

So you want to become an investor

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CONTENTS;

INTRODUCTION

CHAPTER 1- budget

CHAPTER 2- basics

CHAPTER 3-picking stock

CHAPTER 4- basic charting

CHAPTER 5- ETF, MLP, ADR, DRIP, REIT

CHAPTER 6- mutual funds for Hsa, 401k and IRA

CHAPTER 7- conclusion

INTRODUCTION;

CONGRADULATIONS, you finally took the first step to a better life for you and your family. It does not end here; you will need to continue your education with the info I give you in this book. The markets change constantly, laws are being made every day, and investment techniques change every day. You will need to keep up with this. Being an investor requires as much effort as you do going to work everyday. The reason you work is to make money, the same goes for investing. I will cover a lot of things to help you become a good investor, which will help you get your feet in the water. But you will need to continue your education to swim. Don't let me scare you off from reaching your goal, When all is said and done, you will be successful. I started trading when I was 21, to date I have been investing for 36 years, and I never regretted it or looked back. My first trade was a stock option my company offered. From there on, I went on to invest in a lot of different companies.

I will cover stocks, bonds, ETFs, mutual funds, mlps, trusts, and some real estate in this book and so on. All of this will help you become a diversified investor. Some of you may just want to focus on one thing, that's fine. But looking at all that's available to you, and having diversification in your portfolio will help you storm bad times in the economy. Some people may tell you investing is gambling. Yes, investing has risks, but an educated investor learns how to handle risk. Some people will try to give you stock tips if they know you're an investor, a good investor will do his fundamentals and technical analyst.

Before buying a stock, most tips come after the stock has already risen, that's why you need to do your homework first before you buy. Remember you're here to make money, not lose it. There are 3 types of animals in the market, BULLS, BEARS and SHEEP. BULLS buy stock low and sell high, BEARS sell stock high and buy stock low, and this is called shorting a stock. SHEEP buy stock high and sell stock low; this is why sheep get slaughtered in the market. DON'T BE A SHEEP. One thing I want you to burn this into your brain and never forget it, "GREED KILLS". This is why most beginner investors fail, lack of education will wipe out all your hard earned money. I will teach you how to paper trade first to see if you have what it takes to be an investor. You must not let emotions get in your way, the market is like a roller coaster, you must learn what price you will get in at and what price you will get out at on every trade you do. Never go against the market, because you will always lose. I hope I did not scare you about becoming an investor, but if you are a gambler or very emotional about your money, the market is no place for you.

You are just going to make the rest of us rich. I hope you enjoy this book as much as I did writing it. Good luck and I hope you become a successful investor.

CHAPTER 1 BUDGET

You may have heard the term “IT TAKES MONEY TO MAKE MONEY”. This is true to be a successful investor. I have come across many people who tell me that they work but they have no money. I respond with you have money, you just don’t know where its going. In this chapter we will find out just how much money you have coming in, and where it is all going. Once we calculate this, we will redirect the funds to create positive cash flow. Think of yourself as a CEO brought into a failing company, and its your job to turn it around. First thing is to find out how much is coming in, second thing is to find out where its going. Then we will try to generate positive cash flow. So lets get started, no time like the present to get the ball rolling. I want you to get a piece of paper And draw a line down the center of it. On the left side at the top I want you to write the word “INCOME”. Under income I want you make a list of all the monthly money you make. Like work, dividends, interest, and other income you make on the side. If you do things like sell at flee markets on weekends or have some type of side job. These numbers are per month, not weekly or yearly. If you have a yearly amount you receive just divide by 12 and list it in monthly format. Now we know how much money is coming in. On the left side of the page I want you to write the word “EXSPENCES”.

Now I want you to list all the things you pay for out of pocket. Like electric, water, sewer, auto insurance, credit card and so on. Under expenses I want everything you spend money on, this will include going out to diner, what you spend on lunch per week at work, gas for your car. Put it all in monthly format, don’t leave anything out. An easy way to do this is to get a receipt every time you spend money. This also may help out at tax time, because some of the things you are spending money on may be tax deductible. Now total the two sides and put those numbers at the bottom of each row. The amount under income should be higher than the amount under expenses. If it is not, you have a problem and it is time to start cutting expenses. I will give you some examples on how to cut expenses so your not living check by check and have to work till you die. I made a list of expenses and how to cut them; you may find other ways to make cuts. The bottom line is you will need to cut expenses to increase your savings.

