Getting Started

Make it happen.

Terminologies

Bull
An investor who thinks the market will rise.

Bear
An investor who believes a stock or the overall market will decline. A bear market is a prolonged period of falling stock prices, usually by 20% or more.

Ask Price
If you are buying, the ask is the lowest price at which someone is willing to sell to you.

Bid Price
The highest price a prospective buyer or dealer is willing to pay.

Support
The price where the sellers are stopped by the buyers and the downtrend reverses to an uptrend.

Resistance
The price where buyers are stopped by the sellers after a period of uptrending prices.

Market and Limit Orders

Market Orders and their risks

Your market order is executed at the best price obtainable at the time the order is executed. In other words, with a market order the fact that the order will be filled is all but guaranteed (subject to the availability or liquidity of the stock), but the price at which it will be filled is not.

Again, the reason for this is that the market is dynamic. Prices are changing continuously in the market as the minutes and seconds go by. Orders are executed in accordance with prescribed priority rules, delays in execution can occur due to market demand of a security, and in the meantime a market price can change as a result of investor demand and other factors. Large orders can also take longer to fill and can move the market (price and volume) for the stock, sometimes to your disadvantage.

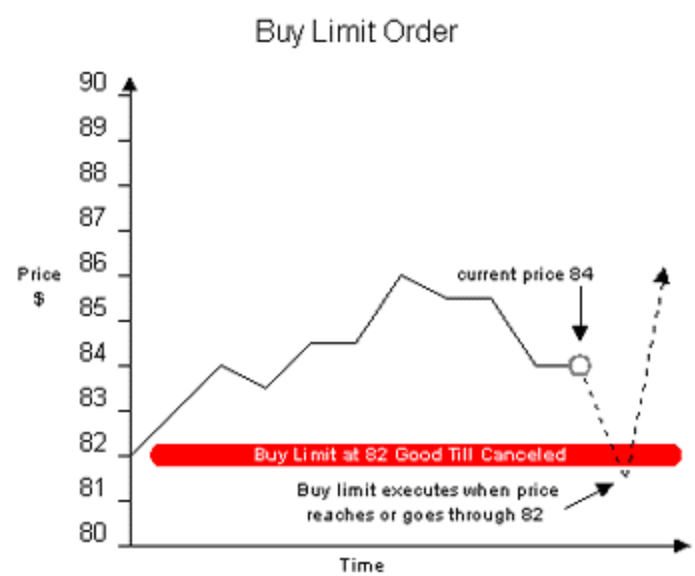
Limit Orders

In contrast to the market order, there is another type of order called a "limit order" that does guarantee the price but does not guarantee an execution. Limit orders require you to place a limit on the amount you are willing to pay to buy a stock or on the amount you are willing to accept to sell a stock. Naturally, you will accept more favorable prices if you can get them.

Here's an example of how limit orders work.

Buy limit order

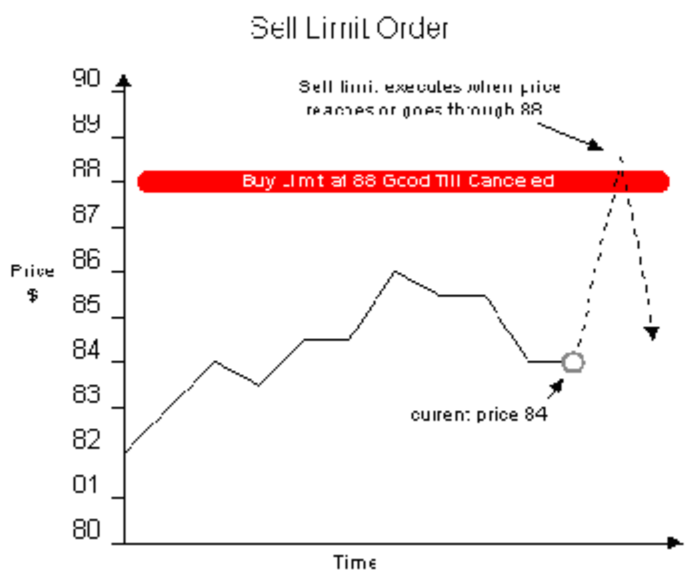
XYZ is selling for $84 a share. Based on your experience, you think the stock could decline in the short-term and then rebound strongly upward. So you place a limit order GTC (Good Till Canceled) to buy XYZ at $82. (Any price different from the current market price is said to be "away from the market." Limit orders are always placed away from the market - below when you buy and above when you sell.) Now the broker/dealer's computers monitor your order and when the stock price hits $82 your buy limit order is executed, subject to the availability or the liquidity of the security, at that specific price. If the stock price does not decline to $82, your limit order is not executed.



Market and Limit Orders

Sell limit order

You own XYZ, which is trading at $84. You think the stock can still go higher. So you place a sell limit order at $88. When the stock price rises to $88, your limit order is executed, subject to there being enough demand for the stock at your specific price. If the stock price does not rise to $88, your limit order is not executed.



Risks of limit orders

Limit orders give you more control over execution price, but control also comes with certain limitations that you should be aware of: i.e. you may miss owning or selling stock, depending on the circumstances. The stock may never reach your limit price and your limit order will not execute. For example, in the Sell Limit Order example above, if XYZ only reached $87 and then started to fall, your limit order would not have executed and you'd still own the stock as its price drops.

Fail to execute: Even if your stock reaches the limit price, your limit order may not execute if there are orders ahead of yours at the same limit price. The orders in line ahead of you must be filled first and there may not be enough stock available to fill your order when its turn comes.

Pressed for time?

View our Order Types video to get a quick overview of market and limit orders.

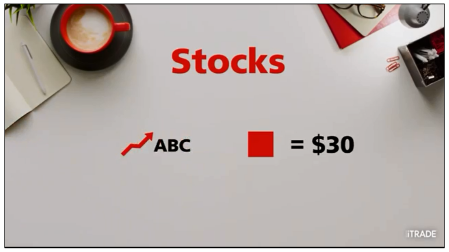
Videos

Order Types

Understanding the benefits and risks of order types can help ensure your trades are executed in a timely manner - at a price with which you're comfortable. Check out our video for tips on how to use order types.

[View video]

Investment Choices



Whether you're a seasoned investor or new to investing, it's important to understand your investment choices. Check out our video to learn what choices are available to you.

[View video]

Research Options

Our website is full of valuable resources that help you optimize your investment decisions. Check out our video to learn how our Equities Screener can help you.

[View video]

Interactive Learning Modules

Why Consider Direct Investing

In this module, you will learn to differentiate between saving and investing, distinguish between various investment choices, and how to create an investment plan.

View Module

Open An Account

Learn the different ways of opening an account, funding your account, differentiate between account types and account ownerships, and learn about fees and commissions.

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Interactive Learning Modules

Getting Into The Market

Learn how to place a trade, modify a trade and cancel a trade using the trading order ticket in Scotia Online.

View Module

Quotes and Research

In this module, you will learn how to read a stock quote, view different ways to research a stock, and build an Equities Screener. In addition, you will learn about Scotia iTRADE's Investing Ideas.

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