

Why Day Trading is a Smart Choice?

*Las Vegas, USA, Canada
22 Feb 2024*

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Andrew Aziz

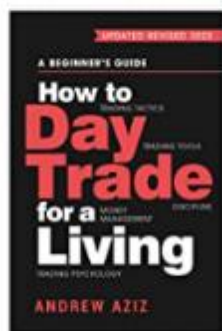
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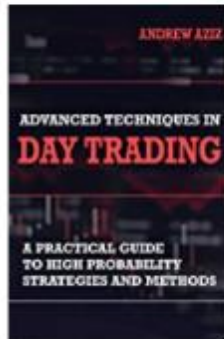
About Andrew Aziz

Andrew Aziz (PhD) is a Canadian trader, proprietary fund manager, official Forbes Business Council member, investor, and #1 best-selling author. He has ranked as one of the top 100 authors in the "Business and Finance" category of Amazon for more than 5 consecutive years (2016-2021). His

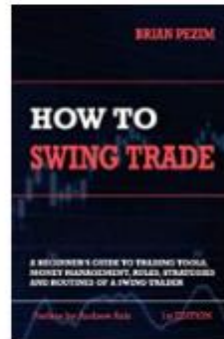
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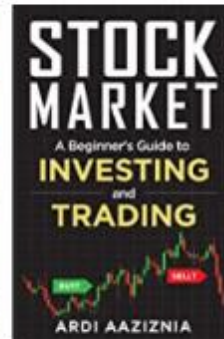
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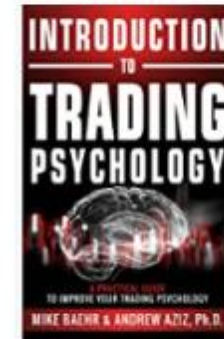
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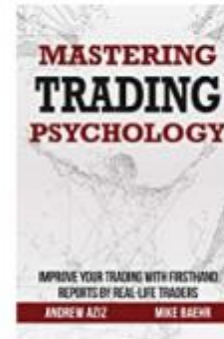
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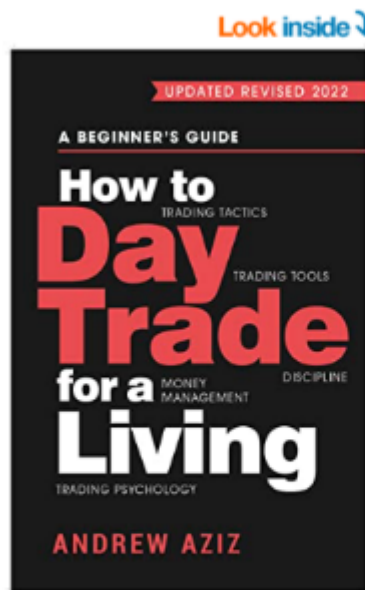


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Audible sample

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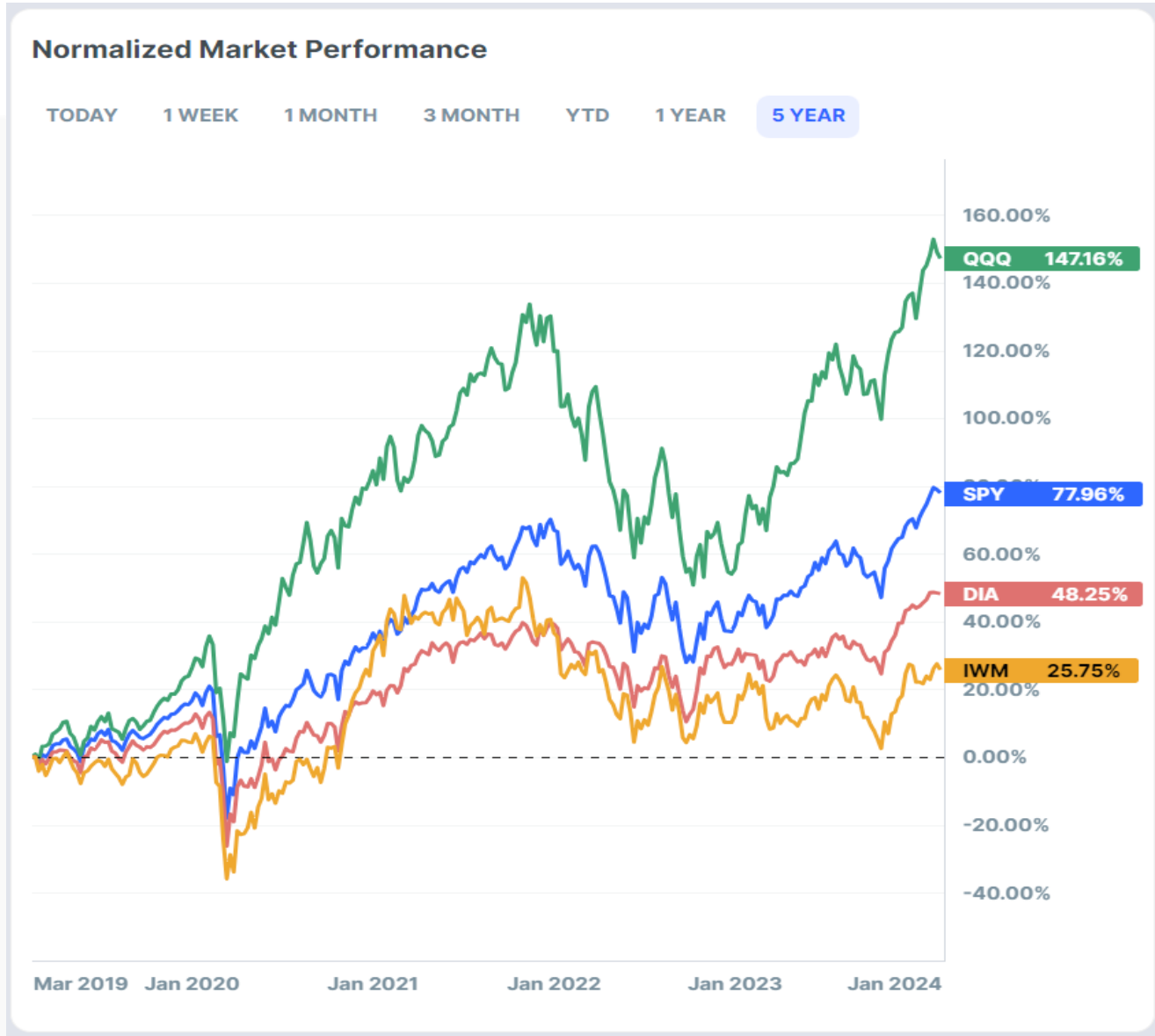
Very few careers can offer you the freedom, flexibility and income that active trading does. As a trader, you can live and work anywhere in the world. You can decide when to work and when not to work. You may only answer to yourself. That is the life of a successful day trader; but it is not easy to achieve and very few succeed.

