MAY 29, 2023

Market Trend News

REPORTING ON THE MARKETS SINCE 1993

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Chart from Tradingview

Gold: Up and down like a Yo-yo!

Gold closed at $1946 on Friday, closing its third down week in a row. Will it push lower to $1917 (May 2021 high), or maybe $1877 (November 2021 high)? $1850 would be a 50% fib retracement of the most recent move up from the triple bottom.

Will the two U.S. political parties agree on terms and raise the debt ceiling? [The U.S. has announced a tentative deal to raise the debt ceiling, avoiding a potential U.S. default.]

The next U.S. Federal Reserve interest rate decision is June 14th. Is the Federal Reserve done raising rates? I'm getting the feeling that the Bank of Canada might raise rates on June 7th.

[Gold price predictions for next 5 years: Will gold continue rising?]

The real question is when will the junior precious metal explorers start to move up again?

Have a great week!

INFO

INTERESTING INTERVIEWS & ARTICLES

YouTube

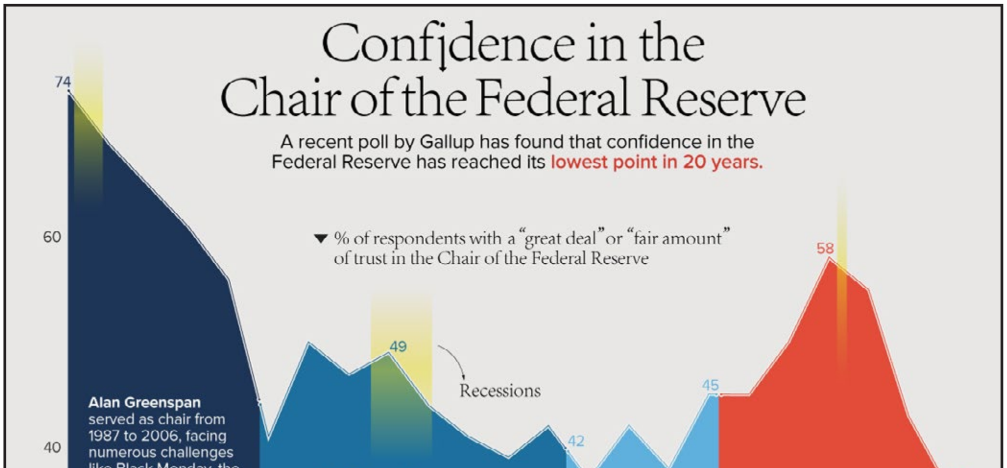
Chat With Traders
Executing Agenda Trading Strategy for Stratospheric Returns · Lukas Frohlich

Kitco News Gold demand 'will increase fourfold' as inflation, QE, debt and deficits impact U.S. - Rick Rule

Palisades Gold Radio
David Kranzler:
The Strongest Fundamentals for Gold Since 2008

Stansberry Research
America in Ruins: We're Entering Our Worst Ever Economic and Social Times Says Peter Grandich

Charted: Public Trust in the Federal Reserve



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Charting the Rise of America's Debt Ceiling

By: Dorothy Neufeld — Read Full Story

Thematic Investing: How to Invest in the Next Big Idea

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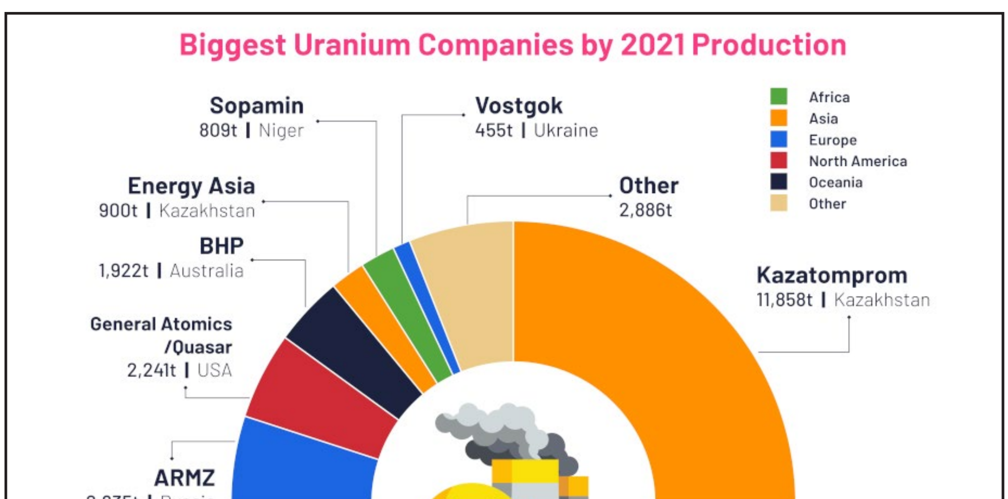
Visualizing the Uranium Mining Industry in 3 Charts



By: Truman Du | Read Full Story

RESEARCH

RESEARCH AND REPORTS

Drill Results Courtesy of Junior Mining Hub

JUNIOR MINING HUB

Top Gold Drilling Highlights

News	Date	Company	Project	Au (g/t)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	5/23/2023	Heliostar Metals Ltd. 0.45 0.00 (0.00%)	Ana Paula	8.35	43.88	101.12	844 Au total	$24.77M	Guerrero, Mexico
	5/24/2023	K92 Mining Inc. 6.00 0.03 (0.50%)	Kainantu	161.57*	391	5	808 AuEq total	$1.40B	Eastern Highlands, Papua New Guinea
	5/16/2023	Collective Mining Ltd. 5.69 -0.24 (-4.05%)	Guayabales	1.41*	2	428.2	604 AuEq total	$57.70M	Colombia
	5/23/2023	Rupert Resources Ltd. 3.90 -0.07 (-1.76%)	Lapland	3.10	36	145.65	452 Au total	$746.24M	Suomi / Finland
	5/17/2023	Osisko Development Corp. 6.34 -0.04 (-0.63%)	Tintic	62.82	38.25	6.86	431 Au total	$529.38M	Utah, United States
	5/18/2023	Luminex Resources Corp. 0.305 0.005 (1.67%)	Condor	1.48*	134	203	300 AuEq total	$40.34M	Ecuador
	5/15/2023	Alamos Gold Inc. 16.83 0.02 (0.12%)	Mulatos	20.95	273.5	14.15	296 Au total	$6.64B	Sonora, Mexico
	5/24/2023	Sitka Gold Corp. 0.11 -0.005 (-4.35%)	RC	1	200	292	292 Au total	$17.50M	Yukon, Canada
	5/23/2023	Nevada King Gold Corp. 0.45 0.00 (0.00%)	Atlanta	3.18	149.4	70.1	223 Au total	$125.36M	Nevada, USA
	5/23/2023	Atico Mining Corporation 0.19 0.01 (5.56%)	El Roble	8.39	38.75	24.3	204 Au total	$23.04M	Choco, Colombia

Top Silver Drilling Highlights

Use Control + To Zoom

News	Date	Company	Project	Ag (g/t)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	5/25/2023	AbraSilver Resource Corp. 0.31 0.00 (0.00%)	Diablillos	249.90*	100	79	19742 AgEq total	$162.66M	Argentina
	5/24/2023	Discovery Silver Corp. 0.95 0.03 (3.26%)	Cordero	197*	386.4	40.6	7998 AgEq total	$334.73M	Chihuahua, Mexico
	5/25/2023	GR Silver Mining Ltd. 0.085 0.00 (0.00%)	San Marcial	584	147	11.1	6482 Ag total	$19.68M	Sinaloa, Mexico
	5/23/2023	Avino Silver & Gold Mines Ltd. 0.96 0.02 (2.13%)	Avino	141.00*	401.25	45.6	6430 AgEq total	$114.43M	Durango, Mexico
	5/17/2023	Equity Metals Corporation 0.14 0.01 (7.69%)	Silver Queen	446.00*	209.2	4.8	2141 AgEq total	$14.40M	British Columbia, Canada
	5/18/2023	Guanajuato Silver Company Ltd. 0.445 -0.02 (-4.30%)	San Ignacio Mine	359*	124	4.89	1756 AgEq total	$141.79M	Guanajuato, Mexico

“I never attempt to make money on the stock market. I buy on the assumption that they could close the market the next day and not reopen it for five years.”

- Warren Buffet

Top Copper Drilling Highlights

News	Date	Company	Project	Cu (%)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	5/25/2023	Arras Minerals Corp. 0.295 -0.005 (-1.67%)	Beskauga	0.40*	136	603.7	241 CuEq total	$15.51M	Pavlodar Region, Kazakhstan
	5/24/2023	Copper Mountain Mining Corporation 2.26 0.04 (1.80%)	Copper Mountain	0.66*	722	190.75	126 CuEq total	$484.51M	British Columbia, Canada
	5/24/2023	BCM Resources Corporation 0.095 0.00 (0.00%)	Thompson Knolls	0.66	N/A	155.45	103 Cu total	$16.01M	Utah, United States
	5/16/2023	Imperial Metals Corporation 1.78 0.01 (0.56%)	Mount Polly	0.50	30	162.5	81 Cu total	$275.67M	British Columbia, Canada
	5/16/2023	Faraday Copper Corp. 0.78 0.01 (1.30%)	Copper Creek	1.68	184.72	45.89	77 Cu total	$96.14M	Arizona, United States
	5/15/2023	Gladiator Metals Corp. 0.62 0.00 (0.00%)	Whitehorse Copper	2.08	73.76	32.92	68 Cu total	$11.87M	Yukon, Canada
	5/25/2023	Foran Mining Corporation 3.47 0.06 (1.76%)	McIlvenna Bay	2.70*	1072.3	16.5	45 CuEq total	$888.99M	Saskatchewan, Canada
	5/17/2023	Tribeca Resources Corporation 0.32 0.00 (0.00%)	La Higuera	0.24*	56	167	40 CuEq total	$16.60M	Coquimbo Region, Chile
	5/23/2023	Aston Bay Holdings Ltd. 0.035 0.00 (0.00%)	Storm	1.20	47.2	15.2	18 Cu total	$44K	Nunavut, Canada
	5/23/2023	Capella Minerals Limited 0.025 -0.005 (-16.67%)	Hessjøgruva-Kjøli	1.40	8.25	2.9	4.1 Cu total	$4.88M	Norway

