

My Secret Formula  
For Finding Penny Stocks  
Pre-Spike



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## Rule #1 – Piggyback on stocks that have already spiked a little

One of the quickest ways to identify a spike in the making is to start by [finding a stock that's already moving](#). Use the research tools out there to find stocks that are already moving.

## Rule #2 – Look for potential breakouts that are reaching new highs

Always look for stocks that are breaking out to new highs – especially those that are still up on the day and holding the morning high.

## Rule #3 – Bet on price action

- You need to bet on is a stock's price action because it will give you the real story about a stock.
- Stock's chart movement will help you to identify whether it's breaking out to a new high or not and whether it crossed [VWAP](#) or not.

## Rule #4 – Do your research

### Proper preparation is key

Digg into a company's SEC filings. Read through presentations like the one OHGI posted – let alone try to interpret what all the information found there means. Don't be like most traders.

Success requires hard work. It requires determination. It requires the ability to do what other people won't do in exchange for the kinds of rewards those traders will never enjoy. Proper planning isn't fun, but it is necessary.

### Think like a retired trader

Don't buy into a stock because you read online that you should. You only make a play when the signs line up and when your research tells you that the setup you are looking at meets the criteria for your patterns. That's why you have to like to [think of yourself as a retired trader](#).