In the book, I describe the fundamentals of day trading, explain how day trading is different from other styles of trading and investment, and elaborate on important trading strategies that many traders use every day. I've kept the book short so you can

Read more



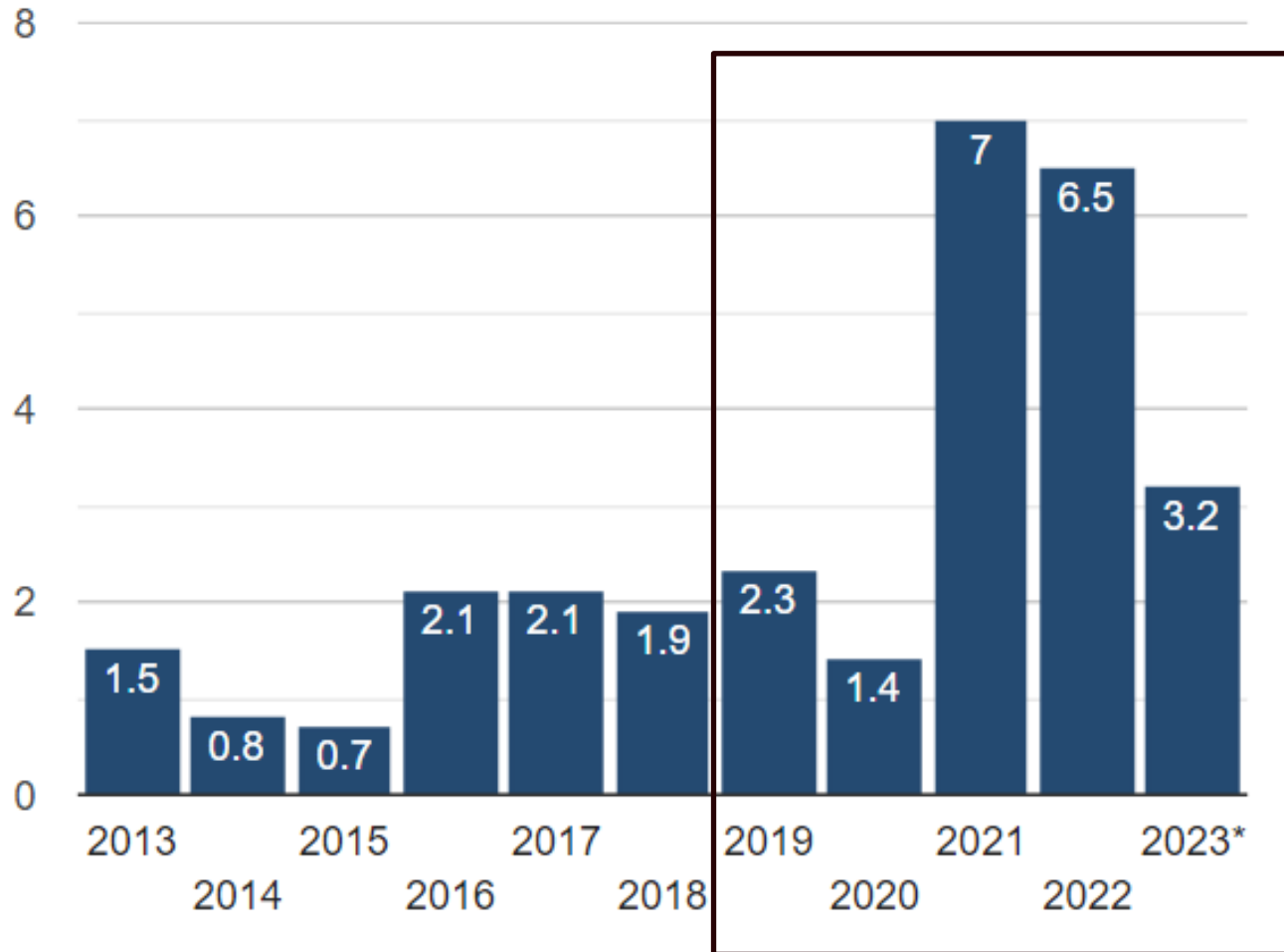
We want to retire in 5-10 years.



QQQ: 100 technology companies
Dow: 30 industrial companies
SPY: S&P500 500 biggest companies
IWM: 2000 small caps Russel 2000

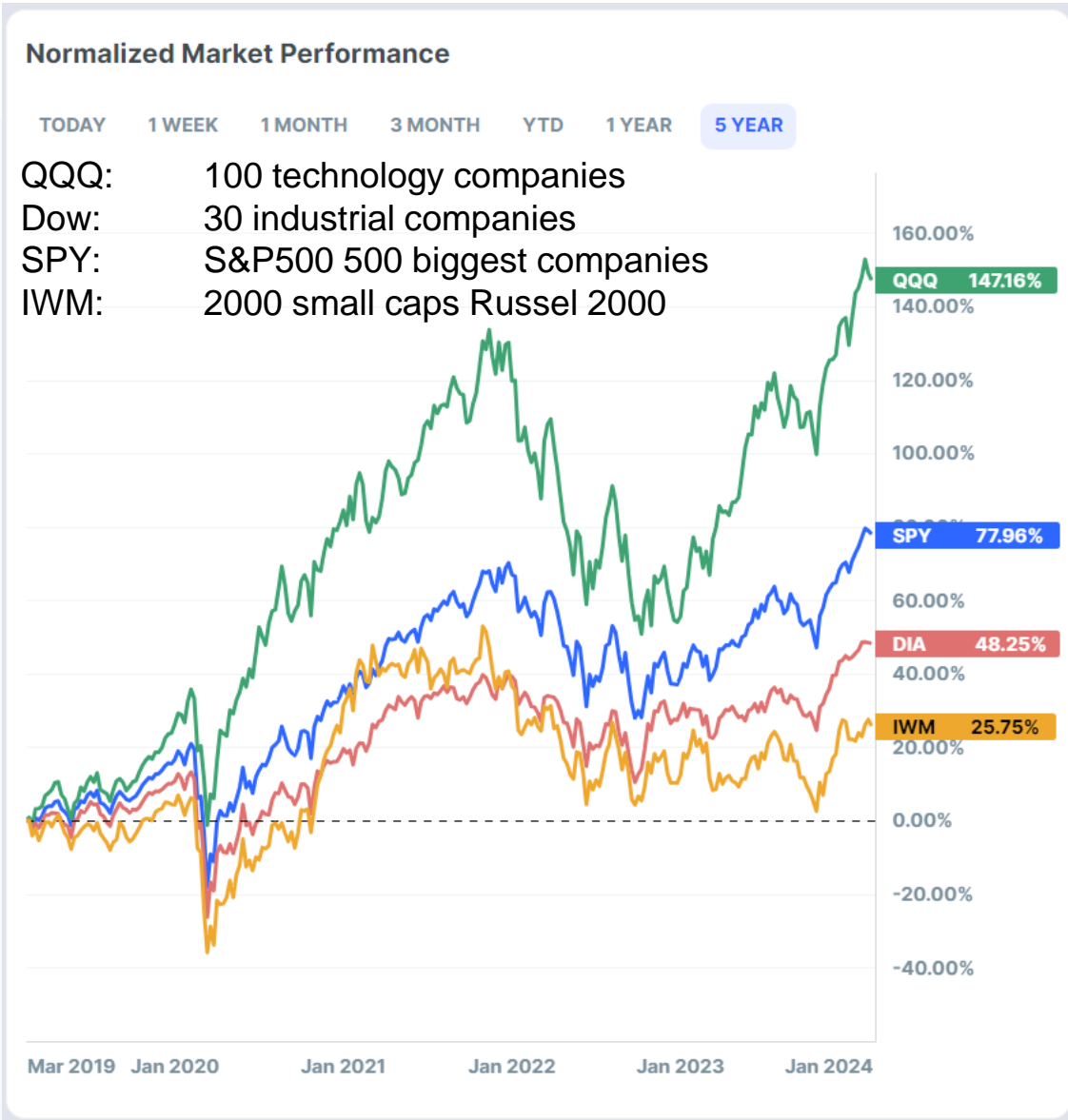
What is average inflation in the last 5 years?