Top Li2O Drilling Highlights

Use Control + To Zoom

News	Date	Company	Project	Li2O (%)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	5/16/2023	Patriot Battery Metals Inc. 16.62 -0.33 (-1.95%)	Corvette	1.89	126	122.6	232 Li2O total	$1.54B	Quebec, Canada
	5/24/2023	Brunswick Exploration Inc. 0.85 0.03 (3.66%)	Antacau	1.51	30.6	26.5	40 Li2O total	$147.16M	Quebec, Canada
	5/16/2023	Critical Elements Lithium Corporation 2.03 0.11 (5.73%)	Rose	1.10	159.5	21.7	24 Li2O total	$442.10M	Quebec, Canada
	5/23/2023	United Lithium Corp. 0.24 0.02 (9.09%)	Bergby	1.11	28.98	11.11	12 Li2O total	$17.57M	Sweden
	5/16/2023	Imagine Lithium Inc. 0.08 0.00 (0.00%)	Jackpot	1.04	88.57	9.23	9.6 Li2O total	$17.64M	Ontario, Canada
	5/23/2023	FE Battery Metals Corp. 0.59 -0.04 (-6.35%)	Augustus	1.12	87.1	2	2.2 Li2O total	$20.11M	Quebec, Canada

A BEGINNERS GUIDE TO TRADING: ALL YOU NEED TO KNOW TO GET STARTED TRADING SYSTEM

BY: STEVE BURNS NEWTRADERU.COM

JANUARY 25, 2023

How Do You Become A Profitable Trader?

A trading system with a positive expectancy is the fastest path to profitable trading. A trader's focus should not be on predictions, stock picking, opinions, or being right all the time. The best focus is creating a quantified system with a repeatable edge that creates small wins, big wins, and small losses that average out to profitability over time. Removing big losses from potential trading outcomes can be the best thing you do as a new trader to get on the right path to making money over time.

A positive expectancy means that you make money when you average out all the wins and losses. It means you divide your total profits by your total trades and have a positive outcome on average. You expect that if you place a certain amount of trades, you will be profitable at the end of a long sequence of entries and exits.

Positive expectancy could be the most important part of your trading. For every trader, no matter what trading method they use on any timeframe, they have no edge and likely have no long-term profits if they don't have a positive expectancy trading model. Before traders start putting money at risk, they should know if the trading system they use has a positive expectancy. Without having a positive expectancy system to trade that fits your risk tolerance and return goals, your trading psychology and risk management don't matter. You lose money slower if you use good position sizing and the right mindset on trading a system with a negative expectancy or high risk of ruin. There are no profits if you have no edge.

Knowing we have a positive expectancy means we have done enough homework, backtesting, and validation to show ourselves our trading system will create profits over the long term based on our signals, win rate, and risk/reward ratio. The first part of successful trading is the research to validate your system. This is a lot of work and effort and why most traders don't make it as they want easy money, not to do hundreds of hours of work. The win rate is not what created a positive expectancy; the size of all the wins and losses combined creates the expectancy. You can have a profitable low-win rate system due to a few huge wins and many small losses. Big losses are the primary factor that creates a negative expectancy system. The first step to creating a positive expectancy system is removing big losses from your system, and the second most important is to let your winners run. This is the job of your entry signals, exit signals, position sizing, trailing stops, and profit targets to create small losses or big wins.

So how can you calculate a trading system's positive expectancy?

E(R) = (PW x AW) – (PL x AL)

where;

E(R): Expectancy/ or Expected Return
PW: Probability of winning
AW: Average win
PL: Probability of losing
AL: Average loss

Positive Expectancy is a positive "E(R)"

This is the first step in a new trader's journey, not something they do later. After a trade entry, many positive expectancies emerge from trade management, with stops to minimize losses and trailing stops to maximize gains.

How Do You Build A Trading System?

The second step in a new trader's journey is creating a quantified system with an edge that fits their beliefs about the market, risk tolerance, and available screen time. A good trading system allows the opportunity to reach realistic profit goals.

A trading system is a set of rules that quantifies buy and sell signals, as demonstrated by successful testing on price history or chart studies. A trading system is the specific data or knowledge used to execute a trading method based on price action or fundamental valuations. These signals are triggered by charts' measurable technical indicators or meaningful price levels. Trading systems have specific parameters relating to position sizing that manage risk and increase the probability of profitability over time.

A trading system has at least eight quantifiable metrics:

Watchlist parameters
Entry signals
Exit signals
Win rate
Risk to reward ratio
Position sizing parameters
Maximum risk exposure
Volatility filters

A price action trading system uses new price data to make buy and sell decisions on a watch list of markets. A price action trading system uses entry and exit signals with an edge by creating good risk/reward ratios that lead to profitable trading. There are five primary components in a trading system.

You will need a watch list; depending on what markets you trade, this list could be futures, forex pairs, ETFs, cryptocurrencies, or stocks. The items on your watch list should have good liquidity that creates tight bid/ask spreads that limit slippage. Your watch list can be filtered using fundamentals but should only be traded using price action. It's a good practice to trade markets that historically have had good trends in the past and consistent, repeatable price patterns over the long term.

You need to backtest your watch list and study the historical price action patterns to find signals that have created good risk/reward ratios in the past. When you enter a trade, your initial stop losses triggered will create a small loss if the trade doesn't work out, but your trailing stop and profit target will create a big win if it does.

To manage the size of your drawdowns and eliminate your risk of ruin, you must set guidelines for position sizing based on the historical and implied volatility of the market you're trading. Also, you must consider the correlation of your positions and set parameters of how many open positions you can have if they move together or are diversified.

