

## **Clairvoyant Journal**

A coherent trading technique

**My aim is to turn my consistent downtrend of results into my consistent uptrend of results even if it means removing the artificial boundary lines between my conscious mind and my subconscious mind or self.**

This booklet is an amalgamation of a series of publications from book stores while some received from trading mentors and students for free all these people being traders in their own right of merely existing with their own desires.

Namely: **Candlestick patterns for day trading** (Unknown author), **Chart patterns** (<https://t.me/FxOneVision>), **3 things your forex broker doesn't want you to know** (The money lab team), **Price action patterns** (unknown author), **your personality and successful trading** (Windsor Advisory Services). **Forex candle sticks made easy** (Forexcandlesticks made easy.com), **The candle stick trading bible** (Munehisa Hamma), **Trend line break out trading strategy** ([www.forextrendlinetrading.com](http://www.forextrendlinetrading.com) – Myronn Saremo), **Trend line strategy** ([www.forextrendlinetrading.com](http://www.forextrendlinetrading.com) – Myronn Saremo), **Elliot wave principles complete** (Unknown author), **Practical Fibonacci Methods for forex trading** (Ken Marshall & Rob Moubray), **Correlation** ([www.investopedia.com](http://www.investopedia.com)), **The disciplined trader developing winning attitudes** (Mark Douglas), **Fin week magazine the dictionary of finance** (Rudy Wuite – edited by Prof. Mthuli Ncube of the Wits Business School) **Webster's dictionary** (Meriam Webster). Youtube. (Ref Wayne, Andrew lock wood, FX Goat, Lesiba Mothupi), Trading (Coach75 – (Fabrio))

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The market is a clarifying spiral from the etheric observance of God. The holographic characteristic that resembles the whole and natural phenomena reverberated throughout the environment of the universe. This circular flow of a helix is observable as a logarithmic growth indication. This indicator grows in and outward by the factor of the first-class proportion of creation, the Fibonacci sequence. These sequential trends and retracements are representation of the Philo pattern or the pattern of affinity that made up the consensus value through the agreement of God as mankind.

As traders have the only ability required to unfold the markets of mortality, they have to demonstrate their position in any market sector they are involved in with other human beings in the celestial process of decision making of where prices are going to go next. This demonstration is shown by an execution from a trading account with a legally registered broker who represents the trader at that level in the realm of time- value as the market place of any sector that is tradable

At present all sectors are traded with quantifiable methods that deduce the size of the position that is taken by the trader relative to their account balance in ratio or percentage terms

The Meta-trader and the perpetually objective market information it gives off is significant; as soon as it is interpreted in the correct way. This information is the bridge

Risk management and technical analysis is the predictive skill that we require to know how and when to execute a trade in a market that we have learned to recognise an opportunity in.

A single system, a strategy which includes an abundance of market slants.

The strategy description is as follows- **buy high and sell low on channel support and resistance above and below exponential moving average cross price level**

- A buy signal description is = **buy high on channel support at exponential moving average cross price level**
- A sell signal description is = **sell low on channel resistance below exponential moving average cross price level**

This method is a study of continuous perfection;

Indicators do play an important role for confluence.

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We people like or love money because it is where a juncture of the physical world, as described by physics and religion, and the mental world is found. Description flows of light being invisible representations of the mind from spiritual world. As paper is generated from the environment of earth from trees along with highly specialised mixtures of variation data points depicting numbers of value in quantitative methods recognised in the mental world by the mind as the Patrufim of existence or the blueprint of the Spiritual world that brought it self to existence or the next price level we agreed to be true

### **FIVE STEP BY STEP PROCESS**

**First** – I Draw analysis from observation of the market

**Second** – I Define the edge

**Third** – I Draw Fibonacci for risk and profit targets

**Fourth** – I Define risk

**Fifth** – I Execute

Edged trades - Fill out a blank Sheet of conviction for every trade as a journaling mechanism.

