

10 Articles to Help You Win
with Penny Stocks

Trading Advice for Tough Times

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Different Investment Methods

When entering the world of investing you may find the difference between stock market and mutual fund investing quite confusing. In fact, to those who have never even considered trading stocks or funds there are all kinds of options that you have probably never considered that are widely available to those who make use of various brokerage services that can be found online or off.

Among the most popular options for the trading public, of course, is the buying and selling of stocks.

Purchasing a stock is the same as purchasing a little bit of ownership in a given company. You will find that the average share of stock doesn't provide you a big piece of the corporate pie by any means but if you've always loved those Kodak moments wouldn't it be nice to be able to say you are a part owner in Kodak, perhaps then you will feel as though you really are getting your money's worth..

Mutual funds are also very popular among the investing public. While they do not work in quite the same fashion that stocks work you will typically find that you own a few stocks and/or a few bonds in the process of owning your mutual funds. These are definitely long-term investments but many happy retirements are being built on these funds and they are quite valuable to the average investor who seeks stability and profit in smaller degrees rather than one at the detriment of the other.

Day trading is another form of investing that is gaining no small degree of attention, not all of it good.

For some people, day trading is an adventure game though the costs can be quite high if proper care and attention aren't devoted to learning the best methods for investing in this very risky investment type.

Day trading is not really investing so much as it is buying and selling quickly in hopes of massive profits immediately. Most people consider investing more of a long-term commitment but day trading is more like a one-night stand.

Trading penny stocks is another risky business in the investing arena but many millions have been won in lost with these kinds of stocks. Many of the big businesses you see listed on the big boards today began their trek to the top of the heap as penny stocks and many find themselves as penny stocks once again when on their way down from the heights of fame and infamy. Fraud is rampant in the penny stock arena so be sure that you keep both eyes open if you decide to try to navigate these shark infested waters.

With bonds you are essentially loaning money to the business or agency that you are bonding with and they will pay you back at an agreed upon time. This is a risk though admittedly not as risky as other investment methods. There are many who swear by bonds and those that avoid them like the plague. I prefer to deal with bonds only as a part of mutual funds but that is just my personal choice. Whether or not you decide to take on a bond or two is strictly your choice as well.

How Much to Gamble on the Stock Market?

Are you addicted to the high risks of the stock market? How about taking risks? There are many who are literally addicted to gambling and the stock market is their drug of choice. There are many options available for their gambling pleasure and the tables. Various markets around the world are always opening up to US money and the prevalence of Internet trading venues available to the average investor through nothing more sophisticated than a computer and a modem.

Day trading is a particular draw for those who are addicted to gambling through trading stocks. It provides the ups and downs very similar to the roll of the dice or the ringing of the slot machines and instant hits and misses. It can even be addictive for those who have never set foot in a casino. Of course this type of investing isn't the only investing that is very much like gambling. Any high-risk investment is going to bear some similarities, especially those that offer high payouts to those who do succeed on occasion.

The problem is that that addictive gambling can be devastating to friends, family, and finances. If you suspect that you or someone you love has a gambling problem you need to either get help yourself or encourage them to get help. Day traders have gained so much notoriety as potential gambling addicts that gamblers anonymous has begun a support group specifically for those who are addicted to gambling via day trader trading.

If you have the personality that is easily addicted to things such as lottery tickets, slot machines, chocolate candy bars, etc. this doesn't mean that you can't ever trade on the stock market it just means that it might be a good idea to avoid some of the higher risk trading and stick with more slow and steady options such as mutual funds, CDs, and the like. Your rewards are likely to be better over time and you aren't likely to experience the ups and downs that go along with activities that closely resemble gambling.

