

How to Make Money in Stocks

The CAN SLIM Strategy

O'Neil developed the CAN SLIM method as a systematic approach to stock selection. Each letter stands for a key characteristic to look for in a stock:

C

Current Earnings

Look for companies with strong, accelerating earnings growth (at least 25% increase in quarterly earnings per share).

A

Annual Earnings

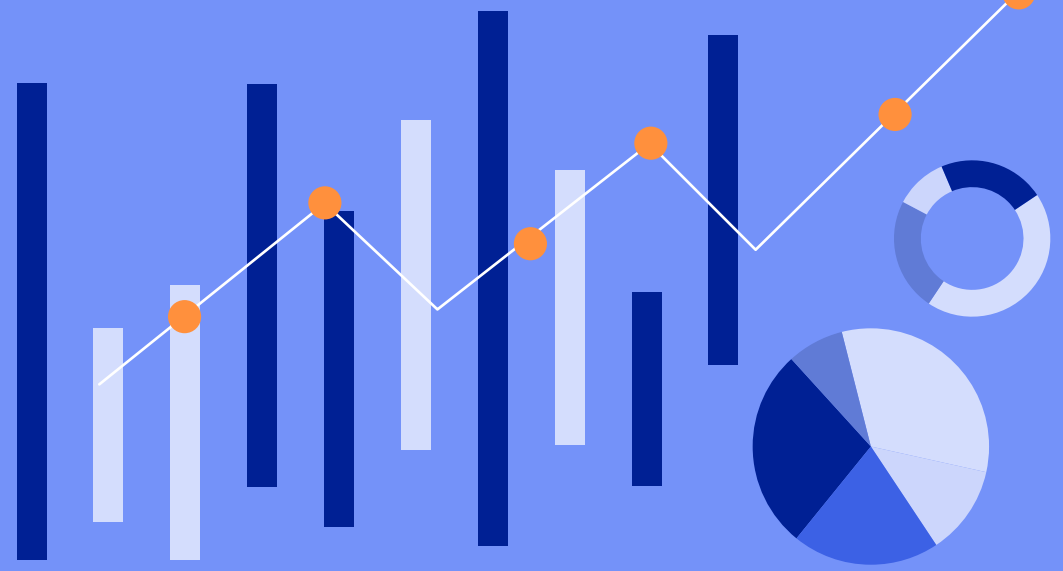
Focus on companies with consistent annual earnings growth over the past 3-5 years.

N

New Products /Services

Invest in companies that are innovating, launching new products, or entering new markets.

"The whole secret to winning in the stock market is to lose the least amount possible when you're not right."



S

Supply and Demand

Look for stocks with high trading volume, indicating strong investor interest.

L

Leader or Laggard

Invest in market leaders within their industry, not laggards.

I

Institutional Sponsorship

Favor stocks that are backed by large institutional investors, like mutual funds.

M

Market Direction

Align your investments with the overall market trend, as the market's direction heavily influences stock performance.



Key Insights:

How to Make Money in Stocks by William J. O'Neil

1 Wait for the Right Moment

The best stocks often move in cycles, and buying at the wrong time can lead to losses even if the company is great. Wait for the stock to confirm its uptrend before buying.

2 Avoid Cheap Stocks

Stocks that seem "cheap" (under \$10 per share) are often cheap for a reason—they lack quality or growth potential. Instead, focus on high-quality stocks with strong fundamentals, even if their prices seem higher.

3 Track Your Mistakes

Keep a journal of your trades to analyze what went right or wrong. This helps you refine your approach and avoid repeating the same mistakes.

4 Pay attention to trading volume

A surge in volume during a breakout signals strong institutional interest, which can propel the stock higher. Look for volume to increase by at least 40–50% above the stock's average daily volume during a breakout.

5 The General Market Dictates Success

Three out of four stocks move with the overall market trend. If the market is in a downtrend, it's better to sit on the sidelines or hold cash rather than force trades.

6 Be Ready to Let Go

Be willing to sell even your favorite stocks if they no longer meet your criteria or show signs of weakness. The market doesn't reward loyalty—your job is to protect your capital and maximize returns.

7 Give Time to Grow

Great stocks don't just double overnight—they often take months or years to deliver massive returns. Be patient and give your winners time to grow, but always monitor for signs of weakness.

8 Learn from History

Study past stock market winners and economic cycles to understand patterns and behaviors. History often repeats itself, and learning from it can give you an edge.