



Stock Markets Guides

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Stock Market Abbreviations Quick Guide



If the goal of writing was to alienate your audience, abbreviations are a brilliant way to start.



There is no better way to make an unfamiliar audience feel uneasy than through the heavy use of abbreviations in your writing. Unfortunately, even the most well-intentioned writers can overestimate their audiences familiarity with the abbreviations they are using.

This post will demystify 20 of the most commonly used stock market abbreviations to make starting your investing journey a little easier.

Stock Abbreviations Explained

The investing world is filled with abbreviations.

Everything from the institutions to the securities themselves is abbreviated. This can make things difficult for a novice investor.

The [stock market](#) may seem like an impossibly complex organism to the untrained individual, with its own language, rules, and economy. This perceived complexity can cause young investors to write the stock market off as a scam or believe that only professionals can invest successfully in the financial markets. This is not the case.

Below we will alphabetically list 20 of the most commonly used abbreviations that new investors will encounter when dealing with the stock market.

Stock Market Abbreviations List

ATH

All-time high. Traders use this abbreviation to denote a security currently trading at the highest price that it has ever been traded.

For example, if Apple stock is trading at \$150 per share and the highest it has ever been traded for, it is said to be trading at ATH.



B2B

Business-to-business. This refers to a transaction or business that is conducted between two businesses.

For example, Palantir is a US company that develops software systems for other companies or institutions like the US Government or the National Health Service (UK). This is a B2B business model.

DCA

This refers to an investing strategy known as dollar-cost averaging. It is designed to reduce the impact of volatility on investors by investing regular and consistent amounts into the markets at specific times.

Doing this will average out the price for which an investor has purchased a security and thus reduce the impact of volatility.

DJIA

The Dow Jones Industrial Average is a commonly referenced index that tracks 30 large publicly traded companies in both of the major US exchanges.



Div Yld

The dividend yield tells investors how much cash they can expect to receive from their dividends.

For example, if a stock trading for \$100 has a 5% dividend yield, then investors can expect to receive \$5 per year in dividends from owning that stock.

EPS

Earnings per share. This is a financial calculation used to determine a company's profitability. The higher the earnings per share, the more profitable the company is considered to be. It is calculated by dividing net profit by the number of shares outstanding.

ETF

Exchange-traded funds. These have become especially common in the stock market. They are a type of fund, similar to mutual funds, that trade on stock exchanges in the



same way that other stocks do. The fund will buy assets, such as stocks, and investors can buy shares of the ETF if they believe the fund's value will increase based on the assets they purchased.

It is best to think of ETFs as baskets of stocks. Rather than buy 50 individual stocks, you can purchase shares in an ETF investing in those 50 individual stocks.

IPO

Initial public offer. When a company wishes to sell shares, it must go through the process of being listed on one of the exchanges.

Once this process is completed, companies will be able to sell their shares to the public. An IPO refers to the first time the public can purchase the company's shares on the public market. For example, Airbnb had its IPO on December 9th, 2020; this was the first day the general public could purchase shares in Airbnb.

MFs

Mutual funds. These are similar to the ETFs listed above. They can also be thought of as a basket of [shares](#) that investors can invest in.

Unlike ETFs, mutual funds can not be bought and sold like shares. Investors must wait until the end of the trading day to sell/close their positions in a mutual fund.

NASDAQ

The National Association of Securities Dealers Automated Quotation system is a US stock market regulated by the SEC. It hosts over 3000 companies, including the world's foremost technology companies like Apple, Google, and Microsoft.

NYSE

The New York Stock Exchange. As the name would suggest, this is a stock exchange located in New York City. Based on the total market capitalization of all its listed securities, this is the largest stock exchange on Earth.

OTC

OTC stands for over-the-counter. It refers to how companies that are not listed on larger exchanges like the NASDAQ/NYSE trade. These companies trade directly between two parties without the supervision of an exchange.

These markets are decentralized and do not have a physical location. The companies that trade here are typically low market capitalization companies or [penny stocks](#).

P/E Ratio

The price to earnings ratio is another financial calculation similar to the earnings per share listed above.

This calculation is used to help investors determine whether or not a company is undervalued or overvalued.

ROI

Return on investment. This is how investors determine how much [money they have made](#) or may make from an investment. It is simply a profitability metric used to determine the performance of an investment. For example, if you invest \$100 today and sell it tomorrow for \$125, your ROI was 25%.



S&P

Standard & Poor's is a company that creates stock market indices. These indices are used as investment benchmarks, and they are useful to track the performance of certain sectors.

For example, the S&P 500 tracks the 500 best companies in the United States. Investors use the S&P 500 as an overall measurement of the US stock market's performance.

SEC

This is the Securities & Exchange Commission. They are an independent federal agency responsible for maintaining order and fairness in the US financial markets.

Their overriding objective is to protect investors and ensure the orderly functioning of the US financial markets.

SL

This refers to a stop-loss mechanism. When trading the markets, traders may set a stop-loss to mitigate their risk. The stop-loss is meant to close positions that fall below a certain level automatically.

For example, if we assume that you purchase a company's share at \$100 in the hopes of selling it for \$110 later, you may set a stop-loss at \$98. This way, your maximum loss on the trade is \$2 because once the share price falls to \$98, the stop-loss will be triggered, and your position will automatically close.

Stock Ticker

A stock ticker, also known as a stock symbol or ticker symbol, is a series of characters (1-4 on the NASDAQ or 1-5 on the NYSE) that identify securities on publicly traded markets.

For example, Apple's ticker symbol is AAPL, or Microsoft's ticker is MSFT. They are simply a short-hand way to describe a company's stock.

VIX

Investors may hear occasional references being made to the [VIX](#). This is the volatility index.

The volatility index helps investors gauge how severe the price fluctuations in the S&P 500 will be in the short term. A common saying among investors is, "when the VIX is high, it's time to buy. When the VIX is low, look out below".

XD

The ex-dividend details when a company's dividend allocations have been specified.

To be paid a dividend, an investor must own the stock before the ex-dividend date. If an investor purchases a dividend stock after the ex-dividend date, they will not be eligible to receive a dividend until the next allocation is made.

Stock Symbol Lookup

As we noted above, stock symbols are 1-5 character symbols used to identify securities that trade on public exchanges.



Looking up these symbols will provide traders with a wealth of information about that specific stock, including the market capitalization and the [dividend yield](#). So, where is the best place to find a company's ticker?

The fastest method can be to Google the name of the company and the ticker. For example, here are the search results for “Apple inc stock”. You can see that the ticker AAPL is on the right-hand side of the screen.

However, this is not always advisable.

Companies may have similar names or ticker symbols, and it has been known for large numbers of investors to get confused when trying to purchase a stock quickly and purchasing the wrong stock. If you are unsure about the stock symbol of a company you wish to invest in, it is always best practice to look it up in the listing directory of the exchange it trades on.

For example, if an investor wanted to know the stock symbol for American Airlines Group, they could go to [NYSE listings](#) and find the listing.

The stock symbol will be on the left-hand side of the name. In this case, we can see that the stock symbol is AAL. The NASDAQ has a similar search function that can be used to [find stock listings here](#).

Lastly

This post has examined 20 of the most common abbreviations used when discussing the stock market, but this list is by no means exhaustive.

There are still several other key abbreviations that investors will need to learn when investing in the stock market.

Investors should make a habit of continuously trying to learn more about investing whenever they are able. As Warren Buffett famously said, “the more you learn, the more you earn”.

Whilst abbreviations can make learning about the stock market that much more of an unpleasant experience for some, once they are familiar, they will become almost second nature, and investors may be glad they are there.



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