

Looking To Get Started With Penny Stocks?

If you are looking are thinking that Penny Stocks are a "Get Rich Quick Scheme", I'm sorry to disappoint you. Although great fortunes can be made from penny stocks, people can also lose everything they invest in Penny Stocks. The most important investment you can make at the start of your investment career is to invest in education.

Why Education and not stock?

Diving head first into the stock market is a great way of losing your money which is why we don't recommend it. The best thing to do is to read, read and read some more before investing. One of the best places to get free information on penny stocks and trading methods is from the internet.

Forums, websites, news sites and eBooks are a great way to improve your penny stock investment education. There are some great books that you can borrow from libraries or purchase cheaply from shops.

When reading on the internet, please be cautious of stock recommendations and strategies and methods. Stock recommendations and opinions from internet forums can be biased and cannot be fully trusted without doing your own research. Similarly, eBooks with strategies which promise great returns usually do not work as suggested. The reason for this is, even if the strategy worked well for the author, there is no guarantee that it will work for everyone else because everyone is different although you may learn something that you did not already know.

Google News has a business section which is group for free up-to-date information on stocks. Yahoo Finance also has good news section and also provides free charts and company information.

No matter who you get advice from, whether it's from a financial consultant or friend, you should always carry out your own additional research. You should make decisions based on facts rather than opinions.

When you feel confident enough you can try some "test trades". You can either keep a record of your trades on paper or you can use a stocks simulator website where you invest with "fake" money. There is a website called Champion Investor (ChampInvest.com) which is great for this purpose as it also calculates profits and losses automatically. Also, if you the top performer of the month, you will be rewarded with £1000.

Using a stock simulator means that you will not lose your hard-earned cash if you make a bad investment. Instead, you will learn not to do it again without losing your money.

If you are consistently able to make a profit with your "test trades" then you can move onto the real thing. Keep your investment strategy exactly as it was when you were making profitable test trades, but instead of using "fake" money, you will be using your own money through a stock broker.

So, to summarise - if you are looking to get started in penny stocks, please do not dive in head first without investing your education first.

About the Author

Sam Chim is an experienced penny stock investor. For more great penny stock advice, please go to his site: Penny Stock Advice

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