Chart: United States Annual Inflation Rates (2013 to 2023)



Average from 2019 to 2023: ~4%

Inflation Adjusted (REAL) Return



SPY: 56.9% or ~10% per year.

QQQ: 125.9% or ~25% per year.

Dow Jones: 26.9% or ~5% per year

IWM: 4.65% or less than 1% per year

Bond Market is Not Doing Any Better.

Market Summary > iShares 20 Plus Year Treasury Bond ETF

94.36 USD

-24.19 (-20.40%) ↓ past 5 years

Sep 8, 3:58 p.m. EDT • Disclaimer

+ Follow

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	94.38	Mkt cap	11.78B	52-wk high	109.68
High	94.90	P/E ratio	-	52-wk low	91.85
Low	94.17	Div yield	-		

Europe FTSE Situation is Even Worse

Market Summary > FTSE 100 Index

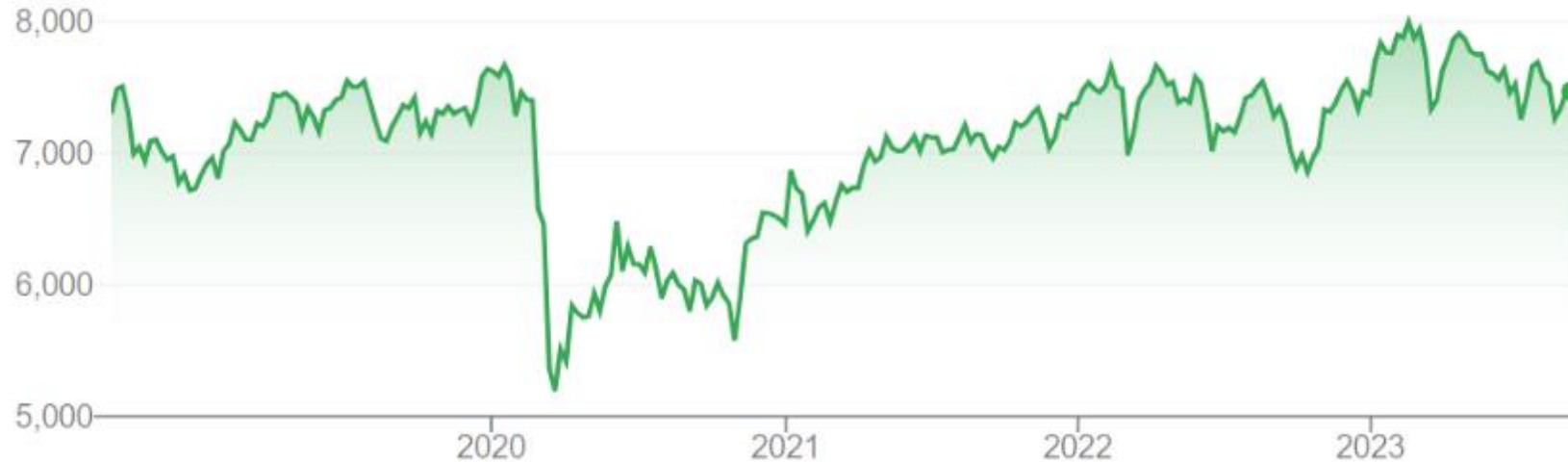
7,478.19

+174.15 (2.38%) ↑ past 5 years

Sep 8, 4:35 p.m. GMT+1 • Disclaimer

+ Follow

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	7,441.72	Low	7,402.10	52-wk high	8,047.06
High	7,480.64	Prev close	7,441.72	52-wk low	6,707.62

What can be the solution for retail traders or investors?

Can active day trading give us a better result than “buy-and-hold” strategy?

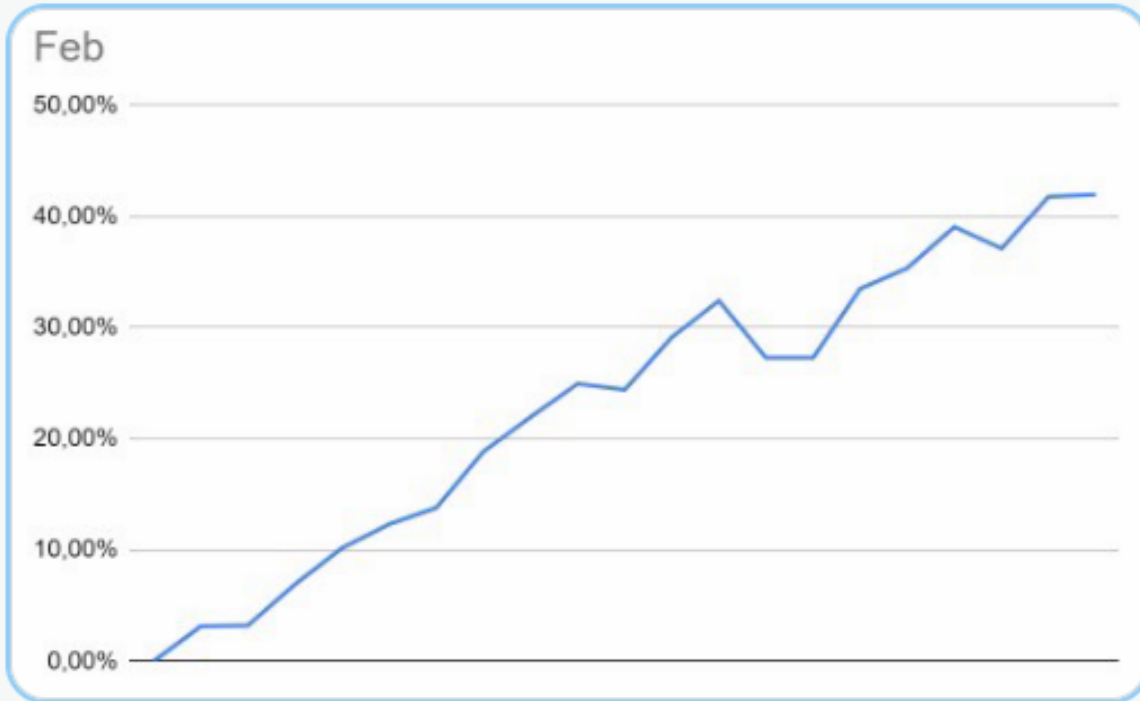
The validity of day trading as a long-term consistent and uncorrelated source of income for traders and investors has always been a matter of debate.

