RICH TV LIVE

Stock Market 101

Welcome to Rich TV Live! Please note that past performance does not indicate future success and that none of these strategies guarantee any results. Trading is very volatile and you have the risk of losing all of your equity."

RichTV Live Intro

RichTV Live is a community of investors and entrepreneurs, focused on finding and picking the best options on the market today. By applying the RichTV Method, our community learns the skills needed to pick the best companies to invest in, grow and manage a portfolio and live with true financial freedom. Our community supports and encourages learning, with multiple active social media channels focused on delivering quality information that helps make it easy to understand how to win in the markets. Above all else, it is a great network of people that support each other.

Picking The Right Stocks

You must have a consistent method of picking stocks that are primed for growth. Our style is looking for tight float stocks that have solid financials, a good team behind them and potential for further gains in relevant sectors.

RichTV takes a lot of this guesswork out of the picture by sifting through the myriad of stocks available on the market, but the responsibility is on YOU to do your due diligence. It is always best to do your own research (DYOR) and to make sure you understand what it is your investing in, and why.

Growth vs Swing vs Day trading

Growth Trading

Growth investors look at a company's or a market's potential for growth. There is no absolute formula for evaluating this potential; it requires a degree of individual interpretation, based on both objective and subjective factors, and judgment. Growth investors may use certain methods or criteria as a framework for their analysis, but these methods must be applied with a company's particular situation in mind: specifically, its current position vis-a-vis its past industry performance and historical financial performance. It is best to have certain standard and measures to analyze quality companies. Let us take a look at some key factors to consider when evaluating a company's potential for profits.

Evaluate a company's profitability and potential for profits:

- Strong historical earnings growth: Companies should show a track record of strong earnings growth over the previous five to 10 years. The minimum EPS growth depends on the size of the company: for example, you might look for growth of at least 5% for companies that are larger than $4 billion, 7% for companies in the $400 million to $4 billion range, and 12% for smaller companies under $400 million. The basic idea is that if the company has displayed good growth in the recent past, it is likely to continue doing so moving forward.
- Strong forward earnings growth: An earnings announcement is an official public statement of a company's profitability for a specific period—typically a quarter or a year. These announcements are made on specific dates during earnings season and are preceded by earnings estimates issued by equity analysts. It is these estimates that growth investors pay close attention to as they try to determine which companies are likely to grow at above-average rates compared to the industry.
- Strong profit margins: A company's pre-tax profit margin is calculated by deducting all expenses from sales (except taxes) and dividing by sales. It is an important metric to consider because a company can have fantastic growth in sales with poor gains in earnings—which could indicate management is not controlling costs and revenues. In general, if a company exceeds its previous

five-year average of pre-tax profit margins—as well as those of its industry—the company may be a good growth candidate.

- Strong return on equity: A company's return on equity (ROE) measures its profitability by revealing how much profit a company generates with the money shareholders have invested. It is calculated by dividing net income by shareholder equity. A good rule of thumb is to compare a company's present ROE to the five-year average ROE of the company and the industry. Stable or increasing ROE indicates that management is doing a good job generating returns from shareholders' investments and operating the business efficiently.
- Strong stock performance: In general, if a stock cannot realistically double in five years, it is probably not a growth stock. Keep in mind, a stock's price would double in seven years with a growth rate of just 10%. To double in five years, the growth rate must be 15%—something that is certainly feasible for young companies in rapidly expanding industries.

Day trading

Day trading, as the name suggests, involves making dozens of trades in a single day, based on technical analysis and sophisticated charting systems. The day trader's objective is to make a living from trading stocks, commodities, or currencies, by making small profits on numerous trades and capping losses on unprofitable trades. Day traders typically do not keep any positions or own any securities overnight.

The biggest lure of day trading is the potential for spectacular profits. But this may only be possible for the rare individual who possesses all the necessary traits required to become a successful day trader, such as decisiveness, discipline, and diligence.

The U.S. Securities and Exchange Commission (SEC) points out that "day traders typically suffer severe financial losses in their first months of trading, and many never graduate to profit-making status."1 While the SEC cautions that day traders should only risk money they can afford to lose, the reality is that many day traders incur huge losses on borrowed monies, either through margined trades or capital borrowed from family or other sources. These losses may not only curtail their day trading career but also put them in substantial debt.

