

# Welcome to the jungle ...

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## **English-Czech and Czech-English Glossary of Financial Markets' Terminology**

*Glossary authors Vladislav Pavlát & Ladislava Knihová lift the lid on the animal-infested world that is today's financial markets*



**F**inancial markets are highly complex. They can appear opaque – even incomprehensible. In addition, the more you penetrate these markets' mysteries, the more you realize how little you know about them. Of course, one way to enhance your knowledge of financial markets is to master the professional terminology associated with them. This is what this Glossary helps you to do.

In professional publications and handbooks, financial markets are usually divided into capital markets, money markets and derivatives markets. In the Glossary, we adopted a more comprehensive and complex classification by including professional terms related to such things as the management of financial markets, investment strategies, financial markets' regulation and some brokers' jargon, as well as Czech terminology for financial tools which have emerged in recent years and aren't yet fully established.

Over the last two decades, financial markets have developed globally at an unprecedented speed. This has prompted a number of innovations that have transformed both traditional professional terminology and the way the markets operate.

Browsing the Glossary should be both beneficial and entertaining. Those who invest into bull markets join the herd of bulls which may easily become oxen if the market falls and they have chosen an imprudent *“bull investment strategy”*, or an inappropriate *investment tool*. Their *financial investment* can change into *disinvestment* within moments.



History supplies plenty of wisdom about financial markets, investment and wealth. Writing some 2,000 years ago, the Roman poet, Publius Ovidius Naso (known as Ovid) commented, “If someone has money, he can be as stupid as he wants.” The French lawyer and politician of the late 18th century, Maximilien Robespierre, once claimed: “When a banker jumps out of a window, jump after him. That's where the money is!”

If you want to be a successful investor, you have to accept potential – and actual – losses from time to time. Probably financial derivatives – of which there are many options - provide the most appropriate instrument for this strategy. Only those who really know how these markets work should become involved in financial derivatives. Even then, you need to bear in mind that you'll need a supply of the one thing that can't be bought on the financial markets. That's luck - the “small golden fly”. Although you can experience luck, it doesn't help everyone - and it isn't constantly helpful to anyone.

In the Glossary, we've let a number of animals escape from the financial jungle (or, at least, from the financial zoo). These animals symbolize professional terms for various kinds of financial market transactions. They include bears and bulls, butterflies and doves. Later, you'll meet cats, lions, tigers and others – relating to financial instruments labelled by renowned marketing specialists to appeal to inexperienced investors. Just for you – so that you don't feel lost in this financial jungle – we've included information about these instruments, thanks to help from a watchful regulator, in order to protect you. In other words, to protect you from these animals, we show you various kinds of hedges - and tell you how to build them (hedging). But beware of financial sharks because nobody can protect you from them. The same applies to black swans. They act like a tsunami. Also in the Glossary, you'll find a “white horse” and a “tunneller” operating outside this animal-rich world.



To all the brave and financially literate investors who read and use the Glossary, we wish much success. Should you also manage to capture the golden fly, do all you can to keep it!

And, for those of you who're determined to spare no time and effort in studying the terminology of financial markets, here's a pearl of wisdom:

*„I bent down for the pebble ...  
and found a gem.“*

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Authors of the Glossary