The Red Roadmaster 's

eBook

Knowledge is Power, investing in the Stock Market™

Knowledge is Power

The Stock Market is driven by fear and greed. Now is the time…

As a Live Trading News subscriber, you are eligible to down load my eBook, ***Knowledge is Power,*** to receive the weekly Red Roadmaster Technical Report on the Major Markets + Forex, Gold/Silver and Crude Oil, the daily Stock Talk technical analysis to help you to understand important technical movements in many exchange traded stocks and receive the Stock Preacher trading idea alerts, all Free.

The Big Q's: 1) How can I make money trading stocks?

2) How does the Stock Market work?

You surf the Internet, watch the news, read the paper, and talk to your friends and associates, so you have heard about the Stock Market: The Dow Jones Industrial Average, The NASDAQ, The S&P 500, The Toronto Stock Exchange, The Hang Seng and the many others around the globe.

You hear and read about the investment world every day, but perhaps you do not fully understand it.

You are not alone. The stock market is a mystery to most people.

The stock market is not difficult to understand if you take the time to learn what it is about and how it works. Doing that could make you a lot of money by investing and speculating in the stock market every day.

I propose to help you to develop the mindset and confidence you need to make money trading stocks in any stock market, using your computer or PDA. Today you can buy, sell and trade stocks in virtually any market around the world 24/7.

The Stock Market

If you are a first time investor, and even if you are not, your main objective is learning how to preserve your capital. Investing in the stock market has risk associated with the rewards

There are lots of ways to invest in the stock market – and lots of ways to make and lose money as a result. The biggest mistakes are made by investors who trade in investment products without understanding the risks involved, and without considering their own risk tolerance.

So before you jump into these investment products, you should first learn the game you are entering.

Many people look at investing as their ticket to riches and out of the daily financial challenges they face. And people, being people, often take more risk than they should, all in the pursuit of making fast money.

The key on the road to financial freedom is *knowledge*, and it begins with an understanding of stock market investing.

So please take the time to study and absorb the information contained in the following pages, it could mean a fortune to you. I believe that it will be well worth your investment of time. **Knowledge is Power.**

Some recent history

Nine years ago, the NAS (National Association of Securities Dealers and Quotes: NASDAQ) had the biggest spike in the history of any US stock market segment.

In late September 1999, the NAS, which is chock-full of technology stocks, headed North big time. The move created instant stock market millionaires on the back of a seven-year, very healthy-overall financial marketplace.

Because the stock market was so good, it got the attention of millions of average people who had never in their lives bought or sold a stock on their own. They left that business to brokers, or simply bought mutual funds from their banks or insurance agents.

People watching the stock market, particularly the NAS, returning investors up to 20%+ annual returns, decided it was time to get involved with personal investing. The Internet and Charles Schwab were the visible pioneers in the no-frills personal investing arena. .

Soon, millions of people opened trading accounts and started trading stocks, and most were not armed with the basics of what trading/investing is about. Essentially, folks were flying by the seat of their pants.

Internet online trading was growing at 40% a month, as people quit their jobs and discovered that stock market day-trading was easier than working a 9 to 5 job; lots of folks were making money, and this was obviously the way to wealth.

Then, on March 10, 2000, the market sold off strongly, to begin a Bear Market that lasted throughout the year.

A Bear Market means stocks go down by at least 20%, as compared to a Bull Market, when stocks go up. This was hard on the investors who had recently gotten into the stock markets because they had not experienced a bear market before, and most did not know how to play and/or insure against it. Remember, they were mostly undereducated.

So they kept buying their favorites, dollar cost-averaging down, as the pundits were telling them to do on TV and Radio. Nevertheless, the pullback was a big one, more than 20% much more.

Here in the West, regular folks look up for their inspiration and not down for the most part so they are usually Longs (buyers) not Shorts (sellers). Savvy market players made more money faster on the downturn than was made on the uptrend.

Huge numbers of new investors were baffled. Not only did they not have any prior experience, but had no instructions either. They just watched their stocks keep falling day after day without understanding why.

Icon stocks like Microsoft, Intel, and Dell saw their stocks retrace 50%+. In the 8-month timeline between March and December 2000, and on the tail of the biggest Bull charge in history came the sharpest stock market decline in history, as it snapped back to the trend line.