Day Trading seems possible by some traders, but is it empirically or scientifically possible?



Anya Alis @AnyaAlis · 6h
February ▶ 41,96%

@BearBullTraders #BBTfamily #BBTfam #Daytrade #daytrading #daytrader

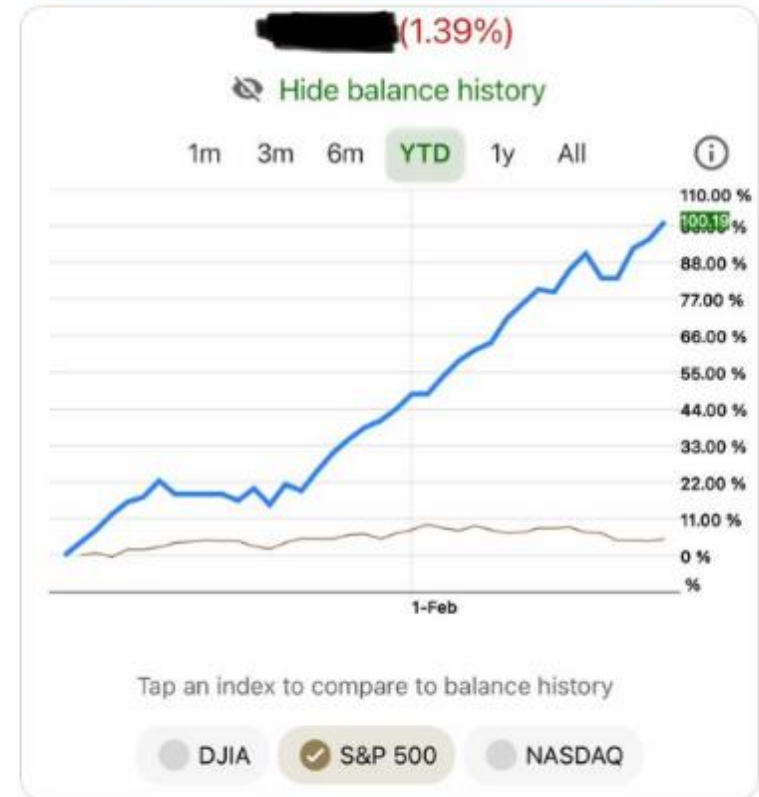


9 3 46 4,495



Anya Alis @AnyaAlis · Feb 24
Friday 📉 but was able to make a picture with my first time seeing 100% 🤩... slightly below after today... but to see I can make 100% is a mind blowing. If I could make it once - I can do it again. And that's next goal 📈