CALCULATING THE LOTSIZE IN CURRENCY TRADING -  
AUTHOR IDEA)

(INSERT

**Lot size** =  $(\text{Account Balance} * \text{Risk percentage}) / (\text{Pip value} * \text{Stoploss distance in pips})$

OR

**Lot size** =  $\frac{(\text{Account Balance} * \text{Risk percentage})}{(\text{Pip value} * \text{Stoploss distance in pips})}$

OBTAINING THE PIP VALUE OF A CURRENCY PAIR

One pip is one unit of the quote currency; the currency that is quoted against the base currency. This pip is a unit of the quote currency under a standard lot contract which is one hundred units of the quote currency. The price quote being the ratio of a quote currency against another base currency under a standard lot contract which contains one hundred thousand units. Any two currencies can have a quote that represent the value of both currencies at any given time when they are matched against each other. Standard contracts of any currency can be divided into fractions of a standard lot. These fractions of a standard lot are mainly in fractions of mini lots and micro lots and lesser fractions that are lesser than a micro lot. Mini lots accommodate fractions from ten thousand units of a currency. A mini lot contract accommodates one thousand units of a currency to nine thousand nine hundred and ninety nine units of a currency.

A practical example of one unit of currency is a One Loti, One Rand, One Kwacha, One Dollar, One Yen, One Pound and One Euro. Due to matters of cause and effect, in an individual nation of its economics; the different economies that are represented by the respective nations currency have separate and different value as its own self-economy and compared to other nations value through a price ration quote.

In foreign exchange, trading currencies, to obtain the pip value of a quote we use any of the many pairs to obtain what we desire as traders.

- The euro and the great British pound **i.e EURGBP**
- The United states dollar and the Canadian dollar **i.e USDCAD**
- The great British pound and the united states dollar **i.e GBPUSD**
- The Euro and the United states dollar **i.e EURUSD**
- The South African Rand and the Lesotho Loti **i.e ZARLSL**

Depending on the currency of the denominated trading account; the quote currency is converted to the denominated account currency to obtain the pip value in terms of the currency that the denominated trading account trades in.

Currency of quote	THE VALUE OF A SINGLE PIP		
	Standard lot contract	Mini lot contract	Micro lot contract
LSL	10LSL	1 LSL	1 SENTE
GBP	10 GBP	1 GBP	1 PENCE
CAD	10CAD	1 CAD	1 CENT
USD	10USD	1 USD	1 CENT

In such a case where the dollar is the currency of the denominated trading account, the values of the quotes have to be converted to the dollar for precise calculations.

**I.e.** GBP pip value in dollars in standard lot terms; \$10 \* GBPUSD quote ratio  
 = \$10 \* GBPUSD quote ratio = pip value  
 $\therefore \$10 * 1.37105$   
 = \$13.71 per pip (standard contract)

**I.e.** CAD pip value = \$10 \* USDCAD quote ratio = pip value  
 $\therefore$  Reconvert USDCAD to CADUSD then multiply the ratio with \$10  
 $\therefore \text{USDCAD} = 1.2824 \approx \text{CADUSD} = 1 / 1.2824 = 0.7798$   
 $\therefore \$10 * 0.7798 = \$7.80$  per pip (standard lot contract)

**I.e.** LSL pip value = \$10 \* USDSL quote ratio = pip value  
 $\therefore$  Reconvert USDSL to LSLUSD then multiply the ration with \$10  
 $\therefore \text{USDSL} = 14.9874 \approx \text{LSLUSD} = 1 / 14.9874 = 0.0667$   
 $\therefore \$10 * 0.0667 =$  per pip (standard lot contract)

Lot size =  $(\text{Account Balance} * \text{Risk percentage}) / (\text{Pip value} * \text{Stoploss distance in pips})$

Lot size =  $(\text{Fixed risk}) / (\text{Variable risk})$

Lot size = Lot size

OR

Lot size =  $\frac{(\text{Account Balance} * \text{Risk percentage})}{(\text{Pip value} * \text{Stoploss distance in pips})}$

Lot size =  $\frac{(\text{Fixed risk})}{(\text{Variable risk})}$

Lot size = Lotsize

**Breakeven =  $1/(1+\text{Reward quote}) \times 100$  = Break even (hit rate) ratio**

Breakeven is Point at which net profit = 0 i.e revenue equals expenses. Also see (net profit)

The total revenue of a company less all expenses:

Sales - Variable expenses - Fixed expenses = **Net profit**

- Risk to reward ratio in relation to Fibonacci target levels rounded off to the third decimal

