

FREE GUIDE

# STOCK TRADING STARTER KIT

Everything you need to make your first trade —  
no fluff, no jargon, just results.

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- 01 How the stock market actually works
- 02 Choosing the right brokerage account
- 03 Reading a stock chart (basics)
- 04 Your first trade — step by step
- 05 3 rules every beginner must follow

Not financial advice. For educational purposes only.

## SECTION 01

# How the Stock Market Works

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The stock market is a marketplace where buyers and sellers trade ownership stakes in companies. Buy a share of Apple and you own a tiny piece of Apple Inc. When the company grows, so does your investment.

### Key terms:

- **Stock / Share:** A unit of ownership in a company.
- **Exchange:** Where stocks are listed and traded (NYSE, NASDAQ).
- **Bull Market:** Prices trending upward over time.
- **Bear Market:** Prices down 20%+ from recent highs.
- **Ticker Symbol:** Short code for a stock: AAPL, TSLA, MSFT.
- **Market Cap:** Total value of all a company's shares combined.

*"Stocks have returned ~10% per year historically. Time in the market beats timing the market."*

## SECTION 02

# Choosing a Brokerage

Your brokerage is your gateway to the market. Most beginners do best on platforms with commission free trades, fractional shares, and a clean mobile app.

BROKER	BEST FOR	MIN. DEPOSIT
Fidelity	Long term investors	\$0
Charles Schwab	Full featured trading	\$0

## SECTION 03

# Reading a Stock Chart

A chart shows you a stock's price history. Learning to read one helps you spot entries, manage risk, and stop trading on emotion.

ELEMENT	WHAT IT MEANS
Candlestick	Each candle = one period. Green = closed higher. Red = closed lower.
Support / Resist.	Blue line = floor where buyers step in. Red line = ceiling where sellers push back.
Volume	Bars at bottom. Highlighted spikes confirm the strength of a move.
Moving Average	Smoothed price lines (7-day gold, 14-day blue). Helps identify trend direction.
Trend	An uptrend = a series of higher highs and higher lows.

# Your First Trade Step by Step

1

## Fund Your Account

Transfer money from your bank. Start with \$100 to \$500, which is enough to learn without major risk.

2

## Research a Stock

Pick a company you understand. Check the trend, recent earnings, and sector performance.

3

## Place a Limit Order

Use a limit order to control the exact price you pay. A market order may be appropriate in some cases, but only when the market is open and liquid and you're confident you want to own the stock.

4

## Set a Stop-Loss

Decide your exit BEFORE you buy. A 5% to 8% stop-loss is a solid starting rule.

5

## Monitor, Don't Obsess

Check your position daily, not hourly. Stick to your plan and don't let emotion override your analysis.

# 3 Rules Every Beginner Must Follow

## RULE 01

### NEVER RISK WHAT YOU CAN'T AFFORD TO LOSE

Only invest money you won't need for 1 to 3 years. Markets drop 30% to 40% in bear markets. If you need that money next month, it doesn't belong in stocks.

## RULE 02

### DIVERSIFY FROM DAY ONE

Never put everything in one stock. Spread across sectors, or just buy an index fund like VOO or SPY to instantly own 500 companies at once.

## RULE 03

### CONTROL YOUR EMOTIONS

Fear and greed are the two biggest account killers. Write down your plan BEFORE you buy. Never buy because something is 'going up,' and never panic sell on a dip.

## SECTION 06

# Risk Management: Trading Blocks

One of the most powerful, and most overlooked, risk management tools is partitioning your portfolio into fixed trading blocks. Instead of deciding on the fly how much to put into each trade, you set a block size in advance and stick to it religiously.

The core idea: never risk more than 10% of your total portfolio on any single trade. That means if you have a \$5,000 account, your maximum position size per trade is \$500. This single rule prevents any one bad trade from doing serious damage.

