

64 Penny Stock Trading Rules  
To Honor My \$164,000 Profit  
Week, I'm Mad You Probably  
Don't Know Them, Do You?



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1. Cut losses quickly — always rule #1, always the most difficult to abide by due to ego, when I'm wrong on a stock I HAVE to get out when it doesn't go my way.
2. Get out of trades when they don't go my way — one step up from cutting losses quickly, many people are surprised to see me take 5-10-15 cents/share in profits if the stock doesn't do EXACTLY what I expect it will within minutes, hours or days of my trade, depending on the expectations I lay out in the trade alert, based on patterns like these.
3. Understand the small losses and small gains don't get me rich, but they protect me from big losses and if I focus on taking good trades, those that do EXACTLY what I expect DO make me rich...so the key is giving myself opportunities to hit home runs, but taking singles, doubles and even strikeouts every now and then to protect my downside risk.
4. While shorting penny stocks isn't a walk in the park, nowhere else in the stock market can you make such predictable 30-70% profits in a day as exemplified by these live trades captured on video.
5. Be able to go both long and short, I know it's tough, but try not to be biased either way as some of the worst companies in the world have perfect technical breakouts and while that squeezes stubborn short sellers, agile traders are long the breakouts because they understand market mechanics...like VEND's recent breakout in the \$4s before it spiked to \$9 and VISN's PERFECT technical breakouts which led to serious Supernovas (as outlined in this DVD study guide), \$5-15 in 3 days, and \$18 to \$31 in 3 days.
6. Despite the entire world hating on penny stocks, the manipulation and the patterns it creates is predictable and so are the profits if you follow my teachings...many people didn't believe me when I turned \$12,415 into \$1.65 million in 4 years, but now that I have 2 students doing the same, and especially Tim Grittani who is beating my rate of return given that he's up from \$1,500 to \$1.41 million in 3 years, well, let's just say you can doubt me all you want — my first millionaire student even wrote this post saying I was full of BS before coming around and making \$1.2 million in just a few years now — EVERYONE comes around eventually...that's the beauty of being 100% real and transparency.
7. Keeping a detailed trading diary on Profitly is key to figuring out what trades/patterns you should do more and less of...Tim Grittani's mistakes when he first started with me was not being organized and trading too many random patterns...now he's zeroed in on what works best for him and he made \$80,000+ last week alone...an above average but rather typical week for him as of late.
8. I can profit from ANYWHERE in the world, even if my internet connection isn't that great...as I proved by making this \$70,000+ profit from a \$12 million yacht with terrible satellite internet while off the coast of the British Virgin Islands with 6 of my top trading challenge students.
9. Growing an account exponentially might sound like a daunting task, especially when the regular finance world is content to make 10-20%/year, but by focusing on trades like this, it can be accomplished faster than you imagine.
10. Ignore non-volatile, illiquid penny stocks — every company has a “great” story, focus only on actively traded stocks that are in play and moving very quickly...as I explained to Neil Cauvto [HERE](#)

on FOX I just want to make 20-50% within a few hours/days, take the meat of the move, then move onto the next hot play...not sit around and day dream about a possible 100-500% win like far too many penny stock “investors” mistakenly strive for.

11. It's okay to be wrong if you cut losses quickly...I'm only right 72% of the time, but my wins more than make up for my small losses.

12. When the market is on fire with plays like it is right now, I will not sit back and play it safe...I will push it and take larger positions because of the all the opportunities and that's why I'm up 75% in the first 2 months of 2014, nearly \$400,000 in profits, matching my entire 2013 where I still made a decent 66% on my money.

13. All of these profits and success stories sound great, but it's important to remember 90-95% of traders lose money...how is that possible? It's because they trade with their gut and have no specific framework for trades...always go into a trade with a specific plan of what to get out at, both the ideal exit spot and the spot to exit the trade if it doesn't go as planned.

14. Don't believe any press releases or #s, fraud is rampant in penny stocks...the key to successful trading is just to accept that and use each stock/press release/pattern to try to grow your account and then move on, understanding that the vast majority of penny stock companies fail, go bankrupt and their stocks will go to zero over time.

15. Don't believe me? In this spoof video I mention 77 blatant penny stock pumps...pause the video when the tickers come up and look at their charts...the beautiful thing about penny stocks vs. real companies, especially those that are promoted by mailers, is that it's not a question of if the stock will crash, it's a question of when...I have no idea where stocks like Google, Facebook and GE will be months or years from now as the people trading those names are guessing how well their products and industries will do over time...that's a lot of guesswork with no real predictability and that's why penny stocks are better.

