FINANCIAL GLOSSARY

1. Assets:
Resources owned by an individual or company that have economic value, such as cash, property, or investments.

2. Budget:
A plan for managing income and expenses over a specific period, helping to ensure that spending aligns with financial goals.

3. Credit:
The ability to borrow money or access goods and services with the promise to pay later. A credit score measures your creditworthiness.

4. Debt:
Money that is owed or due to be paid, often as a result of borrowing.

5. Diversification:
An investment strategy that involves spreading investments across different assets to reduce risk.

6. Interest:
The cost of borrowing money, usually expressed as a percentage of the loan amount. It can also refer to the earnings from savings or investments.

7. Inflation:
The rate at which the general level of prices for goods and services rises, eroding purchasing power.

8. Investment:
The act of putting money into financial products, property, or businesses with the expectation of earning a return.

9. Liability:
An obligation or debt that a person or company owes to others.

10. Net Worth:
The difference between a person's or company's total assets and total liabilities. It represents overall financial health.

11. Portfolio:
A collection of financial investments like stocks, bonds, and other assets owned by an individual or organization.

12. Principal:
The original amount of money invested or loaned, before any interest or returns.

13. Revenue:
The total income generated by a business from its operations, before any expenses are deducted.

14. Risk:
The potential for losing money or the uncertainty associated with an investment's return.

15. Savings:
Money set aside for future use, often kept in a savings account or invested to earn interest.

16. Stock:
A type of security that represents ownership in a company and entitles the owner to a share of its profits.

17. Tax:
A mandatory financial charge imposed by the government on income, purchases, or property to fund public services.

18. Yield:
The earnings generated by an investment, often expressed as a percentage of the investment's cost or current value.

19. Compound Interest:
Interest calculated on the initial principal and also on the accumulated interest from previous periods.

20. Equity:
Ownership interest in a company, typically in the form of stock. It also refers to the difference between the value of an asset and the liabilities associated with it.

21. Dividend:
A portion of a company’s earnings distributed to shareholders, typically paid out in cash or additional stock.

22. Mutual Fund:
An investment vehicle that pools money from many investors to purchase a diversified portfolio of stocks, bonds, or other securities.

23. Bond:
A debt instrument where an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period at a fixed interest rate.

24. Capital Gain:
The profit earned from selling an asset like a stock, bond, or real estate for more than its purchase price.

25. Liquidity:
The ease with which an asset can be converted into cash without affecting its market price.

26. Market Capitalization:
The total value of a company's outstanding shares of stock, calculated by multiplying the share price by the number of shares.

27. Bear Market:
A market condition where prices of securities are falling, often accompanied by widespread pessimism.

28. Bull Market:
A market condition where prices of securities are rising or are expected to rise, often accompanied by investor optimism.

29. Financial Statements:
Records that provide an overview of a company's financial condition, including the balance sheet, income statement, and cash flow statement.

30. Exchange-Traded Fund (ETF):
A type of investment fund that is traded on stock exchanges, much like stocks. ETFs hold assets like stocks, commodities, or bonds.

31. Amortization:
The process of gradually paying off a debt over time through regular payments of principal and interest.

32. Annuity:
A financial product that provides a series of payments made at equal intervals, often used as a steady income stream during retirement.

33. Credit Score:
A numerical expression of a person's creditworthiness, based on their credit history.

34. Dividend Yield:
A financial ratio that shows how much a company pays out in dividends each year relative to its share price.

35. Hedge:
An investment made to reduce the risk of adverse price movements in an asset, often by taking an offsetting position in a related asset.

36. Leverage:
The use of borrowed money (debt) to increase the potential return of an investment.

37. Recession:
A period of temporary economic decline during which trade and industrial activity are reduced, typically defined by a fall in GDP in two successive quarters.

38. Return on Investment (ROI):
A measure used to evaluate the efficiency of an investment, calculated by dividing the profit from the investment by the cost of the investment.

39. Short Selling:
The practice of selling a security that the seller has borrowed, with the intention of buying it back later at a lower price.

40. Time Value of Money:
The concept that money available now is worth more than the same amount in the future due to its earning potential.

41. Venture Capital:
Funding provided to startups and small businesses with strong growth potential, typically in exchange for equity.

42. Provident Fund:
A retirement savings plan offered by many employers, where employees can contribute a portion of their salary to a retirement fund, often with employer matching.

43. Gross Domestic Product (GDP):
The total value of goods and services produced within a country over a specific period, often used to gauge economic performance.

44. Inflation Rate:
The percentage increase in the price of goods and services over a period of time, reflecting the rate of inflation.

45. Credit Limit:
The maximum amount of credit that a financial institution extends to a client.

46. Fixed Interest Rate:
An interest rate that remains constant for the entire term of the loan or investment.

47. Variable Interest Rate:
An interest rate that can change over the duration of a loan or investment, usually in response to changes in the broader economy.

48. Asset Allocation:
The process of dividing an investment portfolio among different asset categories, such as stocks, bonds, and cash, to balance risk and reward.

49. Fiscal Policy:
Government policies regarding taxation and spending that influence economic conditions.

50. Monetary Policy: