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TRADING

HOW TO MASTER THE

How to turn trading
into full-time income
in your spare-time



RETIREMENT TRADE



DAVE AQUINO

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About The Author: DAVE AQUINO

Hi. Thank you for downloading the ***The Ultimate Income Trading System***. My name is Dave Aquino and I'm a partner and head of Options Trading here at Base Camp Trading. Before you dig into this eBook I thought I'd share a little background about myself so you can have an idea about my trading experience.

I graduated from Vanderbilt University in 1995. I have well over 24 years of real-world market experience. First, as a general securities broker with Merrill Lynch.

I then worked as an investment advisor with the Vanguard Group Mutual Fund company, as an individual trader and now as an instructor here at Base Camp Trading. When I was at the Vanguard Group I was part of the asset management service; specifically the ultra-high net worth client group where we managed client households. On my team I had about \$660 million. My job was as the derivatives portfolio manager on that team.

Basically, when our clients had really highly appreciated stock, that maybe they inherited from their parents or grandparents, and they didn't want to sell it due to high tax consequences, they would use Options on those positions to generate income.

I did that for a number of years and then took those skills and brought them to Base Camp Trading where I'm now head of Options Trading. Here at Base Camp I teach and mentor individual retail traders who want to become more successful at trading.

And over the years I've noticed a few common traits that successful, profitable traders possess which I'll get into here in the first chapter.

Once again, thank you for downloading this eBook. I'm excited to introduce you to what I truly believe is the Ultimate Income Trading System: 11-Hour Options.

Dave Aquino

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The Retirement Trade From Base Camp Trading

If you're looking for a way to profit from predictable price movements in the stock market during the trading day, look no further. Base Camp Trading has all the tools and resources you need to improve your financial acumen and evolve into a successful trader.

With our help, you can develop the ability to spot short-term trading opportunities and profit from them, while other long-term investors miss out on these predictable price adjustments. This trading method, called scalping, comes with a unique set of risks and necessary skills. We'll go over all these with you so that you are fully prepared to profit from the inevitable volatility in the equity markets.

Why Trade Intraday?

When you trade intraday, you will discover that there is a fairly consistent time script to it, with morning, lunch, and afternoon patterns. Once you learn to spot these specific movements, you will be able to profit from them. Although these patterns are similar, every day will have its own unique features, which provides variety to intraday trading.

Many day traders find it challenging yet exciting to adapt to moving market conditions. When you trade actively during market hours, you get to see the world and financial news through your trades.

Another advantage of day trading is that it comes with low overhead expenses. You need a computer, broadband Internet, trading software, and a data feed. Compared to many other types of businesses, you need just a tiny outlay of funds to get started. You will also be your own boss with the ability to earn profits each trading day.

Another great feature of intraday trading is that there is no overnight exposure risk. Securities frequently make overnight movements, and you have no control over these until the following morning, which could be too late. By trading solely intraday, you can avoid overnight price changes.



The Retirement Trade

One trading method we've been helping our clients with is what we call the Retirement Trade. You don't actually have to be retired to learn or practice this strategy; but it may help because it takes place during the trading day. Obviously, you're going to need to be off work and at your trading desk with a good Internet connection and a trading platform you know how to use.

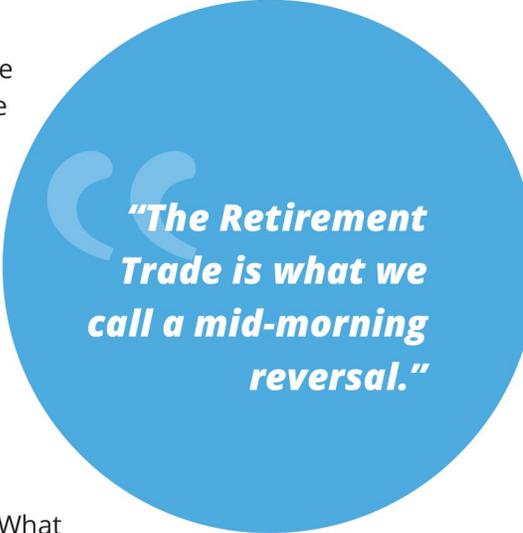
The Retirement Trade attempts to profit from price changes in a stock or ETF during the first hour and fifteen minutes the stock market is open. This is from 9:30 am until 10:45 am, EST. There is a recurring history of predictable price movements in both indexes and stocks during this time. And we're going to show you how to profit from them.

Specifically, the Retirement Trade is what we call a mid-morning reversal. What happens is a stock or index makes a reversal through a support or resistance line, and this is a brief opportunity where you can buy or sell an option on the underlying instrument for a quick profit before the price changes again.

Using a variety of technical indicators, we can show you how to spot and predict these early morning price movements. With our help, you will know how and when to enter a trade based solely on chart movements. If this seems a little daunting right now, don't worry. Keep reading, and we'll get down to the specifics of this strategy. It has worked for many of our clients. And it will work for you, too.

The Retirement Trade shows up two to three times per week. Securities that are good candidates to use include all the ones that are based on the indexes. These include SPY for the S&P 500, QQQ for the Nasdaq 100, and IWM for the Russell 2000.

Individual stocks have also proven to be lucrative in the Retirement Trade. The same 18- to 24-bar trend that shows up with indexes also has been found in Amazon, Apple, Netflix, and Google. If the trend in Amazon is 20 points, you'll want to find a 10 point reversal. In many cases, an individual security's trend will be higher than the trend that is occurring in an index.



"The Retirement Trade is what we call a mid-morning reversal."



