



Trading Lingo 101

DAY TRADER GLOSSARY



Welcome to **TRADING LINGO 101**, your quick reference guide to navigating the often-confusing world of day trading terminology. This glossary is designed to help you quickly understand common abbreviations and acronyms used in prop firm evaluations, trading rules, and technical analysis. Brought to you by **Funding 4 Traders** (funding4traders.com).

How to Use This Glossary

This glossary is divided into key areas of trading:

- **Risk & Orders:** Terms related to risk management and order types.
- **Market Structure:** Abbreviations describing market dynamics and participants.

Each entry includes:

- **Abbreviation:** The shortened form of the term.
- **Meaning:** A clear definition of the term.
- **Quick Tip:** A practical insight or usage example.

Risk & Orders

Abbreviation	Meaning	Quick Tip
SL	Stop Loss	Always use a stop loss to limit potential losses on a trade.
TP	Take Profit	Set a take profit order to automatically close your trade when your profit target is reached.
BE	Break Even	Move your stop loss to break even to protect your initial capital.
ATR	Average True Range	Use ATR to measure market volatility and adjust your stop loss accordingly.
R/R	Risk/Reward Ratio	Aim for a positive risk/reward ratio (e.g., 1:2 or higher) for profitable trading.
BOS	Break of Structure	Wait for a candle close beyond the prior swing + a clean retest to confirm trend change.
PDH	Previous Day High	Treat as a liquidity magnet; look for sweep + reclaim for reversal entries, or break + retest for continuation.
PDL	Previous Day Low	Same logic as PDH; sweep + reclaim = potential reversal, clean break + retest = continuation.
OB	Order Block	Mark the last opposing candle before an impulsive move; enter on mitigation (often ~50%) and confluence (e.g., FVG/VWAP).
BB	Breaker Block	A failed OB turned support/resistance after a BOS; trade the retest in the new direction with stops beyond the block.

Market Structure

Abbreviation	Meaning	Quick Tip
HOD	High of Day	The highest price reached during the current trading day.
LOD	Low of Day	The lowest price reached during the current trading day.
VWAP	Volume Weighted Average Price	A trading benchmark that represents the average price a security has traded at throughout the day, based on both price and volume. Use to identify potential support/resistance.
OI	Open Interest	The total number of outstanding contracts that are not yet settled. Use OI in futures and options to gauge market sentiment.
MM	Market Maker	A firm or individual that quotes both a buy and a sell price in a financial instrument or commodity held in inventory, hoping to make a profit on the bid–ask spread. Be aware of MM activity around key price levels.

Next Steps

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