



What is Shorting?



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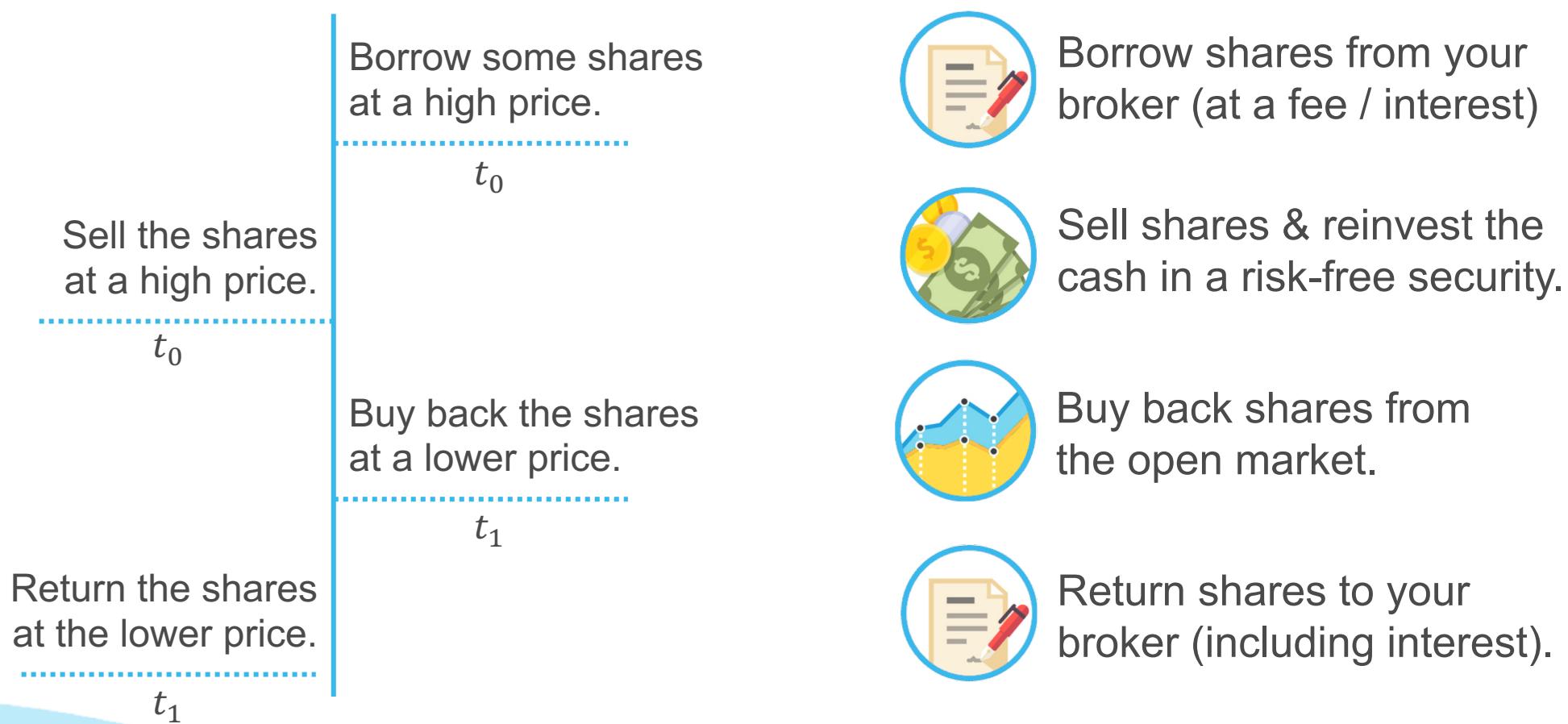
Shorting is a way of making money when the price of an asset *decreases*.

What is Shorting?



It involves selling an asset you do not own
and buying it back when the price
decreases.

Shorting Process (“Strategy”)



