

Glossary of Terms Used During Broadcast & Squawk Box Usage

How the S&P Trades:

The S&P 500 Futures contract trades in dollars with ten cent intervals as the minimum price movement. Each dollar is also known as a "handle". 400 points = 4 handles or \$4.00 on the index or \$1000 in actual cash value.

Example: 1445.50, 1445.60, 1445.70, 1445.80, 1445.90, 1446.00

Each Dollar = \$250.00

Each tick or 10 cents = \$25.00

The difference between the bid/ask is known as the spread. Sometimes the bid/ask is wide and there could be a dollar or more difference. Most of the time there is about a 50 cent spread or less on the S&P 50 Futures.

Quotes:

Prices are always quoted to the exact last dollar and tenth (dime) of a dollar and when trading is at the same dollar level for a while, quotes are given in tenth of a dollar intervals:

For example: "Five Half" = Could equal 1445.50 or perhaps 1455.50 etc.

"Five half" at (or by) Six Even" = 1445.50 (bid) at 1446.00 (ask)

"Sixty Bid" = 1445.60

"Seventy Bid" = 1445.70

The quoter is reading hand signals in the pit to get the bid/ask. To stay ahead of the quotes, the broadcaster cannot say "Fourteen Forty Five Fifty" each time price is quoted. This would slow him down and put him behind the quotes. He stays ahead of the data by quoting the bid/ask in dollars and tenths as noted above. Also, since this is a professional product intended for professional traders, it is presumed you know "Five Half" is the same as 1445.50 or 1335.50. If you listen to the quotes for a few minutes, you will get the full picture and know exactly where the market is and be able to stay ahead with us.

The S&P Futures bid/ask is not available on real-time data feeds and on the floor, only the last price, net change and last 10 trades are shown. This is why the bid/ask broadcast by the Squawk Box quoter is so important.

Sell orders are always worded quantity at price

Example.... 50 at 500

Buy orders are always worded price on quantity

Example...450 on 50

How Can I tell if the Market is Going Up or Down:

This is easy: **Listen to the Bid, this is the key.** Like any commodity, supply and demand rule the S&P 500 Futures prices. As a rule, you always pay more to buy a contract than you would get if you sell a contract at any given time. Therefore the Bid will **always** be less than the ask (offer). As the bid goes up, so do prices. Remember, the Bid is the price you would get if you sold at market. Ask (offer) is the price you would pay if you bought at market. This is important.

These are Key Phrases used:

**Bearish: "100 offered at 7 half". This mans 100 contracts are offered for sale at 1427.50.
Usually a Limit Order**

Bullish: XYZ On The Bid, XYZ 100 times On The Bid or ABC Joins XYZ on the Bid: This means there are buyers who want to BUY on the Bid (usually a limit order)

FREQUENTLY USED SQUAWK BOX TERMS

BID: The current price you would get if you sold at market

OFFER: The current price you would pay if you bought at market

OFFERED: This means offered for SALE. 100 Offered at 50 means 100 contracts offered for sale at ,say 1445.50

If you hear a big offer, this means someone wants to sell a big number of contracts above the market

CHOPPY: No real trend. Market is erratic and usually controlled by local's

THIN: Very few traders on the floor. **Pit** is empty or slow and trading is 'thin'. Very little paper.

BEST: Highest bid or lowest offer at that given time

Example.....XYZ Bank has 50 offered at **500** Merrill Lynch is bidding 450 on 50, **500** trade, still 450 bid BEST

GIVEN: When a resting and quoted bid is sold into therefore taking out all at that price

Example.....XYZ Bank has a **500** bid for 50 GIVEN locals sell

TAKEN: When a resting and quoted offer is bought therefore taking out all at that price

Example....XYZ Bank has 50 offered at **500** TAKEN locals buy

ALL DAY: Used a summation term usually regarding quantity

Example...XYZ Bank is offering 20 contracts at **500** and XYZ Bank offers 50 at the same price I will say there are 70 offered ALL DAY

LOCALS: Local floor traders. No paper (retail) or institutions.

LOCAL MARKET: Locals are on both sides of the market, the bid and the offer, no paper present at all

LOCAL ONLY: Same as above

RETAIL: Retail brokerage business usually from individual traders calling their brokers

PAPER: Pre-existing written orders held by brokers usually from retails or institutions, not locals.

PULLS (OR PULLED): When an offer or bid quoted gets cancelled/withdrawn

Example...20 offered at **500**, 450 bid on ten, **500** offer PULLS

SIZING UP: When locals check quantity on a paper bid or offer

Example...XYZ Bank 50 offered at **500**, 450 bid paper, locals SIZING UP the bid

OEX: There are three desks in front of where the quoter stands that receive business from traders at the options exchange, the use the S&P's as a hedge

DEALERS: A generic term used for cash dealers that do business in small increments

Example...DEALERS offer 20 at **500**

FADING or FADES: When a local bid or offer disappears without trading at the price quoted

Example...locals 450 bid XYZ Bank has 50 offered at **500**, 450 bid FADES 400 bid best

PRINT: A price that is actually traded and sent out (printed) to real-time data

EVEN: Price is at an even dollar level: 1445.**00** OR 1444.**00**, etc.

HALF: Price is at the half-dollar level: 1445.**50** 1444.**50** etc.

PRICE TRADES (TRADING): Price actually trades and is printed

SMALL: Small contract lot. Not a big order.

LIGHT: Same as above

TEN TIMES: Ten contracts

FIFTY TIMES: Fifty contracts

ON THE BID: "XYZ House is on the Bid". "ABC joins the Bid". They have orders to buy on the Bid - usually limit orders.

"007": A dealer who the quoter watches trading 10 & 50 lots