A good trading system can have diversified trend-following strategies, swing trading entries, and dip-buying signals. This can help smooth the equity curve through different market environments.

The trading system you choose must fit your risk tolerance and have the potential to meet your return goals. You must understand your edge and believe in the trading principles that will make your system profitable over the long term. You must mentally and emotionally deal with the inevitable drawdown it will have when a market environment changes and have the perseverance and patience to trade it with discipline over the long term to achieve profitability.

10 Profitable Trading Metrics

Here are the ten metrics to focus on in your trading system.

These will be understood through backtesting, chart studies and real-time results tracking.

Here are ten essential metrics I look for when I trade that give me a profitable edge. These are based on math, not belief or ego.

1. **The expected win versus loss percentage.** Your winning percentage performance is the first step to profitability.
2. **Average win size.** The higher your winning percentage, the smaller your wins can be. The smaller your winning percentage, the bigger your wins must be to make you profitable.
3. **Risk versus reward ratio.** Risking little for a high probability chance to make a lot should be your focus.
4. **Historical performance of entry signals.** You must have an understanding of how your entry signals did in your time frame in the past.
5. **We are exiting trades in a way to maximize gains.** Using trailing stops and overbought/oversold oscillators for price targets helps maximize profits.
6. **Proper position sizing.** This keeps losses from being over 1% of total trading capital. Not having significant losses is a big step toward profitability.
7. **Limiting total risk exposure at any one time of total trading capital.** Eliminating large drawdowns and the risk of ruin is the first thing a trader must do.
8. **The frequency of your trade entries is essential.** When you start trading, will there be enough trades to make your system work? Will there be too many signals that lead to lowering your win rate or over-trading due to a watchlist that is too big?
9. **Consider market volume.** Does the volume in the markets you want to trade keep the bid/ask spreads tight to avoid considerable slippage? This is especially true for options markets, over-the-counter markets, altcoins, or trading systems that are not scalable.
10. **Hope for the best, but plan for the worst.** What are your expectations for maximum drawdowns in your trading capital? Can you handle it emotionally and mentally?

The third thing to understand as a new trader is that risk management determines your profitability and risk or ruin. Regardless of its expectancy, the results of your trading system will have more to do with your risk management than anything else.

Here are the top ten metrics you must consider when creating your risk management strategy.

- Your position sizing should be based on the projected worst-case scenario for a trade.
- Let market volatility and the trading range determine your trade size.
- Your stop loss has to be set at the price level that should not be reached if your trade is going to work out.

- Every trade has to be considered for the risk/reward ratio. Your stop loss creates the risk for each trade, and your potential profit target creates your potential reward.
- Never lose more than 1% of your total trading capital on any trade. This is the amount lost if your stop loss is triggered based on your position size. 1% doesn't refer to the movement of price.
- Holding positions that are diversified and not highly correlated can lower your total open risk as they don't usually move together.
- Trading liquid markets can lower your risk of being trapped in a trade you can't get out of when you want to. Liquidity is the most important fundamental. Penny stocks and out-of-the-money options can present liquidity risks for retail traders due to large bid/ask spreads.
- Never trade so big that your ego and emotions become so loud you can't hear your trading plan. A trader's loss of discipline can be the biggest monetary risk.
- Trade smaller and smaller during losing streaks in both position sizing and amount of open positions until a winning streak begins.
- Manage your drawdown in capital carefully; don't let it lead to mental ruin as a trader. You can come back from lost capital, but you can't come back from losing your nerve.

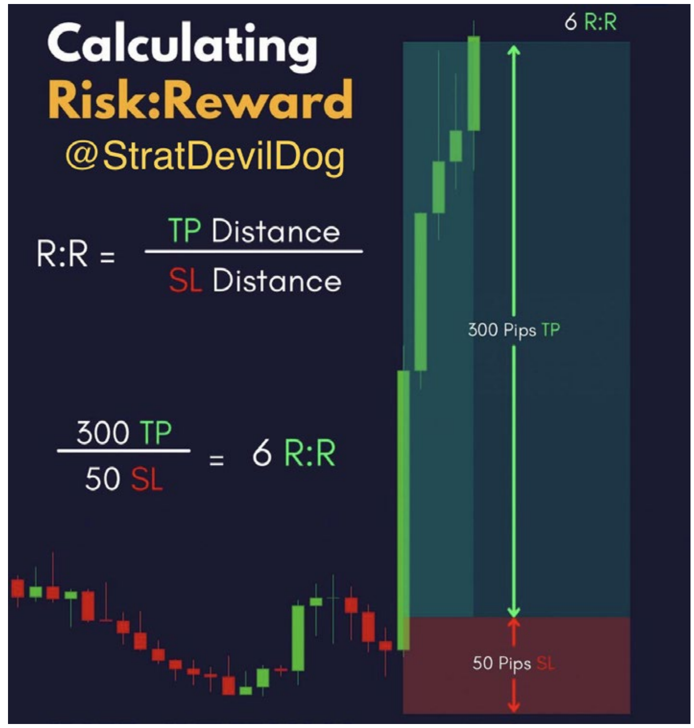
10 Trading Psychology Rules

Finally, it's crucial to understand that the trader is the weakest point in any trading system. Managing your thoughts, emotions, and ego will determine your long-term success or failure in the market.

