

My Student Jonas's Guide to Penny Stocks



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How to Begin

There are several different ways to start learning penny stocks:

- You could start by looking at some of Timothy Sykes's DVDs to learn before you open up an account with a broker.
- The second way is to open up a brokerage account. You can even fund the minimal amounts required on a margin account, if you are averse to risk. Even if you aren't going to trade right away, the benefit to having a good online discount broker is you can watch the markets and data in real-time.
- If you don't want to trade with real money, you can always practice with a broker that offers simulated/paper trading.
- If you're really serious, the fourth way to start trading stocks is to just join the [Millionaire Challenge](#). With this plan, you'll get a DVD folder with 48 DVDs, access to two chatrooms on Profit.ly, about 3,500 recorded online videos and access to 3-4 weekly 1-2 hour live webinars with Timothy Sykes and his millionaire students. On top of all that, you'll get a new video each day about the trading day and Tim's watch list.

Here's how to put all of that together and get started:

Step #1 – Start by watching all of Tim's free videos

Watch them, and get excited and to start learning.

Step #2 – Start to buy as many DVDs as you can

In particular, I recommend [Penny Stocking](#) and [Penny Stocking Part Deux](#).

Those two DVDs will show you how to trade Tim's strategy, though there are plenty of other great options to choose from as well.

Step #3 – Open your first broker account and start easy by paper trading

For best results, trade only the amount you have for real trading in your paper trading portfolio. For example, let's say you have \$5,000 in your bank that you'll start to trade with later on. When you trade on the paper trading account, only use that same \$5000 to trade with.

Let's say you buy a stock called XXX. It's trading at \$1, and you buy 1000 shares. The stock would have to move up so that you will cover the cost of the commission alone. Commissions are typically \$4.95 per trade, so to have a profit, you'll need to cover your commission on the buy and sell of the trade.

You buy the stock XYZ 1000 shares at 1\$ = \$1,000

Buy commission = \$4.95

Sell commission = \$4.95

Then, you sell all your 1000 shares of XYZ at \$1.1 = \$1100

\$1100 – commissions = \$1090

You've now made \$90 on that trade. (You'll also need to pay tax on your earnings, which will be different based on where you live).

Basically, the larger the number of shares you buy on a stock, the lesser the price need to go up for you to start making money. You can then buy and sell all the stocks faster and just look for smaller price movements.

Step #4 – Start trading for real

At this point, it's time to fund your account. These are a few of my favorites:

- <http://bit.ly/1RBKRBv> (non-US citizens)
- <https://us.Etrade.com/> (non-European people)
- <https://www.Thinkorswim.com>
- <https://www.Interactivebrokers.com> (for European people)
- <https://www.tdameritrade.com>

All the different brokers have different amounts and rules to have a trading account. Also, there are several different types of accounts you can choose from, depending on how you want to trade. If you just want to buy stocks and sell them if they go up, then you need a regular account. If you want to short trade stocks you will need a margin account. As a word of caution, always trade with money you've saved and that you don't need for rents and bills.

Step #5 – Join Tim's plans and learn even more about trading

Tim offers 3 plans that you can choose from, including:

TIMalerts

TIMalerts provides a great bang for the buck with daily watch lists, chatroom access and real-time trading alerts.

PennyStocking Silver

The most popular plan is Tim's PennyStocking Silver plan, as you receive access to not only to his chat room, daily watch lists and real-time trading alerts, but you also receive daily video watch lists, access to his 1,500+ video lesson library and new video lessons weekly.

Tim's Millionaire Challenge

Tim's [Millionaire Challenge](#) is something you'll have to apply for, and this is the most comprehensive plan you can choose (and the best one, in my opinion).