



WICKED STOCKS

DIRECTIONAL CLARITY FOR THE ACTIVE INVESTOR

Wicked Stocks Glossary of Terms

******* Annual Containment:** a level considered able to contain buying or selling activity on an annual basis, and represents a crucial market threshold that, if surpassed or broken, may prompt a long-term upward/downward market shift for the year or perhaps multiple years.

****** Multi-Week Containment:** a level considered able to contain buying or selling activity from several weeks to several months. Closing above a multi-week containment resistance level, or below a multi-week containment support level, will often result in a directional move in the respective direction for several months.

***** Weekly Containment:** a level considered able to contain buying or selling activity for a week to several weeks. Closing above a weekly containment resistance level, or below a weekly containment support level, will often result in a directional move in the respective direction for several weeks.

*** Session Containment:** a "session" refers to a single trading day, from 9:30 am to 4:00 pm EST, during which a session containment level — support or resistance — can contain buying or selling for the entire day. Closing above a session containment resistance level, or below a session containment support level, will often result in a directional move in the respective direction for 3-5 days.

*** Intraday Containment:** a market level that can contain price movements for the better part of a single trading day and will often have pivot-point qualities. These levels can be crucial for day traders who rely on intraday volatility for their trading strategies. Pushing above an intraday resistance level, or breaking below an intraday support level, will often result in a directional move in the respective direction for the trading day.

*** Minor:** a market level that can contain buying or selling pressures on shorter timeframes (60 minute charts and lower). Pushing above a minor resistance level, or breaking below a minor support level, can frequently trigger an intraday directional move in the corresponding direction for 15 – 60 minutes. Primarily used by day traders for short-term strategies.

Important note: The term **UP & DP** can be applied to any session containment level and higher. Expect an added element of momentum buying/selling, typically correlated with the underlying trend.

Up Pivot (UP): a critical upper price level that, when breached, can shift the market's directional inclination and momentum upwards for a determined period, often leading to increased buying pressure and potential bullish trends.

Down Pivot (DP): a crucial lower price level that, when broken, can pivot the market's directional inclination and momentum downwards for a specified duration, typically instigating increased selling pressure and potential bearish trends.

Stock Market Terminology We Use

Bear Market: A market condition in which the prices of securities are falling, typically marked by a “lower low/lower high” wave sequence, coupled with a negative sentiment that is increasingly self-sustaining and widespread.

Bull Market: A market condition in which the prices of securities are rising, typically marked by a “higher high/higher low” wave sequence, and coupled with a positive sentiment that is increasingly self-sustaining and widespread.

Support: a specific technical price level below the present market price that is perceived strong enough to absorb or contain selling (downward price activity).

Resistance: a specific technical price level above the present market price that is perceived strong enough to absorb or contain buying (upward price activity).

Long position: owning a stock or option in anticipation of future price appreciation.

Short position: selling a stock or option you did not previously own (being short) in anticipation of future price depreciation.

Buy signal: generally elicited through upward price activity, when the stock in question settles above, a trend-defining line study.

Sell signal: generally elicited through downward price activity, when the stock in question settles below, a trend-defining support level.

Stop loss: the process of liquidating an open (i.e. pre-existing) position in order to eliminate future losses.

Buy Stop: a trade that executes a buy order at a particular price point above present price levels. This order can be executed in order to liquidate a pre-existing short position (to eliminate future losses), or to enter a new long position (position oneself for anticipated future price appreciation).

Sell Stop: a trade that executes a sell order at a particular price point below present price levels. This order can be executed in order to liquidate a pre-existing long position (to eliminate future losses), or to enter a new short position (position oneself for anticipated future price depreciation).

Market order: an order, to sell or buy, at whatever price the market will bear in the moment that order is placed. Typically a market buy order will execute at the present asking price, while a market sell order will execute at the present bidding price.

Resting bid: a buy order that is placed below present price levels that will execute when the market falls to that price level.