#### 1) **Fibonacci retracement tool to risk and reward ratio table**

Fibonacci entrance level	Fibonacci targets		
	161.8	261.8	423.6
61.8	2.618	4.236	6.854
50	3.236	5.236	8.472
38.2	4.236	6.853	11.089
23.6	6.856	11.093	17.949

- With a risk to reward of 2.618, I will break even at =  $1/(1 \times 2.618) \times 100 = 27.64\%$

Breakeven ratio of risk to reward =

**\*161.8=**

2.618 = 27.64%

3.236 = 23.61%

4.236 = 19.10%

6.856 = 12.73%

**\*261.8=**

4.236 = 19.10%

5.236 = 16.06%

6.853 = 12.73%

11.093 = 8.27%

**\*423.6 =**

6.854 = 12.73%

8.472 = 10.56%

17.949 = 5.28%

**\*\*\*WHAT DOES THIS IMPLY?**

## 2) Fibonacci retracement tool to break even ratio table

Fibonacci entry level	Fibonacci targets		
	161.8	261.8	423.6
61.8	27.64%	19.10%	12.73%
50	23.61%	16.06%	10.56%
38.2	19.10%	12.73%	8.27%
23.6	12.73%	8.27%	5.28%



## **ORDER FLOW - WHY AND HOW PRICES MOVE (Mark Douglas theorem) from VIDEON NOT BOOK (the disciplined trader)**

I bought at ten R10 you sold at ten R10. The next tick is going to make one of us a winner and one of us a loser. If the next tick is nine the amount of money flowing into your account is coming directly out of my account

Diametrically opposing beliefs enter into a trade, every single trade .At every trade level there are two diametrically opposing beliefs about what the future is going to be.

What would cause any body to buy high or sell low? =Conviction about the future.

When a body steps out and says my conviction says that price is going to be R12 and beyond and because of this individually distinct conviction I am willing to do the opposite of what I need to do to make money because my conviction is so strong that the next price is going to be R12 or R13.

Otherwise this body would wait had there not been such a conviction. If it thought that price is going to be R8, it would wait and buy it lower at R8

What happens is that a body that is willing to bid a market up and take out all the offers at R10 and bid it up to R11 , take out all the offers at R11 and bid it up to R12 has to have a stronger conviction in the future than the person who sold it to him at eleven . This body is creating price movement , is actually creating movement and the body on the other side of the trade is being passive because they are doing what they need to do and that is sell high relative to the next price.

The speculator is one sided and the farmer is two sided, he is hedged. All price movement results from an imbalance in conviction between buyers and sellers

This conviction I have informs me that someone is coming into the market after me and buy at a worse price than I did. I have such a solid conviction that this market is going to go up; that next person is converted to my faith in conviction and is willing to come in and buy at worse price than me.

If people are not coming in to buy at a higher price than me I give them this much room and I am out of this trade. I just go to the next one because my appetite of risk allows me. **(RISK MANAGEMENT)**

**RISK** (Fin week)

Traders get the investment solutions that they require –

**Risk profile**

- Risk appetite - The desire for wealth, riches and vast sums of money
- Risk tolerance – The gap-gauge of my current position (capacity) relative to my desire (appetite)
- Risk Capacity – The ability / capacity to endure pain or hardship of investing with my current tolerance. (psychology)
- One's trading and investing skills to reach the desired goal. (Historical data etc.) {Position trading, Swing trading, Day trading, Scalping}
- Risk mitigation – Hedge, job, other business/project.

\* Section 8 of the FAIS General Code of Conduct – specific reference to the obligations.

Required risk-

**Challenges of assessing risk tolerance on a consistent basis.**

A risk profile is two sided just like a coin:

**Heads** relates to the persons characteristics –

- Date of birth energies, birth chart, spiritual or psychic inclination, the Jesus template

**Tails** relates to the persons desired or investment goal

- The risk required to reach the desired investment goal (**Tail**) is critical and remains an essentially quantitative exercise that is out sourced to investment professionals, which is the challenge itself, the devil (**Heads**) who whispers false qualitative reports because the adviser has their own characteristics separate from mine.
- The willingness to assume risk tolerance using a designed psychometric assessment that reveals the persons relatively stable long term attitude towards risk – *stories from the stars*([www.astro.com](http://www.astro.com))
- NOISE- The devil from an advice perspective CNBC - . The enemy of consistency. The variation is more random and not nearly as predictable
- Adviser judgement are noisy and are different from being consistent
- TWO QUESTIONS HAVE TO BE ANSWERED – Who and what are you? And what are you doing here?

