

# Shorting

You may have heard the term “shorting” and wondered what the heck that means.

Most traders buy a stock at a certain price, then hope it goes higher so they can sell it to someone else and pocket the difference, right?

Shorting is the other side of the coin.

**A short seller is hoping the stock goes LOWER, not higher, and they can make money on the way down – but not without facing some steep risk.**

Here’s how the mechanics work, in a nutshell:

**KENNY GLICK**  
**THIS IS VWAP**  
***ABCs of Short Selling***

**A short seller is a bearish trader expecting the shares to go lower. If approved by their broker, the short seller can:**

- Borrow the shares to sell at market price
- Wait for the share price to drop
- Buy back the borrowed shares
- Pocket the difference

**BUT, if the share price goes HIGHER, the short seller is still on the hook to deliver the borrowed shares - *meaning risk can get steep.***

However, unlike simply buying shares outright, where your risk is limited to whatever you paid, selling a stock short is extremely risky and not for the faint of heart, which is why you need **special clearance from your broker**.

That's because you're on the hook to return those borrowed shares, no matter the price.

So if you short a stock, and the trade goes against you – the share price starts to rise – you'd either have to hold and pray the price drops again, or swallow your losses and buy them back for more than what you sold.

And holding and praying just isn't something that we do in ***Warlock's World***.

So let's say that you can't short shares of stock.

Either you don't have permission from your broker or you have a small account.

It's still possible to bet on a downside move of the stock using options.

**[For more info on how to option-ize my VWAP trades, check this out.](#)**

One of the main downsides of only being able to trade options is that you can't do it in premarket.

But at least it allows you to get on the short side of things.

If my explanation of shorting was a little hard to wrap your head around, **[CLICK HERE – or on the video below – to see how I explain shorting with my friend Spock.](#)**



*Kenny Glick*

Kenny "The Warlock" Glick