



Introduction to Canslim - The Basics

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William J O'Neil (1993-2023)

Launched Investors Daily in 1984. Changed to Investors Business Daily one year later.

Author of “How to Make Money in Stocks”

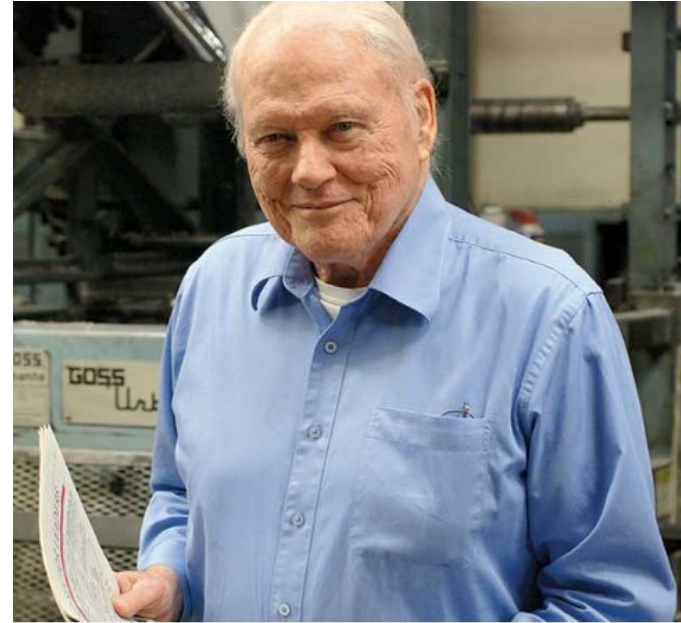


William J O'Neil (1933-2023)

"The country will grow and continue to grow as it's done in the past. You cannot hold human nature down," he said. "And you've got this freedom in the country, so there's a lot of opportunity. There will be new inventions, new developments, new companies. That I wouldn't worry about."

"You have this constant renewal of new products coming along, new services coming along, and a company does pretty well for a while. Then the company either gets too large to grow or is replaced by someone else. That's been going on for cycle after cycle after cycle."

Source - Investors.com



A Study of Super Stars

O'Neil conducted a massive statistical study of the best-performing stocks dating back to **1880**. He analyzed over 600 companies (later expanded to over 1,000) that had at least doubled in price within a single year.

- **The Goal:** To find the common denominators. He wanted to know what their earnings, sales, and stock charts looked like *before* they made their 100%+ gains.
- **The Finding:** He discovered that 95% of these "superstar" stocks shared seven specific characteristics. These traits became the letters in the CANSLIM acronym.

CANSLIM

C - Current Quarterly Earnings

A- Annual Earnings Growth

N- New Products, New Management, New Highs

S - Shares Outstanding

L - Leader

I - Institutional Sponsorship

M - Market Direction

Source - Technical Analysis from A-Z by Steve Achelis

C - Current Quarterly Earnings

Earning per Share for the most recent quarter should be up at least 20% when compared to the same quarter of the previous year.

A - Annual Earnings Growth

Earnings per share over the last 5 Years should be increasing at the rate of at least 15% per year. Preferably with an increase each year. However, a single year setback is acceptable if the EPS quickly recovers or moves back into high territory.

N - New Products, New Management, New Highs

“Buy high and Sell Higher” William O’Neil

Surges in price usually coincides with something new. O’Neil’s research concluded that the ideal time to purchase a stock is when it breaks into new high territory after going through a 2-15 month consolidation period.

S - Shares Outstanding

More than 95% of the stocks in O'Neil's study had fewer than 25 million shares outstanding.

Smaller amounts of outstanding shares means that less energy is required to move a given stock.

L - Leader

O'Neil found you could significantly increase your chances of a profitable stock if you found a leading stock in a leading industry.

He also found that winning stocks are usually outperforming the majority of stocks in the overall stock market as well.

Institutional Sponsorship

Institutional buyers (mutual funds, banks, insurance companies) are a big source of supply and demand.

O'Neil would look for stocks that have at least 3 to 10 institutional sponsors with better than average performance.

