the last year, ₹400 is its 52-week low.

19. All-Time High (ATH) – All-time high is the highest price a stock has ever traded at.

Example: When a stock breaks ATH at ₹1,000, many breakout traders become interested.

20. All-Time Low (ATL) – All-time low is the lowest price a stock has ever traded at.

Example: If a stock falls below its previous bottom and hits ₹50, it may be making a new ATL.

Orders and execution

21. Order – An order is an instruction to buy or sell a security through your broker.

Example: Clicking “Buy” or “Sell” with quantity and price on your app places an order.

22. Market Order – A market order buys or sells immediately at the best available price.

Example: You place a market order to buy 50 shares of TCS and it executes instantly at the current price.

23. Limit Order – A limit order buys or sells only at a specific price or better.

Example: You set a buy limit order at ₹1,500, so the trade happens only if the stock reaches ₹1,500 or lower.

24. Stop Loss Order – A stop loss order triggers a buy or sell when the price hits a level set to limit loss.

Example: You buy at ₹200 and place a stop loss at ₹190 to restrict your loss to ₹10 per share.

25. Stop Limit Order – A stop limit order converts to a limit order after the trigger price is hit.

Example: You set a stop-limit sell with trigger at ₹195 and limit at ₹194 to control your exit price range.

26. Bracket Order – A bracket order has entry, target, and stop loss in one combined order.

Example: You buy at ₹100 with target ₹110 and stop loss ₹95 using a bracket order.

27. Cover Order – A cover order combines an entry order with a compulsory stop loss order.

Example: You place a buy cover order at ₹500 and must set a stop loss, say at ₹490.

28. Day Order – A day order stays valid only for that trading day.

Example: Your limit order at ₹300 gets cancelled automatically if it is not executed by market close.

29. Good Till Cancelled (GTC) – A GTC order remains active until it is executed or manually cancelled.

Example: You place a buy order at ₹250 as GTC so it can execute on any future day when price reaches ₹250.

30. Immediate or Cancel (IOC) – An IOC order executes whatever quantity is available immediately and cancels the rest.

Example: You place an IOC order for 1,000 shares; only 300 are available, so 300 execute and 700 get cancelled.

31. Execution – Execution is the actual completion of a buy or sell order on the exchange.

Example: When your order status changes from “Open” to “Completed,” the trade has been executed.

32. Partial Fill – Partial fill means only part of your order quantity gets executed.

Example: Out of 500 shares, only 200 get filled, leaving 300 pending.

33. Slippage – Slippage is the difference between expected price and actual execution price.

Example: You expect to buy at ₹100, but due to fast movement your order fills at ₹101, causing ₹1 slippage.

Bid, ask and liquidity

34. Bid Price – Bid price is the highest price a buyer is ready to pay.

Example: If the bid shows ₹250, a buyer is willing to buy at ₹250.

35. Ask Price (Offer Price) – Ask price is the lowest price a seller is ready to accept.

Example: If the ask shows ₹252, a seller is willing to sell at ₹252.

36. Bid-Ask Spread – Bid-ask spread is the difference between bid price and ask price.

Example: If bid is ₹250 and ask is ₹252, the spread is ₹2.

37. Liquidity – Liquidity is how easily you can buy or sell a stock without moving its price too much.

Example: Reliance has high liquidity, so large orders can be executed easily.

38. Volume – Volume is the total number of shares traded in a given time.

Example: If 10 lakh shares change hands in a day, the daily volume is 10 lakh.

39. Turnover – Turnover is the total traded value (price × quantity) over a period.

Example: If 1 lakh shares trade at around ₹200, the turnover is about ₹2 crore.

40. Circuit Filter – Circuit filter is the maximum allowed price movement of a stock in a day.

Example: A stock with a 10% circuit can move only between -10% and +10% from yesterday's close.

41. Upper Circuit – Upper circuit is the highest price allowed for a stock on that day.

Example: If a stock's upper circuit is at ₹110 and yesterday's close was ₹100, it cannot trade above ₹110.

