

## **The Way I Make Excellent Money In The Stock Market Easily And Safely**

Any ordinary person can make a lot of money trading stocks in the stock market if they apply themselves and act with discipline. There are various instruments and techniques to choose from to accomplish this success. The kind of trading you decide to focus on should be a work and practice that is best suited to you, your personality and interest. For me (to date) my preferred practice is the buying of Call or Put stock Options, based on technical (chart) information, and considering macro conditions. My size of money commitment to any trade is always based on the amount of "certainty" I have about an expected move. The easiest way to lose money is to trade speculatively, without very strong or very high probability present.

I will not explain here the definitions of every term I use, but they are common and can be learned easily and quickly if you are seriously interested in this opportunity.

Also, I must state that I am not giving advice, nor making any recommendations because I am not a licensed advisor. Any actions anyone makes based on my postings or writing here is done at their own discretion.

Most of my trades are short-term and only one at any time. I prefer to never hold overnight so the ideal set-up allows me to enter early in the day and exit by the end of the day, taking advantage of the majority of the whole move. Ideally there will be both a pattern completion and an influential announcement simultaneously. When these strong set-ups do not occur I am on the sidelines watching and waiting for them.

In constructing this stock Option I select an expiration date of about 4-7 weeks to avoid dramatic deterioration (called Theta). The strike price I like is the price that I am predicting the stock will go to (called 'out of the money'). For longer-term Option trades (say 1 or 2 weeks), the expiration date I select is around 2-3 months forward.

I always avoid an Option with a bid-ask spread of more than about 8%. Large spreads are the norm for lower-volume-traded individual company stocks and the leveraged ETFs. This is a very important factor every trader needs to consider because in most of these cases the spread is ridiculously large and foolishly risky, in my opinion. Therefore the instrument I and most traders trade are the non-leveraged ETFs that have the highest average daily volumes, and also the smallest spreads. (An ETF is similar to a mutual fund except that they strictly reflect just a sector or industry). The most heavily traded general market ETF traded by Options traders is ticker symbol SPY. For gold: GLD. For oil: USO. For real estate: IYR, etc..

I rarely do an outright (non-Option) purchase or Shorting of any individual company's stock or ETF, but when I do I only consider those that have an average daily volume of at least 500,000.

## **Trading Basics:**

One of the biggest mistakes a trader makes, for various reasons, is not immediately exiting a trade that begins to fail.

Basically, you perform your trading through an 'online brokerage'. An account can be started with a small amount of money. I trade using an account I started at Scottrade. Trades can be made either from one's personal computer (which is cheaper and faster) or called in for a Scottrade employee to place. If you are investing for retirement, and know you won't need to withdraw money until age 70 1/2, and are under 70 1/2 years old, then an IRA account at the brokerage would be the wisest type of account to trade with. Because all of your gains from trading will never be taxed. Otherwise, a 'regular' account would be what you would start. Trades for us non-professionals are only enacted during the regular hours of the stock market which is Monday - Friday 9:30am - 4:00pm.

There are 3 aspects of trading to always consider, and in order of importance (in my opinion) they are: Technicals, Fundamentals, and Events. By Technicals I mean the behavior of a stock's price which one monitors on a chart. Fundamentals is the actual current value of a company or sector. And Events is current events that influence price.

To monitor a chart's Technicals online I use the very affordable basic membership service of StockCharts.com. I use candlestick type markings, and although the daily timeframe chart is what I use most, all of the timeframes of a stock need to be examined. This 'technical analysis' is not difficult to learn but must be learned since price almost always moves based on it. There are many aspects of technical analysis, but the only 4 I monitor are: horizontal support/resistance levels, volume activity, trendlines (including channels), and patterns. Price and volume activity "speaks" to us the trader, and in time you will learn what those messages are and use these messages in your planning and decisions.

The second aspect is Fundamentals, the true value of a company or sector. But its influence is not as great as one would expect it would be.

The last aspect is current events. Along with this would be a consideration of macro conditions that would affect a sector positively or negatively. More often than not, an event will take a stock's price up or down immediately. Examples of events are: quarterly earnings announcements (if trading an individual company), significant world news events or geopolitical activities, and market-moving data announcements (such as

employment or inflation numbers). These are listed ahead of time on online 'economic calendars'.

I rarely ever trade individual stocks. I trade un-leveraged sector indexes.

Once you understand the things I've talked about here, and assuming you are able to perform my technique, I am confident that you will also have impressive stock trading success. Good luck and may God bless you.