16. Even though most penny stocks will go to zero, they can spike a TON in the meantime, especially if the promotion is successful — never just short sell and then ignore the stock if it's going against you...logic and reason is often week, months or even years behind in the stock market.

17. My longterm newsletter has been on fire as of late with big wins like this, but usually I hold stocks for just 1-2 days when it's breaking out as a shorter holding period increase a stock's predictability.

18. 10-20-30% gains in a few hours or days are also predictable, but not 100-200-300% gains...gotta focus on taking as many predictable profits as possible, don't get greedy.

19. Having scanners like Stockstotrade.com can dramatically help your performance by finding great plays like it did HERE with EKS0 before the stock spiked 60%

20. Lists of basic trading rules and a few videos is not enough to truly understand my proven strategy...my trading challenge is an entire curriculum designed to mentor traders and create more millionaires as that is my goal in life.

21. This multi-millionaire trader is another great mentor to have in your arsenal and his bootcamp [HERE](#) will likely create several millionaires in the coming years given that he's sharing everything he knows about the stock market.

22. Don't be afraid to take the day off when there are no great plays, too many traders feel the need "for action" and they waste time & money looking for it.

23. Don't be desperate to trade — let the best trades come to you....one of my critics once emailed me "Tim you only trade gimmes, step up and trade real stuff like Forex". He's damn right I only trade gimmes and 5 out of 6 forex traders blow up in the first 6 months, not to mention given the liquidity and leverage entice the world's richest and smartest people to trade there so the competition is stiff and small traders have a great disadvantage.

24. Best case scenario for penny stocks is to make a few million dollars per year...while that's good for 99.9999% of the world, Wall Street spits on the lack of upside and so the competition down here in the gutter is almost entirely scammers and suckers...there's a nice niche available for those of us who are honest and simply want to profit legally from all the shenanigans around us.

25. It's possible to start with just \$2,000 in your account as my trading challenge student Azimjon started with \$2,200 and has grown it to \$160,000 in just over a year as you can see all the trades [HERE](#).

26. Yes, great gains are possible, but don't expect them at the beginning, my students' goal at first should be to learn the patterns/strategy, grow accounts big enough to be in the right place to fully take advantage of the best plays when they come about.

27. For example, this \$200,000 profit in one day by my top student was the result of years of study and preparation and all those that studying and small gains paved the way for this kind of a one day gain to happen.

28. Trading isn't the only way to get rich, there's actually more money to be made in teaching...just as I've learned...if you teach honestly...so my affiliates get 30% commissions on anyone they refer to my newsletters, see how it can add up fast [HERE](#) and it's a great way to get money to begin trading.

29. You can't trade penny stocks if you have \$50 to \$300 to your name...the commissions per trade will eat you alive so save up and get at least \$2,000 ideally.

30. You need the right broker...here's the brokers I use, none of them are perfect, we're working with new brokers so contact me [HERE](#) with your name and contact info if you want to be kept updated about new brokers I use and recommend.

31. Understand all the risks/rewards of what's involved with trading, this is a great post on the subject.

32. If you ever get an email with a penny stock tip, expect insiders and others will be selling into your buying.

33. I LOVE shorting scams, but sometimes there's no shares available to short...the gift and curse of my strategy...when that happens I watch this and remind myself it's all part of the game.

34. Try not to buy penny stocks unless they have a great catalyst...like a breakout over past highs and ideally news like an earnings win...see 2 examples [HERE](#).

35. One of the coolest things about penny stocks is because the niche is so small, breaking news takes days or even weeks to get priced into stocks — as opposed to a company like Google reporting earnings and thousands of traders/investors analyzing every part of the news within seconds — see some of my part-time trader students [HERE](#) and [HERE](#).

36. Don't take days off EVER from checking in on the markets though...especially in hot markets like these, even if you can check in for 30 minutes/day just to see if there's anything hot as it stinks to miss golden opportunities.

37. Most students aren't in this for the long haul — that's why I'm raising prices on these newsletters in 2 months to weed out those who just want hot picks and not to actually study and learn my strategy (so I'd jump in now and lock in current prices FOR LIFE — they fail to realize the stock market can change your life over the course of your life and the key is always keeping it in the back of your mind...not like a degenerate gambler thinking about Vegas, but just being prepared to strike when there are solid opportunities...like a sniper in waiting.

38. You don't need to sit in front of the computer 5-10 hours/day...when there's no plays, go outside and live and spend time with your family/friends.