42. Lower Circuit – Lower circuit is the lowest price allowed for a stock on that day.

Example: If the lower circuit is ₹90, the stock cannot fall below ₹90 that day.

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Trading styles and positions

43. Intraday Trading – Intraday trading is buying and selling on the same day.

Example: You buy Infosys at 10:00 AM and sell it at 2:30 PM on the same day.

44. Swing Trading – Swing trading holds positions for a few days to weeks to capture price swings.

Example: You buy a stock on Monday and plan to sell it within 10 days when it rises 8–10%.

45. Positional Trading – Positional trading holds trades for weeks to months based on bigger trends.

Example: You buy a stock after a breakout and hold it for 3–6 months.

46. Scalping – Scalping is ultra-short-term trading to capture tiny moves many times a day.

Example: You aim to earn ₹1–₹2 per share multiple times in a very liquid stock.

47. Long Position – A long position means you have bought the stock expecting it to rise.

Example: Buying 100 shares of SBI and holding them is a long position.

48. Short Position (Short Selling) – A short position means you have sold first, expecting to buy back cheaper.

Example: You short sell 50 shares of a stock at ₹300 expecting to buy them back at ₹280.

49. Square Off – Squaring off means closing an open position by taking the opposite side.

Example: If you bought 100 shares in the morning, selling those 100 shares later squares off your position.

50. Carry Forward – Carry forward means holding your open position to the next trading session.

Example: Instead of closing your future trade today, you carry it forward to the next day.

51. BTST (Buy Today Sell Tomorrow) – BTST means buying shares today and selling them the next day before delivery comes.

Example: You buy 200 shares on Monday and sell them on Tuesday under BTST.

52. STBT (Sell Today Buy Tomorrow) – STBT means selling today and buying back the next day where allowed.

Example: You sell shares on Monday expecting a fall and buy them back cheaper on Tuesday.

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Profit, loss and risk

53. Profit – Profit is the money you gain when selling price is higher than buying price and costs.

Example: You buy at ₹100 and sell at ₹120, earning ₹20 profit per share (before charges).

54. Loss – Loss is the money you lose when selling price is lower than buying price and costs.

Example: You buy at ₹150 and sell at ₹140, losing ₹10 per share.

55. Risk – Risk is the chance that your actual result is worse than expected, including losses.

Example: Buying a volatile small cap stock carries higher risk of sudden big losses.

56. Risk-Reward Ratio – Risk-reward ratio compares potential loss with potential profit in a trade.

Example: If you risk ₹10 to make ₹30, your risk-reward ratio is 1:3.

57. Drawdown – Drawdown is how much your capital falls from its peak during a losing period.

Example: Your account goes from ₹2,00,000 to ₹1,60,000, so you have a ₹40,000 drawdown.

58. Capital – Capital is the amount of money you put into trading or investing.

Example: You decide to use ₹50,000 as your trading capital.

59. Exposure – Exposure is the total value of all your open positions.

Example: If you hold positions worth ₹3,00,000, your exposure is ₹3,00,000.

60. Leverage – Leverage lets you control a larger position using less money, usually via margin.

Example: With 5× leverage, ₹20,000 capital allows you to trade ₹1,00,000 worth of stock.

61. Margin – Margin is the money your broker blocks to let you take a leveraged position.

Example: To trade one Nifty futures lot, your broker may ask for around a certain margin amount.

62. Margin Call – A margin call is a broker's demand to add funds when your margin falls below required level.

Example: If the market moves against you and margin is insufficient, your broker may ask you to add money or close positions.

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Fundamental analysis

63. Fundamental Analysis – Fundamental analysis studies a company's business and financials to judge its value.

Example: You check revenue, profit, debt, and management before buying a stock for the long term.

64. Balance Sheet – Balance sheet shows a company's assets, liabilities, and equity at a point in time.

Example: You look at the balance sheet to see how much debt the company has.

65. Profit and Loss Statement (P&L) – P&L shows income, expenses, and profit over a period.

Example: You compare last year's P&L with this year's to see if profits are growing.