- Never trade so big that you watch every price tick even though you are not a day trader.
- Don't trade so big you dramatically increase your pulse rate, your leg shakes, or you get the sweats.
- Each trade should only be one of your next one hundred. Never risk more than 1% of your trading account on one trade based on your stop loss. This should allow you to keep the proper perspective on any trade outcome.
- Don't spend time obsessing over market hindsight. All you can focus on is following your system in real-time.
- Forget about your last trade and focus on your next trade.
- Losses should be lessons that you paid to learn. Look at drawdowns in the capital as tuition and not failure.
- If you followed your trading strategy has an edge, your loss is just part of reaching profitability. Think long-term.
- Position sizes can't be so large that they compromise emotions and distract you from your trading plan.
- Don't revenge trade to attempt to recover your losses. Stick to your trading plan no matter what.
- Your signals must be based on price action, not greed, fear, or ego.

By Steve Burns

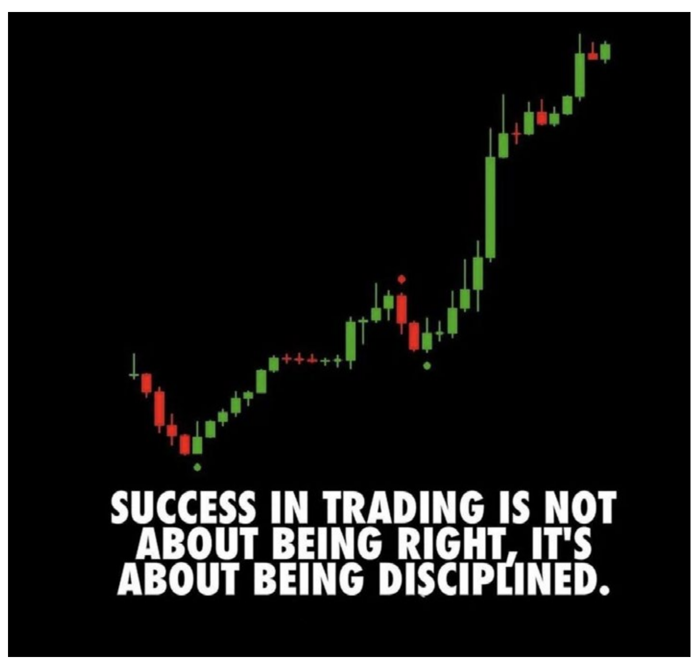
Trading Tips - Ashford Trader
@StratDevilDog



A loss is just a Data Point.

When live trading, it's normal to feel emotional when taking a loss. Immediately remind yourself – It's a cost of business and just a point of data in a big database.

—



THE DIFFERENCES BETWEEN TRADING AND INVESTING (DO BOTH, OR JUST ONE)

BY: CORY MITCHELL TRADETHATSWING.COM
FEBRUARY 9TH, 2023

This article highlights the differences between trading and investing and explains that both can be used together or separately.

Trading involves taking short-term positions with the goal of profiting from short-term price fluctuations, while investing involves taking a long-term position to benefit from the growth or price appreciation of an asset.

I personally consider trading as a source of income, and investing as a tool for long-term wealth generation. Although, you can certainly trade your way to a larger account which could also increase your wealth as well.

The article aims to provide guidance on how to learn both trading and investing to maximize returns.

Investing and Trading Time Frames Differ

The main difference between investing and trading is the time frame of the transactions.

Trading involves short-term transactions, usually lasting minutes, days, weeks, or months.

Investments are often held for years.

Traders focus on short-term price fluctuations and try to profit from them by getting in and out of trades quickly. On the other hand, investors are more focused on long-term price appreciation and are less concerned with minor day-to-day and week-to-week price changes.

The Difference Between Investing and Trading Returns

The returns from trading and investing can vary greatly, as traders have the ability to make more trades and quickly compound their gains (or losses). Predicting future profits is not possible, but it's essential to understand how traders and investors generate returns.

A trader who is successful can increases their profit on every winning trade. This can lead to potentially higher returns than investing.

If a trader invests $10,000 and earns a 10% return ($1,000), on their next trade, they have $11,000, and if they repeat the 10% gain, they earn $1,100 and have $12,100 for their next trade. This is called compounding.

Investors also follow a similar process, but since trades tend to last for years, the compounding is slower. There is no set benchmark for traders' returns, but a skilled trader can earn a significantly higher percentage return than an investor.

Historically, investing in an ETF tracking the S&P 500 has resulted in an average return of 10.3% per year over the last 100 years. Returns vary asset. Bitcoin, for example, has delivered an average return of 204% per year from 2013 to 2022, despite its significant price fluctuations.

While a good trader can generate higher returns, there are times when simply holding an asset and investing can result in substantial gains as well.

Different Types of Investing and Trading Styles

Traders can be divided into four main categories based on the length of time they hold a trade:

Position Traders, Swing Traders, Day Traders, and Scalpers.

- Position Traders hold trades for months. They generally look to capitalize on large trends in the price, capitalize on overall favorable market conditions, or ride the positive momentum of a stock based on recent earnings, or they may hold stocks through earnings announcements hoping to capitalize if earnings are favorable (this can backfire if the stock plummets on bad news).

- Swing Traders take trades lasting days to months. They are capturing short-term trends in price.