**MECHANICAL SHEET OF CONVICTION****RISK ANALYSIS**

Currency pair: \_\_\_\_\_ Stop loss distance in pips: \_\_\_\_\_

Date of Order: \_\_\_\_\_ Risk percentage: \_\_\_\_\_

Account balance at date of order: \_\_\_\_\_ Lot size: \_\_\_\_\_

Account ID: \_\_\_\_\_ Maximum dollar risk \_\_\_\_\_

Broker: \_\_\_\_\_

Running equity: \_\_\_\_\_ **TARGETS**

Time frame of main trend: \_\_\_\_\_ Stop loss: \_\_\_\_\_

Trend direction in main trend: \_\_\_\_\_ Entry: \_\_\_\_\_

Time frame of trading entry signal: \_\_\_\_\_ Take profit: \_\_\_\_\_

Trend direction of trading entry signal: \_\_\_\_\_ Risk to Reward: \_\_\_\_\_

Signal description: \_\_\_\_\_

**CONFLUENCE**

	YES	NO
Double colour brilliant reversal (DCBR)		
Fisher in direction with DCBR		
#FS30 same direction with DCBR and fisher		
MA in same Direction with DCBR, fisher & #FS30		

Words and meanings

**Candle stick** – a graphical depiction of trading activity within a selected period

**Chart** – An outline map exhibiting a frame

**Frame** - The physical makeup composed of bodies fitted together

**Body** - A representation of a human being.

**Chart patterns / charting**- The graphical representation of a securities price over time. The charts are used to interpret trends. Charting is sometimes known as technical analysis

**Trade** – The purchase and sale of an asset or security

**Finance** – Money or other liquid resources of a government, business, group or individual

**Finance** – The system that includes the circulation of money, the granting of credit, the making of investments, and the provision of banking facilities.

**Finance** –The science or study of the management of funds

**Trader** – An entity that buys and sells securities in anticipation of making a profit from the purchase and sell price.

**Anticipation** – The act of looking forward for visualization of a future event. A frame that anticipates a later frame

**Market** – A physical or virtual area where purchasers and sellers meet to buy and sell securities and services.

**Recognition** – Formal acknowledgement and knowledge of sensing and encoding displayed and written data.

**Forex** – Foreign currencies traded in a currency market

**Trend-line** – A line drawn between highs and lows on a period series chart that indicates movement in price.

**Breakout** – When the price of a security rises or falls after a period of stagnation in a price band. These break outs can turn to buy or sell signals.

**Stop loss** – A sell or buy order that is executed when the price of the underlying asset declines to a predefined level at which the trader wants to discontinue owning the asset. These are specified at the time of purchase or sale of a security as a percentage of purchase prices. A stop loss is a conditional order

**Conditional order** – An order to buy or sell an asset given to a broker that should only be executed when a triggering condition or event occurs. A stop loss order is considered to be a conditional order.

**Profit** – The residual amount that remains after expenses, including capital maintenance adjustments have been deducted from income.

**Correlation** – The often described quantitative interdependence of variables or data by the correlation coefficient.

**Money** – Means of exchange

**Money** - Coins and notes as well as deposits in deposit taking institutions such as banks. There are different classes of money that include:

- M1: M1A (Notes and coins + Demand deposits (deposits that can be withdrawn immediately))
- M2: M1 + Short term savings + medium – term deposits (60 day deposits)
- M3: M2 + long term deposits (>90days)

**Deposit taking institution** – An institution such as a bank or a post office that accepts deposits from households and firms.

**Depositor** – An individual or business that deposits cash into a bank or another deposit taking institution

**Firm** – A legal person that is an individual, company, partnership or the trustee of a trust.

**Systemic risk** – The risk that an entire system will fail. The failure of a few large dominant banks constitutes systemic risk

**Risk management** –

- Procedures and rules enforced in an organisation to control financial and other risks
- The purchase of derivative instruments to hedge financial risks that a company faces.