66. Cash Flow Statement – Cash flow statement shows how cash moves in and out of the business.

Example: Even if profit is high, you check cash flow to see if real cash is coming in.

67. Earnings Per Share (EPS) – EPS is net profit divided by number of shares.

Example: If a company earns ₹10 crore and has 1 crore shares, EPS is ₹10.

68. Price-to-Earnings Ratio (P/E) – P/E compares share price to EPS to judge valuation.

Example: A stock at ₹200 with EPS ₹20 has a P/E of 10.

69. Price-to-Book Ratio (P/B) – P/B compares share price to book value per share.

Example: If book value is ₹100 and the share trades at ₹200, P/B is 2.

70. Dividend – Dividend is part of the profit shared with shareholders.

Example: A company announces ₹5 dividend per share, and you receive ₹500 for 100 shares.

71. Dividend Yield – Dividend yield is annual dividend divided by current price, in percentage.

Example: If dividend is ₹10 and price is ₹200, the yield is 5%.

72. Book Value – Book value is net assets of a company per share.

Example: If total net assets are ₹100 crore and there are 1 crore shares, book value is ₹100.

73. Return on Equity (ROE) – ROE shows how efficiently a company generates profit from shareholders' equity.

Example: A 20% ROE means the company earns ₹20 for every ₹100 of equity.

74. Return on Investment (ROI) – ROI is profit divided by the amount invested.

Example: Investing ₹1,00,000 and getting back ₹1,20,000 gives 20% ROI.

75. Debt-to-Equity Ratio – Debt-to-equity compares total debt to shareholders' equity.

Example: A debt-to-equity of 2 means the company has twice as much debt as equity.

76. Intrinsic Value – Intrinsic value is the estimated true worth of a stock based on fundamentals.

Example: If your analysis says a stock is worth ₹500 but it trades at ₹350, it may be undervalued.

77. Value Investing – Value investing means buying stocks that look cheaper than their intrinsic value.

Example: You buy a strong company that the market is currently ignoring at a low price.

78. Growth Stock – Growth stocks belong to companies expected to grow earnings faster than average.

Example: A fast-growing tech company with rising sales is often called a growth stock.

79. Value Stock – Value stocks look cheap compared to fundamentals like earnings and book value.

Example: A profitable company trading at a low P/E may be a value stock.

80. Cyclical Stock – Cyclical stocks move strongly with economic ups and downs.

Example: Auto and real-estate stocks often do well when the economy is booming.

81. Defensive Stock – Defensive stocks remain relatively stable even when the market is weak.

Example: FMCG or pharma stocks often fall less during market crashes.

Technical analysis basics

82. Technical Analysis – Technical analysis uses price charts and indicators to forecast future moves.

Example: You draw trendlines and use RSI on charts to find trade entries.

83. Price Action – Price action is the raw movement of price over time.

Example: A series of higher highs and higher lows shows bullish price action.

84. Trend – Trend is the overall direction of price movement: up, down, or sideways.

Example: If price keeps making higher highs for weeks, the stock is in an uptrend.

85. Support – Support is a price level where buying tends to stop price from falling further.

Example: If a stock bounces from ₹300 several times, traders treat ₹300 as support.

86. Resistance – Resistance is a price level where selling tends to stop price from rising further.

Example: If a stock repeatedly fails to cross ₹500, traders mark ₹500 as resistance.

87. Breakout – Breakout is when price moves strongly above resistance or below support.

Example: A stock closing above ₹500 resistance with high volume is a bullish breakout.

88. Pullback – Pullback is a temporary move against the main trend.

Example: In an uptrend, price drops slightly from ₹520 to ₹500 before going higher; that dip is a pullback.

89. Reversal – Reversal is a change in the direction of the existing trend.

Example: A stock that was in a downtrend starts making higher highs, showing a trend reversal.

90. Moving Average (MA) – Moving average is the average of past prices over a period, plotted as a line.

Example: A 50-day moving average line smooths short-term noise and shows the bigger trend.

91. Golden Cross – Golden cross is when a shorter moving average crosses above a longer one, often bullish.

Example: The 50-day MA crossing above the 200-day MA is called a golden cross.

