

6 Killer Tips for Picking A+ Stocks

By Scott Redler

1) Nail the Big Picture

When the market goes up, most stocks go up - even the "bad" ones. So if you want to nail an individual stock, you have to nail the big picture. You can be right about everything about a stock and still lose money if the market goes down.

2) Analyze Sectors

Once you have your big picture view, drill down to sectors. When a sector's in play, most of the associated stocks will do well. So pay attention to which sectors are leading, which ones are lagging, and which ones are completely washed out.

3) Look For Strong Individual Names

So if you have a strong sector in a strong market. Look for the individual names that are keeping up or exceeding their sector. If the market's trending up, semis are strong, and **AMD** (AMD) is leading the semis, I'll be looking at AMD on the long side.

4) Look For a Story People Believe In

Over the years, **Amazon's** (AMZN) had plenty of bad earnings reports and negative news stories. But people tend to forgive the stock. Why? Because they have bought into the story. The same goes for **Tesla** (TSLA). Elon Musk gets away with bad behavior for a simple reason: people love the story.

5) Watch For Controversy

The best companies generate a lot of attention from the media - and it's not always positive. Negative stories about names like **Apple** (AAPL) and **Facebook** (FB) are guaranteed to deliver ratings - which is a sign a company has really made it. Watch for stocks that go up when the news flow is bad - it's a sign of real power.

6) Don't Obsess Over Valuations

The best stocks are usually overpriced if you analyze traditional metrics. Real pros know that expensive stocks can get more expensive. That's why I focus on the market trend, sector, and the story first.

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