

Day Trading Parabolic Stocks | Tradingsim Video Lessons

Today, we're going to cover another low float parabolic stock, OPTT. There have been many of these types of trades in the last couple weeks. See our videos on [HMNY](#) and [SGY](#) for two additional examples. Day trading parabolic stocks can be very rewarding if you are patient, but here is the KEY.

Lets take a look at how you could have traded OPTT ([subscribe to our Youtube channel](#) to get updated every time we post a trade review):

You must not chase these types of stocks; they can rip your shirt off very quickly. I see many traders who see the glamour of trading a stock which is at \$8 and up over 300% on the day but do not understand that you cannot trade these types of setups like you would others. The reason is VOLATILITY.

The biggest mistake I see many beginners make is over-leveraging into these trades. It can seem very appealing to throw 5000 shares into an \$8000 (on margin) and then dream about how good you will feel when it hits \$12. Day trading parabolic stocks can make you a lot of money but they can also throw you off your rhythm and break your risk management rules if you are not careful. It is not uncommon to see 20% moves in a couple minutes. Imagine how you would feel if you overleveraged into one of these stocks only to see your account drop \$5000 or more in a matter of minutes. Your emotions will then take over even if the trade is still good and you will sell out for a big loss.

Our goal as traders is to trade volatility but to lower the

risk of doing it. That means, we size our positions with respect for the volatility and also we do not get caught up in the hype and chase a stock. We wait for our setup. That is paramount when trading one of these high flying low-float parabolics. The opportunities will present themselves if you wait for them.