FERAL ANALYSIS LTD.
Ph: (778) 652-4180
Email:
feralanalysis@pm.me

Terminology and Definitions

The terms and definitions below will help you to understand the details and terms used in the Feral Analysis reports. Some of the terms are identical to those used in finance and investing, others may be specific to Feral Analysis for the purpose of translating the analysis into written form in a more understandable way. As always if you have any questions at all, please do not hesitate to reach out to me for a better explanation.

Terms:

Enter position = buy a stock
Add to position = buy more of a stock you already own

Exit position = sell a stock (usually means exit the entire position, E.G. sell all of the stock).
Take profit (or reduce position) = sell some of your stock position, but not necessarily all of it. (E.G. If you have 100 shares of Apple and wish to take some profit, you may only sell 20 shares or 20% of the position and leave the rest of the position open< or 80% of shares remaining.)

Open or opening of price = The open is beginning of the time period in question. E.G. open on a daily chart is the beginning of the trading day. Opening of the weekly chart is the first trading day of the week (usually Monday).

Close or closing of price = The end of the time period in question (E.G. daily close is end of trading day, 1 PM Pacific time typically. Weekly close would be 1 PM on Friday usually.

Support or support level = A level at which price should hold for the stock (E.G. support at $10.50 means that price should see support at $10.50 and is likely to move higher from this level). It is still possible for price to reverse before it gets to support, or after it goes just below (E.G. price may hold at $10.80 for the example above instead of reaching $10.50, or may drop down to $10.10 before reversing back above $10.50 level). Note: Price closing the day/week/month below a support is much worse than it briefly hitting or going below the support level before it closes, then closing above that support level.

Resistance or resistance level = Opposite of support. The level which is likely to reject the price, at least initially. E.G. Resistance at $20.10 means if the price goes up to $20.10 it should come back down form there. It may go above $20.10 eventually, but should see some "resistance" in trying to get above this level. Same concepts with support also apply to resistance, price may reverse slightly above or slightly below, and closing above is stronger than briefly reaching above a resistance level before heading back down.

NOTE: Support and Resistance levels are not brick walls, it is possible for price to go straight up through resistance on strong buying or straight down through support on strong selling. Levels rarely work perfectly to a tee.

FERAL ANALYSIS LTD.
Ph: (778) 652-4180
Email:
feralanalysis@pm.me

Long-term = Investment period of over 6 months or longer. This would be typical for the average investor of a stock. But you may want to look at mid-term or short-term levels when looking to buy or to sell as they will usually provide more refined/accurate price levels.

Mid-term = Investment period of 2 to 6 months. This timeline may still be used for entering or exiting a longer term position (or adding to the position, or taking some profit from a position).

Short-term = A few days to 8 weeks (2 months). This timeframe is more for swing trades, but as indicated above may provide better detail for entering a position (I.E. buying a stock), or exiting a position (I.E. selling a stock or selling part of the position, like 25% for example).

Bearish = The stock is weak and likely going lower in price for the foreseeable future.

Bullish = The stock is strong and likely going higher in price for the foreseeable future.

Range or ranging = When price is caught between a lower level of buying and a higher level of selling, and is essentially trading sideways within a range. This is more of a neutral position that is neither bearish nor bullish.

Conservative = Lower risk, less chance of price going lower or becoming bearish. This would be a safer level to target it if you are very risk averse. Conversely, the expected gain from a conservative entry or exit would be lower than from an aggressive entry or exit. A conservative buy entry would have a greater chance of price going higher from this level.

Aggressive = Higher risk, greater chance of the price going lower or becoming bearish. This doesn't necessarily mean it's extremely risky, more that the price level is less accurate than a conservative outlook. The expected gain from an aggressive entry is typically higher than a conservative entry, but risk of loss is also greater. An aggressive buy entry would have less confidence in price going up from this level than a conservative level. However, an aggressive entry with a tight stop-loss would not be that risky (E.G. an aggressive buy @ $13.10, with a stop-loss at $12.47 would only risk about 63 cents of downside).

Stop-loss (or "stop" for short) = The level below which I would exit the position. Sometimes you may want to add a bit of fudge factor to this level as price will sometimes go below an identified support level before reversing back up.

Sniper level = Target for low risk, high potential reward. These targets are usually less likely to hit than an aggressive level, and would typically have a tight stop-loss not far below that level. Essentially, if the sniper level works out perfectly, the price should just hit it and not go much lower, but if it goes much lower you would likely hit your stop-loss and exit the position. So a greater chance of not entering the position, and of losing the position if you do enter, but very good potential reward.

Position size = how much money you spend on a position (E.G. position size of $5000 is $5000 worth of the stock).

FERAL ANALYSIS LTD.
Ph: (778) 652-4180
Email:
feralanalysis@pm.me

Risk = How much money you are willing to risk on the investment/trade. E.G. If you buy 10 shares of stock priced at $10.50 and your stop-loss is at $9.90, then your risk on that trade is (10 * $10.50 minus 10* $9.90 = $60). NOTE: It is also possible for a stock to open significantly lower than it closed the previous day, so risk calculation like this is not always exact (E.G. if price opens the next day at $9.00 then your stop-loss will hit at $9.00 and you would lose $150). Generally speaking though, your entries and exits should not be that close together in price and you should allow for some "wiggle room" in your risk calculations. This can be expressed in percentage of capital as well (E.G. risk 2% of capital, 2% of your total funds in your investment account).

Reward/Potential gain = Opposite of risk. How much you could potentially win on a trade/investment. Very long-term investments could have potentially limitless reward, but for many you may want to exit some or all of your position at pre-defined resistance levels. (E.G. You open a position in Blackberry at $13 and major resistance is at $23, you want to sell 25% of your position at $22.50 in order to lock in some profit, and hold the rest for higher prices).

Risk/Reward or Risk-Reward = The ratio of potential reward value to risk amount. E.G. you buy Amazon stock at $2000, with support at $1800 and resistance at $2600. You are targeting to sell it at $2600, or exit on a stop-loss at $1800. Your risk-reward is 3:1. You are risking a $200 loss for a potential $600 gain, per share ($600:$200 = 3:1).