Stock Market Day Trading with Stock-Trak

The Internet has given rise to a new breed of stock market investors—day traders. Day traders buy and sell common stocks within a day and typically close out their positions before the end of the day to avoid carrying a stock position overnight. The most popular trading strategy among day traders is “momentum trading,” whereby the day trader tries to identify stocks that have started moving up and will continue to move up through the day. Once a stock is identified, the day trader buys the stock and tracks its progress through the day. Some time later—perhaps a few minutes, perhaps a few hours—the day trader sells the stock to close out the position before the end of trading that day.

How do you identify stocks with sustainable momentum? Day traders often use sophisticated computer programs to assist their decision processes, but they must ultimately depend on instincts. While most day traders have a difficult time recouping their trading expenses, there are often spectacular successes to inspire the would-be trader. The beauty of a Stock-Trak account is that you can try your hand at day trading without risking your own capital.

To try your hand at day trading using your Stock-Trak account, simultaneously log on to an Internet stock quote server and the Stock-Trak Web site in the morning, ideally about an hour or two after NYSE trading has started. Note that Web browsers support several different sessions at one time and many stock quote servers also provide stock price charts. Next, identify several stocks that are up since the opening of trading that day. Most stock quote servers report intraday stock price statistics, including high and low prices along with an opening price and change in price. Pick two or three stocks and submit an order to Stock-Trak to buy these stocks. Stock-Trak will return a trade confirmation indicating the trade prices for your order. Print the trade confirmation so you don’t forget your trade prices. Later in the day, log on to Stock-Trak to close out your position and calculate your profits and losses. Remember, a real day trader will not hold a position overnight. It’s easier to sleep that way.

Stock-Trak Exercise

1. If it’s a rainy day and you’re bored, log on to Stock-Trak and a stock quote server and stay logged on for several hours. Indulge yourself with frequent buying and selling based on your instincts. Try to set a pace of executing at least five or six trades an hour. Be careful—day trading can be addictive and you might forget to go to your investments class.