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## On the Money – The latest catch phrases put the fun in financing

By: C. Stephen Guyer

Every industry develops a vernacular language, words and phrases that have special meaning within that community.

Even the stolid community of finance and banking has a number of “catch phrases.”

The following are some of the less-reverent, but revealing phrases in use today. Slang terminology grows out of behavior. Are there some lessons in these buzz-words?

**Air-Pocket Stock** - When the price of a stock plunges unexpectedly, similar to an airplane when it hits an air pocket. This is almost always caused by shareholders selling because of unexpected bad news.

**Back Up The Truck** - A situation where a large buyer scoops up huge quantities of a stock. In other words, when somebody "likes a stock enough to back up the truck," they are very bullish on it.

**Big Uglies** - A term used to describe the old industrial companies in gritty industries like mining, steel, and oil. Big uglies are often overlooked by investors seeking fast profits. Because of their bulletproof earnings, investors tend to flock to big uglies when the markets tumble.

**Boomernomics** - An investing strategy that involves buying equities directly related to Baby Boomers (people born between 1946 and 1964). Areas such as Biotech (youthful appearance), health care (longer life), and luxury cars (stylish rides) are sectors that stand to benefit from this theory.

**Cockroach Theory** - A market theory that states bad news tends to be released in bunches. Why the name cockroach? It's because cockroaches tend to travel in large groups and aren't looked



upon kindly.

**Cookie Jar Accounting** - An accounting practice where a company uses generous reserves from good years against losses that might be incurred in bad years. This creates "income smoothing," because earnings are understated in good years and overstated in bad years. When companies take special charges or write downs, that's another flavor of cookie jar accounting.

**Dead Cat Bounce** - A temporary recovery by a market after a prolonged decline or bear market. In most cases the recovery is momentary and the market will continue to fall. Remember the saying: "Even a dead cat will bounce if dropped from high enough!"

**Eat Your Own Dog Food** - An idiom referring to the action of companies using their own products for day-to-day operations. A company that eats its own dog food uses its own products. This slang was popularized during the dot-com craze when companies did not implement their own software and thus could not even "eat their own dog food."

**Footsie** - A slang term for the FTSE 100 index. The Footsie consists of 100 blue chip stocks that trade on the London Stock Exchange.

**Gazump** - When the price for real estate or land is raised to a higher price than was verbally agreed on before. Basically, raising the price just before the papers are signed and the deal is delivered.

**Gazunder** - When a buyer reduces his/her bid for property before the transaction is signed and delivered. If the real estate market is crashing, a buyer might offer less because he knows that the seller desperately wants to sell the property.

**Iceberg Order** - Multiple orders that have been divided from a large single order and placed by participants in the market. The purpose is to hide the actual order quantity. When large participants, need to buy and sell large amounts of securities for their portfolios, they can divide the order into smaller parts. This reduces the price deviations in a particular stock's supply and demand.

**Leading Lipstick Indicator** - Coined by Leonard Lauder (Chairman of Estee Lauder), it follows the idea that when a consumer feels less than confident about the future, she (or he) turns to less expensive indulgences such as lipsticks.

Therefore, lipstick sales tend to increase during times of economic uncertainty or a recession. Believe it or not, this theory has been quite a reliable signal of consumer attitudes over the years.

**Bash and Dash** - A highly illegal practice occurring mainly on the Internet. A small group of informed people attempt to push down a stock by spreading false information and rumors (bashing).

If they are successful, then they can purchase the stock at bargain prices and quickly "dash" away. Bash and dash is the opposite of pump and dump.

David Berger, editor of [www.fool.co.uk](http://www.fool.co.uk), said: ". . . Jargon is an off-putting and an unnecessary barrier which serves only to protect the interests of the City's stockbrokers, fund managers and pension companies."

Now that you're armed with the latest in pecuniary lingo, you too can mingle with the moguls in confidence.

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