An addiction to gambling is a serious problem that can ruin a family financially. It is imperative that you get the help you need if you discover that you have a gambling problem. The first suggestion is to close up all stock market accounts that could lead to temptation. Removing temptation is always a great first step when fighting any addiction. You also need to seek support. There are many groups around the country such as Gambler's Anonymous that can provide you a close knit support group whenever temptation strikes. If your local chapter has a group that is designed specifically for those who are addicted to gambling through day stock trading that might prove to be the best choice to help you on the road to recovery from your addiction.

If you have been addicted to gambling in the past you should also avoid the temptation that day trading may present. Addictions may be overcome but they are never cured and temptation for many can prove to be the fatal downfall. Do not allow your gambling addiction to take control of your life once again by entering into the world of day trading after working so hard to overcome your addiction in the first place and build a life after the sometimes devastating effects that addictions can bring.

Gambling is nothing new to the world and there is nothing wrong with having the sort of personality that likes to take a gamble on occasion. In fact, there needs to be a little bit of that personality type in every day trader. It's when the gambling becomes a problem and takes over your life and your ability to make rational decisions about the money and the risks you are taking that it crosses the line between gambling and a gambling problem that borders on or is a gambling addiction.

How to Lose to Make Money

The ups and downs of the stock market can be a steep learning curve if you are new to the everyday movement of investing and some day you will win and other you lose. However, you will learn as you go and be able to avoid previous mistakes as you progress.

This means that you will either need to lose money by investing in a broker that can assist you in making those initial trades while educating you on the ways of the market or you are going to need to spend a little money learning the ropes on your own. Either way in the stock market you will learn more from the losses you take than you will ever learn through successes that you get.

The theory behind losing to win is that you will spend a little money learning the ropes and that will be money well spent once you learn the ins and outs of trading. It is quite likely that this will not be the only money that you will lose along the way as you journey into the world of high finance and stock market and mutual fund investments but it is probably going to be the largest concentration of money that you will lose during the process.

If you are willing to risk those initial dollars for the purpose of learning a new and better way of making your money work for you then you can expect to not only establish a comfortable retirement but also to quite possibly make a comfortable living in the meantime. Most day traders fail all together. Among those that ultimately succeed face heavy losses in the beginning until they work out some sort of system that brings success their way. In order to succeed in that particularly volatile market you must be observant, pay attention to detail, and keep accurate and copious records of all transactions and the results of those transactions for better or worse. This helps you see patterns that you might not otherwise see as well as keeps your wins and losses in black and white so that you are aware of just how much money you are making and losing.

For those who are willing to take these steps there is a lot of money to be made in the stock market—particularly in the field of day trading. High profits are great and something that most investors secretly dream of whether they'll ever admit it out loud or not. The difference in those investors and those that go the day trading route is that the day traders are actually placing themselves in a position to experience these massive profits that everyone else will be so jealous of in the end. It is a risk, no doubt, but careful consideration, planning, and attention to detail can bring those big paydays.

Some people go to college for advanced degrees in their chosen fields. All in all, a year of learning the ropes with day trading can prove to be a much lower expense than a full four-year college education (interest included) and bring about bigger profits without creating nearly the mountain of debt (provided of course that you invested wisely). If a small learning curve and one year's worth of time can produce results such as this wouldn't it be well worth it to try and see how much of a difference day trading can make in your financial future? Make sure you do your research if you want to invest in the stock market.

Online Stock Trading

Trading stocks online has become the new way of doing business. Ordinary everyday citizens such as you and me can now trade stocks like the pros without paying the ridiculous broker fees that are often associated with trading on the stock market. This doesn't mean there are no fees involved or that you won't be discouraged from capriciously trading stocks.

You will find quite a few companies that are going to compete for your business when it comes to empowering you to trade stocks online. It is best to go with a business that offers education and advice in addition to the ability to trade. There are many big names in the brokerage business that are getting in touch with the technology of today and offering full service brokers and financial advisors in addition to offering new online services that include Internet trading.