The essential point, in the spring of 2000, was that the complexities of productivity in the business cycle did not trump the obvious, which was that the NAS had reached unsupportable levels. The last recession was nine years earlier, and that was way too long. Like an airplane flying straight up, eventually lift diminishes as the power runs out; the engine stalls and the plane falls back to Earth. People have been known to be hurt – sometimes badly.

How did the millions of newly minted investors come out?

The answer is, not very well.

Over 3T US$'s in perceived market value was lost, mostly to the unskilled investors holding long positions. Many people lost their newly found fortunes.

However, there were and are bright spots, many, many bright spots.

Investors, who took the time to learn what to do when the Bear begins to feed, made fortunes beyond their expectations.

These folks availed themselves of good information, such as you will find in the following pages, about why the Bull had charged, and why the Bear's bite could kill.

Today, the stock market is very much different than it was 10 yrs ago, and so I believe that you need more good information now to be successful.

We are in the Information Age.

The Internet has changed virtually everything in our lives. Stock market Information that reached us the next day in our daily newspapers now arrives in nanoseconds.

Daily price movements of over 100+ points up or down on the leading averages are commonplace nowadays.

The world has shrunk in the Information Age; we live in a global village. When something happens in Europe or Asia, our stock markets react instantly.

I will not give you information on what stocks to buy and sell in this purposefully not sophisticated presentation, but I will be guiding you to a center of gravity, laying out the fundamentals, and coaching you how to win in the stock market. Remember, you only have to be 51% right…

Here goes…

First and foremost, you cannot think of the free market as a meaningful independent reality. It is always shaped by factors such as economics, politics and war. But above all, people are emotional. They tend to herd behind leaders or leading events, and this can lead to great riches or to great losses. When times seem positive, greed appears. When your friend or neighbor tells you how much money she or she is making in stocks, you'll find a way to jump in. If the reverse is happening, you'll join the crowd heading for the exits. That's fear. Perhaps it should not be like that but it is, and has been from virtually the beginning of man on Earth.

Next you must know what the Stock Markets consist of, as follows:

1. As a beginner in the stock market, almost always you will hear the terms, "penny" and "junior" stocks ($5.00 and under). As your stock market for beginners guide, let me tell you this, there is nothing in the investing world that can make you more money overnight without the attendant risks than the "pennies." Penny stocks can have huge percentage gains in a very short period and then fade just as fast, but if you understand how to invest in them, it is a power tool for profits. Penny stocks are listed on all exchanges today: the NYSE, AMEX, NAS, but principally on the OTC Pink Sheets and Electronic Markets www.pinksheets.com one of the largest markets in the world.
2. The NYSE, AMEX and NASDAQ have much more stringent listing requirements than does the Pink Sheets and that means that smaller companies with sales of less than million dollars have a place to list and trade in real time. The standards are set by the exchanges, and not by the Securities and Exchange Commission.
3. The Pink Sheets OTC market operates the PTCQZ; the tier system is OTCQx, OTCBB, Pink Sheets and Grey market. It is interesting to note that through the first three quarters of 2008, over $9.5 Billion was traded in otcQX securities. In September, otcQX US$ volume surpassed OTCBB.
4. The cost of "penny" stocks cost can be from $5.00 to hundredths of a penny, and that means for $100 you can buy a lot of shares and the profits can be huge, but the down side is that you may not be able to do any fundamental analysis, or technical analysis on an issue.
5. So, to play in the "penny" market, you need to enlist the help of savvy penny stock advisors, traders and brokers that deal with them, otherwise you will be at a major disadvantage. The big brokerage houses usually will not let you buy or sell penny stocks; however, their trading desks all trade them for their own accounts. The penny market is huge and trades close to a trillion shares and hundreds of millions of dollars a day.
6. The other major US Stock Markets are: the New York Stock Exchange, the American Stock Exchange and the NASDAQ, the major Canadian Stock Exchange is: The Toronto Stock Exchange or TSX, and here is a reference list of the World's Stock Exchanges for your files: http://en.wikipedia.org/wiki/List_of_stock_exchanges For beginners and intermediate not professionals the US and Canada exchanges offer the best resources for trading in the Stock Market.
7. Last, but not least, it is my advice not to listen to the financial news, either on the Radio or on Television. One of my analyst friends refers to what you get there as biased babble that is designed to create hysteria The same applies to Internet chat rooms; this is all mostly not reliable or misleading information for the beginner.