PORTFOLIO SIZE	BLOCK SIZE (10%)	MAX OPEN TRADES
\$1,000	\$100 per trade	10
\$5,000	\$500 per trade	10
\$10,000	\$1,000 per trade	10
\$25,000	\$2,500 per trade	10

### The shrinking block rule:

As your portfolio grows, your block size grows with it, which is great. But the rule works both ways. If your portfolio drops, you must reduce your block size accordingly. Many traders blow up their accounts by keeping position sizes too large after a losing streak. That is how small losses turn into catastrophic ones.

<b>SCALE DOWN AFTER LOSSES</b>	If your \$5,000 account drops to \$4,000, your new block size is \$400 (not \$500). Smaller portfolio = smaller blocks. Protect what you have left first.
<b>SCALE UP AFTER WINS</b>	If your account grows to \$6,000, your block increases to \$600. Let compounding work for you naturally without taking on disproportionate risk.
<b>STAY CONSISTENT</b>	The power of this system is in the discipline. Skipping it just this once for a stock you really believe in is how most beginners lose big. One trade is never worth breaking the rule.

# Trading Terms Reference

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A quick reference for the key terms you will encounter as you start trading.

## Ask Price

The lowest price a seller is willing to accept for a stock.

## Bid Price

The highest price a buyer is willing to pay for a stock.

## Bear Market

A market decline of 20% or more from recent highs. Prices are trending down.

## Blue Chip Stock

Shares in a large, well-established, financially stable company (e.g. Apple, Microsoft).

## Bull Market

A period of rising stock prices, generally 20% or more above a recent low.

## Candlestick

A chart bar showing a stock's open, high, low, and close for a given time period.

## Day Trading

Buying and selling a stock within the same trading day.

## Diversification

Spreading investments across different stocks or sectors to reduce risk.

## Dividend

A portion of a company's earnings paid out to shareholders, usually quarterly.

## ETF

Exchange-Traded Fund. A basket of stocks that trades like a single share (e.g. SPY, VOO).

## Float

The number of shares available for public trading after insider and restricted shares are excluded.

## Limit Order

An order to buy or sell a stock at a specific price or better. Gives you price control.

## Liquidity

How easily a stock can be bought or sold without affecting its price. High volume = high liquidity.

## Market Cap

Total market value of a company's shares. Share price multiplied by total shares outstanding.

## Market Order

An order to buy or sell immediately at the current market price.

## Moving Average

The average closing price of a stock over a set number of days, updated daily.

## P/E Ratio

Price-to-Earnings ratio. Compares a stock's price to its earnings per share.

## Portfolio

The full collection of investments owned by a trader or investor.

## Resistance

A price level where selling pressure tends to push the stock back down.

## Sector

A group of companies in the same industry (e.g. technology, healthcare, energy).

## Stop-Loss Order

An order to automatically sell a stock if it falls to a specified price, limiting your loss.

## Support

A price level where buying interest tends to hold the stock up and prevent further decline.

## Swing Trading

Holding a stock for several days or weeks to capture a short to medium term price move.

## Ticker Symbol

A short abbreviation used to identify a publicly traded stock (e.g. AAPL, TSLA, MSFT).

## Volume

The number of shares traded in a given period. High volume adds credibility to a price move.

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## Ready to take the next step?

We created a guide that covers 10 specific chart patterns with real annotated examples, entry points, and what to look for on each setup.

**10 High Probability Stock Chart Setups - Only \$17! →**

### DISCLAIMER

A few important things to keep in mind before you trade.

#### For Educational Purposes Only

This guide is designed to educate, not to advise. Nothing here constitutes financial, investment, legal, or tax advice, and no advisor-client relationship is created by reading it. QuickInvestIQ is not a licensed financial advisor.

#### All Investing Involves Risk

Stock trading carries real risk, including the loss of principal. Examples and figures are illustrative only. Past performance does not guarantee future results. Never invest money you cannot afford to lose.

#### Talk to a Professional

Before making investment decisions, consider consulting a licensed financial advisor who can assess your personal situation, goals, and risk tolerance.

#### Third-Party References

Any mention of brokerages or financial products (Fidelity, Schwab, Robinhood, VOO, SPY, etc.) is for illustration only. QuickInvestIQ is not affiliated with or compensated by any of these companies.