If you decide to go with some of the bigger names in the business you should understand that you will pay a little more than you would pay going with many of the lesser name firms and trading companies. The good news is that the bigger names have more to lose after working for decades to establish themselves and develop a good reputation among traders. This means that they are not going to be "fly by night" and are going to work to make sure you have the best possible service from them for your future in the stock market trade.

Many of these firms in addition to offering the ability to buy, sell, and trade online will also offer financial planning for retirement, future expenses, and advice on how to create a fixed income from your investments. They will offer many tips, hints, and advice free of charge on their website while also promoting the services they offer through discounts in hopes of gaining your business for some of the higher ticket transactions that really pay their bills.

Online investment services offer consumers the opportunity to invest with lower commissions and fees which means you bring more of the money home done and spend far less on fees and expenses associated with investing. By saving these fees you may be doing yourself a huge service but keep in mind that the invaluable advice of a broker can often mean the difference between mild successes and wild successes. If you can manage the fees it is a good plan to at least consult with a broker or financial advisor or planner once or twice a year in order to get the most out of your investment money.

Online trading is great but you will find that it lacks the personal service you can expect from a financial advisor or a stockbroker. Very little has such a profound impact on your financial future than the ability to receive and follow expert advice. While there is much to read on the Internet by way of advice on investing in the stock market there is also a lot of conflicting information just as there is a great deal of misinformation.

If you have the heart of gambler however, then it is your money you are playing with and your future you are investing. If you are not spending more than you are willing to lose then there is no harm in trying your hand at investing through online brokerage services.

Penny Stocks and Their Investment Risks

Playing the stock market is a risky business. There are high-risk stocks and investments along with many low risk mutual funds and everything in between. When it comes to high-risk investment options, penny stocks often top the charts as some of the highest risks you will find in investment circles. Of course, they also offer some of the highest yield of any other stocks as well because the prices start so low and the sky is literally the limit. Do not get stars in your eyes however when considering penny stocks as investments because there are risks are very great and the rewards are not always in same proportion.

Of course reason is rarely a good bedfellow for ambition or dreams and the low prices of most penny stocks it's perfectly acceptable for even the common man to have a few dreams of his own when it comes to obtaining wealth by playing the stock market game and there is a much greater thrill with penny stocks than you will find in any casino with penny slots.

Some of the common risks associated with penny stocks may not be risks one would commonly assume are related to the stock market. The thing you need to remember is that trading penny stocks isn't regulated in the manner that the major stock exchanges are regulated. This means that a large safety net that others in the stock market are protected, to some degree, by does not extend into the murky waters of penny stock trading. It is the forgotten child of oversight and investors are left to fend for themselves.

The first risk is fraud and this risk seems to be rampant in the penny stock market. You will find all kinds of fraudulent penny stocks that are heavily marketed by overseas companies that look glossy and legitimate on the Internet, in investment magazines, and through many brochures, and even several carefully crafted and well written press releases, newsletters, and emails. The problem is that there is no product or the demand is deceptively overrated and the stocks are essentially junk stocks worth nothing, if they exist at all. The "businesses" in question take the money, dump, and run never to be heard from again. Unfortunately this is quite common and many of the "companies" that perpetrate the frauds are located overseas.

Another risk is that the companies that are listing penny stocks are often smaller businesses that are building or larger businesses that have fallen off the major exchanges radar for one reason or another and are either going through desperate restructuring or failing all together. Both pose very real risks.

Other risks that are involved when trading penny stocks are the lack of financial reporting. Corporations and companies that trade in the major stock exchanges are required to release their financial information and account to their stockholders. The same doesn't hold true for penny stocks. There is no accountability and very little public information. This means you have to really dig to find out credible information about the companies you are considering and are left going with your gut more often than not rather than relying on legitimate information that will be beneficial in your investment decisions.