The "How To Do" Steps

How to open an Online stock brokerage account

To begin investing, you must have stock brokerage account. As an investor, choosing a broker is one of the most important decisions you'll have to make. Below are five things you want to look for before you open an account.

An advantage of the Internet is that folks now can open stock brokerage accounts online, where the account holder can buy and sell stocks online from home, office, on PDA virtually from anywhere at anytime using that account.

1. Decide what you need:
   a. Do you need information about stocks?

b. Do you need to talk to live person by phone? A live person can be a real helper when you are starting out, but sometime there is a long wait if the 800 # has a long queue

c. Do you want ease of use and speed?

d. Do you want a full service broker or a discount broker; It is up to you to pick the broker that meets your needs. Again, the choice is up to you, but taking charge of your own portfolio can be a very rewarding and profitable experience. (see footnote 1, Full Service vs. Discount Stock Brokers) 1

2. Decide which online broker is best based on your answers to #1 above.

   a. See Consumer Research: http://www.consumersearch.com/www/internet/online-brokers

   b. Interface and ease of use: Before you open an account, open your Internet browser, and visit the website of each firms you are considering. The feel of and ease of use of the site will be just as important as the services they offer.

3. Decide how much money you want to deposit into your new account. Some firms have minimum requirements. Start with a comfortable amount, the amount depends on your financial situation; $100 to $100,000.

4. Download and complete the account application for the broker you choose, and it is likely that you will be required to send in some original documents with your signature. It is on the application that you designate the kind of account you want: Cash, Margin, Options, or IRA. (see Footnote 2 below)

5. Once you have your account approved, usually only a day or two you can transfer money to your new account. Some online brokers allow you the option of wiring money directly from your bank account to theirs instead of posting a check; this is the efficient way and allows you to open your account almost immediately.

You are now ready to Trade, Lock and Load

In order to make a stock trade you have to be specific about how you want the transaction to happen. The following are common order types you will encounter when placing an order to using an online interface or the telephone:

1. **Market Order:** An order that requires immediate execution at the best price available. These are the cheapest trades to place as there is nothing required of the broker but to execute.
2. **Limit Order:** this is a order to make at a specified price. This guarantees the price at which you will buy or sell a security. Limit orders can be more expensive than market orders.
3. **Stop Order:** A market order that trades after a specified level has been reached. This may be a stop-loss or stop-limit. This can be a good way to protect your downside, but not always because the price cannot be and is not guaranteed; many seasoned traders do not recommend using limit or stop order.
4. **All or None** (AON): A stipulation on a limit order either to buy or sell a security only if the broker can fill the entire order, not part of it.
5. **Day Order:** this is an order that expires at the end of the business day if it has not been filled.
6. **Good till Canceled (GTC):** this is an order to either buy or to sell a stock y that remains in effect until the customer cancels it or until it is executed by the broker, some are automatically cancelled at the end of the month if not filled. Different brokers have different rules.

7. **Fill-Or-Kill:** this is an order for immediate execution. If this kind of order cannot be filled immediately, it is automatically canceled.
8. **Short Sale**: Short selling is an advanced investing technique in which stock is borrowed and sold with the hopes of returning the stock at a lower price. This is not for the beginner or intermediate trader; seasoned players only.
9. **Buy to Cover:** this is an order placed to close out a short position, it is not likely you will be using this one either

Let's now go back over the Basics, they are very important.

One of the most important investment decisions you will make has nothing to do with which stocks you buy. I am talking about selecting a broker. Study the information above carefully, it is valuable.

The 12 step recap:

1. Brokers are the people who handle customer orders to buy and sell securities.
2. Do not forget that a broker is a salesperson, and charges high commissions; that is one of the very good reasons not to use a full service broker; learn to do your own research and control your portfolio.
3. Minimum balances required to open an account range from thousands of dollars to nothing at all.
4. All brokerages charge commissions to execute orders. This fee varies widely depending on the type of brokerage.
5. Look out for hidden fees for transactions, sometimes if you are not active you will be assessed a maintenance fee.
6. Full-service brokers offer a lot of services that you can do on your own, and they are expensive.
7. Discount brokers do not offer frills or extras, and they are efficient and affordable.
8. Online brokerages have changed the industry by lowering costs.
9. The type of brokerage you require depends on your personal needs.
10. Remember to check the background of all brokers and firms; this is the Information Age, use it.
11. The type of account you need depends on the type of securities you want to buy and sell.
12. There are many ways to execute an equity order, they are easy to learn.