**Equity** - The ownership stake or share in a company. The equity in a company is defined as the residual interest in the assets of the entity after deducting all its liabilities. Equity has infinite life, no seniority in the event of bankruptcy and gives proportional management control to the owner, i.e. owner has voting rights.

**Charting** - The graphical representation of a securities price over time. The charts are used to interpret trends. Charting is sometimes known as technical analysis

**Technical analysis** – An analysis that is used to detect the best buy and sell timing in the marketplace

**Analyst** – A person trained in the analysis of companies, financial markets and financial products.

**Analytic study** – A study where sample statistics are used to infer results

**Infer** – To derive as a conclusion from facts as an outcome of thought to point out and indicate

**Prognosis** – A Prediction (*see phenomenon*). To calculate a future event as a result of available pertinent data

**Pertinent** – Having a clear decisive relevance to the matter in hand

**Simulation** – A financial model that runs through a series of scenarios and tests the likely outcomes

**Cherry picking** – The process of choosing the most profitable items.

**Speculative position** – An unhedged position in the market aimed to profit from market movements

**Hedge** – A transaction or trading position designed to mitigate risk of other financial exposures.

**Mitigate** – To cause to become less harsh. Reduce, to diminish in size.

**Sturdy** – Firmly built and constituted

**Opportunity** – A favourable juncture

**System** – An assemblage of interdependent organs forming a whole (correlation)

**Support** – Price levels for which there is purchasing support in the market. For example, if prices of a security fall from R11 to R10 and at R10 there are enough investors willing to purchase the security so that the price remains above R10, then is support for the security at the R10 level.

**Resistance** - Price levels for which there is a triggering of sell orders in the market. For example, if the price of a security is rising as a result of the dominance of buyers from R10 the R11, a point or price level, R12, will be reached where sell orders are triggered effectively lowering the price and thereby maintaining the price at or below the resistance price level which in case is R12

**Moving average** – A time period series that has each value/ data point adjusted (smoothed) from its original values. A variety of weighting functions can be used to tailor the moving average. An exponential applies stronger (multiplicative factors to place more importance) weights to more recent data in the series. Exponential moving averages react therefore more quickly to short-term fluctuations in price. Moving averages are typically a lagging indicator

**Movement**- The act and process of change

**Action** – The accomplishment of a performance over a period of time in stages with repetition

**Lagging indicator** – an economic variable that historically shows changes in trends after the economy as a whole exhibits changes. A moving average is a typical example of a lagging indicator

**Leading indicator** – An economic variable that historically has changes in trends before the economy as a whole exhibits changes. Data such as unemployment numbers, new vehicle sales, approved building and housing permits, money supply and changes to inventories are leading indicators.

**Exhibit** – To submit and display outwardly by a visible sign

**Variable** – A symbol that may assume any one of a set of values that may be subject to change between successive terms of a sequence

**Sequence** – A continuous and connected class of events in arranged order time periods.

**Price level** - A quote in digits and decimals as units representing the overall consensus of value regarding a specified market security.

**Signal** – *See indicator*

**Selected**- of a higher grade or quality than the ordinary

**Cherry picking** – The process of choosing the most profitable item

**Method** – a systematic procedure and technique employed to specific discipline and art

**Conviction** – Having moral and intellectual power in a persuasion and belief.

**Patience** – Demonstration of faith in conviction

**Faith** – The assurance of things hoped for, the conviction of things not seen

**Order flow** – Imbalance in conviction between buyers and sellers

**Success** – Favourable and desired outcome. The attainment of wealth favour and eminence

**Eminence** – An arranged state of order standing out beyond a surface of superiority and altitude

**Invest** – To commit (money) in order to earn a (financial) return

**Commit** – To carry into action deliberately

**Deliberately** – With full awareness of what one is doing in a way that is intended and planned



**Internet** – An electronic communications network that connects networks and organizational computer facilities around the world

**Zoom Meetings** – A proprietary video teleconferencing software program developed by zoom video communications

**Proprietary** - Information or assets used for the benefit of an individual organisation

**Whatsapp** – Whatsapp messenger, or simply Whatsapp, is an American free ware, cross platform centralised instant messaging and voice-over-IP service owned by Facebook, Inc. It allows users to send text messages and voice messages, make voice and video calls, and share images, documents, user locations and other content.