@BearBullTraders @AlmanBbt @marlowtrades @NassarSyed



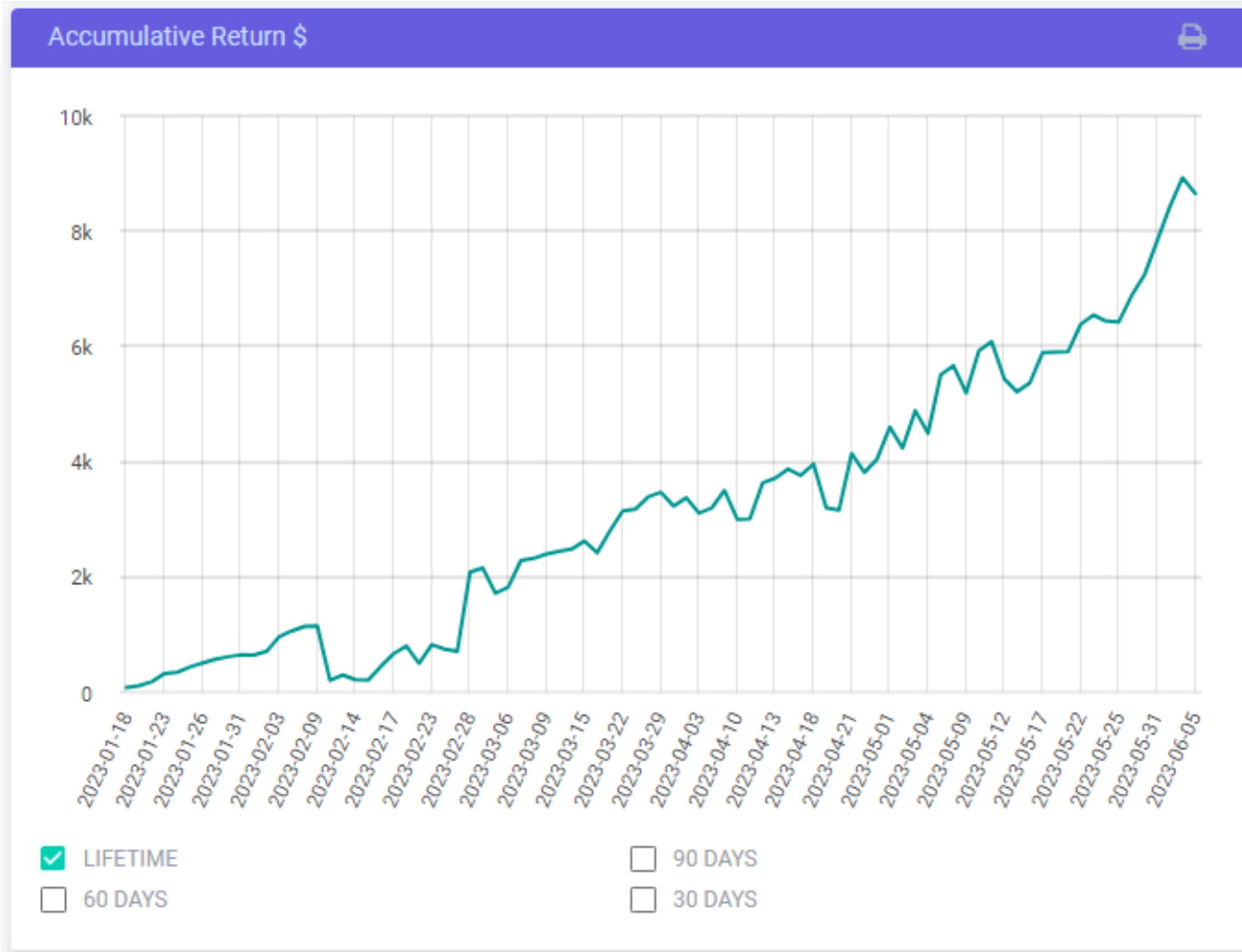
13 2 98 8,755

Megan Marlow Day Trading for a Living Story

- History Prior to Trading
 - Professional Chef (Plant-Based)
 - Certified in Sports Nutrition
 - Product Manager @ Record Label
 - Currently Senior Day Trader at Peak Capital
- Trading History
 - ~ 1.5 years full time (started with my books)
- Trading Edges
 - Higher time frame levels ~ 5 to 30 min charts
 - Intraday options
- Hobbies
 - Trail running
 - Biohacking
 - Nerdy non-fiction books
 - Ice baths/cold plunges



\$1k Small Account Challenge: Results in 5 months



Accumulative Return \$
\$8,651.91



Accumulative Return %
641.11%



Win %
45.03%



02/21/24 11:13:54



NVDA 681.9 -- 682 NVIDIA Corp...

NVDA ↑ 688.88 - 676.15 PCL 694.52 Q

Last 681.98 -12.54 (-1.8%) Vol 17,538,881

Lv1 681.9 682 VWAP: 681.84 S

MMID	BID	SIZE	MMID	ASK	SIZE
EDGX	681.90	2	MEMX	682.00	1
NSDQ	681.86	0	NSDQ	682.00	0
NSDQ	681.85	0	ACB	682.00	0
NSDQ	681.82	0	EDGX	682.03	2
ACB	681.80	3	NSDQ	682.05	11
NASD	681.80	3	NASD	682.05	11
ARCA	681.80	3	ACB	682.05	0
NSDQ	681.80	2	ACB	682.07	0
BATS	681.80	1	NSDQ	682.09	1
NSDQ	681.79	0	NSDQ	682.11	0
ACB	681.79	0	NSDQ	682.12	0
ACB	681.78	0	ACB	682.21	0

Closed Positions P&L

Symb	Realized	Type	Company	Accou
NVDA	7228.27	Margin	NVIDIA Cor	U1588
+TLT*F1H80	0.00	Short	TLT 80 PU	U4079
VCLT	0.00	Margin	Vanguard L	U4079
VOO	0.00	Margin	Vanguard S	U4079
Summary	7228.27			

02/22/24 12:21:43



NVDA 775.82 -- 775.99 NVIDIA C...

NVDA 781.54 - 742.2 PCL 674.72 Q

Last 775.8201 101.1 (15%) Vol 55,952,152

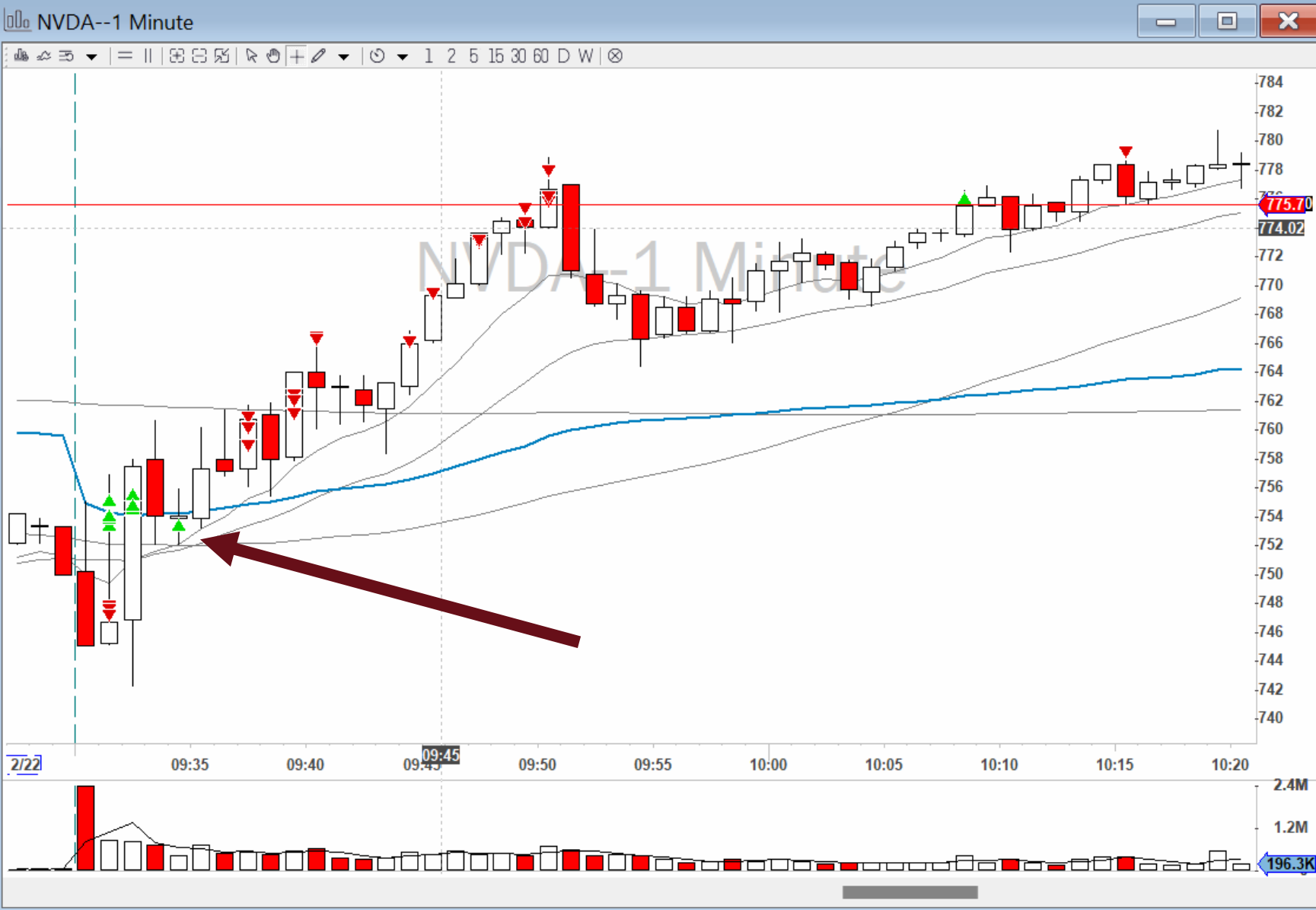
Lv1 775.82 775.99 VWAP: 768.66 S

MMID	BID	SIZE	MMID	ASK	SIZE
NSDQ	775.82	2	NSDQ	775.92	0
NASD	775.82	2	NSDQ	775.94	0
EDGX	775.82	1	NSDQ	775.96	0
NSDQ	775.81	0	CHX	775.99	2
NSDQ	775.80	2	NSDQ	775.99	1
BATS	775.80	2	NASD	775.99	1
ACB	775.80	1	ACB	776.00	0