ELECTRIC-this can be a big expense, but easy to control. Try changing all your lighting to diode bulbs; you can use dimmers with them, not like florescent bulbs.

They are a little expensive so do a room at a time. Another thing you can try is these outlet boxes that turn power off/on that plug into the wall, then plug your lights, TVs ext. into them. Devices still use electric even when they're off. Your power company offers all kinds of tips to conserve energy, look into it. Remember every time you turn on something or leave it on when not in use it is costing you money. Put a timer on your water heater, this is a big energy hog and can be controlled very easily. You will need an electrician for this, because it is high voltage.

There is a thing called a KAVAR BOX, look it up online, it is a surge protector that hooks into your breaker box. It is high voltage, so higher an electrician to install it. How it works is it limits the electric coming into your home and prevents power surges. It extends the life of all your items in the house that use motors, like heating/air, fridge, washer and dryer, ceiling fans, and so on. It also prevents your computer or televisions from power surges. It has cut my electric by 20.00 per month because I am not being charged for that extra electricity.

WATER-there are attachments that go on your showerheads and facets that slow water flow and add water pressure. To find a leak, shut off all running water and look at your water meter, if its turning, you have a leak, most of the time it's the toilet, make sure you fix it, this can run up your water bill. Now that they charge a lot for water, you want to keep on top of this.

HEATING/AIR CONDITIONING-to start, make sure your house is airtight, seal all leaks. Make sure all vents are not blocked and keep up on changing filters. Lower heat in winter, raise air in summer. Check to see if there are peak hours on your bill were they charge more. If so, use large appliances (washer/dryer/ext) on off peak hours. Turn heat/air off in spring and fall. Check to see if your insulation is up to standard, if not, add more. On your rafters you can staple this thermal foil, it's the same thing you see in lunch boxes. Its bubble plastic with foil on both sides, you run it down both sides of the roof in the attic, stapled to the rafters. You leave a one-foot gap at the top and bottom, so you don't sweat the roof. The outside layer repels the cold and the heat depending how it is outside. The inside layer keeps the heat or cold from escaping, just like a thermos does with your coffee or cold drink.

PHONE-cell phone bills can cost a lot, shop around. If you have Internet, put an IP phone in. and cancel your landline. Most have unlimited calling for all over the U.S. at no charge (magic jack, vodaphone, ext.)

CABLE- get the cheapest package, even though most people stream there shows over the Internet, which is a lot cheaper. Change to FTA (free to air), hook an antenna to your TV and run the scan button in your TV menu. You get all your local channels for free and then just stream all the shows you want to watch.

INSURANCE;

HOME – this affects your mortgage if it's part of it. Ways to cut it are to raise your deductible. Get the square footage of living space off your property tax bill, do not include basements, go on line and search HOME INSURANCE CALCULATOR. Enter the square footage and your zip code, you will get 3 quotes. H1- the actual cost to replace your home, H2- my favorite, the property assessors quote. H3- policy most insurers like, it over insures your property and your paying for things you will never use. Keeping this cost down also lowers your mortgage payment if it is part of it. When shopping for homeowners insurance ask to be quoted for H1, H2 and H3 policies. H1 is hard to find, but H2 and H3 are attainable, if they say they only do H3, say good-bye and hang up the phone. Don't sit around to listen to their sales pitch. You have better things to do with your time.

AUTO- full coverage- raise deductible; ask for all discounts in quote. State minimum coverage- rule of thumb, any auto with 50,000 miles or higher should carry this coverage. If you have two cars or you drive less than 8000 miles a year, get the discount for the second car and low mileage pleasure driving.

LIFE-term insurance-cheapest, you die it pays, period. Whole life- poor investment, high commissions, stays away from. Annuities are one of the worst returns on investment.

MEDICAL- raise deductible, get all discounts, this expense alone is a killer of paychecks. So you definitely need to shop around for the best policy or look at the alternative called a Health Share, half the price of regular medical insurance.

HEALTHSHARE- these have been around for years, alternative to carrying regular medical insurance. They pay you instead of the doctor or hospital, and then you pay the doctor or hospital. They also help you negotiate the price. Research these first to see if you feel good using them. Currently 4 exist, so check all the terms with each one to see which meets your needs. Search health share on your computer, four or five should come up, check each one's terms carefully, read the small print. You should be doing this anyhow on any business agreement before signing on.