**Trade explorer** – This is a web-based interface that empowers traders to intelligently analyse their trading performance. With hundreds of metrics and interactive graphs, the trade explorer makes it easy to identify he weaknesses and strengths in your trading. Willing it, you can use this information to minimise you weaknesses and capitalize on your strengths. The trade explore was designed for experienced traders. Statistics are reported in the same industry – standard format CTAs and hedge funds.

**Laptop/ computer** – A programmable usually electronic device that can store, retrieve and process data.

**Meta-trader 4** – Also known as MT4; this is an electronic trading platform widely used by online retail foreign exchange speculative traders

**Broker** – A person and company that does not sell for their own account, but rather matches buyer and seller and makes profits through brokerage fee or commissions

**Brokerage** – A fee that a broker charges for undertaking a transaction.

**Commission** – A fee charged by an agent or broker for facilitating a transaction

**Agent** – An entity that acts on behalf of another entity in a transaction and has no underlying financial interest in the transaction

**Indicators** – A metric that indicates a pattern or trend in data. For example; moving average. The consumer price index (CPI) is an indicator of inflation

**Quantitative** – Expression(s) of analysis determining proportions of amounts

**Qualitative**- Expression(s) of analysis designed to determine the components of a combination

**Fractal** – A varying and irregular shape, pattern, frame or curve which represents a whole on any magnification scale give on a larger or smaller scale

**Module - Fractal**

**Geometry** – A study of properties (point relationships, lines, angles, surfaces, solids and mathematical measurements) that remain invariant under specified transformations

**Transformations** – The operation of fundamental laws causing change in form of structure in changing coordinates and variables

**Fundamental** – Of and serving as an existential determining structure and function as an original generating source

**Forms** – The fundamental shape and structure of a body that determines its kind throughout existence

**Geometrical progression** – A sequence in which the ratio of a term to its predecessor is always the same

**Sequence** - A succession of repetitions of a melodic phrase and harmonic pattern each ordered in a new position as a geometric progression

**Structure** – A form arranged by a fundamental pattern and organisation from abstract material

**Abstract** – Insufficiently factual; theoretical

**Fibonacci** - A geometric progression and sequential ratio which is expressed as,  $\frac{a+b}{a} = \frac{a}{b} = \Phi = 1.618$ . This number **a** unfolds such that each number **a, b, c, d, e, f, g, h, i** is the sum of the previous two numbers; **a + b = c = a**. This is a principle and fundamental law of geometric self-similarity.

**Integer** – A complete entity; a natural number

**Ratio** – A proportion, a mathematically abstract quote of two expressions in parallel existence

**Proportion** – An orientation in dark matter, a direction of time flow used to describe motion phenomena

**Parallel** – In the same direction, equidistant

**Equidistant** – True to scale distances in all directions

**Phenomenon** – A prophetic indication

**Dark matter** – What we previously thought of as empty space

**Previously** – Prior in order of time flow

**Prior** – Taking the right to superior honour ceremonially as have having had occurred in previous time periods

**Pattern** –

- A self-assembled complex due to resonance in dark matter
- A self-perpetuating fundamental transformation
- A sequential structure

**High** – The maximum price vale at which a security was traded over a day. Week, month, year

**Elliot wave** – A study of dynamic chart patterns and structure through a series of labelling and drawing on a plane

**Plane** –

- A level of development in the existence of consciousness
- A level surface

**Consciousness** –

- The quality or state of being aware especially of something within oneself.
- The state of being characterized by sensation, emotion, volition and thought: MIND
- The upper level of mental life of which the human being is aware as contrasted with unconscious processes

**Matrix-**

- Something (such as a situation or a set of conditions) in which something else develops or forms.
- Something shaped liked a pattern of lines and spaces
- container that can be filled with a material (such as very hot metal) to give the material a new shape

**Dynamic** – Continuous and productive change activity

**Change** – Learning; adaptation

**Learning** – Modification of experience and conditioning; knowledge acquired by instruction and study

**Adaptation** – A melodically harmonic composition and structure rewritten into a new form

**Low** – In published security tables low indicates the lowest price traded for the day.

**Execution** – The performance of the mechanics of a financial transaction.

**Microsoft excel** – This is a spread sheet developed by Microsoft for windows, mac03, Android and iOS. It features calculation, graphing tools, pivot tables and a macro programming language called visual basic for applications.