Penny Stocks are Good for the New Investor

Penny stocks are for the new investor who may have limited funds to spend. Penny stocks are especially found in new or up and coming companies or companies that are on their last leg and treading water. This doesn't mean that even those companies that have fallen off the big lists aren't worthy investments; they have been known to pick themselves up, reinvent themselves, and find themselves back on the big lists. For the sake of this article however, penny stocks are sometimes big companies going through a downward spiral, which makes them, just like the new companies, somewhat of a risk.

The SEC or Securities and Exchange Commission classifies penny stocks as those that sell for less than \$5 a share. Of course other exchanges consider those selling for less than three dollars or even one to be penny stocks. Essentially, penny stocks are those that are not exchanged on the major stock exchanges such as NYSE, AMEX, or NASDAQ. It really depends upon the exchange in which you are trading. Penny stocks are a little more risky than many of the rest however for good reason. Just as they are very risky however, they are also quite profitable for those who manage to trade penny stocks successfully.

The risks in penny stocks go well beyond the obvious and are part of the reason that payoffs are so rewarding for those who are fortunate. There is very little skill that goes into successfully trading penny stocks but a lot of luck. If you are a gambler at heart then this is definitely your sort of investment. It is very important however that you enter into penny stocks trading with the firm understanding that you aren't likely to be successful. In fact, chances are good that you will lose as much as you make from the prospect. There are those however, who have managed to defy the odds and win quite handsomely in the game we've come to know as penny stock trading.

A few things you will want to keep in mind before you begin trading in this highly volatile market include the following. First of all, penny stocks are not like regular stocks where they are heavily traded and there is almost always someone waiting in line to purchase. When you decide to sell it could be a while before a buyer comes along. This means that penny stocks are not the most liquid stocks on the planet and if you need quick access to your money this is definitely not the stock for you.

Another thing to keep in mind when it comes to penny stocks is that there is often very little information on these companies. Unless you have excellent research skills and the time and energy to put them to use for your trading endeavors you are very unlikely to find much background and financial information on these companies as opposed to many publicly traded companies that are pretty much required to open their books to investors. This is dangerous to investors because knowledge is important and schemes are plenty.

Every penny you invest in penny stocks should be a penny that you are very well prepared to lose and perfectly happy to earn a return with. You could hit the lottery on your penny stock investment and earn literally three to four (or more) times what you invested in your stocks. Chances are that the opposite will be the case however and you will lose your investment. As long as you are prepared to deal with the consequences and allow yourself to be pleasantly surprised when your trades pay off you might be the perfect person to trade in the penny stock market. When making your decisions about the types of stocks, bonds, or funds you wish to include in your portfolio you may want to include a few penny stocks for the sake of diversity and to risk a small sum of money on a long shot. That long shot could just pay off.

Should You Invest in Penny Stocks?

Penny stocks attend to be suited to the high-risk investor. Of course even a few more conservative investors will find some attraction in the low risk promise of hefty payouts that the right penny stock can offer. In fact, many investors dream of being the one to find that perfect penny stock with absolute potential that will someday become the next LDDS turned WorldCom before the fall. The truth is that little businesses become big businesses every day.

Penny stocks are a great way for small companies to finance growth spurts, smooth over rough spots and manage to become even better. This also gives companies a chance to restructure and by allowing their stocks to be traded as penny stocks they are generating revenue that can be reinvested into the company to great effect. Many times, this is a successful venture for the company but there are many times it isn't. This is part of the risk that is taken when investing in penny stocks. When the companies manage to pull themselves together, grow at an exceptional rate, and become the company you hope they can become the payouts are amazing. But do not expect immediate results from your penny stock investment.

You should also be aware that many companies use penny stocks in order to run scams on unsuspecting investors. It is nearly impossible to get all the particulars about penny stock companies when investing in penny stocks because unlike those companies that trade with the big boys (NYSE, NASDAQ, etc.) these companies are not required to open their books to potential investors and do not face nearly the same amount of scrutiny that larger corporations face when opening their doors to investors.