Methods to Use in the Retirement Trade

When trying to capture profits using the Retirement Trade, there are a few strategies that can be implemented to increase the odds of success. First, look for a trend within the first hour of the market's open using roughly 18 to 24 two-minute bars.

Once you have discovered the trend, next you want to identify a reversal pattern at the end of it. There are several possibilities that you may find. You could see a double top, double bottom, or a head & shoulders pattern. Once you see the pattern, you should enter the trade with the reversal technique that you find most effective. Perhaps this will be at the neckline or value level.

While it is possible to trade the stock itself, we have found that buying and selling option contracts is an effective method to secure profits. In particular, calls and puts with a delta of around 0.60 to 0.70 have proven to be profitable when traded with a one-week expiration.

When trading derivatives that meet these criteria, look for a reversal trade with a profit target of 50% or 61.8% retracement using Fibonacci levels. The Fibonacci indicator can be used in conjunction with MQ Momentum. We have been able to make over \$300 per contract on the SPY trading in the manner described here.

An Example With Google

Here's a case where we made over \$1,100 per option contract in less than an hour from price movements in Google. As you can see from the chart, we laid Fibonacci retracements over the price action. Within ten minutes of the opening bell, the stock hit a bottom, and half an hour later, the stock hit a high.

Retirement Trade (Mid-AM Reversal)



A few minutes later, you can see on the chart that a double top is created, and by 10:30, a 50% retracement is reached. The technical indicator MQ Momentum is displayed at the bottom, and it clearly shows when buying opportunities arise and when it's time to sell.

Exceptional Cases

It's certainly possible to get little to no retracements after the opening bell, either in the 9:30-9:35 period or the 9:35-10:00, or the 10:00-10:45 period. Keep an eye on your technical indicators during these periods and don't make hasty trades unless you see clear buy or sell signals.

Growing an Account into Sustainable Profits

An account's growth is directly related to trading success, which in turn is influenced by consistent trading and regular improvements in investment skill. You should not increase your trading size if you feel increased market pressure (for example, if you find yourself thinking about the profit-loss margin more than the trade itself).

As we mentioned in the previous section, these rules are not strict advice, but flexible guidelines that should help point you in the right direction. We recommend starting out in day trading slowly and not making large trades too fast. With time, you will gain experience, and with experience comes insight, understanding, and comfort. If you feel too much stress or discomfort, scale back your trades until you find a more comfortable environment.

Through our experience with beginning traders, we have found it best to start with just one option contract per trade, then increase to two contracts once you become comfortable with the initial stage. You can then move to three, then four contracts. Next, try five. If you're comfortable with that, you can increase your trades by two contracts per trade until you achieve the 10-20% of your account's active portion that you're aiming for.

Chart Patterns to Look For

When examining a chart, you need to be able to identify certain patterns. Since you're not using fundamental analysis or other forms of security examination in your day trading, this ability is of paramount importance. Here are some of the chart patterns we teach our clients to look for:

- **Single Tops:** These graphs will show just one spike in a stock's price action. The single-top chart is fairly common and should find success with just moderate bullish action that is against the opening-range high, or against the previous day's highs.
- **Double Tops (Bearish Divergence):** Here you have a higher likelihood of success since you have two points of momentum and two prices to compare. There is a higher probability against an opening-range high and against previous daily highs. ***(When using double tops and bearish divergence for your trades, you'll want to enter at the second high. If it's a bearish trade, you'll want to start at the first lower low.)***



- **Head & Shoulders (Triple Top):** The double top/bearish divergence pattern could develop into a head & shoulders situation. In this case, you'll want to take a bearish position when you see the right shoulder. This is going to be a decreasing momentum setup as the price begins falling from the right shoulder. While utilizing this strategy, you'll want to implement a value reading for maximum efficiency.
- **Single Bottoms:** These are somewhat regular. The price action of a security will come down for one dip and then bounce up off the opening range low. Alternatively, the price could hit the previous day's low and then come back up.
- **Double Bottoms (Bullish Divergence):** There is a good probability of success here because there are two points of momentum plus two prices to compare. Double bottoms are fairly common. When making trades with double bottoms, be sure to enter at the second low as a bearish trade, or at the first higher high for a bullish trade.
- **Inverse Head & Shoulders (Triple Bottom):** A double bottom could develop into an inverse head & shoulders pattern; so be on the lookout for this. When you see it, you'll want to place your trade at the right shoulder, for a bullish bet. This takes advantage of the momentum, which is bullish. Also be sure to incorporate a value reading for maximum efficiency.

Here's the Next Step

Before I became a mentor at Base Camp Trading, I spent 16 years as a trader and portfolio manager at Merrill Lynch and Vanguard. I helped manage \$660 million in assets for the Ultra High Net Worth division at Vanguard. During this time, I learned an insider secret that banks use to profit on up to 90% of their trades.

Most traders outside of the bank eco-system will never guess it. But it's a special twist on trading calls and puts that you could use to make money on 9 out of 10 trades.

One of my students I taught it to, Jim Haas made:

- \$6,702 in month 1
- \$4,710 in month 2
- \$12,475 in month 3

Jim didn't have any advantages over you. So, if you commit to learning how bankers use this trading secret, you could begin collecting payouts in 11 hours. Be it bull, bear, or flat markets. Nobody else has gone public with this secret – till today. I've posted a short, tell-all video so you can take advantage of the banker's income secret. Click the button below to watch it.

WATCH VIDEO 

To your success,

Dave Aquino
Base Camp Trading, a division of MicroQuant, LLC.
(919) 935-0010
support@basecamptrading.com