**Calculator** – A device used to decipher numerical codes

**Short position** – A position that will gain in the event of a fall in the value of the underlying asset.

**Long position** – A trading position that gains in the rising value of the traded asset

**Pip** – The minimum distance in a financial market. The term is mainly used in foreign exchange markets where a pip is a single basis point.

**Basis point** – A single basis point is  $1/100^{\text{th}}$  of a percent. For example, if interest rates are expected to rise by 50 basis points, then they are to be raised by 0.5%

**Risk** –

- The chance that an investment will be lost
- With an individual equity share. the standard deviation of returns is returned with risk
- For banks, the following risks are the key material risk.

**Contract size** – The quantity of the underlying asset.

**Distance** – The quality and state of spatial remoteness

**Base currency** – The currency that is used as the basis for the exchange rate. The base currency used is usually US dollars. For example, if the exchange rate is quoted as R7.5 per dollar, the dollar is the base currency and the Rand is the pricing currency.

**Quote** –

- An indication of the price and other terms and conditions at which a seller of goods or services is prepared to trade at
- A term used to indicate that a security is traded on an exchange

**Order** – The offer to purchase or sell a security at a predetermined price

**Limit order** – An order for a purchase or sale on stock exchange that states a maximum or minimum price for the transaction.

**Market order** – When executing a transaction on a stock exchange a market order states that the price should be at the best possible price in the auction period.

**Market Maker** – An intermediary who is will to quote buy and sell prices to participants. Also called a price maker or committed principal.

**Market breath** - A parameter that measures the degree of overall market participation in a market trend. It effectively measures the market sentiment. Market breadth is measured by the number of overall shares/contracts that are advanced or declined.

**Sell signal** – A signal arising from the use of an indicator that a security must be sold (see oscillator)

**Oscillator** – A price indicator used by traders to analyse patterns that cycle and oscillate between bands or in a limited range about a longer term trend. Oscillators deduce information such as whether prices are moving strongly in a particular direction. (Movements or whether they are overbought or oversold. A commonly used simple oscillator is the moving average and a price trend is below the moving average and a sell signal is indicated when trend is above the moving average.

**Buy signal** – A signal arising from the use of an indicator that a security must be bought.

**Short hedge** – Taking a short position in a futures contract to hedge against the possible downward movement of the price of a commodity. For example, commodity producers take a short position to ensure that the price they receive at the future date is locked in

**Long hedge** – Taking a long position in a futures contract hedge against the price of a commodity moving upwards. A commodity user will take a long position to ensure that he/she pays the desired price at the future date, thereby hedging input costs

**Ask/Offer price** – The price at which a trader will sell a security.

**Bid price** – The price at which a trader will buy a security.

**Price** – *see quote; see ratio*

**Bull** – A trader who is expecting the price of assets to increase due to conviction

**Bear** – A trader who is expecting the price of assets to decrease due to conviction

**Portfolio** – A group of assets such as shares and bonds held by an investor. These are constructed to reduce unique or unsystematic risk.

**Equity** – The residual interest in the assets of an entity after deducting all its liabilities. Equity has infinite life

**Correction** – When the price of a security in the market has been unsustainably high, the price may correct downwards to the fair value price.

**Rally** – A period of substantial upward short-term price activity in a greedy downward trending market

**Performance** – The inclination and ability to execute action with efficiency

**Efficiency** – Extraordinary degree of operation

**Sharpe ratio** – This ratio adjusts a portfolio's past performance (consistency of returns) and expected future performance – for the (excess) risk that was taken by the trader- - A higher reading indicates with lower volatility

**Sortino ratio** –The sortino is a variation of the Sharpe ratio that considers the standard deviation of the downside risk and not the entire (upside + down side) risk. A higher reading indicates returns with lower downside volatility

**Expected return** – The return that traders expect to receive when investing in a particular asset

**Win rate** – The portion of trades that resulted in a profit, with open trades marked to market.

**Capital** – The total value of an asset

**Currency** – Money in public hands. See M1, M2, M3