- Day Traders hold trades lasting minutes to hours. They are out of positions by the end of the trading day. They don't hold positions overnight.

- Scalpers are day traders, but they may be taking trades that last only seconds or minutes.

Different traders prefer different trading styles, depending on their preference for fast or slow action.

Investors can also be divided into three main categories: Passive Investors, Value Investors, and Growth Investors.

- Passive Investors hold assets for a long time, often using stock market index ETFs or real estate. They are passive because they don't get in and out of positions. They simply buy certain ETFs at regular intervals and hold them until nearing retirement.

- Value Investors buy assets at a "cheap" price relative to prior prices or perceived value.

- Growth Investors focus on buying the stocks of companies that are growing, believing that the price will rise over time if the company continues to grow.

There is also a difference between which markets attract traders and investors.

- Investors primarily focus on stocks, bonds, real estate, and other alternative markets where they can simply hold the asset for a long time. Even cryptocurrencies can be attractive plays for long-term investors.

- Traders are involved in stocks, forex, futures, and options. Futures and options have an expiry date. This means they aren't typically used by investors.

The Difference in Time Commitment for Trading Vs. Investing

Trading can potentially result in higher returns, but it also requires more time compared to investing.

Day trading and scalping require the most time as they need to be conducted daily to find new trades.

Swing and position trading also require time spent each week or month to find suitable trades.

Growth and value investors only need to analyze the market periodically, as the trades can be held for years.

Passive investors spend the least time as they simply invest in their selected assets and let them sit.

The amount of time you have is a factor to consider when deciding to become a trader or investor.

How Trading and Investing are Similar

Both trading and investing have similar characteristics, including the ability to generate compound returns, they both require a skill set, they require sticking to a plan, and both have the potential to beat inflation.

Both trading and investing require a strategy to guide what to buy, and when. Generally, the more you trade, the greater the skill and practice required to generate consistent profits.

The ability to stick with a plan is a crucial mental skill, and deviating from it can result in losses.

Both trading and investing can provide returns that surpass the average inflation rate of 2-3% per year (which can fluctuate as well).

Trading vs Investing: Dividends

Dividends are cash payments provided by a company to its shareholders.

Traders may receive dividends if they own a dividend-paying stock on the day before the ex-dividend date. They receive the cash on the payment date.

Note that on the ex-dividend date, the stock typically drops by the per-share amount of the dividend (all else being equal, as there are many factors that affect the stock price). Therefore, for short-term trades, the dividend doesn't really matter. It doesn't affect the overall profit of the trade.

For investors, dividends can contribute to long-term returns…IF the dividends are reinvested. If you just take the money and don't reinvest it, your annual return over the last 50 years drops to 7.3%. If you reinvest the dividends, the return is 10.3%. The difference is the result of compounding. Reinvest those dividends if you're an investor.

Trading Vs. Investing: Leverage

Traders and investors often use leverage to increase the potential returns on their investments or trades. Leverage refers to borrowing money to invest or trade, which amplifies the returns, both positive and negative.

For example, a trader might use a margin account to trade stocks, which allows the trader to buy more stocks than they would be able to purchase with their own capital. This increases the potential returns if the trade is successful, but may increase the risk if the trade is not successful.

For short-term trades, I am comfortable using leverage. Using leverage on stocks typically requires paying interest on the amount borrowed if holding positions overnight. Since my aim is to make a decent percentage profit in a short amount of time, borrowing costs are negligible. And if the trade doesn't do what I expect, I get out immediately using a stop loss order. Leverage used improperly can be devastating, so understand it and use it with caution, even on short-term trades.

I don't use leverage for my long-term investing strategies. If you do, you will want to make sure that the average return of the strategy or investment you are in outpaces the cost of interest charges you are paying.

If opt to use leverage for investing, use minimal leverage. Less than 2:1.

Why? If you have $100,000 and use 2:1 leverage you will be able to invest $200,000. But if the stock market falls more than 50% (which it can, though it is rare) you will get a margin call from your broker. Your portfolio value may drop to $95,000 during the decline, yet you have an outstanding loan for $100,000. The broker will want you to deposit at least $5000. Avoid that by using very minimal leverage, or no leverage at all.

Of course, that decision is ultimately up to you.

How to Combine Investing and Trading, Do Them Both

I trade and invest.

Actually, I day trade stocks and/or forex, I swing trade stocks and/or forex, and I also invest in stocks.

I like doing them all and that is how I make my living.

At a minimum, I think everyone should at least do some passive investing.

If you are interested in day trading or swing trading (including position trading or scalping), then make sure you have the time and capital to pursue it. But first, you should take some time to decide how you want to trade, what market interests you, and what your goals are.

Once you have that information, you can start digging into information on specifically those topics.

There are some trading and investing strategies discussed below.

I use my day trading and swing trading to generate profits. I then typically pull the profits out of my account each month. If you want to grow your account, you can keep your profits in there.

I take part of my profits and invest it, each month. Essentially, some of my short-term profits are funneled into my long-term investment account. This makes sure that I have a nice nest egg for if I ever decide to quit trading.

Also, I like that my investments are always growing in the background, at about 10% per year, with almost no effort on my part. Trading on the other hand requires work; I need to get out there and make money.

That's how I do it, but you can of course combine your trading and investing however you like.

Trading and Investing Tax Differences

In the US, the tax treatment of trading and investing profits can vary.