But the question of whether or not penny stock trading is for you is going to depend almost entirely on your personal sense of adventure and your willingness to take risks with your money. There are many out there who firmly believe that in order to gain much, you must also be willing to risk much. This is a way of life for many that holds true for them in love, life, and in money. These people are much more capricious with their money and are willing to take the risk without reservation or fear of a negative outcome. These are the people who do wonderfully, win or lose when investing in penny stocks.

On the other end of the spectrum there are those who jealously guard their nest eggs and bank their retirement security upon the funds going in that basket. These are people that are quite likely to find themselves panicking their way through a penny stock investment for many reasons. You can't really research the companies (a travesty to people who prefer careful planning) and you can't gain quick and easy access to your funds once invested. This removes some sense of control over you financial health and isn't a comfortable feeling for investors who like to feel in control. I can definitely relate to those who are in no condition, really, to invest in penny stocks. It's a frightening investment practice when houses, retirements, braces, and college educations are on the line.

If you are the type to invest in penny stocks without carrying the heavy baggage of worry, stress, and nervous sweats along with you then you may find yourself in the position to change your wealth status. Even if you go against your comfort level and make the investment there is much to gain. Unfortunately the risks of this sort of investment are great as well and should not be overlooked or underestimated. So it still boils down to you and the person you are deep down inside. Are penny stocks right for you? Only you make that decision.

Stock and Why Own It

Owning stock in a business is like owning an interest in that business. Essentially, stock is a representation of ownership in a business. Granted it generally takes a ton of stock, quite literally, in order to have any significant ownership in any given business but ownership is what it represents. It means that you have a valid interest in the company and a legitimate claim to a portion of the company's holdings or profits. Owning a share of stock makes you a part owner of the business in which you own the stock. Ever wanted to own a Harley? How about owning a share of their stock? It's probably cheaper and with gasoline prices hitting the roof lately might make you enough extra money to buy your own Harley to ride as well as a taste of ownership in the company.

Any company that is openly traded on the various stock exchanges can be purchased (at least partially) through stocks. Some cost more per share than others and some are much more stable than others. It's not really the best plan from a business point of view to purchase stocks simply because you like a company's products though I would like to think that there is something good about the company and its financial future if they are putting out products that you believe in.

When purchasing stocks for the purpose of profits you need to see the big picture though and not simply focus on whether you like the company or their products. This is a financial decision that can bring you big money, some money, or cost you money in the end. If you earn big returns then it is money well spent, if you lose money then lets hope that it was a learning experience at the very least. A few things to look at when selecting stocks include the following.

- 1) History. There is a lot that can be learned from a company's history. Does it treat its employees well, has it experienced ups and downs along the way and came out smiling, has it had its shares of upheavals and still managed to come out ahead? You want to invest in a company that has a history of overcoming adversity when possible.
- 2) Current performance. You don't want to linger in the past however as the present can tell a lot about companies too. Owners and founders die only to be replaced by boards who have profit in mind but do very little to instill the same loyalty from buyers that previous owners managed to do. You want to avoid these companies as they could be on their way to a few turbulent times ahead.
- 3) Forecasts and projections. While these are all very speculative you can judge how well a company has met these forecasts in the past in order to predict how it will deal with the future this time. If you feel good about the financial future of a company and want to be along for the ride, perhaps the company is worth the risk.

There are many reasons to purchase a great stock but the most important would be a company that produces a product you believe in that treats its staff well and provides an excellent working environment for all. A company that treats its employees well is a good indication the company is well run.

Why Invest in the Stock Market?

Too many people think of stock market investing is only for investing for retirement. There is very little that could be further from the truth though. There are many reasons that people invest in the stock market that have a lot to do with the more immediate future. If you haven't considered all the great things that can come about as the result of savvy investing in the stock market and mutual funds, perhaps these ideas will give you a little inspiration.

