

## Terminology

### Indices

- Indexes/Indices are used as benchmarks to gauge the movement and performance of market segments.
- Major Indices
  - Dow Jones: 30 Large Companies in the Stock Market
  - S&P 500: 500 Largest Companies by market capitalization
  - NASDAQ: Common stocks and similar securities listed on the NASDAQ stock exchange

### Bull vs Bear

- Rising vs Falling

### Industry vs Sector

- Industry refers to a much more specific group of companies or businesses, while Sector describes a large segment of economy

### Ticker

- Unique combination of letters assigned to security for trading purposes
- Apple's ticker is AAPL

### Liquidity

- How easy/quick is it to convert the investment into cash- how "liquid" is the investment?

### Volatility

- Range of price change a security experiences over a given period of time.
- Volatility can occur from price fluctuations, sudden increases/decreases, or when an investment hits all-time highs/lows

## Asset Class

- An **asset class** is a grouping of investments with similar characteristics
- Types?

# Financial Markets

## Definition

- Broad term, includes trading of securities such as equities, bonds, currencies, and derivatives.

## Stocks

- Stocks are securities that represent an ownership share in a company.
- Types of Stock?
- Fun Fact
  - The New York Stock Exchange's (NYSE) daily average trading value was \$169 Billion USD in 2015.

## Bonds

- Instrument of indebtedness of the bond issuer to the holders- in simpler terms, an IOU.
- Components of a Bond
  1. Issuer
  2. Principal (Also known as Face Value, Par Value, or Maturity Value)
  3. Coupon (Rate) – Factors that go into creating this Rate/Yield?
  4. Maturity Date
- Types of Bond
  1. Corporate Bonds
  2. Federal Agency Bonds
  3. Municipal Bonds
  4. Treasury (Bills, Notes, and Bonds)