HSA- health savings account- your insurance needs to have a \$ 5000.00 deductible, you only need to keep 2000.00 in it if offered by employer, 2500.00 if self employed or retired. Anything you put in over it, you have the option to invest in a mutual fund and the money is tax deferred or tax deductible. Check with your accountant for exact amounts. Let me explain the difference between tax deductible and tax deferred. Tax deferred- are benefits you receive from employer, like 401k plan and health savings accounts, it comes off your income before tax. This helps lower your taxable amount of pay, which is a good thing. Tax deductible- is deducted after tax, also good, used with IRAs, SEPTS and self employed or retired health savings accounts. The reason you want to use these is because when you do go to access this money it will be at a lower tax rate. Check with your accountant for more detail.

LOANS;

MORTGAGE- get the amortization schedule for your loan, it is a breakdown of your monthly payments in interest and principal format for the full term of the loan. Most mortgages are laid out where the interest amount is higher and the principle is lower in the beginning of the loan, as the loan gets paid off it reverses. The reason for this is most homebuyers either sell their house or refinance it in the first 5 years. Smart investors pay extra principle each month to cut the interest. This is how you take a 30-year mortgage and pay it off in 15 years or less. You should do this with all loans.

AUTO- interest rates are negotiable, so check with your bank before using the dealer; they usually will give a better rate if you bank with them. Also pay extra principle against the loan; these loans are not tax deductible, so try to pay them off quick.

CREDIT CARDS- pay off your credit cards because they're not deductible and the interest they charge is way to high. If you have a lot of credit card dept, consider a consolidation loan to get it under control. Keep just one credit card and cap it at 5000.00. If you need to borrow more than 5000.00, go get an equity or personal loan, there is no reason to be paying these high interest rates. A credit card is supposed to be used for emergency only, if you pay off your balance each month, that's fine, but most people destroy there credit because of credit card dept, don't become one of them. Always pay your balance off each month so you don't pay interest. This will also control impulse spending. Consider freezing your credit, it costs around 10.00 for each reporting agency and it will help with identity theft. No one can take loans out in your name; you just enter a password to unfreeze your credit to get a loan. With all these companies getting hacked and loosing your personal information, you need all the protection you can get. When shopping try to give the least amount of information to the retailer as possible, remember it's all on computer for someone to hack. don't give emails or phone numbers if you don't need to. Have 2 e-mail accounts, one for junk mail like retailers, friends and family and a second one for people you do business with like banks, brokers and so on that have secure sights and only send you important info you need. Always be secure with your personal information, remember this is the digital age, what ever you put online goes all over the world for people to see. Everything can be hacked, if you want the world to see it, post it. If not, keep it to yourself if you want to be secure.

Check your credit report once a year, it is free and it will give you a good piece of mind. Fix all discrepancies you find on your credit report immediately, don't wait. **THIS CAN CAUSE LONG TERM DAMAGE.**

MAC CARD (DEBIT CARD)- have bank cap withdraws to 200.00 or less a day. This will help cut your spending and if your card is ever stolen they cannot wipe out your account in one day. Make sure your not being charged for using your MAC card, if so change banks. Use MAC card for cash only, not purchases. Its better to use your credit card for purchases, this way if your identity is stolen, it's on the credit card instead of your MAC card and it much easier to dispute without affecting your savings. When buying on the Internet use preloaded gift cards, this way if your identity gets stolen, they only get the value of the gift card.

ENTERTANMENT-if you like hitting the bar, going out to dinner, ordering out and so on, you will need to get a handle on this. Breaking these habits will be hard, but not UN attainable. Make your own coffee in the morning; pack your own lunch for work. All these cost cuts will increase your savings. Besides it will be healthier for you in the long run.

MISALANIUS EXPENCES- I did not cover all expenses in this breakdown, but you should have a good idea how the budget works. Make sure you know where every penny you make is going, this will give you the exact numbers to work with. When you know all your expenses, then you will be able to do the necessary cuts. Remember the whole idea is to build your savings so you have money to invest. You may have to do without a lot of things, but most things you buy depreciate the minute you take it off the shelf anyway or it's already out of date and something newer or better is already coming out. Buy things that meet your needs, not things because it's the newest and greatest technology.

