Shorting Stocks

Disclaimer: Not financial advice

Shorting Stocks

- Shorting a stock is essentially borrowing the stock, selling it, and buying it back for less money, thus creating a profit for you
- You only make a profit if the price of the stock drops, and if the price raises, you lose money(you buy it back for higher cost)
- High Risk/Reward ratio
- Big Profits but unlimited losses
- Use all three type of analysis to look for price dropping
- A good strategies is to find overvalued stocks and short them
- Make sure to set a loss stop b/c you can lose a lot
- Generally short term
- You should actively monitor the price

Definition of short selling: sell stock or other securities or commodities which one does not own at the time, in the hope of buying at a lower price before the delivery time.

Video

Activity

1. Find five stocks to short and follow their performance