Footnotes:

1) **Full Service Broker vs. Discount Broker** There are two different types of brokers; full service and discount.

   Full Service: If open an account with a traditional brokerage firm, you will work one-on-one with a personal stock broker. He or she will offer investment ideas, prepare reports about your portfolio, give you a run-down of how well your investments are doing, and generally be available with a single phone call or email to buy or sell stocks, bonds, mutual funds, or other investments for your account. In addition, the full service brokers offer a variety of different research sources to their customers, however, not in penny stock. In exchange for this one-on-one service and guidance, you will be charged a significantly higher commission.

   Discount Brokers: are set up for the do-it-yourself investor. They do not offer investment advice. They execute orders once you have decided to buy or sell a stock, and you will likely do your trading online; or if you decide to call in your order, with the first available broker. In exchange for giving up personal contact with a regular broker, you will be charged a much lower commission.

Commissions: The big difference between full service and discount brokers is the cost of the trade, and the commissions differ from firm to firm. One may charge $30 per trade, and another may charge $8. So it is important to compare brokerage firms before you open an account

2) **Types of Accounts: T**here are four major choices you have when opening a stock trading account

Cash Account: The basic account where you deposit cash to buy stocks.

Margin Account: a Margin allows you to borrow from your broker against the cash and securities in your account. Note: Not for Beginners because profits may diminish quickly when you use margin, advanced managements skills are required an extreme care must be used, even then it is dangerous.

Option Account: Only seasoned investors should consider this choice. This type of account allows you to trade options, which are much riskier investments than stocks or bonds.

IRA Account: For US citizens wanting to set up an individual retirement account.

Note: If you find you are not satisfied with the broker you choose initially, it is very simple to move your brokerage account to another broker. You contact the new brokerage you are signing up with and they will either do the paperwork for you or help you with the forms.

Frequently Asked Questions

The basics Q & A's:

1) What is Common Stock and why do companies issue Common Stock

Answer: When a company wants to raise money (called Capital), one of its options is to issue shares (Common Stock), it can also issue bonds, or borrow (take a Loan) from a bank, but stock raises capital without creating debt (without creating a legal obligation to repay funds.

2) What do the buyers of the Common Stock, the new owners of the company, expect for their investment?

Answer: Simple - they expect to make money, and have other investors pay them more than they paid themselves.

3) What is Shareholder Equity?

Answer: Shareholder Equity represents the amount of money the investors have invested in the company.

4) What is the Price/Book (P/B) ratio?

Answer: Price to Book is the stock price at a particular time, divided by the book value.

5) What are dividends?

Answer: Dividends are a company's tangible income shared with its shareholders.

6) Can a stock broker be relied on to provide well-analyzed, well thought out information and recommendations?

Answer: Yes and No, a stock broker is in business to sell you stock. Would you trust a used-car dealer to carefully analyze the available cars and sell you the best car for the best price? Then why would you trust a broker to do the same?

7) Where do I get good information on what stocks to buy?

Answer: from people who get paid to analyze companies, and make carefully thought out recommendations.

8) What is a Stock Symbol?

Answer: Stock symbols are a must for the stock market for beginners. These symbols signify a particular stock of a company. Each exchange gives it own symbol for each stock. For example: Google is GOOG. You can find the symbol for any stock on sites like Yahoo Finance by typing in the name of the company in the Symbol Search window and hitting Enter.

9) What is a Penny Stock?

Answer: a "Penny Stock" is any company's stock that trades for less than $5.00 per share. Many of these stocks trade on NASDAQ, the NYSE, American Stock Exchanges and the TSX. There are thousands of fine companies that have a share price under $5.00 per share. In fact, Microsoft was once a Penny Stock.

10) Why should I buy a Penny Stock?

Answer: Penny stocks have many advantages over regular stocks and other investments. They are usually small, growing companies, have excellent prospects and can grow exponentially in a relatively short period of time.

11) Should I be afraid to invest in small companies?