92. Death Cross – Death cross is when a shorter moving average crosses below a longer one, often bearish.

Example: The 50-day MA going below the 200-day MA is called a death cross.

93. Relative Strength Index (RSI) – RSI is a momentum indicator that shows overbought or oversold levels.

Example: RSI above 70 may indicate the stock is overbought and due for a correction.

94. MACD (Moving Average Convergence Divergence) – MACD shows trend strength and possible reversals using moving averages.

Example: When MACD line crosses above its signal line, traders often see a buy signal.

95. Bollinger Bands – Bollinger Bands show volatility with a middle moving average and upper-lower bands.

Example: When price touches the upper band, it suggests the stock may be stretched on the upside.

96. VWAP (Volume-Weighted Average Price) – VWAP is the average price for the day weighted by traded volume.

Example: Intraday traders prefer to buy near VWAP in an uptrend.

97. Overbought – Overbought means the price has risen quickly and may correct soon.

Example: A stock that rallies 20% in two days with RSI above 80 may be overbought.

98. Oversold – Oversold means the price has fallen quickly and may bounce soon.

Example: A stock that crashes 15% in a day with RSI below 30 may be oversold.

99. Gap Up – Gap up happens when today's opening price is much higher than yesterday's close.

Example: Positive news can cause a stock to gap up from ₹100 to ₹110 at the open.

100. Gap Down – Gap down happens when today's opening price is much lower than yesterday's close.

Example: Bad results may make a stock gap down from ₹200 to ₹180 at the open.

101. Candlestick – A candlestick shows open, high, low, and close prices for a specific time.

Example: A long green candlestick shows strong buying in that period.

Derivatives and F&O

102. Derivative – A derivative is a contract whose value comes from an underlying asset like a stock or index.

Example: Nifty futures derive their value from the Nifty 50 index.

103. Futures Contract – Futures is an agreement to buy or sell an asset at a fixed price on a future date.

Example: You buy one lot of Nifty futures expiring next month at a specific price.

104. Options Contract – An option gives the right, but not the obligation, to buy or sell an asset at a set price.

Example: Buying a Nifty 19,800 call option lets you benefit if Nifty goes above 19,800.

105. Call Option – A call option gives the right to buy the underlying asset.

Example: You buy a Reliance 2,500 call expecting the stock to move above ₹2,500.

106. Put Option – A put option gives the right to sell the underlying asset.

Example: You buy a Nifty 19,000 put expecting the index to fall below 19,000.

107. Strike Price – Strike price is the fixed price at which an option can be exercised.

Example: In a 2,000 call option, ₹2,000 is the strike price.

108. Premium – Premium is the price paid by the option buyer to the option seller.

Example: If you buy a call for ₹50, that ₹50 is the premium.

109. Expiry Date – Expiry date is the last day on which a derivatives contract is valid.

Example: Weekly Nifty options expire every Thursday.

110. Lot Size – Lot size is the fixed number of units in one derivatives contract.

Example: If Nifty lot size is 50, one lot represents 50 units of Nifty.

111. Open Interest (OI) – Open interest is the total number of outstanding futures or options contracts not yet closed.

Example: Rising OI with rising price often shows fresh long positions being added.

112. Hedging – Hedging means taking another position to reduce risk on your main position.

Example: You buy puts on a stock that you are holding to protect against a fall.

113. Speculation – Speculation means trading mainly to profit from expected price moves.

Example: You buy Bank Nifty options for intraday because you expect a big move.

Portfolio and investing concepts

114. Portfolio – Portfolio is the collection of all your investments.

Example: Your portfolio may include stocks, mutual funds, and gold ETFs.

115. Diversification – Diversification means spreading investments across many assets to reduce risk.

Example: Instead of putting all money in one stock, you buy 8–10 different stocks.

116. Asset Allocation – Asset allocation is deciding what percentage to put into equity, debt, gold, etc.

Example: A moderate investor may keep 60% in equity and 40% in debt funds.

