

Is it Wise to Invest in Penny Stock?

Everyone today is searching for ways to make fast money. With our declining economy, worthless retirements, rampant foreclosures and high unemployment Americans are trying alternate methods for investments.

Many are wanting to invest in penny stock, since they really don't have a lot to invest in to begin with.

So, what are penny stocks? They're common stocks which cost less than five dollars a share.

Today, it's impossible to actually purchase stocks for just a penny but five dollars is a great deal. Keep in mind though, that when you buy a penny stock they're usually from new untested companies that are searching for ways to raise their capital.

First, it's extremely important before you invest in penny stock to find out all there is about that particular stock.

It's true, you can earn money fast but then again, many people have lost money really fast. Keep charts and graphs on how the stock has been behaving for the past 6 months so you can try and predict how it will behave in the future.

You should have a broker that is very familiar with these stocks and will give you the honest truth about them, but if you want to do it on your own, be sure to sign up to a reputable online trading company.

Be a member and pay the monthly fee and you will have access to a lot of tools that will help you in your quest for good stocks to invest in.

Penny stocks aren't in the stock exchange, they are dealt over the counter, so if you choose to get a broker, they won't be working on a commission for the transactions.

Be sure that you are very knowledgeable with the many different companies which offer penny stocks.

You'll want to invest with companies that are well run and offer a good product. Be sure the company really does have a good chance to succeed.

Don't ever have any more than ten percent of your portfolio tied up in penny stocks.

Remember that seventy percent of all investors really do lose their money with penny stocks. So, just use caution and common sense when you invest in penny stock.

About the Author

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