Answer: There are always bad companies in the market, both big and small, but it is the small companies that can explode in price. There is no reason to be afraid of small stocks; one needs to be careful and choose an information source that is trusted and unbiased.

12) What is good stock market investment advice?

Answer: People who are risk-averse have not business in the stock market; the stock market is not for the risk-averse. For the risk-averse, the main investment avenue is T-Bills and Certificates of Deposits in Federally Insured Institutions.

13) How to make quick money in the Stock Market?

Answer: In the stock market world there is no way for you to make quick and easy money. It takes determination and patience and above all a sound investing strategy.

14) What is a Stock split?

Answer: Forward Stock splits help the small investors, as the price becomes lower and helps the investors with making a decision when to go in for the price. The overall liquidity improves and hence benefits the small investors. So, the overall effect of a stock split is the improvement of market quality, but in the case of reverse stock split the effect can be positive or negative. In a reverse stock split, you do not know what will be the price resistance to the new share price. As a stock market beginner, you need only to be concerned about the long term potential of the stock, and that should be enough to hold you through in the event of a stock split, forward (bonus) or reverse.

15) What does Bulls vs. Bears mean in the Stock market?

Answer: Bulls means those who are optimistic about a stock or the market, and Bears mean those who are pessimistic about the stock or the market. As you learn more about the Stock market you will see examples being given of a particular stock or the market as in a Bullish phase or in a Bearish phase; this is based on supply and demand.

16) The markets have been rough the past few months, what should I do?

Answer: Do not panic, stay calm. Times like this can be an excellent opportunity for you to dollar cost average your way into larger positions in some of your favorite companies.

17) What is dollar cost averaging?

Answer: Dollar cost averaging is a investing technique used to reduce market risk through the systematic purchase of securities at predetermined intervals and set amounts. Successful investors employ dollar cost averaging as it can lower an investor's cost basis, and reduce risk.

18) Why Do Stock Prices go up and down, down and up?

Answer: The stock market is an auction. Stocks are traded on Stock exchanges. At these exchanges, traders buy and sell shares of companies. Most often the price of a stock is determined by supply and demand. Econ 101: if there are more people wanting to buy a stock than to sell it, the price will be go up because those shares are rarer and people will pay a higher price for them. On the other hand, if there are a lot of shares for sale and no one is interested in buying them, the price will likely fall. Because of this, the market can appear to fluctuate widely as we have been seeing here lately. Even if there is nothing wrong with a company, a large shareholder who is trying to sell millions of shares at a time can drive the price of the stock down because there are not enough people interested in buying the stock he is trying to sell. Thus because there is little or demand for the company shares being sold, he has to accept a lower price.

19) Can I Invest with less than $100?

Answer: Yes, you do not have to have a lot of cash to start investing right away, and you can invest on a limited budget.

20) When do I know it's time to sell a stock?

Answer: There are many reasons to sell a stock; knowing when not to sell is as important as knowing when to sell. So do not be fooled into selling by 1) Falling stock price; if the company is sound, it may be the time to buy more stock. 2) The Stock price rises; investors sometimes cannot stand a good thing and sell after the stock has gone up. Remember that stock prices do not

necessarily operate by the laws of gravity; because your stock has gone up does not mean that it will immediately come down. Some stocks keep going up for long periods, which is the reason we buy them. 3) Bad news and rumors; bad news about a stock/company can send a stock South. It might be a story about the company missing earnings or something more serious, like a government investigation. Before you get emotional, get the facts, not rumors, to assess the impact of the news. Is it a hiccup or a heart attack? Unless it is a very serious problem, most bad news goes away quickly unless it involves criminal proceedings or a fundamental change in the company's core business. If you feel it is a heart attack and not a hiccup, it is probably time to cut your losses quickly, and move on.

The best advice that I ever got on the Stock Market was this: "*If you buy a stock that you like, and the next day its price get cut in half, either buy more or sell and move on."* That was from Warren Buffett to me personally in 1967 when I asked him the Question: Warren, tell me about the Stock market?

Then I told him everything I knew about Ferraris; at the time I was an expert.