Positions

Symb	Avgcost	Shares	Unrealized	Realized	Accoun
AMD	174.971896	179	1472.83	14518.20	U15883
NVDA	757.897799	159	2905.28	28001.38	U15883
+TLT*F1H8	4.613046	-100	33430.46	0.00	U40790
VCLT	76.419266	4000	1922.93	0.00	U40790
VOO	411.698526	10000	532614.74	0.00	U40790

02/22/24 12:23:14



NVDA 775.63 -- 775.75 NVIDIA C...

NVDA 781.54 - 742.2 PCL 674.72 Q
 Last 775.69 100.97 (15%) Vol 56,103,106
 Lv1 775.63 775.75 VWAP: 768.67 S

MMID	BID	SIZE	MMID	ASK	SIZE
NSDQ	775.65	0	NSDQ	775.74	0
NSDQ	775.64	0	CHX	775.75	2
MEMX	775.63	3	NSDQ	775.75	1
EDGX	775.63	2	NASD	775.75	1
EDGA	775.63	1	NSDQ	775.76	0
NSDQ	775.63	0	NSDQ	775.78	0
ACB	775.63	0	NSDQ	775.80	0
NSDQ	775.62	0	ACB	775.83	0
BATS	775.60	1	BATS	775.84	2
ACB	775.59	0	ACB	775.84	0
NSDQ	775.59	0	ARCA	775.85	1
ACB	775.57	0	ACB	775.85	0
NASD	775.56	1	ACB	775.87	0
ACB	775.56	0	ACB	775.96	0
ACB	775.55	0	EDGX	776.02	1
ARCA	775.50	1	NYSE	776.13	1
NYSE	775.25	1	BYX	776.38	1
CHX	775.20	10	MEMX	776.57	1
MIAX	775.00	1	PSX	776.58	1
PSX	774.89	1	NQBX	776.92	1
IEX	774.80	1	IEX	776.99	1
NQBX	774.68	1	EDGA	776.99	1
BYX	770.00	1	AMEX	776.99	1

Montage INET ARCA



Positions

Symb	Avgcost	Shares	Unrealized	Realized	Account
------	---------	--------	------------	----------	---------



02/22/24 12:12:20

AMD 182.94 -- 182.97 Advanced ...

AMD 183.77 - 172 PCL 164.29 Q

Last 182.95 18.66 (11.4%) Vol 63,302,964

Lv1 182.94 182.97 VWAP: 179.12 S

MMID	BID	SIZE	MMID	ASK	SIZE
NSDQ	182.95	0	NSDQ	182.97	1
ACB	182.95	0	NASD	182.97	1
EDGX	182.94	3	EDGX	182.98	4
ACB	182.94	2	CHX	182.98	2
ARCA	182.94	2	NSDQ	182.98	1
NSDQ	182.94	0	IEX	182.98	1
NASD	182.93	4	MEMX	182.98	1

Positions

Symb	Avgcost	Shares	Unrealized	Realized	Accoun
AMD	174.971896	179	1472.83	14518.20	U15883
NVDA	757.897799	159	2905.28	28001.38	U15883
+TLT*F1H8	4.613046	-100	33430.46	0.00	U40790
VCLT	76.419266	4000	1922.93	0.00	U40790
VOO	411.698526	10000	532614.74	0.00	U40790