I see so many people blow their money on junk that they use for a week then tosses it in the closet. Remember your trying to become an investor not a hoarder of junk. Put your focus on buying things that will appreciate in value, don't be afraid to haggle on price. When you purchase something it should be worth more than you paid for it. The whole idea about being an investor is buy low sell high. Make it your daily habit, because once you start trading you want that killer instinct to go after the best price and close deals. And if your doing it in your daily life, you will bring that instinct to the table with you when you are trading. This type of attitude will become natural to you. Well good luck with getting your budget done, just remember to be honest with it, it's your money, you should be the one dictating how it should be spent. Just like at work, your boss pays you and tells you what needs to get done, when you are paying someone money for a service or buying something, you hold the cards. Do not be afraid to say 'NO' if a price is too high or you think you can get a better deal. No is a very strong word, learn to use it as much as possible.

I need to mention this before concluding this chapter; I have seen the markets wipe out many people over my time being an investor. It could be in stocks or real estate, did not matter. In real estate they maxed out their equity by taking loans out for new cars and just stupid things they did not really need. When the market turned on them, their mortgage was more than the value of the property. Build your equity by paying extra in your monthly payments. And if you're going to use it, buy another property. There is a lot of money to be made in real estate, but that's another book and I am not going to get into it. I wrote a book called 'STOP TAKING ALL MY MONEY'; it will give you a basic start in real estate. As far as IRAs and 401ks are concerned, these are not your personal piggy banks. You need this money to retire and that's what they are meant for. This is why I put the budget as the first chapter in this book. If you do not know how to manage your money, the rest of this book is useless to you, because you are just going to lose it. Remember the old saying 'a fool and his money are easily parted'.

CHAPTER 2 BASICS

Once you have completed your budget and have an idea of how much money you have to invest, we can get started on where to place your money. Investors come in all different shapes and sizes from day trader, swing trader and long term buy and hold trader. There are two types of ways for picking stocks and Mutual funds. They are fundamentals and technical analysis; we will use both when researching our investments. There are certain indicators we will watch to know when to get into an investment and when to get out. We will also learn to control risk, this is very important for your survival as an investor. The market as a whole only moves in three directions, UP (greed), DOWN (fear) and SIDEWAYS (uncertainty). This is what you will be reading in the charts when you view them. I will get more into this when we get into picking stocks and using technical analysis.

Lets start by explaining the different types of traders.

DAY TRADER- day trading is just as it sounds, you buy and sell during the day and you are out of the market by the end of the day. Day traders use charts to make there trades, they will look at news and fundamentals before and after the market opens and closes so they have an idea of the direction of the market before it opens. They will not trade against the market because they are trying to capture a small profit above the opening price or below the opening price if they are shorting the stock. They make there money by buying a lot of shares at once, then selling them once they move in the direction they want it to and then cash out. To make money in this type of trading it takes a lot of money or you can borrow money from the broker on margin. This means if you lose on your trades you are out of money or you owe the broker.

This is the highest type of risk trading, as a beginner you should stay away from this type of trading until you are very good at technical analysis and fundamental. Don't get me wrong you can make a lot of money but you can also loose a lot of money if you don't know what your doing. I have friends who have made a good living day trading, but they took the time to train on every aspect of technical analysis and fundamentals before they started trading. I also have a lot of friends who were taking to the cleaners because they failed to get the correct training before becoming a day trader, to put it in layman terms, they were just gambling. Remember the old saying, a fool and his money is soon parted. I only touched the surface of day trading, but we will be using some of the techniques with charting on picking stocks and funds.

SWING TRADER- this is like the day trader except you will hold the stock longer than a few seconds. Swing trades can last a day, a week and sometimes a month if you want. With this type of trading you will do your fundamentals and technical analysis before you set up your trade. You will know what price you are getting in at and what price you will exit the trade. This is fear, greed and uncertainty come into play, your entry and exit prices may not be exact, so get as close to them as possible. Do not get greedy and try to squeeze every penny out of the trade, when you are close to your sell point, exit the trade and get out, don't ever try to go against the market because you will always lose. In this type of trading you will use protective stops, this means if the market goes against you, your stock will be sold at a specific amount your willing to lose on the trade. Better to lose a little money than all of it. As your stock goes up, you will move your protective stop up to protect your profit. This is one way to limit risk in the market. There is a lot of money to be made in swing trading and we will be using some of the techniques of swing traders.