1) Buying a home. While you do not necessarily need the money upfront to pay for the entire house it would be great. Of course, down payments are great to have to and the more money you can spend as a down payment the lower interest rate you can get, which means you will pay considerably less over the life of your home. It also means you will have instant equity in your home that is almost always a great thing.

2) Sending the kids to college. This is a long term investing goal but it isn't as long term for many as retirement. Most of us can actually envision sending our kids off to college while we aren't yet ready to imagine or day to dream (or dread) what our retirement is going to be like. But many people wonder often how they are going to give their children the college education they dream of for their children.

3) Braces and other medical expenses. If you have kids you should be prepared for unexpected medical and dental expenses along the way. Even if you have an excellent insurance plan chances are that you will need to bear the brunt of some of these costs along the way in the form of deductibles and co payments that can be costly in their own rights. It helps if you have a little money set aside and earning interest for these occasions.

4) Dream vacations. We all have places we'd love to go, things we'd love to do, and sights we'd love to see. Most of us put a lot of time and effort into securing our future and forget the importance of taking some time to enjoy the time we have today. Our children are only young once so if you want to take them to Disney it is best to do it while they are young and can enjoy and remember the experience. More importantly they can remember sharing the experience with you. This is one of the best reasons to invest.

5) To pay for the unexpected. Pipes burst, the heating and air conditioning go out, and new cars are needed along the way. Most investments have a much better return on investment than the average bank's interest rate. This means that by investing the money you are more likely to have it making money for you while you are waiting for those moments when you need to withdraw it in order to handle those little emergencies.

As you can see there are plenty of reasons to invest your money that have nothing to do with retirement though securing a comfortable retirement is near the top of most people's lists of reasons to invest. So you now you know the truth about the stock market get out there and start your portfolio.

Why Play the Stock Market?

What is the point of investing in company stock? The question of the century for many would be businessmen and women may be why on earth would anyone buy stocks? Quite frankly the question should be why on earth wouldn't they? Owning stock in a company means that you have stock in that company. You have an investment, however meager, in the success and failure of that company and for this reason you have a little bit of ownership in the company as well.

Many people purchase stocks for many different reasons. Some people hope to accumulate a large amount of stock within a company so that they may wield some level of power within that company. This is not always the case though in most companies those that own large quantities of stock do have a bit of a voice when it comes to the decisions being made concerning the future of the company (companies are responsible to those that hold shares of stock after all).

Others want to own a little piece of a company that produces a product they believe in. I love chocolate. For me, it makes perfect sense to invest money in Hershey stocks. It's a product that I believe has a solid future (I also happen to know a lot of other chocolate lovers), an excellent product, and real potential for new products, and an eye on emerging markets. These are things that those purchase stocks should look at before buying stock. At the same time, I realize that Hershey stocks are very established and any earnings on my few stocks are going to be minimal. At the same time, this is a very stable stock that is likely to bring in some money year after year. Not a sprint stock to be sure but an endurance stock that I get a kick out of including in my portfolio. In other words, some people buy stock simply because they like the product.

Day traders buy and sell stocks like some of breathe in anticipation of making money and nothing more (well for the most part, some do it for the rush and the thrill of the hunt for those elusive stock market moments of triumph). Of course most people buy stocks in hopes of ample returns on their investments, some just expect more immediate returns than others. Day trading is a drive through type of investing compared to the long lines that people stand in inside waiting for the long term payoffs that retirements are funded upon.

You will find as many reasons for investing, as you will find reasons to purchase stock. The questions you should be finding out for yourself is why people buy certain stocks and that is question that is going to be individual to each person for each stock they purchase. There are no magic formulas for success though there are many things you can do to lessen the risks of failure when investing in stocks in bonds.

If you are interested in investing in stocks your first stop should be the library. There are many books on the history of stocks, financial planning, and that offer excellent advice on building a portfolio. Once you have done your research, visit a stock broker to help you get your stock portfolio started.