People who are familiar with the stock market will tell you that this is the biggest money maker on planet earth. Just think, some of the famous billionaires in the US are stock market investors. Warren Buffett, for instance, does not do anything for a living except buying and selling stocks. This is how he makes and continues to make his money.

The point here is that investing in the stock market is an excellent way to make very big money. Now, stock market investing is not and cannot be an all-comers affair. There are rules and tips for the man or woman who wants to invest successfully in this very lucrative business. Some of the most reliable stock trading tips are timing the market correctly and diversifying your stock market portfolio.

The principle of timing the stock market is simplicity in itself. There are times stock prices rise and there are times stock prices fall. Your duty as a smart investor is to recognize when the prices are likely to fall. This is the best time to buy stocks. If you buy stocks at this time, you can just wait for a few weeks or a few months. When the prices rise, you can sell the stocks and smile all the way to the bank.

Stock market trading tips also call for an eye for detail and an ear for information. Sometimes, the market may be driven purely by sentiment. This means that the value of a particular stock may suddenly begin to rise even when economic indicators do not support this upward price movement. In such cases, it means that people are just buying the stock for reasons which border on customer sentiment. In cases like this, if you have an eye for detail you will know that buying this stock will only be a short term move. The prices are bound to drop after a while because the price increase cannot be sustained. The point is that if you buy stocks based on sentiments, you should sell the stocks after a short interval so that you do not get your fingers burnt.

Some other stock trading tips are diversification and investing for dividends. The beauty of diversification is that it will serve as a hedge. If you put all your money on stocks in the same industry, you may get wiped out if things go wrong in that particular industry. On the other hand, investing in different industries protects you because it is not likely that different industries will have problems at the same time.

Investing for dividends is one of the most effective stock market trading tips because it really works for smart investors. Blue chip companies usually make profit but the problem is that the stock prices are high. You can simply buy these stocks shortly before the end of the financial year. After the dividends are paid out, you can sell the stock and re-invest your capital in a different stock.

Finally, invest in penny stocks and invest outside your country. These are great stock trading tips. The beauty of it is that these stock market trading tips are bound to work for you and this will put money into your bank account.