LONG TERM TRADER- trading long term means buy and hold, you are looking for growth and income (dividends) or both. This is the least risky of the three. Buying mutual funds are long term and can help your money grow at a safe rate, mutual funds have less risk than stocks because the fund purchases a lot of shares in different companies so your investment is more diversified than having the same money in just one stock. This is why 401ks; ira's and pensions invest in mutual funds. Mutual funds come in all different kinds of risk levels from high risk-small cap stocks, over seas stock and so on. Middle risk-S&P stocks, blue chip growth and value and so on. Low risk-bonds and money market and so on. The higher the risk, the higher the return.

The lower the risk, the lower the return. The rule of thumb for risk levels is if you are 40 years of age or younger you will be holding more in stock, if not all stock. If you are 40 years and older you will do a mix of stocks and bonds to help limit risk and build capital. In a 401k or ira I like to mix the risk because I know this is a long-term investment and I want to make as much money as possible with out totally wiping out my principle part of the investment. I buy a fund that has a mix of blue chip growth stocks and bonds in it. This way I am making money no matter what the market is doing. With the blue chip stocks I am getting money from growth, dividends, short term and long-term capital gains. And with the bonds I am receiving interest.

My mix is a 60% stock, 40% bond. If you are young and have a long time to wait till retirement you may want to increase the amount of stocks verses bonds in your fund. If you stay focused and do not touch this money until you retire, you will have a nice nest egg to live off in your golden years. You will see a lot of people who borrow from there retirement accounts and then have to pay it back plus interest to avoid a penalty, I do not agree with this, because this is your retirement and you will need to live off this after you stop working. The more money you have working for you the more money you will make. The only reason you should be touching this money is for emergency use only. If you did your budget correctly and stuck to it, there should be no reason to be pulling money out for pleasure use.

Mutual funds use a cash averaging approach, you put money in monthly and if the market is up you are buying less shares at the high price and when the market is down you are buying more shares at the lower price. If you have a 401k were your employer matches up to 6% more or less depends on the employer, its like getting free money, so why not at least put in what the employer is matching. Besides this is all before tax money and it lowers the amount of income tax you pay. If you are 50 or older you can also put money into a thing called Catch Up. This is for the older people so they can build up their retirement savings. If you want to retire early, you should put the max aloud by the government into your 401k, ira and catch up. There is a calculator called the 72t, it calculates how much you can take out per month from your retirement accounts if you desire to retire early and feel you have enough money saved. It gives you 3 quotes, you must go by these quotes so you don't get penalized for early withdraw. The calculator can be found online if you search 72t calculator.

One thing I want you to know is that with mutual funds they come with 2 types, load and no load funds. When researching your funds to invest whether it funds your 401k offer or funds for your ira, make sure they are no load funds, you do not want to be paying big commissions on your money. Also check to see what the fees are for the fund, this can also eat away at your profits. To check out your funds, go to yahoo finance, and enter the symbol for the fund and check the fund out, if it does not tell you if the fund is no-load or loaded, ask the broker. If your fund is in a 401k plan, the employer usually pays the fees and load. If you leave your job, you have the option of taking your retirement account with you. Do a roll over to an ira plan, if you like the fund your in, you can request them to set up your ira and do the roll over for you. Also while were on the subject, when you go to pick a broker for buying stock, use a discount broker, not a full service broker. There is no reason to pay high commissions if you're the one picking the stocks. Search discount brokers for a list of their fees and commissions and minimum amount to open an account.

When trading stock you use a stockbroker, when buying mutual funds you buy directly from the issuer of the fund to avoid transaction fees. You want 100% of your money working for you without having to pay unnecessary fees and commitions. You can buy index funds which have lower fees because they invest in the stocks that make up the index, like the DOW, NASD AND S&P and so on. When we get into picking stocks, you will get a better idea what type of stocks are in each type of index. If you want to know what stocks are in each index you can just go to big charts.com and view them under stock screener. I am going to give you a list of web sights to put in your favorites on your computer later in the book. If you want to join these sights as a member, use your junk e mail address when joining, because you will be sent a lot of garbage e mails. Now lets get into the different exchanges, there are three main exchanges for buying stocks on. There are other exchanges over seas that are in china, Europe and so on, but the main three are in the U.S.

