

Amateur Hour

by Darlene Nelson with BetterTrades

Today I will address an issue so misunderstood, and rarely (if ever) addressed. This topic is "Understanding the actual process of AMATEUR HOUR". Here is a BIG hint...

### **AMATEUR HOUR IS NOT A TIME... IT IS AN EVENT!**

There is this huge misconception about AMATEUR HOUR. One of the biggest issues I encounter from students is that they think it lasts an hour! Why? Because this is exactly what it sounds like! Well this couldn't be further from the truth! Some stocks are done with AMATEUR HOUR within a few minutes of the market opening, others take 10 -15 minutes, some by 30 minutes and a few by the end of the first hour. In addition, every day is different for every stock. You see **AMATEUR HOUR** is not a time, it is an event. Once I explain this to you, it will start to make sense. Then you can use what you learn here to your benefit. Use this information to start learning how you can make a fortune during Amateur Hour.

Here is the deal... when you are new, taking your first basics course on the stock market, you are not ready yet to learn how to trade amateur hour. We have to start you off with milk versus meat. Trust me on this one. I too was once new and learning just like you. The best way to protect new traders in the beginning is to tell you to just avoid "amateur hour," and not even explain it. I taught the two day basic class for years and there is so much to cover in a few short days that we have to leave it at that. We need to avoid overwhelming you with advanced techniques until you are ready. You don't start teaching math at the calculus level! And in the stock market you need to start small just like math. Once you can digest the basics, you can get ready to step up to the next level of skill.

Unfortunately, I get a number of students that take "amateur hour" so literally that they freak out when I suggest the advanced technique of making a fortune trading this event. (I actually hold your hand and teach you how to make a fortune during "AMATEUR HOUR" in my one day Q's class).

This newsletter should open your eyes to what amateur hour really is. Then, I can take you up to the next level of trading if you want to learn how to make a fortune from this crazy event! Right now, I want to hold your hand and step you visually through "Amateur Hour" to increase your understanding of this powerful event.

A lot of people that trade don't know what market orders are versus limit orders. As a matter of fact, they don't know anything about trading! It is so easy today to open an account online and be up and running without even talking to anyone or taking the time to study and know how to trade. Bottom line, many people don't know you should study. I never knew you could even pull up a chart of a stock to look at it for highs and lows 8 years ago! Ignorance can be a very expensive reality.

So, here is the scenario. A "want to be trader" comes home at night, watches the news, and gets excited to jump into a stock based on the TV chatter. They don't know the stock has been running up for a week and already finished running up on the news many hours earlier and is done going up! In addition to the stock being overpriced, the options are inflated now. They don't know to pull up a chart of the stock and see how high it is. If they had pulled up the chart they would see that the timing is off to enter the trade. So they jump in and buy high, on a stock that is about to turn down. They place the order right before going to bed with a market order, only because it is the first thing on their order screen and they are not aware of a limit order as an option. The market is closed, so they will get filled at the open the next day for an outrageous overpriced amount. **THEY HAVE BEEN RIPPED OFF!**

If you recall, a market order is basically a ticket to cash flow for the market makers. They will fill you for whatever price they want, and you better believe they want the highest price there is. How do I know this? If you ever get a chance to watch the option chains about ten minutes before the market closes, you will see an amazing thing happen. Most of the option chains will have a bid x ask price with a minimum spread perhaps up to ten cents. Then, all of a sudden, the spreads go insane!

#### **MINIMUM SPREADS:**

If your option is priced under \$3, the minimum spread is 5 cents.

If your option is priced over \$3, the minimum spread is 10 cents.

If you watch the last ten minutes of the market what happens is amazing! The market makers start a game (that I refer to as THEFT MODE) by stretching the bid by ask spread. Sometimes these spreads are overstated up to 50 cents and more! Why do they do this? Because they make a fortune filling those market orders the next morning for overpriced amounts! This they do without news! You can just imagine how far the spreads can get if any news comes up.

A market order means to fill your order for any price the market makers want. Since when the market opens the ask price is drastically overpriced, bingo there goes your order at the worst possible price, likely near a resistance level just before the stock gets ready to fall. Do you see why it is so important to learn before you try to earn? To be honest, this event is only a bad experience if you let it be. What if you learned to use Amateur Hour to take advantage of making more profits?

Look at how large the bid x ask spreads are on the Q's here. Usually they are ten cents! However, right before the market closed, we were close to the market changing directions, and the options are drastically overpriced. You can see 30 to 40 cents in the spread which is huge for this exchange traded fund.

Bottom line: don't place orders to buy to open a trade after the market is closed with a market order, unless of course you need a tax shelter! Wait until you see that amateur hour has ended the next day and that you actually still want to be in the trade after the market opens.

Again, remember Amateur Hour is an event, not a time. It is different every day for every stock. You can look at your stock and see it happen right in front of you, so use this now to your advantage.

**What do you do?** If you want to open a trade by:

**Buying to Open an option**, wait until amateur hour is over to get a better price. Once you watch or take my Q's live one day class, you will learn how to make a fortune as early as the 6th minute of the market open, and know exactly which way to play the stock.

However, if you want to **Sell to Open**, like writing a covered call, use this overpriced event to get paid too much! I hope you enjoyed this lesson on Amateur Hour. I have more detailed information coming up in the next newsletter on how to know that Amateur Hour has ended. I just wish someone had taught me this over 8 years ago, when I was new at trading!

I know a lot of students think my "Q's class" is just about trading the Exchange Traded Fund called the "QQQQ," but even more so it teaches you the most powerful secrets about trading the stock market, including very critical information on making a fortune from Amateur Hour. This is the class where you learn how the Stock Market itself actually behaves. This process will be a powerhouse for you to profit immensely!

You can have the best strategy in the world, be using my famous fool proof system that allows you to trade in minutes a day (from my LEAPS DVD's), but if you don't understand how the stock market actually works, you are fighting an uphill battle. You can't win the game trading this way. You must have all three elements to succeed!

I wish you huge success trading and I look forward to seeing you at a live [stock market class](#) soon!

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