He also felt that if a stock reached 70 to 80% of shares outstanding that the opportunity might be over.

O'Neil felt the ideal time to purchase a stock when it is just being discovered by institutions.

Market Direction

The most important element in the formula. Even the best stocks can lose money if the general market goes into a slump.

About 75% of all stocks move in the general direction of the overall market.

“Learn to interpret a daily price and volume chart of the market averages. If you do, you can’t get too far off the track. You really won’t need much else unless you want to argue with the trend of the market.” William O’Neil

Component	What to Look For
C	Strong recent quarterly EPS growth ($\geq 25\%$)
A	Solid annual EPS growth over 3–5 years
N	Something “new” (product, management, high)
S	Low float + high demand
L	Market leadership, high Relative Strength (RS)
I	Institutional sponsorship/investor confidence
M	Align with favorable market direction

Chat GPT historical examples

Netflix (NFLX)

- **C/A:** Massive quarterly and annual earnings growth during its transition from DVD rental to streaming.
- **N:** “New” — pivot to streaming catalyzed explosive growth.
- **S:** Early advantage in subscriber demand with relatively limited supply.
- **L:** Became the clear streaming leader.
- Example cited directly as a CANSLIM success. [CGAA](#)

Chat GPT historical examples

Tesla (TSLA)

- **C/A:** Strong earnings and revenue expansion with a major ramp-up in EV adoption.
- **N:** Innovation in electric vehicles and energy storage.
- **S:** High demand and relatively limited float fueled rapid price action.
- **L:** Market leadership in EVs.
- Frequently highlighted as a modern CANSLIM case

Chat GPT historical examples

Amazon (AMZN)

- **C/A:** Consistently robust earnings growth across years.
- **N:** Innovations like Amazon Prime and Kindle drove paradigm shifts in retail.
- **L:** Dominated the e-commerce landscape.
- Identified as a textbook CANSLIM candidate

Additional Examples

Additional Historical Examples Highlighting CANSLIM Principles

- **Walmart (C):** Averaged ~43% annual earnings growth from 1977 to 1990—an early example of “Annual earnings growth (A).” disnat.com
- **McDonald’s (N):** Revolutionary expansion via franchising from 1967 to 1971—a “New” innovation that led to a 1,100% stock gain. disnat.comdarekm101.com
- **Dell (C):** Experienced extraordinary quarterly EPS growth (74% and 108%), preceding a 587% stock increase in 61 weeks.

Current Examples Gemini

. The Technology & Infrastructure Leaders

These companies are the "Current Leaders" (L) with explosive quarterly earnings (C) and strong institutional sponsorship (I).

- **Micron Technology (MU):** A standout in the semiconductor space. Fiscal 2026 earnings are projected to grow by **nearly 300%**, meeting the "C" and "A" criteria with massive acceleration. It has high relative strength and is a clear leader in the AI memory cycle.
- **Seagate Technology (STX):** Currently breaking out to new highs (N) on the back of its Mozaic platform. With a 12-week price gain of over 45% and high upward earnings revisions, it fits the profile of a stock being heavily accumulated by institutions.
- **Dell Technologies (DELL):** Benefiting from the "New" (N) AI server demand. It has seen a massive surge in investor interest and trading volume, satisfying the Supply/Demand (S) component as it holds its leadership position.

Midcap-Growth Disrupters

CANSLIM often identifies smaller, high-velocity winners before they become household names.

- **New Gold (NGD):** An unconventional but high-performing pick right now. It boasts a 12-week price change of **74%** and quarterly EPS growth exceeding **100%**. It currently holds a Zacks #1 (Strong Buy) rank, indicating the "I" (Institutional) sentiment is very bullish.
- **Remitly Global (RELY):** A leader in the fintech space for cross-border payments. It shows projected earnings growth of **43.8%** for 2026 and has seen significant upward estimate revisions over the last 60 days.
- **Sterling Infrastructure (STRL):** A leader in the "picks and shovels" of the data center and infrastructure boom. It has been a consistent outperformer with strong relative price strength compared to the S&P 500.