

Day Trading a Low Float Parabolic Stock | Tradingsim Video Lessons

Trading low float stocks are a day traders dream, especially when there is a news event to trigger a run, it is like pouring gasoline on a fire. These stocks can go parabolic very quickly due to the lack of liquidity in the stock. A couple times per year you will discover a low float parabolic which takes off 1000% or more in a matter of hours to days. These can be extremely profitable but they can also rip your shirt off. They trade with extremely wide bid/ask spreads and make it very hard to get into it without entering market orders.



It is very important to exercise discipline when trading these stocks. A 1000% move in a short period of time is extremely rare and in many cases, these stocks will eventually make it back to where they started. It is very important to control your greed when day trading low float parabolics. You absolutely want to keep your eye on managing risk, first and foremost. Do not oversize your position because you want to get rich quick, it is a recipe for disaster. If you are not able to emotionally handle the swings that will occur in the price, you will definitely be taken out of the position when you see large swings in your account balance.

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