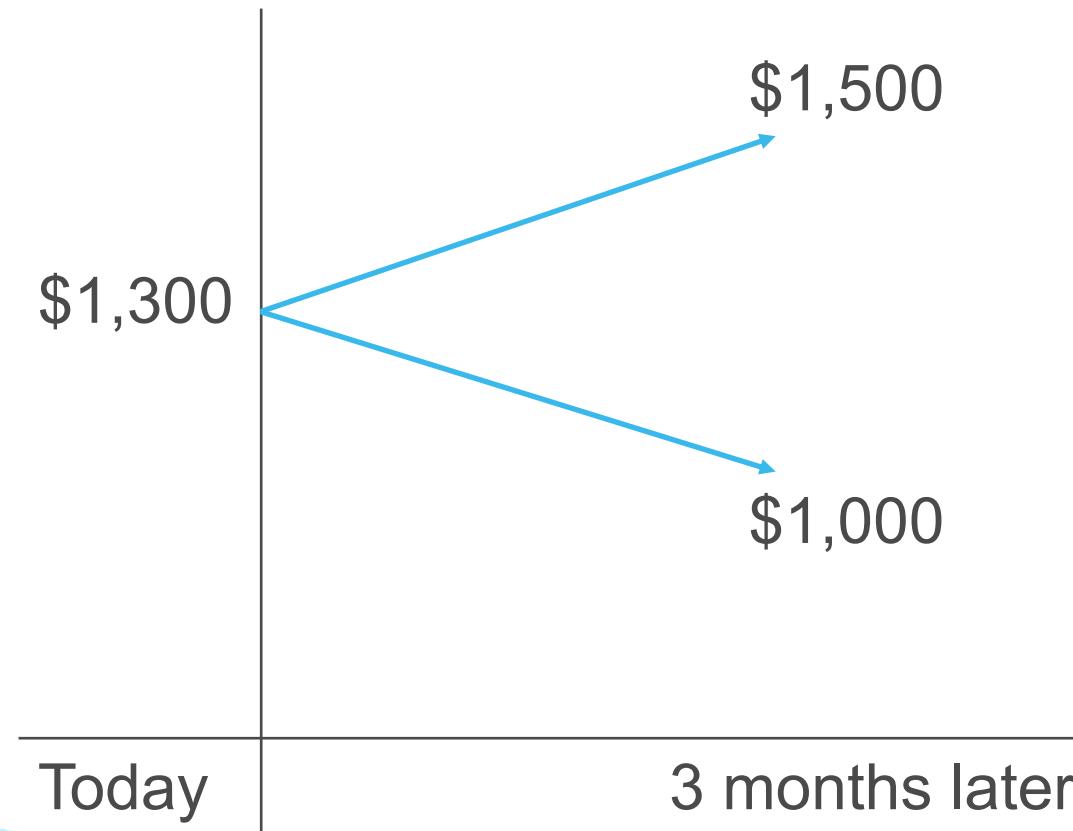
Amazon Inc. Price Forecast



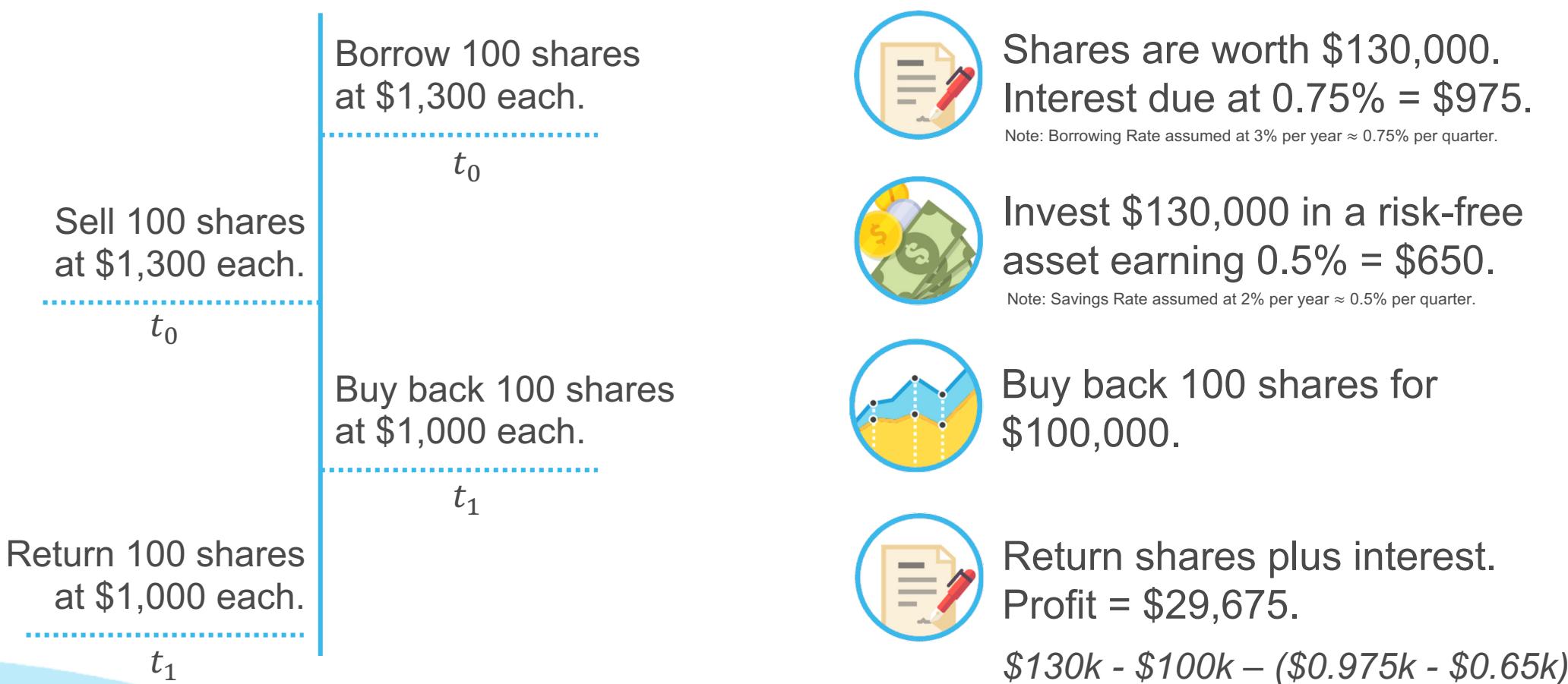
Amazon Inc. Expectations



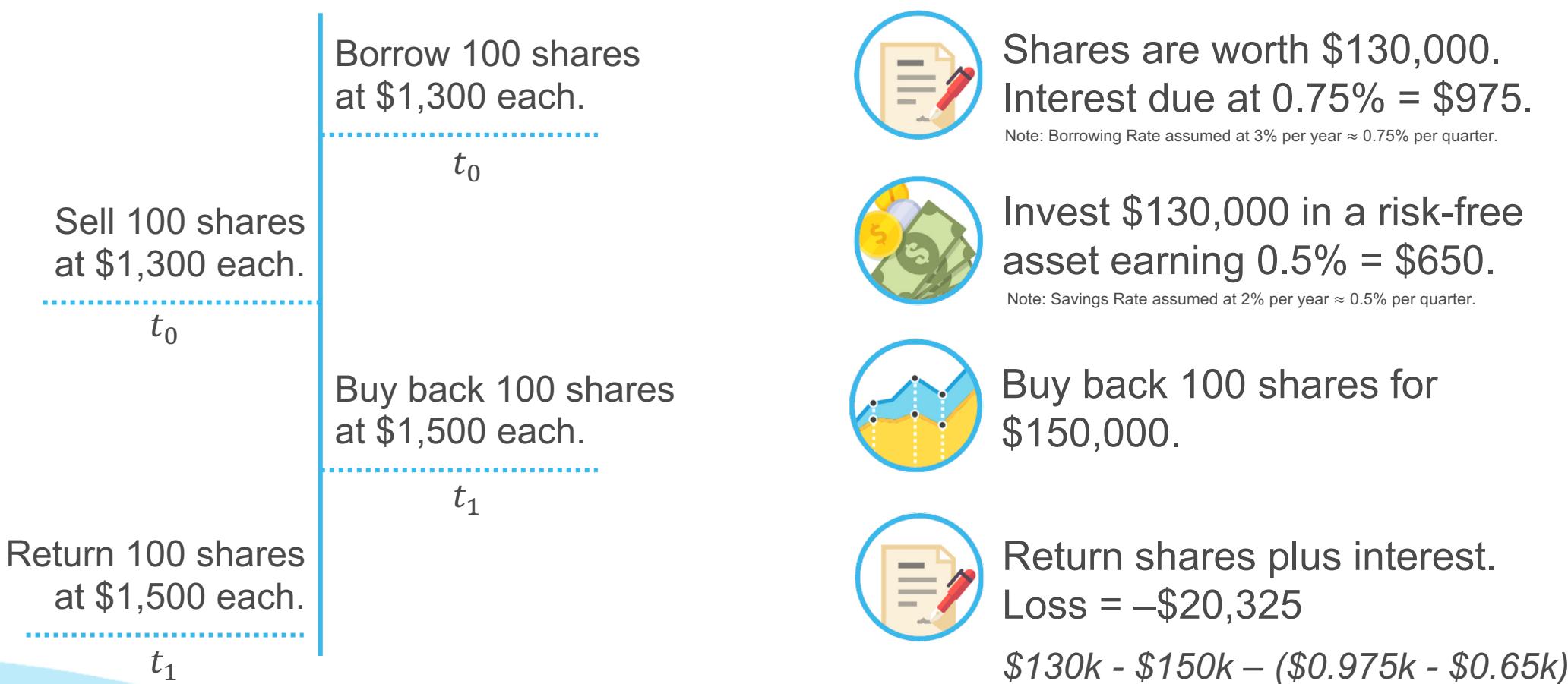
Amazon Inc. Expectations



Amazon Short Gone Right.



Amazon Short Gone Wrong.





Shorting is dangerous.

Going long (Ups & downs)



When you ‘go long’ (buy) a stock, the maximum you can lose is your investment, and the maximum you can gain is ∞

That’s because stock prices can (theoretically) increase to ∞

Going short (Ups & downs)



When you ‘short’ a stock, the maximum you can gain is the price you sold it for.

And the maximum you can lose
(theoretically) is ∞

That's because stocks can never be worth less than 0, and have no upper limit.

In other words... $0 \leq P \leq \infty$

Summary



Shorting is a way of making money when the price of an asset decreases.

It involves borrowing & selling a stock at a high price, then buying back and returning stock at a lower price, with the profit being the difference between the sell and buyback price.

The maximum gain from a short is equal to the price at which it was sold for.

The maximum loss for a short is (theoretically) as high as ∞

Now have a go
at the quiz!