NEW YORK EXCHANGE- this contains all your big companies, like your blue chip stocks. A lot of the stock mutual funds that invest in blue chip growth and blue chip value funds pick there stocks here. You will see these type of funds listed in your IRA or 401k plans. Because they offer both growth in the value of the stock and income from the dividends and capital gains. Long term buy and hold investors also like holding stocks listed on this exchange.

NASDAQ EXCHANGE- this contains mostly tech stocks, day traders like this exchange because it offers faster growth stocks. The risk is a little higher here, but the return on investment is also higher. Stocks that pay a dividend tend to move slower than stocks that do not.

AMERICAN EXCHANGE- this contains a lot of medical and bio stocks, speculators like this exchange because if one of these stocks come out with a new drug, big money can be made. If bio and medical interest you, try buying an ETF instead, they move up slower but do not carry the high risk that speculating does.

All three of these exchanges carry a mixture of different stocks, it does not matter which exchange you buy from just as long as you did your technical and fundamentals of the stock your purchasing. I did not cover PINK SHEETS. These are penny stocks; I do not buy stocks on the pink sheet unless we are in a strong bull market. Pink sheet stocks or penny stocks carry the most risk; so try to stay away from them. If you find you want to invest in them, only use money you can afford to loose. There are more than enough stocks in the other three exchanges to buy, so why risk your capital. You will here a lot of people complain about Wall Street versus Main Street. But lets think about that, Main Street is all your IRAs, 401ks and pensions.

If all three decided to keep all their money in money markets or bonds, Wall Street would not function. People need high returns so they can retire and support themselves. So remember when you hear Wall Street versus Main Street, you do have a choice on how your money is being invested. If you have ethics and do not like a certain company or industry, don't invest in it, that's simple.

Next we will cover indexes, these you will monitor every day to see which direction the market is moving. I will break down the main ones because there are a lot of them. You may want to add other indexes to monitor depending on what you are investing in.

DOW 30- this index is made up of the top 30 companies, most people use this as a glimpse of how the market is doing. This can be a false indicator due to not all companies are doing great.

NY COMPOSITE- this index is more accurate on seeing how the stocks in the NEW YORK stock exchange are doing. There will be times you see the DOW rise and the N.Y. COMPOSITE decline.

NASDAQ- this index is made up with a lot of tech stocks. There are other types of stocks in it, but mostly tech stocks.

S&P 500- this is the standard and poor's index, top 500 companies picked by standard and poor's. Most mutual funds try to compare their performance to the S&P 500 to show their returns against it. Also good for an overall view of the market.

FTSE- this index is the London exchange, it is good to monitor in the morning and after hours when the stock exchange is closed to get an idea what the market is doing before you start trading. Remember I told you this is a global economy, things that happen overseas does affect the market, which is why I monitor it.

GOLD- if you invest in metals like silver, gold, copper or mining stocks. This is a good indicator. Also a lot of investors run to gold when the market is in a decline.

OIL- this index is good if you invest in energy, gas, airlines and so on stocks.

FUTURES- these indexes are all good to monitor, they cover the future price of almost anything that is sold; coffee, sugar, cattle, pork, lumber and so on. Also futures cover the 3 big indexes- DOW, NASDAQ and S&P. you should check these before you start your trading day to see the direction of the market.

The next chapter we will be going on line to actually watch these indexes and indicators. Make sure all your security is up to date on your computer, some programs you might want to add to your computer are windows silver light or google chrome, ad block, peer block windows security. These programs are all-free and protect your computer from unwanted garbage on the Internet. Some sights will not work with peer block, if you come across this, just shut it off. We will be using 4 sights through the rest of this book, so check them out before we start. Put these sights in your favorite column on your computer so you have easy access to them once we get started.

BIGCHARTS.COM- peer block does not work on this sight; so make sure your security is up to date. We will be picking our stocks from this sight. Use ad block on all sights. Do not join this sight.