Resting offer: a sell order that is placed above present price levels that will execute when the market rises to that price level.

Directional dynamic: the directional inclination of a particular market, across a particular time horizon. For example, there can be a well-defined, 2-3 week bullish dynamic that exists within the confines of a 2 to 3 month bearish dynamic.

Containment: when a specific, technical price resistance level above the market stops upward price movement. Inversely, when a specific, technical price support level below the market stops downward price activity.

Continuation (also known as "Follow-through"): when the stock price continues in the anticipated direction following a buy or sell signal.

Quarter or Quarterly: a three-month period on the financial calendar that acts as a basis for periodic financial reports and the paying of dividends. A quarter refers to one-fourth of a year and is typically expressed as "Q". The four quarters that make up the year are: January, February, and March (Q1); April, May, and June (Q2); July, August, and September (Q3); and October, November, and December (Q4).

Day Traders: Individuals who buy and sell securities within a single trading day. Day traders aim to profit from intraday price movements and typically close out all positions before the market close.

Swing Traders: Traders who hold positions in stocks or other financial instruments for a period of several days to several weeks in an attempt to capture short- to medium-term market trends.

Position Traders: Individuals who hold a portfolio of investments for the medium to long term. They rely on the asset's potential for a sustained trend over time - typically beyond 3-5 weeks.

Support Level: A price level below the market where a stock tends to stop falling. It's created by buyers entering the market (or sellers taking profit) at a specific price, preventing the price from falling further.

Resistance Level: A price level above the market where a stock or market tends to stop rising. It's created by sellers entering the market (or buyers taking profit) at a specific price, preventing the price from rising further.

Retracement: an intervening directional price movement that runs contrary to a stock's longer-term, prevailing price-trend. It is a short-term period of movement against a longer-term trend, followed by a return to the longer-term, prevailing trend.

Rally: A period during which prices in the financial markets aggressively move upward. Rallies tend to be of shorter duration--days, weeks or months--than bull markets, which can last for years.

Options Terminology We Use

Options Contract: A financial derivative that represents a contract sold by one party (the option writer) to another party (the option buyer). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed-upon price during a certain period or on a specific date.

Call Option: A financial contract that gives the option buyer the right, but not the obligation, to buy a stock, bond, commodity, or other asset (the underlying) at a specified price within a specific time period.

Put Option: A financial contract that gives the option buyer the right, but not the obligation, to sell a stock, bond, commodity, or other asset (the underlying) at a specified price within a specific time period.

Strike Price: The predetermined price at which the holder of an option can buy (in case of a call option) or sell (in case of a put option) the underlying security.

Expiration Date: The date at which an option contract expires, or becomes invalid, and the right to exercise it no longer exists.

Option Premium: that portion of an option's value that is not considered intrinsic (at or out of the money). Also referred to as the income received by the seller (writer) of an option contract from the buyer. For the buyer, it is the cost of purchasing the option.

In the Money (ITM): An option that would be profitable if it were exercised immediately. A call option is in the money when the underlying asset's price is higher than the strike price. A put option is in the money when the underlying asset's price is lower than the strike price.

Out of the Money (OTM): An option that would not be profitable if it were exercised immediately. A call option is out of the money when the underlying asset's price is lower than the strike price. A put option is out of the money when the underlying asset's price is higher than the strike price.

At the Money (ATM): An option where the underlying asset's price is equal to the strike price.

Open Interest: The total number of outstanding options contracts that have been traded but not yet liquidated by either an offsetting trade or an exercise or assignment.

Volatility: A measure of the speed at which the price of an underlying asset moves. In options trading, higher volatility leads to higher option premiums, as chances are greater that any particular option strike-price may be in the money by that option's expiration.

Delta: In options trading, delta represents how much the price of an option is expected to change per \$1 change in the price of the underlying asset.

Theta: Theta measures the rate of decline in the value of an option due to the passage of time, also known as time decay.