117. Systematic Investment Plan (SIP) – SIP is investing a fixed amount regularly in a fund.

Example: You invest ₹5,000 every month in an index fund through SIP.

118. Lumpsum Investment – Lumpsum means investing a large amount in one go.

Example: You receive a bonus and invest ₹2,00,000 at once in a mutual fund.

119. Exchange-Traded Fund (ETF) – ETF is a fund that tracks an index and trades like a stock.

Example: Nifty ETF lets you buy the Nifty index through one traded unit.

120. Mutual Fund – Mutual fund pools money from many investors to invest in a basket of securities.

Example: An equity mutual fund invests mainly in stocks on your behalf.

121. NAV (Net Asset Value) – NAV is the per-unit value of a mutual fund or ETF.

Example: If a fund's total assets are ₹100 crore and there are 1 crore units, NAV is ₹100.

122. Rebalancing – Rebalancing means adjusting your portfolio back to your target allocation.

Example: If equity grows too much, you sell some equity and add to debt to restore balance.

123. Systematic Withdrawal Plan (SWP) – SWP gives you fixed periodic withdrawals from a fund.

Example: After retirement, you set an SWP of ₹10,000 per month from a mutual fund.

Brokerage, accounts and operations

124. Broker – Broker is the registered middleman who allows you to trade on the exchange.

Example: Zerodha, Angel One, and Upstox are examples of brokers.

125. Brokerage – Brokerage is the fee charged by your broker on each trade.

Example: Discount brokers may charge a flat fee like ₹20 per order.

126. Demat Account – A demat account holds your shares in electronic form.

Example: When you buy shares for delivery, they are stored in your demat account.

127. Trading Account – A trading account is used to place buy and sell orders in the market.

Example: You log into your trading account app to execute trades.

128. Client ID – Client ID is a unique number that identifies your trading or demat account.

Example: Your broker shows your client ID on the profile page for all official records.

129. Contract Note – Contract note is a legal document that confirms trade details and charges.

Example: After each trading day, your broker emails you a contract note of your trades.

130. Settlement – Settlement is the process of exchanging shares and money after a trade.

Example: After a delivery trade, shares come to your demat and money leaves your bank on settlement day.

131. T+1 / T+2 – T+1 or T+2 means settlement happens 1 or 2 business days after the trade day (T).

Example: In T+1, a trade done on Monday settles on Tuesday.

132. Securities Transaction Tax (STT) – STT is the tax charged on the value of taxable securities trades.

Example: You pay STT automatically on intraday and delivery trades as per rules.

133. Stamp Duty – Stamp duty is a government tax on the value of traded securities.

Example: Your contract note shows stamp duty amount along with brokerage and STT.

Advanced and algorithmic concepts

134. Algorithmic Trading (Algo Trading) – Algo trading uses computer programs to execute trades automatically based on rules.

Example: A system that buys Nifty when RSI crosses 30 and sells when it crosses 70 is doing algo trading.

135. High-Frequency Trading (HFT) – HFT is ultra-fast automated trading that sends many orders in microseconds.

Example: Big institutions use HFT to capture tiny price differences in milliseconds.

136. Backtesting – Backtesting means testing a trading strategy on past data.

Example: You apply your intraday strategy on last year's Nifty data to see if it was profitable.

137. Paper Trading – Paper trading is practice trading without real money.

Example: You note hypothetical trades in Excel or use a simulator to build confidence before going live.

138. Risk-Adjusted Return – Risk-adjusted return measures return after considering the risk taken.

Example: A 15% return with low volatility may be better than 20% return with huge swings.

139. Sharpe Ratio – Sharpe ratio compares excess return over risk-free rate to the volatility of returns.

Example: A fund with higher Sharpe ratio is usually considered better on a risk-adjusted basis.

140. Alpha – Alpha is the extra return generated over the benchmark return.

Example: If Nifty gives 10% and your fund gives 14%, the extra 4% is alpha.

141. Beta – Beta shows how volatile a stock is compared to the overall market.

Example: A stock with beta 1.5 tends to move 1.5 times the market move up or down.

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