FINVIZ.COM- peer block works on this sight for research, but you will be opening an account on this sight and you will not be able to use peer block when you do this. Use your junk e-mail to open all accounts on the sights we will be using to open accounts on. We will be doing a lot on this sight, like fundamentals, charts and news. Also we will be checking futures, indexes and government data. Learn to use this sight like it's the back of your hand will improve your investing dramatically. Use ad block on all sights. This sight does not do mutual funds. You will be creating your watch list on this site and learning paper trading before you start using cash.

FREESTOCKCHARTS.COM- peer block works on this sight when doing research, but you will be opening an account here so don't use it to open your account. use your junk e-mail account. Use ad block on all sights. This site we will be doing technical analysis using charts and oscillators. This is another site you should become very familiar with because charting will be a big part of your trading. Charts don't lie; the news may say one thing and the chart may show another, believe the chart. This site does everything like stocks, mutual funds and ETFs. You will be creating your watch lists on this site and learning paper trading before you start using cash.

YAHOOFINANCE.COM- Use peer block and ad block, do not join this sight. We will only be using it for research on mutual funds and hard to find stocks that are not on finviz. Also use for a quick view of the markets at open before we start trading.

Now that you have your sites, follow the instructions I put after each site and load the sites on your computer, also load the software from PEERBLOCK.COM, ADBLOCK.COM, GOOGLE.COM and MICROSOFTDOWNLOADS.COM before you visit these sights. Get this done before you start to the next chapter, we will be going on line for the rest of this book and you will need to be ready to switch from one site to the other with ease. That's why I told you to put these sites in your favorites on your computer. Make sure all your security is up to date on your computer; you don't want to get malware or viruses on it. I only picked these sites because they are the ones I have had the best results with, but there are other sites out there that are pretty good that you may find out there. But with this book we will only be using the sites listed.

CHAPTER 3 – PICKING STOCKS

In this chapter you will need to be on your computer before we start. You should have an account with FINVIZ and FREE STOCK CHARTS so you can create your watch lists. We will be picking a lot of stocks, but after we run through their fundamentals and do the technical analysis of these stocks you will only come up with 2 or 3 stocks worth buying. Make sure all your security settings are up to date before we start. Ok lets get started; first web sight will be BIGCHARTS.COM, so go to it. Peer block will not let you on this page, so shut peer block off for this page. On big charts home page click MAJOR MARKET INDEXES, next page click STOCK SCREENER.

Now we are ready to pick stocks, you will see MLP/ETF and ADA after the company names on these lists, for now we will not be adding these into our picks, I will explain them in the next chapter. Right now lets just focus on individual stocks. Your settings right below the word STOCK SCREENER should be NYSE and LARGEST % PRICE GAIN. Lets look at this list, under price we want stocks between 5.00 and 20.00, below five could carry more risk if there is a correction in the market. And above twenty also requires more out of pocket cash. NOTE; only write down the symbols for each stock you pick, we will be only using symbols on the other two sights that we will be using. We are looking for stocks that are over sold and have a big upside to them. On the % CHANGE line we are looking for positive numbers in green. Under VOLUME we want stocks that trade at minimum 1 million shares a day.

Under DOLLARS TRADED, we want a B or M after the number, that's million or billion dollars traded. All these criteria's must be met for us to pick a stock to add to our watch list. If not met, do not write it down as one of your picks. Write down the stocks on this page that meet what we are looking for. Now go to the box that shows LARGEST % PRICE GAIN and click the arrow. Note: don't worry if you do not find a stock in some of the pages, we will find some picks because there are a lot of stocks to go through. Now go to LARGEST NET PRICE GAIN highlight and click LOOK UP. Next go to 52-WEEK HIGHS BY % PRICE GAIN, after that go to MOST ACTIVE and last go to MOST ACTIVE BY DOLLARS TRADED. Note; we will only be checking these 5 criteria's when researching our picks under each exchange.

If you are looking for stocks during a bear market or down day in the market, you will have fewer picks, if it is a bull market or up day you will find more picks. Now go to the box that says NYSE in it and hit the arrow, go to AMEX and hit it and go through all the 5 listings we just did with the NYSE. Now change AMEX to NASDAQ and run through your 5 criteria lists. I did not have you look at the BULLETIN BOARD list because these are usually high-risk startup stocks and easy to loose your money on. The only time I would screen this section is during a strong bull market and I would look to sell it quick after it hit my sell target. As long as the company met my screening of fundamental and technical analysis. In most cases they don't. So that's why I don't waste my time with them.

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