



Article Side

Investment in Penny stock is ideal but to be done with care by [Hipolit Jan](#)

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Merchandising in stocks is a very popular investment. You must know the statistics of the penny stocks if you want to buy best penny stocks and you have to apply it with utmost care when you deal with penny stock exchange. To maintain your ability to buy shares, you will need to be able to continue to invest. The definition of penny stocks, also known as micro-cap stocks, varies. A stock is termed as a penny stock based on market capitalization and share price. Trading in penny stocks is much riskier and speculative than trading in blue-chip or other mid-cap or large cap. Many investors believe that investing in penny stocks is like gambling, you must be prepared to lose money. Penny stocks trade can also be more expensive.

Penny stocks are of high risk.

Cheap Penny Stocks To Buy are generally traded in the penny stock exchange over-the-counter or on pink sheets. If you intend to buy best penny stocks, you need to know the differences between penny stocks and other stocks, such as blue chips and mid-caps. While the performance of mid-cap and large cap stocks is driven primarily by fundamentals, many analysts believe that the performance of penny stocks is driven primarily by investor speculation. Despite the problems associated with cheap penny stocks to buy, many investors intend to buy best penny stocks because they believe many blue-chip stocks today were once penny stocks. Penny stocks traded on the Pink Sheets are not reviewed by the SEC and it will be more difficult to find credible information on them.

Penny stocks lack transparency.

Penny stocks often lack liquidity, which means that investors would find it difficult to buy or sell. A lack of liquidity often helps fraudulent investors to manipulate stock prices. The SEC expressed in Schedule 15G "Investors in penny stock should be ready for the possibility of losing their entire investment." A penny stock traded on the OTC market is more likely to be delisted. If the particular company is unable to list its shares on another exchange or become re-established, you may lose the whole of your investment. Many new investors are attracted to penny stocks due to its low prices and the potential for substantial gains. There have been instances where penny stocks have increased substantially in a few days, but this is extremely rare and often the price is not supported with proper informations. There are historical evidences that the stocks of most penny stocks lose all their value. If you are a new investor, you should be aware of the risks. If you want to continue to invest in penny stocks, research the relevant fundamentals of the company and ignore preconceived theories about success in penny stocks trading.

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