Read the order book in 10 seconds

The last price is history. The order book is where you actually buy.

EXAMPLE (illustrative prices) · LAST PRICE: 530

BIDS · buyers	price · shares
522 ← BEST BID	29,145
520	12,000
518	8,400
515	20,000

OFFERS (ASK) · sellers	price · shares
548 ← BEST OFFER	3,200
552	1,500
560	4,000
569	2,100

SPREAD = best offer − best bid = 548 − 522 = 26. Under 0.2% of the price = tight. Over 1% = wide: use a LIMIT.

MARKET ORDER

“Buy now, at whatever sellers ask.”

Starts at the best offer (548).

Not enough shares there? It climbs: 552, 560, 569…

Fast. Price NOT controlled.

LIMIT ORDER

“Buy, but not above my price.”

Set it just above the best bid (e.g. 525).

You're first in the buyers' queue.

Price controlled. You may wait.

The maths on 1,000 shares

Market order at the best offer, 548	**548,000 (or more)**
Limit order at 525	**525,000 (at most)**
Money you didn't overpay	**23,000**
…and compared with the last price (530)	**5,000 less**

It's not profit. It's money you didn't overpay, and it stays invested.

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My limit-price worksheet

Fill this in before you open your broker's app. Any currency.

Stock / ticker	
Currency	
Last price (history)	
Best bid (top buyer)	
Best offer (cheapest seller)	
Spread = offer − bid	
Spread % = spread ÷ offer	
My limit (just above the best bid)	
Shares	
Market cost ≈ offer × shares	
My cost = limit × shares	
Money I keep = market − mine	

HOW LONG SHOULD MY ORDER STAY OPEN?

- ☐ **Today only** — Good for a quick, deliberate buy. Unfilled at the close? It simply cancels.
- ☐ **A set number of days** — Some brokers let you choose. Good for patient buyers in thin stocks.
- ☐ **Good until cancelled** — Waits for your price. Check your open orders once a week.

No fill? You lost nothing. Wait, or nudge your price up a little. If the price runs away, let it go. Never chase.

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Before I press “Buy”

7 checks. Any NO? Stop and fix it first.

- [ ] **1. I know WHY I'm buying this company.**
  Research first. Free prompts: secondfinanciallife.com/aiprompts
- [ ] **2. I decided my maximum price BEFORE opening the app.**
  Decide calmly. Never decide while the price is moving.
- [ ] **3. I looked at the best bid and the best offer, not just the last price.**
  The last price is history. It's not your price.
- [ ] **4. I chose LIMIT and set my price just above the best bid.**
  Be first in the buyers' queue, not the cheapest bid in the market.
- [ ] **5. I chose how long the order stays open.**
  Today only, a set number of days, or good until cancelled.
- [ ] **6. The amount fits my rules (my cap per stock).**
  No rules yet? secondfinanciallife.com/philosophy
- [ ] **7. I'll check my open orders once a week.**
  Cancel anything I no longer want, before it fills on old news.

4 limit-order mistakes

1. Bidding far too low	Sellers at 548 and you bid 450? You're not in the market. Bid just above the best bid.
2. Forgetting an open order	A 'good until cancelled' order can fill weeks later, after the news has changed.
3. Chasing the price	If it runs away from you, let it go. Another chance always comes.
4. Watching the last price only	You can't buy at the last price. You buy from the sellers' queue.

Selling? Same trick, reversed

Market sell = you take the best bid. Limit sell = you name your price: set it at or just below the best offer, and let buyers come to you.

RATHER NOT DO THIS ALONE?

Over 550 people across Nigeria, the UK, the US, Canada and beyond are building wealth together in the Financial Fitness Challenge™: video lessons, a monthly live session with me, and a private community.

https://www.secondfinanciallife.com/challenge

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