02/22/24 12:11:54



AMD 185CALL20240223 1.69 -- 1.71

E2N185 2.2 - 0.26 PCL 0.37 OO

Last 1.65 1.28 (345.9%) Vol 58,355

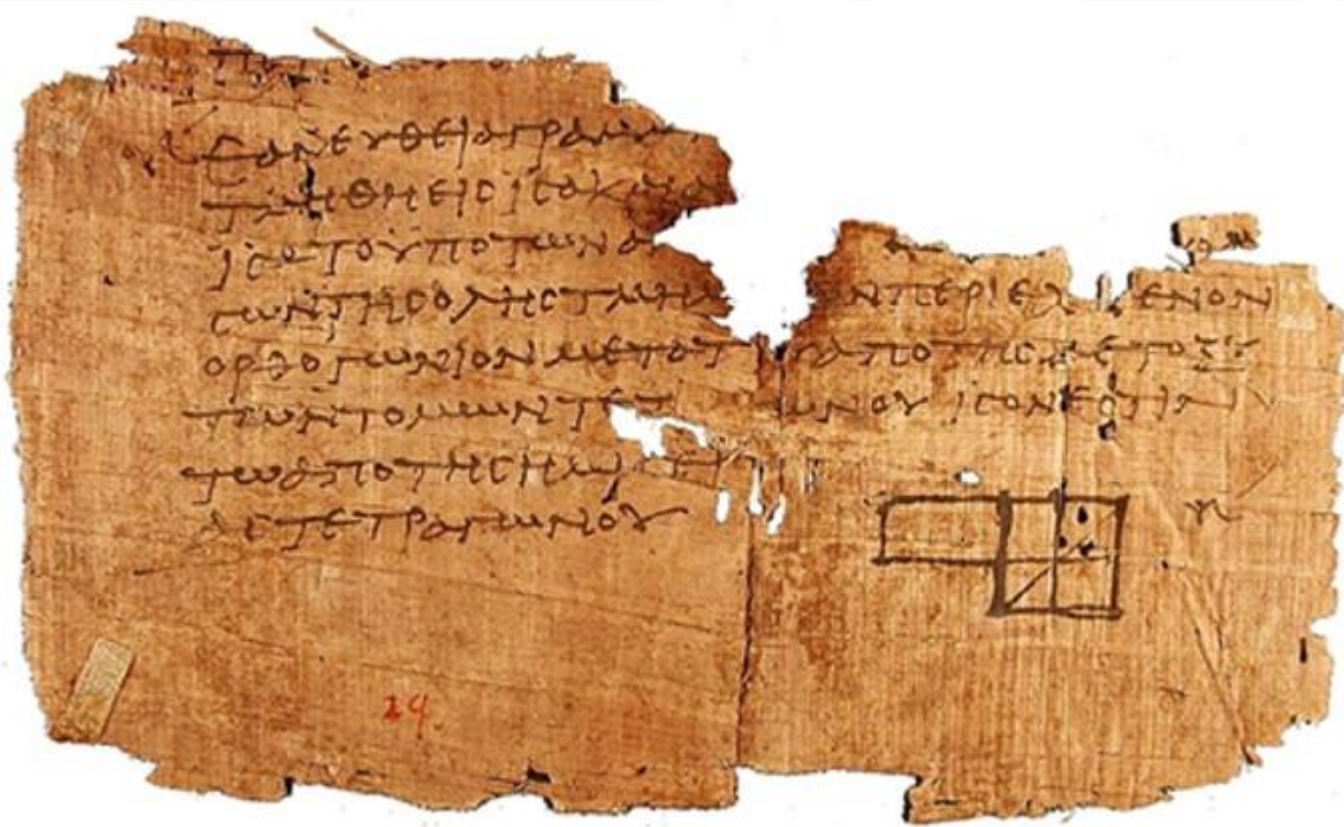
Lv1 1.69 1.71 S

MMID	BID	SIZE	MMID	ASK	SIZE
PRL	1.69	35	PRL	1.71	16
??U	1.69	27	NOBO	1.71	6
BATS	1.69	22	CBOE	1.71	3
ARCA	1.69	12	ISE	1.71	2
C2	1.69	12	??D	1.71	1
NOBO	1.69	9	GEM	1.72	69
ISE	1.69	7	C2	1.72	60
GEM	1.69	5	NSDQ	1.72	19
AMEX	1.69	1	BATS	1.72	19
BOX	1.68	56	ELX	1.72	16
MER	1.68	40	BOX	1.72	15
PHLX	1.68	40	PHLX	1.72	12
ELX	1.68	18	MIAX	1.72	11
CBOE	1.68	15	MER	1.72	11
MIAX	1.68	13	??U	1.72	7
??D	1.68	8	ARCA	1.72	6
NSDQ	1.68	5	AMEX	1.73	13

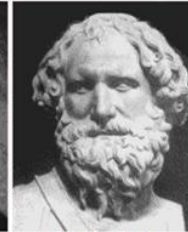
Montage INET ARCA

But is It Really True? (We Want to Prove Day Trading!)

Theorem: For every day trader, there exists at least one strategy that, when applied with consistency and discipline, leads to a positive expectancy that outperforms the traditional



Isaac Newton



Archimedes



Carl Gauss



Leonhard Euler



Bernhard Riemann



Henri Poincaré



J.-L. Lagrange



Euclid



David Hilbert



G.W. Leibniz



Alex. Grothendieck



Pierre de Fermat

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Andrew Aziz

Peak Capital Trading
Vancouver, Canada

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Can Day Trading Really Be Profitable? Evidence of Sustainable Long-term Profits from Opening Range Breakout (ORB) Day Trading Strategy vs. Benchmark in the US Stock Market

18 Pages • Posted: 24 Apr 2023

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Peak Capital Trading; Bear Bull Traders

Date Written: April 10, 2023

Abstract

The validity of day trading as a long-term consistent and uncorrelated source of income for traders and investors has always been a matter of debate. In this paper, we investigate the profitability of the well-known Opening Range Breakout (ORB) strategy during the period of 2016 to 2023. This period encompasses two bear markets and a few events with abnormal volatility.

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Peak Capital Trading; Bear Bull Traders

Date Written: November 13, 2023

Abstract

This paper explores the application of the Volume Weighted Average Price (VWAP) in detecting market imbalances and enhancing trading decisions across diverse market conditions. We introduce a straightforward VWAP-based day trading strategy, which initiates long positions when price is above the VWAP and short positions when it falls below the VWAP. Our analysis employs QQQ and TQQQ as primary

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[Andrew Aziz](#)

Peak Capital Trading; Bear Bull Traders

Date Written: February 16, 2024

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The validity of day trading as a long-term consistent and uncorrelated source of income for traders and investors

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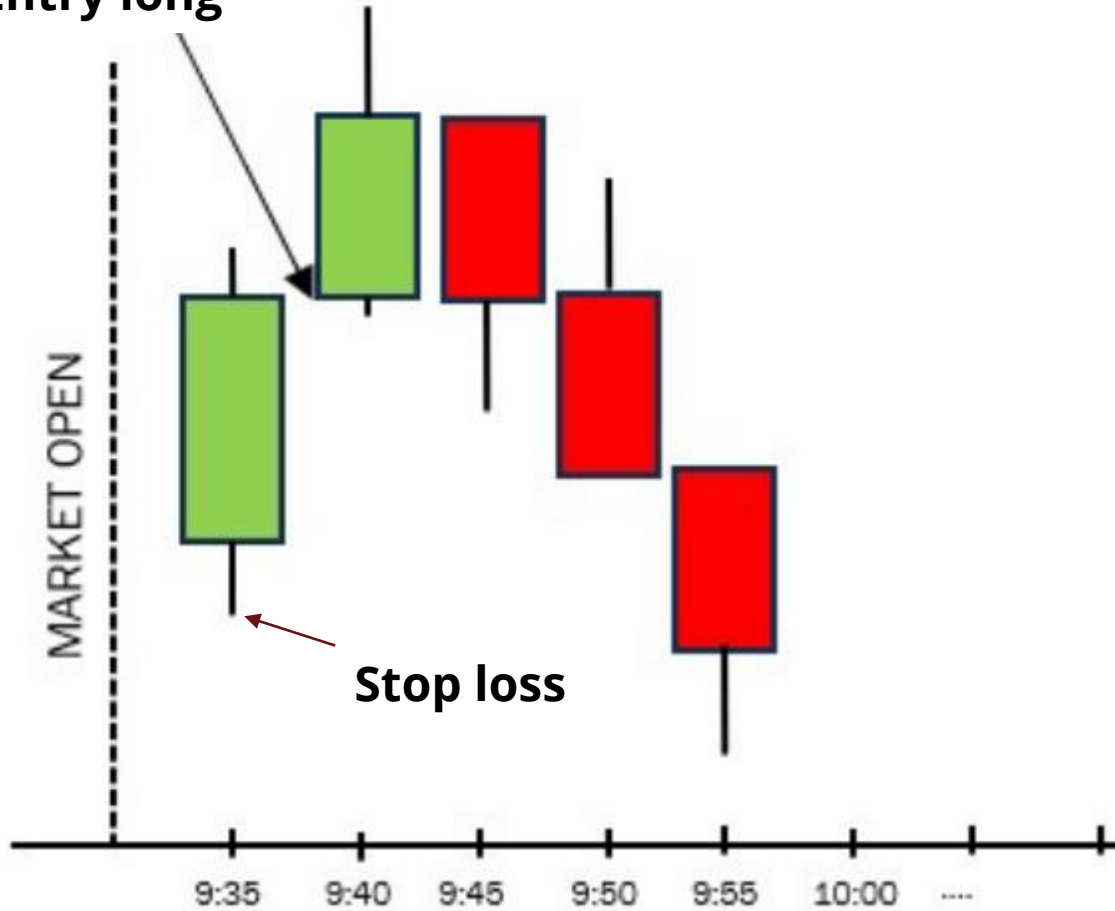
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2,724	3,180