Trading profits are generally considered short-term capital gains and are taxed as ordinary income. The tax rate for short-term capital gains is the same as your marginal tax rate, which can range from 10% to 37% depending on your income level.

Investing profits, on the other hand, are considered long-term capital gains and are taxed at a lower rate than short-term gains. For tax year 2022, the long-term capital gains tax rate ranges from 0% to 20% depending on your income level.

It's important to note that the determination of whether a profit is short-term or long-term is based on how long the investment was held. If an investment is held for less than a year, it is considered a short-term gain. If it is held for more than a year, it is considered a long-term gain.

It's also important to consult with a tax professional to understand the specific tax implications of your trading and investing activities, as the tax code can be complex and there may be additional factors to consider.

In Canada, there are also tax differences between trading and investing profits.

Investing profits, such as those from holding stocks or bonds, are taxed as capital gains. Capital gains are taxed at a lower rate than regular income, with 50% of the gain being taxed as income.

Trading profits, on the other hand, are considered income and are taxed as such. This means that the full amount of the profit is included in the taxpayer's taxable income and is subject to their marginal tax rate.

It's important to note that the Canada Revenue Agency (CRA) has specific rules regarding the distinction between trading and investing, and the tax implications of each. In some cases, the CRA may classify someone as a trader even if they consider themselves an investor, which can result in a higher tax bill. It is recommended to consult a tax professional or financial advisor to determine the correct tax treatment of your investments.

Investing Strategies

For my own investing, I keep it pretty simple. I mainly stick to index ETFs and I buy I little bit each month. I cover my own whole passive investing approach in the Passive Investing Using ETFs eBook.

Every couple of months I also update my Top Buy & Hold Stocks list. These are stocks that are strong fundamentally and growing, which means they may be good stocks to consider for long-term holds.

Trading Strategies

Here are some of my favorite swing trading strategies for stocks:

- Double Consoldiations – Occurs as the price is starting to rise after a pullback.
- Triangles/Contractions – Occurs during an uptrend and can result in quick large price moves when the pattern breaks.
- TATR Strategy – This is for capitalizing on high-momentum stocks with a trailing stop loss.
- Cup and Handle – A common chart pattern that occurs as the price is recovering from a big decline.
- Trend Channel strategy – Capitalizing on rhythmic movements while price moves in a channel.

If you are interested in day trading stocks:

- Trend Strategy for Stocks – a way to capitalize on strong trends when day trading stocks.

If you are interested in day trading forex:

- Double Pump strategy: a trend continuation pattern.
- Day High/Low strategy: capturing profits near the high or low of the day.
- Snap Back strategy: another trend continuation pattern.

If you are interested in full trading courses and learning everything you need from one resource:

- Swing trading stocks: Complete Method Stock Swing Trading Course.
- Stock day trading: Price Action Stock Day Trading Course.
- Forex day trading: EURUSD Day Trading Course.

Final Word on The Differences Between Trading and Investing

There are similarities and differences between trading and investing.

I don’t think everyone needs to be a trader, but I do think everyone should at least passively invest some funds. Most employers have plans where you can contribute to a retirement/investment plan. Take advantage of that.

Passive investing is like a saving plan on steroids. The market does move up and down, but over the long run, it has produced more than 10% per year (if investing in something that tracks the S&P 500…pick the lowest fee option).

As for trading, it can provide great returns but it takes more work, skill, and practice.

I do both, and if you are interested in that, check out the free articles on this site (use the menu to see articles on the style of trading you are interested in).

Trading Vs. Investing FAQs

Here are some commonly asked questions about trading vs. investing.

What is the difference between trading and investing?
Trading refers to buying and selling financial assets with the goal of making short-term profits, whereas investing involves buying assets with the intention of holding onto them for a longer period of time to earn long-term gains.

Which one is better, trading or investing?
Neither is inherently better, as it depends on an individual’s financial goals, risk tolerance, and personal preference. Some people prefer the excitement and potential for quick profits from trading, while others prefer the stability and long-term gains from investing.

What are the risks involved in trading and investing?
Both trading and investing come with risks. For traders, the risks include the possibility of losing money due to market volatility and the need for quick decision-making. For investors, the risks include the possibility of losing money due to market downturns or the investment not performing well.

How much time and effort does each require?
Trading can be a more time-intensive endeavor, as traders need to continuously monitor the markets and make quick decisions. Investing, on the other hand, typically requires less time, as the focus is on holding onto assets for a longer period of time.

What is the minimum amount of money required to start trading and investing?
In most cases, you can start trading or investing with as little as $100. The amount of money needed to start trading and investing can vary depending on the broker and the type of trading or investing you want to do. Be aware of trading commissions which can deplete returns rapidly on a small account.

Can I do both trading and investing simultaneously?
Yes, some individuals choose to engage in both trading and investing as part of their overall financial strategy. This allows them to take advantage of the benefits of both approaches.

By Cory Mitchell, CMT

BZ / CAD

EDITOR'S WATCHLIST

BENZ MINING CORP

May 2023 Presentation

May 24th News Release Mineral Resource Estimate

February 1st News Release 2023 Drilling Campaign

Benz Mining (BZ TSX-V) closed at .32 on Friday. Last week they announced an updated mineral resource estimate. The estimate came in at just over a million oz of gold, 621Koz in the inferred category, and 384 koz in the indicated category.