Happy investing, all the best, **Red**

Glossary of Stock and Investing Terms**

Don't let a confusing word or term put you off investing in the stock market. Learn the jargon and talk like a pro.

http://stocks.about.com/od/glossary/Glossary_of_Stock_and_Investing_Terms.htm

****Glossary of Stock Market Terms courtesy of About.com**

There is an old Wall Street adage that no one rings a bell at major market tops or market bottoms.

1. Avoid Information Overload: Too many people spend so much time worrying about all the different "techniques" that they end up doing nothing.

2. Stock Sectors: Get in the right place at the right time so you do not arrived hours late to what was a great party!

3. Execution: Learn how to get in on good stocks before they move and stay in them while they trend up. Let's get your money working for you. Fact: The Trend is Your Friend.

"I must create my own system or be enslaved by another man's, my business is not to reason and compare, but to create" ---*William Blake*

The Red Roadmaster's Simple way to wealth and independence on an hour a day, 6 days a week; rest on Sunday.

1. Savings: if you have the means and are so inclined then: Buy 1 each of the 30 stocks on the DJIA (include that discount broker commission in the cost) and put them away for a rainy day...say 10 yrs out.

2. Tune out all financial media and do not read the Wall Street Journal or Investors Daily, Forbes, Fortune or Business Week, etc. if you must read western financial news read the Financial Times of London.

3. Subscribe to www.stockpreacher.com , down load "*Knowledge is Power*", study it, and visit the site daily for relevant business information and the technical analysis featured in the Stock Talk Section.

4. Pay close attention to each email alert that you receive and faithfully read the Red Roadmaster's weekly market report and technical analysis.

5. Each Monday Stock Preacher puts out a trading idea alert, click on the Stock Preacher subscriber's link for the trading idea for the week. If you have the means and are so inclined, then buy according to your means immediately and at the same time put a sell order in at target price (a Stock Preacher and Professionals Trading Secret) that fits your plan above your purchase price, we use 20% as a conservative target. (It is not necessary to include the discount broker's commission). When the target price is reached, the sell order will be executed immediately, and the cash will be in your brokerage account in 3 days.

6. Should you repeat the above exercise, it is likely that at the end of 1 month you will have doubled your money. If that is the case, be prudent and remove your "case money" and begin again, this time with the money that you have made from the first 4 buy/sells.

7. Using the Stock Preacher Alert Trading Ideas each week your potential at the end of 52 weeks is a whopping___________ should you have committed US$100.00 or ____ %, for each multiple of 100 multiply it by that amount and you can visualize the potential return.

8. Once you have done this for 52 weeks using the methods preached on the Stock Preacher, you will likely have an amount of money that you can use for your personal, family, and continued investment and financial diversification.

9. As you become familiar with Investing and Trading in the Stock Market you will learn of other opportunities; be sure to do your Due Diligence on each and everyone.

10. You are now on the Path to wealth and financial independence

How to avoid financial pitfalls, and live like a millionaire when you become one...

Good Habits: Live within your means and delay gratification; then when you make your million/s you will know how to keep it.

Believe that you can do it. The Rule of Positive Expectations. You have to have self-belief that you can be financially successful.

Be able to speak and write your vision for success. I want to be rich is vague. You must form the image of what your ideal life as a millionaire will look and be like. Example: I want to have US$2,000,000 invested so that I can live off of the interest. Then I will quit my job so that I can volunteer, travel, learn to play tennis and watercolor, and enjoy picnics at the beach with my family. Cut out images from magazines of beautiful places you want to visit and people doing fun things and put them up around you to help you keep that vision in mind, write in your journal about these images.

Insure against life's risks. Bankruptcy is often caused by a death in the family, or a disability that renders someone unable to work. So protecting against those risks through insurance protects wealth. Understand Insurance.

Work hard, do not do work only for money, do something you love to do and you will get lucky, the money will come. You likely will not excel in something you do not love doing.

Practice smart budgeting. Keep track of what you spend and keep your spending on tracks, maintaining a good credit score is essential to becoming and staying a millionaire. A good credit score can save you thousands of dollars over the course of your lifetime.

Decide how much money you really want. When I was working for 11c an hour after WW II I thought if I made $100 a week or $5000 a year I would be rich. Now for many people, $1 million will not be enough. A more reasonable goal might be $3 million for live like a "bare bones millionaire" today. Consider your ideal lifestyle and what you would like to be able to fund. Home, Vacations, College tuition for your children... Having a concrete goal in mind makes it easier to get there.