Swing Trading

Swing trading is based on identifying swings in stocks, commodities, and currencies that take place over a period of days. A swing trade may take a few days to a few weeks to work out. Unlike a day trader, a swing trader is not likely to make trading a full-time career, though a trader might choose to be a day trader and a swing trader.

Anyone with knowledge and investment capital can try swing trading. Because of the longer time frame (from days to weeks as opposed to minutes to hours), swing traders do not need to be glued to their computer screen all day. They can even maintain a separate full-time job (if they are not checking trading screens all the time at work).

TAKE YOUR PROFITS

If you see profits – Take Them! It is important to make sure that every time you see profits you are selling.

Depending on factors including:

- the stock itself, is it a new IPO? In a hot sector?
- the price movement, is it on an all time high? Is it within the trading zone?
- potential for news, do current global market conditions support the trend? Is it a bubble or is there some great news about to be reported?
- new catalysts, did they create a new product? Make a new merger or acquisition?

You want to time your exit and entry carefully. Remember, there is no profit until you sell. Set yourself up for a disciplined approach, making sure that if you see 10+, 15+ or 20+ % increases that you take them consistently.

We have seen stocks go crazy high at hundreds, sometimes thousands of percent.

It is attractive but it is **NOT** realistic to expect this every time. There will always be more stocks to choose and new opportunities, so it is absolutely important that you protect your capital and secure those gains every chance you get.

Growing your portfolio month to month by 10-20% is the goal. Yes, we will see some big ones here and there but its about being consistent.

Trend is your friend

The trend is the overall, average if you will, direction the stock is moving. If you see that its generally moving upwards, despite some ups and downs in between, you can assume its safe in a certain time.

If you see that the stock is trending lower, chances are it will continue until it hits a reversal, or some good news comes out about the company. Trading with the trend means you are already riding the wave. It is easier to align yourself with the trend as you see it and from there you can analyze your entry and exit points along the way. Do not get greedy!

Indicators and Charts

RSI

OBV

On-balance volume (OBV) is a technical trading momentum indicator that uses volume flow to predict changes in stock price. Joseph Granville first developed the OBV metric in the 1963 book Granville's New Key to Stock Market Profits.

Granville believed that volume was the key force behind markets and designed OBV to project when major moves in the markets would occur based on volume changes. In his book, he described the predictions generated by OBV as "a spring being wound tightly." He believed that when volume increases sharply without a significant change in the stock's price, the price will eventually jump upward or fall downward. The theory behind OBV is based on the distinction between smart money – namely, institutional investors – and less sophisticated retail investors. As mutual funds and pension funds begin to buy into an issue that retail investors are selling, volume may increase even as the price remains relatively level. Eventually, volume drives the price upward. At that point, larger investors begin to sell, and smaller investors begin buying.

Despite being plotted on a price chart and measured numerically, the actual individual quantitative value of OBV is not relevant. The indicator itself is cumulative, while the time interval remains fixed by a dedicated starting point, meaning the real number value of OBV arbitrarily depends on the start date. Instead, traders and analysts look to the nature of OBV movements over time; the slope of the OBV line carries all of the weight of analysis.

Analysts look to volume numbers on the OBV to track large, institutional investors. They treat divergences between volume and price as a synonym of the relationship between "smart money" and the disparate masses, hoping to showcase opportunities for buying against incorrect prevailing trends. For example, institutional money may drive up the price of an asset, then sell after other investors jump on the bandwagon.

Bollinger Bands

Bollinger Bands are a type of chart indicator for technical analysis and have become widely used by traders in many markets, including stocks, futures, and currencies. Created by John Bollinger in the 1980s, the bands offer unique insights into price and volatility. In fact, there are a number of uses for Bollinger Bands, such as determining overbought and oversold levels, as a trend following tool, and for monitoring for breakouts. A common approach when using Bollinger Bands is to identify overbought or oversold market conditions. When the price of the asset breaks below the lower band of the Bollinger Bands, prices have perhaps fallen too much and are due to bounce. On the other hand, when price breaks above the upper band, the market is perhaps overbought and due for a pullback.

Using the bands as overbought/oversold indicators relies on the concept of mean reversion of the price. Mean reversion assumes that, if the price deviates substantially from the mean or average, it eventually reverts to the mean price.