"Executive Chairman, Evan Cranston, commented: "I am extremely proud to be able to deliver shareholders our updated gold MRE today. When management took over at the onset of the Covid pandemic, we started exploration with a theory that we could target Eastmain's high-grade gold using electromagnetic surveys, both down-hole and on the ground. Since the start of drilling, we were set back by Covid and six months plus assay turnaround times which meant for the majority of the time, we were drilling blind with only visual results to tell us if we were on the right track.

'Fast forward to now and we have delivered 384 koz Indicated and 621 koz Inferred gold at a very healthy 9.0 and 5.1 g/t respective gold grades using realistic mining parameters. This result is a testament to our team and highlights the enormous potential at the high-grade Eastmain Gold Project with all zones remaining open in all directions.' "

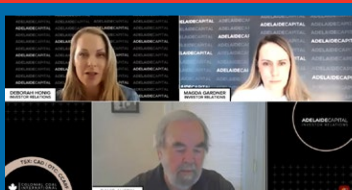
After the news the stock traded a total of 71,271 shares, on the tsx venture, in three days. Not a great response to the news but the whole junior gold mining sector has been dragging for months, many setting new 52 week lows. What is it going to take to get things moving? Maybe gold breaking new highs over $2,100US/oz and staying there. Gold continues to retrace ($1946U.S./oz) after being to the $2070ish area three separate times.

I'm holding on to my position because Benz is fully funded for their 2023 drill program and will not only be drilling for gold but will be also be drilling their pegmatite targets for lithium. I would imagine we will see a new CEO soon and an update on the drilling program. We will see what the rest of the year brings.

Colonial Coal International Corp.

Investor Presentation

Recent Interviews



Adelaide Capital

Soar Financially

Crux Investor

Colonial Coal (CAD TSX-V) closed up .03 to $1.58 on Friday. The stock seems to be staying in the $1.50 to $1.60 range over the past couple weeks. Trading volumes have stayed under 100k lately. Hopefully all the available shares at this level will be mopped up and we can go higher again.

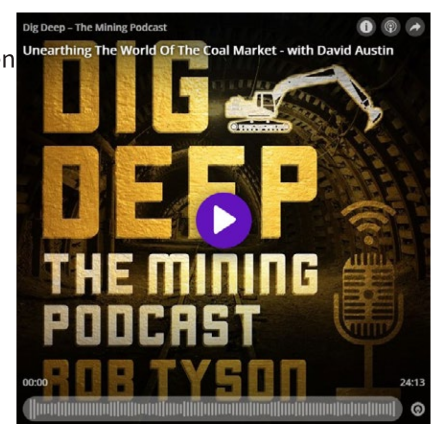
The Northern Miner posted an article on May 5th:
Colonial boss scores two kicks at same coal can for billions in B.C.

On May 21st Colonial Coal's CEO, David Austin, did a podcast interview with Rob Tyson of the Dig Deep The Mining Podcast. I suggest you give the very informative interview a listen.

May 28th: India's JSW Group exploring possibilities to acquire coking coal mines in offshore markets: Sources "Due to the unavailability of coking coal, India remains dependent on imports to meet 85 per cent of its coking coal needs from far-located countries like Australia, South Africa, Canada and the US."

Bloomberg Interview: Metallurgical Coal Demand to Outstrip Supply: Coronado Global Resources

May 21st: Coal is still key to Teck – and our energy transition "The truth is that green steel from hydrogen at scale is decades away, meaning steelmaking coal remains essential to wind turbines, electric vehicles, nuclear power plants and transmission lines needed for the global transition to cleaner and renewable sources of energy."



If Colonial Coal is bought out, every $1US per tonne (695Mt of Met coal between two properties) would equal CA$5 per share. If David can negotiate $3US/t we would be at CA$15 per share.

Can it be done?? I still own all my shares.

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Links

Tradingview
Tradingview is an excellent online charting platform as well as a social network for traders and investors to exchange ideas.

Glossary

Diamond Hands
Slang term for an investor who is ready to hold a position for the end goal, despite the potential risk, headwinds and losses.

Doji Candle
Doji Candles look like a cross because the financial instrument's open and close for the time period are close to equal.

Fibonacci Retracement (Fib)
These are levels in the chart where support and resistance are likely to occur. The levels are 23.6%, 38.2%, 61.8%, and 78.6%. 50% is often added but is not an official level. The levels are calculated from two points chosen by the user, usually an extreme low and an extreme high.

FLEM & DHEM
Fixed Loop Electromagnetic and Down Hole Electromagnetic Surveys

FOMC
The Federal Open Market Committee consists of 12 members and is the U.S. Fed's monetary policy making body. It is responsible for formulation of a policy designed to promote stable prices and economic growth.

FOMO
Fear Of Missing Out

Naked Shorting
It is the illegal practice of shorting stock that is not borrowed.

Nonfarm Payrolls
Is an official statistic released by the U.S. department of labor, usually on the first Friday of the month. It is a measure of the number of workers in the U.S. excluding farm workers and those employed in private households or non-profit organisations.

Shorting
Borrowing stock, selling it in the market to hopefully buy it back at a lower price, making profit from the difference in price, and then returning the borrowed stock.

Short Squeeze
When a company's stock starts to quickly rise because people shorting the stock are trying to cover their losing positions to prevent further loss.

YOLO
You Only Live Once