Invest against the grain. Making investment decisions based on the exact opposite of what everyone else is doing. Like now, stocks are relatively cheap because so many people have sold off shares, which means anyone buying can get them at a big discount to their real values from a year ago, the same applies for a home.

Always live below your means. scale back your purchases out of concern for frugality, and do not fall victim to the financial challenges so many are facing.

Special Report

The Red Roadmaster's 12 Commandments on how to play the New Bull Market or how to ride the Bull's Charge.

Be smart and learn how to play the markets on this Bull Charge.

My work shows that there we are in a new Bull Market and it began at precisely at 1500 hrs EDT on March 9, 2009 when The Flying Dinosaur™ flew, no matter what you hear in the mainstream media.

The Twelve Commandments needed to Ride it. (I tried to make it 10 but could not do it)

1. The World Markets are at your finger tips.

The US markets only represent 20% of the World's economy, there is a lot more out there and the global markets are accessible by everyone in the US with a good computer. Learn about the BRIC (-R) sans Russia for now. The US markets usually lead and this time it is no exception so there is opportunity around the world, learn about them.

2. No need to take needless risk.

When you learn what you like and when, make the move promptly. You likely will not catch the bottom or the top, virtually no one does. Study the Support/Resistance and Key indicators as proceed. Pay Attention and Be Nimble (PABM).

3. The Stock Market is alive and will attract lots of people like you

The stock market is a living, vibrant entity and rises on buying and declines on selling. Learn to recognize this action and the trends when you are trading.

4. Control your emotions; the market is a business of discipline, courage, and patience, not the emotions of Greed and Fear.

The pavement of Wall Street is full people who preach the past; you should always be tuned into the present, here and now. Tune out the Noise and focus on the business of your trading.

5. Pay no attention to the Broker that cold calls you; and they will.

If you are in the market, some broker will call you and tell you now is the time to buy "these" shares because…. This always happens at a top of a market and when the Big Brokers have to distribute their shares; do not do it fall for their pitch, the chap got your number from the phone book or other public source. Stay with the people you know when you need information on stocks, and of course your own research as you become more and more adroit at it.

6. Diversifying your portfolio.

Diversify means investing across different asset groups with separate strategies. Learn them; it is Your Money and Your Responsibility (YMYR) Pay attention.

7. A Forecast is a Guess; ignore them.

Economists missed the recession, most strategists missed the downturn, and some prominent analysts are conflicted in their work, and just talking heads.

8. Learn to Invest and Understand. (LIU)

It is OK to underperform the indices in a Bull Market; there is no reason to go "All In." This is not a game of Texas Hold 'em, where the tough bluff. The stock market has infinite risk tolerance, an infinite time horizon, and very deep pockets, (the rule of Gambler's Ruin). You cannot compete with major market indices, so do not try. Stocks with good technicals are most often the main gainers. This is happing now as the Bull Charges, learn to Ride it.

9. Be Patient.

There are lots of investment opportunities. If you missed one, there will be another. Patience is one of the key rules.

10. Be Courageous

If you see a stock that you like and are confident of the play, do not be afraid, savvy traders invest, do it early, and often.

11. Plan your work and work your plan

Plan your work and work your plan and always keep a journal so that you can learn from your mistakes; you will make some. The most successful traders on the Street are usually right about 40% and make huge profits.

12. Profits and Loses

Learn to cut your losses early and let your profits run, and remember that you never get poor taking a profit, but do not let the emotions of greed or fear conquer you, you will lose.

Introduction to Day Trading Stocks

If you are reading this, it is likely that you have decided to learn to be a Day Trader.

The following provides you the basic information needed to get started:

You will learn what day trading is, the markets that can be day traded, the tools needed to begin, and a simple overview of the basics that provide you with a foundation to learn more and progress in this popular trading arena.

The Basics

What is Day Trading?

Day trading is the buying and selling of financial instruments, such as stocks, currencies, futures, and options with the goal of making a profit on the position from the difference between the buying price and the selling price in the short term. Day Trading positions, no matter what the security, are usually never held overnight or when the market for such security is closed.

Formerly, Day Trading was only available to professional financial company traders and not private individuals, the reason being that the professionals had the only direct access to the exchanges and market data flow.