MACD

Moving average convergence divergence (MACD) is a trend-following momentum indicator that shows the relationship between two moving averages of a security’s price. The MACD is calculated by subtracting the 26-period exponential moving average (EMA) from the 12-period EMA.

The result of that calculation is the MACD line. A nine-day EMA of the MACD called the "signal line," is then plotted on top of the MACD line, which can function as a trigger for buy and sell signals. Traders may buy the security when the MACD crosses above its signal line and sell—or short—the security when the MACD crosses below the signal line. Moving average convergence divergence (MACD) indicators can be interpreted in several ways, but the more common methods are crossovers, divergences, and rapid rises/falls.

Highs and lows

Stock price fluctuations will take you to new highs and new lows (hopefully the former more so than the latter!). It is important to stay diligent and aware of what the past price action has told us and where we might see new levels of highs or lows. When a stock hits a point, it has never hit before, it is a new high. This is historically a dangerous level to purchase and we would never want to be “chasing” a stock as it tears up through new highs, as attractive or lucrative as it might seem.

Support and Resistance

Support is a price level where a downtrend can be expected to pause due to a concentration of demand or buying interest. As the price of assets or securities drops, demand for the shares increases, thus forming the support line.1 Meanwhile, resistance zones arise due to selling interest when prices have increased.

Once an area or "zone" of support or resistance has been identified, those price levels can serve as potential entry or exit points because, as a price reaches a point of support or resistance, it will do one of two things—bounce back away from the support or resistance level or violate the price level and continue in its direction—until it hits the next support or resistance level.

The timing of some trades is based on the belief that support and resistance zones will not be broken. Whether the price is halted by the support or resistance level, or it breaks through, traders can "bet" on the direction and can quickly determine if they are correct. If the price moves in the wrong direction, the position can be closed at a small loss. If the price moves in the right direction, however, the move may be substantial.

Most experienced traders can share stories about how certain price levels tend to prevent traders from pushing the price of an underlying asset in a certain direction. For example, assume that Jim was holding a position in stock between March and November and that he was expecting the value of the shares to increase.

Let us imagine that Jim notices that the price fails to get above $39 several times over several months, even though it has gotten very close to moving above that level. In this case, traders would call the price level near $39 a level of resistance. As you can see from the chart below, resistance levels are also regarded as a ceiling because these price levels represent areas where a rally runs out of gas.

Trend Lines

Trendlines are easily recognizable lines that traders draw on charts to connect a series of prices together or show some data's best fit. The resulting line is then used to give the trader a good idea of the direction in which an investment's value might move.

A trendline is a line drawn over pivot highs or under pivot lows to show the prevailing direction of price. Trendlines are a visual representation of support and resistance in any time frame. They show direction and speed of price, and describe patterns during periods of price contraction. The trendline is among the most important tools used by technical analysts. Instead of looking at past business performance or other fundamentals, technical analysts look for trends in price action. A trendline helps technical analysts determine the current direction in market prices. Technical analysts believe the trend is your friend, and identifying this trend is the first step in the process of making a good trade.

To create a trendline, an analyst must have at least two points on a price chart. Some analysts like to use different time frames such as one minute or five minutes. Others look at daily charts or weekly charts. Some analysts put aside time altogether, choosing to view trends based on tick intervals rather than intervals of time. What makes trendlines so universal in usage and appeal is they can be used to help identify trends regardless of the time period, time frame or interval used.

If company A is trading at $35 and moves to $40 in two days and $45 in three days, the analyst has three points to plot on a chart, starting at $35, then moving to $40, and then moving to $45. If the analyst draws a line between all three price points, they have an upward trend. The trendline drawn has a positive slope and is therefore telling the analyst to buy in the direction of the trend. If company A's price goes from $35 to $25, however, the trendline has a negative slope and the analyst should sell in the direction of the trend.

Momentum trading and low float stocks

Momentum investing is a trading strategy in which investors buy securities that are rising and sell them when they look to have peaked.

The goal is to work with volatility by finding buying opportunities in short-term uptrends and then sell when the securities start to lose momentum.

Then, the investor takes the cash and looks for the next short-term uptrend, or buying opportunity, and repeats the process.

