

Glossary Of Terms

200 Day Moving Average - This is a mathematical formula that looks back over 200 days to determine the average price level of the market. Many investors and money managers view having the market trading above this level as a positive and below as a negative.

50 Day Moving Average - Similar to the 200 day moving average but only considered an "**intermediate term**" indicator of support or resistance (depending whether the market is above or below this indicator). This average looks back over a 50 day period of price action and when the market trades below the average is usually considered a warning that further downside could happen (possibly to the "major" support of the 200 day moving average). It is Important to note that when the market trades below these moving averages, they then act as resistance levels, which could prevent the market from going higher.

Resistance - "Resistance Projections" are levels likely to stop the markets from going higher and could cause a correction resulting in a lower price.

Resistance Line - A line drawn across market tops/highs of the market to show resistance to higher levels.

Re-Test - Once a new market high or low is in place, the markets will usually come back to that level as a test prior to going higher/lower or remaining within the boundaries above/below.

Support - "Support Projections" are levels likely to stop the markets from going lower and could also cause the markets to "rally" to higher prices.

Support Line - A line drawn under the market bottoms/lows of the market to show support from further downside movement.

Bear Market - In it's simplest form, a Bear Market is a period of time when the market is primarily *declining*, usually for a long period of time.

Bonds and Bond Funds - Bond Funds usually act inversely (meaning they increase in value) to equity funds and although they have no guarantees, are usually "relatively safe" havens in times when the market(s) are falling. Remember, when investing in bonds or bond funds, you are "loaning" monies to a company with the promise of re-payment over a designated period of time with a pre-determined interest rate. You become a creditor, not an "owner/shareholder" of stock.

Bull Market - A period of time when the markets is primarily *rising* for an extended period of time.

Consolidation - This means the market is somewhat stalled and building for it's next move whether up or down. This is also sometimes referred to as a "sideways" market whereas there is no dramatic moves up or down for a period of time.

Double Bottoms - A technical term meaning the market has dropped to the same low twice and after going up from this point, establishes a support level. This is the same definition for a *triple* bottom only more confidence to its validity is given.

Double Tops - A technical term meaning market levels have attained the same level twice and after having moved down from this level, the double top now exists as a resistance level. This is the same definition for a *triple* top only with more confidence that the resistance level is valid.

Equity Based Mutual Funds - These funds generally hold stocks of many companies seeking growth and/or increase in value. Remember, any shareholder of a stock is actually part owner of that company and there are no guarantees.

Federal Open Market Committee (FOMC), a.k.a "The Fed" - A group with the authority to determine the Fed Funds rate and the Fed Discount rate that affects interest rates.

Market Breadth - The difference in stocks rising in price versus stocks declining in price.

Morningstar Ratings - Morningstar is an independent mutual fund rating service that assigns ratings to all mutual funds. Five (5) stars equals best.