The advent of the personal computer and high speed Internet allow individuals direct access to the same exchanges and market data as the financial company professionals, allowing the individual trader to make the same trades at a very low cost per transaction.

The Markets

There are several markets throughout the world where financial instruments can be day traded. The most popular types of day trading markets are stocks, currencies, futures and options.

Within these market areas, there are groups of markets based on stock indexes, currency exchange rates, and commodities.

Day traders now have access to all of the exchanges and their markets through direct access brokers that provide fast trade execution at low cost.

Learning to Day Trade

There are many ways for an individual new to day trading to learn how to day trade efficiently. If you are such a person, you start by looking at the various instructional methods. These methods include day trading seminars, books, and online courses. Knowledge is Power.

How to Start Day Trading

Starting to day trade may seem like a difficult undertaking, but once you have a good understanding of the basics, you will be able to start trading with confidence.

First, you have to study and process the information on what you want to trade; next, you have to choose a trading broker; then you have to set up your trading account; subscribe to a stock trading data service with the Level 2 feature (see Price Transparency below), and then you have to manage your trading and refine your trading skills.

As you progress, you will exchange trading ideas, thoughts, methods and feelings with other traders and friends. This is all basic to our human existence.

Trading is a natural business.

Basic Day Trading for Stocks

The Day Trader's primary focus is the buying and selling of stocks for a profit.

The trader starts the day (session) by choosing and buying a stock or stocks (putting in a position/s) and then does his best to sell or exit the position/s at or before the end of the session, the "day" trade.

Successful "day" transactions allow the trader to "bag" a good short-term profit/s, often within minutes of putting in the trade, and limit the risk of the emotional sale of the stock/s that may be due to fluctuating price in an active volatile market. Volatility is the Day Traders friend (see # 3 below)

Swing Day Trading happens when the day trader holds the stock/s for relatively longer period of time such as for few hours and/or a few days to establish big profits. Swing trading runs the risk of unstable market prices of the stock/s, and is a specialty on its own

Position Trading: the position trader buys the stock/s and arranges the sale/s keeping in mind the position and/or the market value of the stock/s. This may requires keeping the stock/s for few minutes, hours, days, weeks or months, but good returns often inure to the trader's benefit.

The Online Trader: Any one of the above, but the sale and purchase of stocks is done via the Internet. Since this trading is through the medium of the computer, an efficient computer with a 24-hour Internet connection is an essential requirement.

Some important governing factors when buying and selling stocks

1. **Liquidity:** Liquidity is the amount of buyers and sellers in a stock/s. The greater the liquidity of the stocks, the easier it is to buy and sell them. This depends on factors such as: the number of share holders, outstanding shares, volume of transactions made and the number of market makers.

2**. Volume:** Volume is Key to liquidity. It can be easily evaluated, i.e. day trader's stock/s should trade actively and daily.

3. **Volatility:** Volatility represents the ups and downs the stock/s experiences daily. If the volatility is low then the stock/s does not have appreciable fluctuations up or down and is not a good candidate for day trading.

4. Price Transparency: PT is the term used for the market depth and the ability of the trader to acquire knowledge about the order of the stock; for that Level 2 is a must. Level 2 is available from all live stock data subscription services.

Some of Red's Tips for Successful Day Trading

As a Live Trading News subscriber, you are eligible to down load our eBook, ***Knowledge is Power*****,** to receive the weekly Red Roadmaster Technical Report on the Major Markets + Forex, Gold/Silver and Crude Oil, the daily Stock Talk technical analysis to help you to understand important technical movements in many exchange traded stocks, and receive the Stock Preacher trading idea alerts, all Free.

Study the market before proceeding with the purchase of any securities.

Always invoke the Rule of Positive Expectation. It works.

The market indicators displayed on television and announced on radio are not the best means to know about the market trend on any trading day.

Do not always be motivated by profits. Every transaction may not and often do not translate into profits.

You must adopt a disciplined strategy and hold to it.

Do not flop around from one method to another.

Be determined and patient. You may not be able to "bag" immediate gains; profits do come to those who work hard at it. It's your money; therefore it is your responsibility.

Understand that there is risk in day trading; learn your tolerance for risk; where there are profits there are losses too.

It is said that day traders make huge profits by being only 40% right, and to achieve that they are very focused and disciplined people.

Have a very successful day trading,

Red