Skilled traders understand when to enter a position, how long to hold it for, and when to exit; they can also react to short-term, news-driven spikes or selloffs.

Risks of momentum trading include moving into a position too early, closing out too late, and getting distracted and missing key trends and technical deviations.

Playing with the house's money

The most important part of investing is to protect your capital. This includes being disciplined with your gains and where you invest your money. One key strategy is to *play with the house's money.* This means that if you see a stock gain a significant amount, start selling. Sell enough of your holding to withdraw your initial investment and let the profit stay in the market. This way, you still capitalize on gains (albeit smaller) from price movement, but if the stock tanks you are not losing any of your invested original capital. Now, you have free shares of a new company AND capital to invest in the next winner. Sounds great right?

Bears vs Bulls

Bears: A bear is an investor who believes that a particular security, or the broader market is headed downward and may attempt to profit from a decline in stock prices. Bears are typically pessimistic about the state of a given market or underlying economy. For example, if an investor were bearish on the Standard & Poor's (S&P) 500, that investor would expect prices to fall and attempt to profit from a decline in the broad market index.

- A bear is an investor who is pessimistic about the markets and expects prices to decline in the near- to medium term.
- A bearish investor may take short positions in the market to profit off of declining prices.
- Often, bears are contrarian investors, and over the long-run bullish investors tend to prevail.

Because they are pessimistic concerning the direction of the market, bears use various techniques that, unlike traditional investing strategies, profit when the market falls and lose money when it rises. The most common of these techniques is known as short selling. This strategy represents the inverse of the traditional buy-low-sell-high mentality of investing. Short sellers buy low and sell high, but in reverse order, selling first and buying later once -- they hope -- the price has declined.

Short selling is possible by borrowing shares from a broker to sell. After receiving the proceeds from the sale, the short seller still owes the broker the number of shares he borrowed.

His objective, then, is to replenish them later and for a lower price, enabling him to pocket the difference as profit. Compared to traditional investing, short selling is fraught with greater risk.

In a traditional investment, because the price of a security can only fall to zero, the investor can only lose the amount he invested.

With short selling, the price can theoretically rise to infinity. Therefore, no limit exists on the amount a short seller stands to lose.

Bulls: A bull market is a market that is on the rise and where the conditions of the economy are generally favorable.

A bear market exists in an economy that is receding and where most stocks are declining in value. Because the financial markets are greatly influenced by investors' attitudes, these terms also denote how investors feel about the market and the ensuing economic trends.

A bull market is typified by a sustained increase in prices. In the case of equity markets, a bull market denotes a rise in the prices of companies' shares. In such times, investors often have faith that the uptrend will continue over the long term. In this scenario, the country's economy is typically strong and employment levels are high.

IF YOURE NOT WINNING YOURE NOT WATCHING Strategy

Here at RICHTVLIVE, we work hard to bring you the best picks but also to teach out our strategy. We aren't just a "picks" community, but a community of like-minded entrepreneurs and investors that all want each other to SUCCEED. With that in mind, RichTV Members get all the tools they need to be the best investor possible, and when we all contribute to the analysis and picking of stocks, we all come out on top as WINNERS!

Buy the Dip and Sell the Rip!

The number ONE RichTV Live strategy is to buy the dip and sell the rip. When we find great picks on our radar, it is not wise to just jump in and buy everything right away. We put them on our radar, and we wait. We hunt for that bottom price, because once we have identified hyper growth, tight float stocks that have the potential to fly we still have to make sure our entry is timed.

We watch it for a little bit of a price drop, and we start to purchase. If it flies up and we see significant gain, it is time to sell it out and wait for the market to come back to normal again. What goes up, will come down, and it is also the reason why we would never recommend buying at the HIGH. When we see stocks soaring, it's easy to FOMO in (FOMO – The fear of missing out) and watch the stock crash, taking with it all the equity you spent your hard-earned money buying into.

"If you're winning you're not watching."
-Richard de Soursa

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1. RICH PICKS DAILY MEMBERS CLUB
2. RICH PICKS DAILY CHANNEL
3. RICH PICKS GOLD / FOREX / US30

When you join our group chats you have the option to "mute" our groups to ensure that you're not overloaded by the constant stream of new information. There's lots of great discussions, but be sure not to overload your brain, read and educate yourself when you are able to and add all the picks to a watch list.