Some Financial Lingo Redefined

You've got to talk the talk. Taking a walk down Wall Street is a lot like taking a vacation abroad. You come home with less money and you haven't a clue what half the people said.

Ruffled by financial jargon? So you are better prepared for the investment year ahead, and you have a fighting chance of making at least a little money, here's a guide to 41 key Wall Street phrases.

Profit-taking: All-purpose explanation for why the market went down.

Risk level: Under no circumstances should stocks rise above this level unless, of course, they do.

Support level: Under no circumstances should stocks fall below this level unless, of course, they do.

Bear trap: A market rally that the pundits failed to predict.

Correction: A major market crash made to sound like a minor misstep.

Going smooth: Wall Street phrase used to describe falling shares. While simultaneously inscribing everybody on the other side of the Mason-Dixon Line.

Short sellers: Investors who seek to profit from stock price going south. As children, enjoyed pulling legs off spiders.

Momentum investor: Buyer of stuff that's already gone up.

Value investor: Buyer of stuff that looks like it'll never go up.

Market strategists: Remember the quip about those being old pilots and hold pilots, but no old, hold pilots? You guessed it: Those guys became market strategists instead.

Broker: What you'll be, if you follow their advice.


Financial planner: Financial consultant who might actually be respectable.

Market timers: The devil personified, according to buy and hold investors.

Buy-and-hold investors: The devil personified, according to market timers.

Financial journalists: Folks who wanted to be sports writers, but didn't make the cut.

The smart money: Owners of whatever box lately performed well. At permanence numbers.

Small investors: Among Wall Street employees, synonymous with "foolish."

Brethren-in-law: Source of free investment advice that will not you dearly.

Federal Reserve: Extremely powerful, like God, and also moves in strange and mysterious ways.

Warren Buffet: Widely adored investor who is often quoted by lesser mortals seeking to buttress their arguments.

Future: Trade these too much, and you won't have one.

Collectibles: Justification for buying things that will never appreciate in value, but you really, really want.

Derivatives: See "futures."

Stock options: A way for senior executives to get rich.

Listed options: A way for small investors to get fleeced.

Hedge funds: Like mutual funds, except with much higher fees. But the bragging rights are priceless.

Cash-value life insurance: Great strategy for retirement, assuming you're an insurance agent and you can sell enough of these policies.

Variable annuities: Chance for ordinary investors to pay hedge-fund-like fees.

Index mutual fund: Boring investment that guarantees you'll keep pace with a market index. Also guarantees that you'll keep pace with a market index but, for some reason, considered exciting and sophisticated.

Internet stocks: The investment of the future, and always will be.

Commodities: Pigs with lipstick.

Lottery tickets: Buying hopefully for folks who feel they don't pay enough state taxes.

Car lease: Chance to pretend you are wealthy, while getting poorer with every monthly payment.

Credit cards: Another chance.

Mortgage: Allows you to make a massively leveraged bet on a pile of bricks and timber, and still appear perfectly respectable.

Extended warranty: Pitched as a way to insure against defects, after the salesman has just told you how wonderful the product is.

Home improvement: Opportunity to spend money on yourself, while pretending you're making an investment.

Savings: Quaint notion, now long forgotten.

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