39. To be the best trader, you must be ready to leave friends/family at all times to capture opportunities...I missed my college graduation but made nearly a semester's tuition...going to the bathroom #2 once cost me \$30,000...you have to choose how badly you want to be rich.

40. I'm not 100% disciplined, I mess up trades every now and then to spend time with my loved ones as you read [HERE](#)

41. I don't bring up the real world to make excuses for missed trades, but to help you understand how penny stock trading does take time to learn and practice so sacrifice is sometimes necessary.

42. Planning is fine, but there also needs to be execution...see these 2 trades when a good plan AND execution came together for serious profits.

43. NEVER trade stocks like Microsoft, Bank Of America & Priceline — you have no edge whatsoever and risking money without an edge is the definition of gambling.

44. What is edge? Where you have an advantage over your competition...by being meticulous and knowing about patterns like this, you can have a great edge over the competition in penny stocks.

45. Besides studying patterns, study successful traders, here's lessons from my 2 millionaire students so far.

46. I'm on a video kick, learn from these 4 multi-millionaire traders too.

47. Here's how those traders make \$200,000-\$300,000 PER DAY, it's legal, it's real and it's predictable.
48. See how my top students & I made nearly \$100,000 in one day.
49. If you're complaining about watching a few videos to master an art, you need to get your perspective changed. I learned the hard way over 14 years, my fellow millionaire traders teach to help you speed up your education process...you can learn everything we know within a few decades, but if you're diligent with your studying, you can learn it all within a few months, much better, right?
50. Whenever you feel daunted by too much studying, remember the rewards.
51. Once you get everything down, you can start being aggressive with stocks like these, but ONLY after you understand the catalysts that move stocks and the risks of being aggressive.
52. Read finance industry books listed [HERE](#) as background information.
53. Dig through the free blogs of my top students who have now each made \$1+ million [HERE](#) and [HERE](#).
54. Be humble or else the stock market will humble you.
55. Don't use leverage, I don't and this guy doesn't either and we've both grown our accounts far faster than we'd ever imagined was possible.
56. It's okay to have a small account at first, gotta get confidence and prove you can grow it before making the big bucks
57. Smaller accounts should be more aggressive with position sizing as making 10% on a \$500 position isn't as good as making 10% on a \$2,000 position.
58. NEVER go all in, no matter how good a stock looks, it's not worth risking disaster.
59. Don't believe gurus who claim to bank but don't show EVERY trade over a multi-decade career...lots of frauds out there, be careful.
60. Bull markets makes everyone feel like a genius, but most will crash and burn in other market environments, always remember the market will change...not a question of if, just when...be prepared.
61. I don't care which promoter hypes up what stock, as long as the stock goes up due to hype, manipulation and lies it's bound to come down eventually and that's a great opportunity.
62. I want pumps to go up as high as possible as that gives them more room to drop later on

63. By thinking of yourself as a retired trader who only comes back into the game to trade GREAT setups, you prevent over-trading not-so-great setups.

64. This vastly under watched DVD study guide 7-step framework is amazingly accurate, learn the 7 steps ASAP.

Here are some bonus lessons because I just want you to understand that to be truly successful in penny stocks and in life, you need to above and beyond what is required.

65. These are my 7 groups of haters...they're all wrong, but they don't realize it. I probably should be more mature, but it's fun to tease them, hate me all you want, but as time passes and I create more millionaires, everyone else who pretends to have stock market insight will wither and die, just like Trader Monthly magazine did.

66. Aspire to be this one day...work hard enough and achieve your goals.

67. Eat healthy and workout as an unhealthy trader has less energy and a slower thought process...health is crucial to successful trading.

68. I need to learn this rule more: — get ergonomic chairs and don't slouch as too many hours in front of a computer is REALLY bad for your neck and spine.

69. Understand celebrities don't know penny stocks, much less, finance so sometimes they get duped into promoting pump and dumps, like this guy who I took on.

70. The major financial media usually doesn't cover penny stocks because of the risk and misinformation surrounding them, that's fine...when they do cover them, they usually do it wrong aka pump up some piece of crap company...don't hate on the ignorant media, welcome their naivety for it creates opportunity.

71. Don't hate on those who literally think it's illegal to short sell penny stocks or that the pump in which they're invested is going to the moon...laugh off their ignorance and try to save them with good information..if they resist, recognize this is how the penny stock industry has always been and the truth/promoter conspiracy is tough for people to accept like The Matrix.