

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Investing Mistakes to Avoid for Beginners

By: www.ProfitableInvestingTips.com.

Investing in the US stock market has been a reliable way to increase your wealth and gain a secure retirement for as long as there has been a US stock market. Over time stocks have outperformed other investments. But the market goes up and down. So, the most reliable profits come from investing for the long term. Unfortunately, many new investors are lured into bull markets with the idea that profits are easy and assured. This is just one of the investing mistakes to avoid for beginners.

What Are Some Common Investing Mistakes?

Jumping into a bull market when it is ready to correct is an all-too-common mistake that novice investors make. That mistake is typically followed by waiting to sell until the bottom of the correction. Both of these mistakes fall into the category of not understanding the investment. Falling in love with a company and then hating it is often part of why this happens.

Not Being Ready to Invest

We have written several times about how to [start investing in the stock market](#). As we have noted numerous times, you need to be ready to invest. That preparation starts with paying off credit cards, buying your home instead of renting, and setting up a rainy day fund for three to six months of expenses. Then you need to learn how to pick stocks or ETFs and at what rate to put money into the market. [Dollar cost averaging](#) is an excellent way to put money into investments as you will not get tempted to put all of your money into a high-priced stock and have none left over for bargains.

Not Thinking About What Your Risk Tolerance Is

The new craze among new, young investors is to use an app like [Robinhood](#) to buy and sell stocks online without any commissions (but not always at the best prices). Unfortunately, too many get sucked into options trading because they see something on Reddit. There are even reports of millennials taking out second mortgages on their homes in order to trade options. This is gambling instead of investing. The point of investing is to put your money where it will grow due to interest paid or the growth of a company listed on NASDAQ or the NYSE. If you cannot afford to lose the money you are investing, you have no idea about your risk tolerance.

Not Understanding an Investment

We have repeatedly noted that learning how to assess the intrinsic value of an investment is a key to success. Long term investors look for companies that will make money in the future and constantly improve their ability to do so. Short term traders look for hiccups in the market and attempt to predict and profit from short term

price changes. It is possible to make money by either approach but it is necessary to understand the dynamics in both cases. While [intrinsic stock value](#) is important to long term investing, [market sentiment data](#) is essential for short term investors.

Impatience

You can make money in the stock market over time by picking good investments and being patient. Impatience generally leads to failure in your investing. It takes several forms. Novice investors jump from investment to investment trying to time the market and cash in on price swings. Fees and commissions along with short term capital gains taxes eat up whatever profits they might make, providing that they don't simply lose money at every turn. Market timing is difficult and successful long term investors typically avoid it. The flip side of impatience is staying with a failing stock until it "catches up." If you learn how to assess intrinsic value you will know what this approach is doomed to fail.

How to Avoid Investing Mistakes

Start investing after you deal with credit card debt and own your home. Then set up an investing plan. Experts like Warren Buffett suggest putting your money in an ETF that tracks the S&P 500 or one of its major sectors. You can invest in individual stocks but then you will need to devote time to tracking their performance. Using dollar cost averaging is a good way to put money into the market and buy more stocks for your money when prices are low and avoid paying too much when prices are high.

Make sure that investing is part of your life plan. That means allocating money for fun, for your rainy day fund, and other things that make life worth living. Set up a retirement plan like an IRA, fund that separately, and never "borrow" from your retirement plan to speculate in the market!

For more insights and useful information about investments and investing, visit www.ProfitableInvestingTips.com.

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.