PlumX Metrics

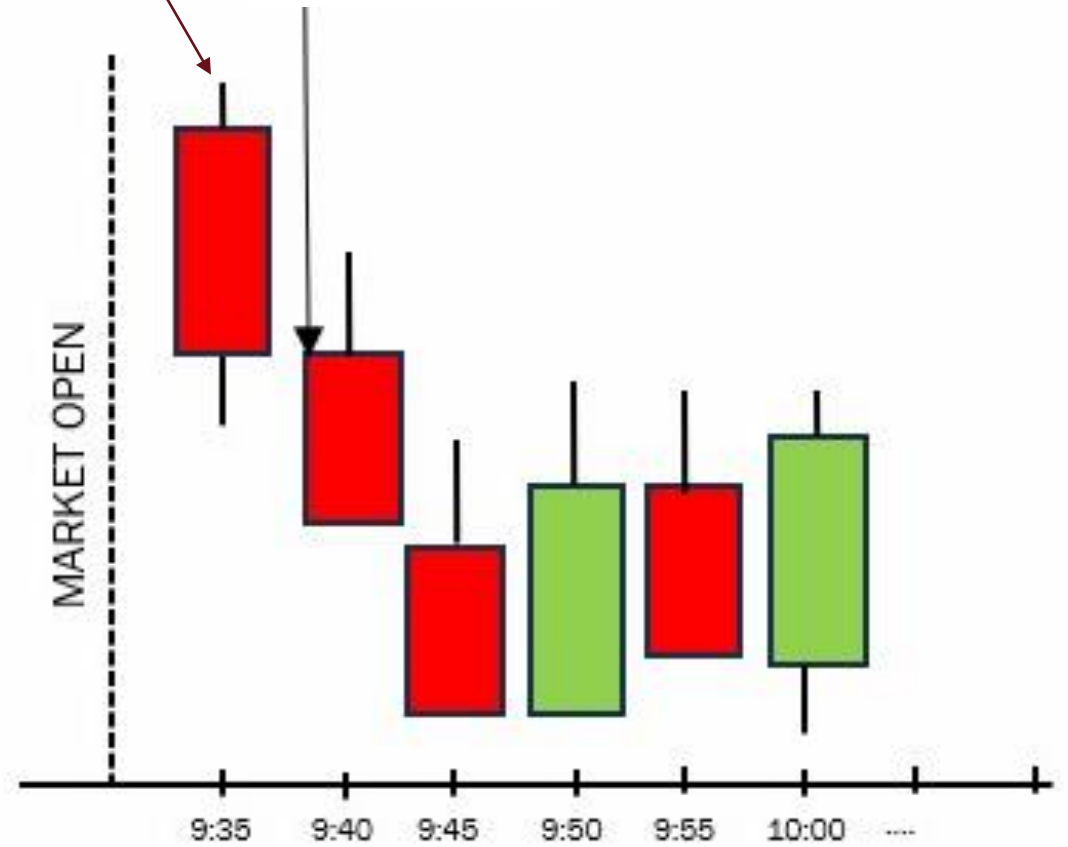


Opening Range Breakout System Definition

Entry long



Stop loss Entry short



Conditions

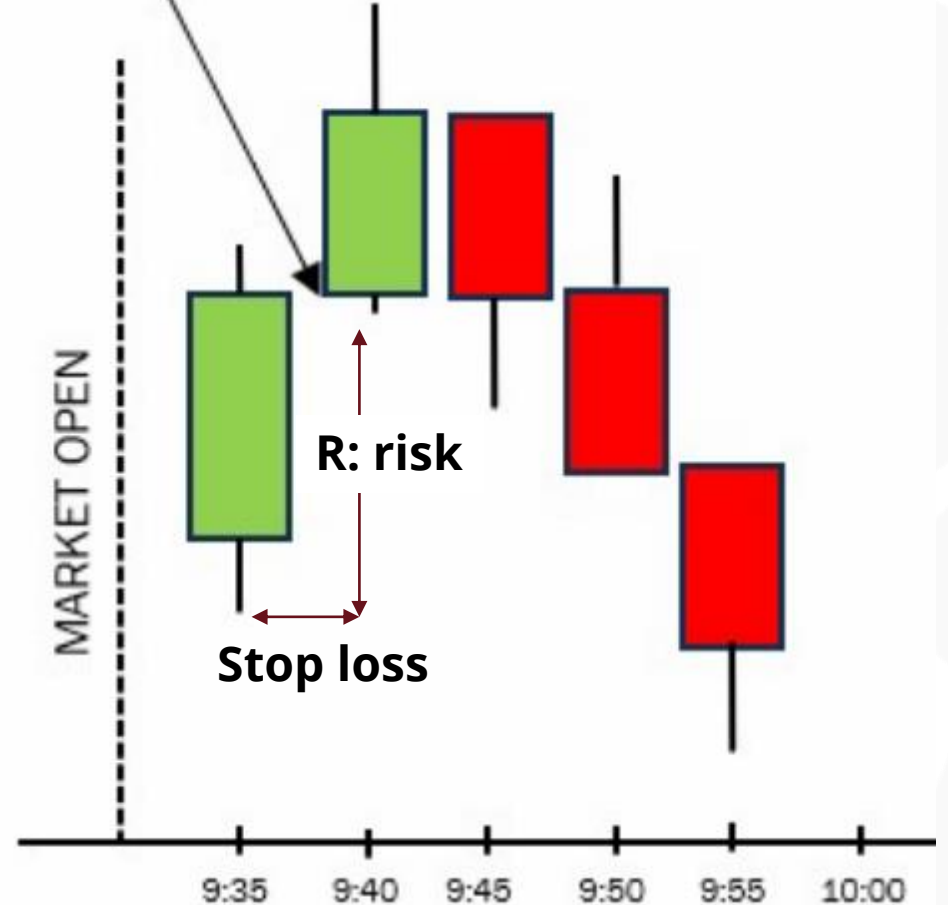
Entry	Open 2nd candle
Stop	Low/High 1st
Move stop BE	No
Gap Conditional	No
Risk x Trade	1%
Max Leverage	4x

Start AUM = 25K, Commission = \$0.0005/share, Running Cost = \$200/month, From Jan.2016

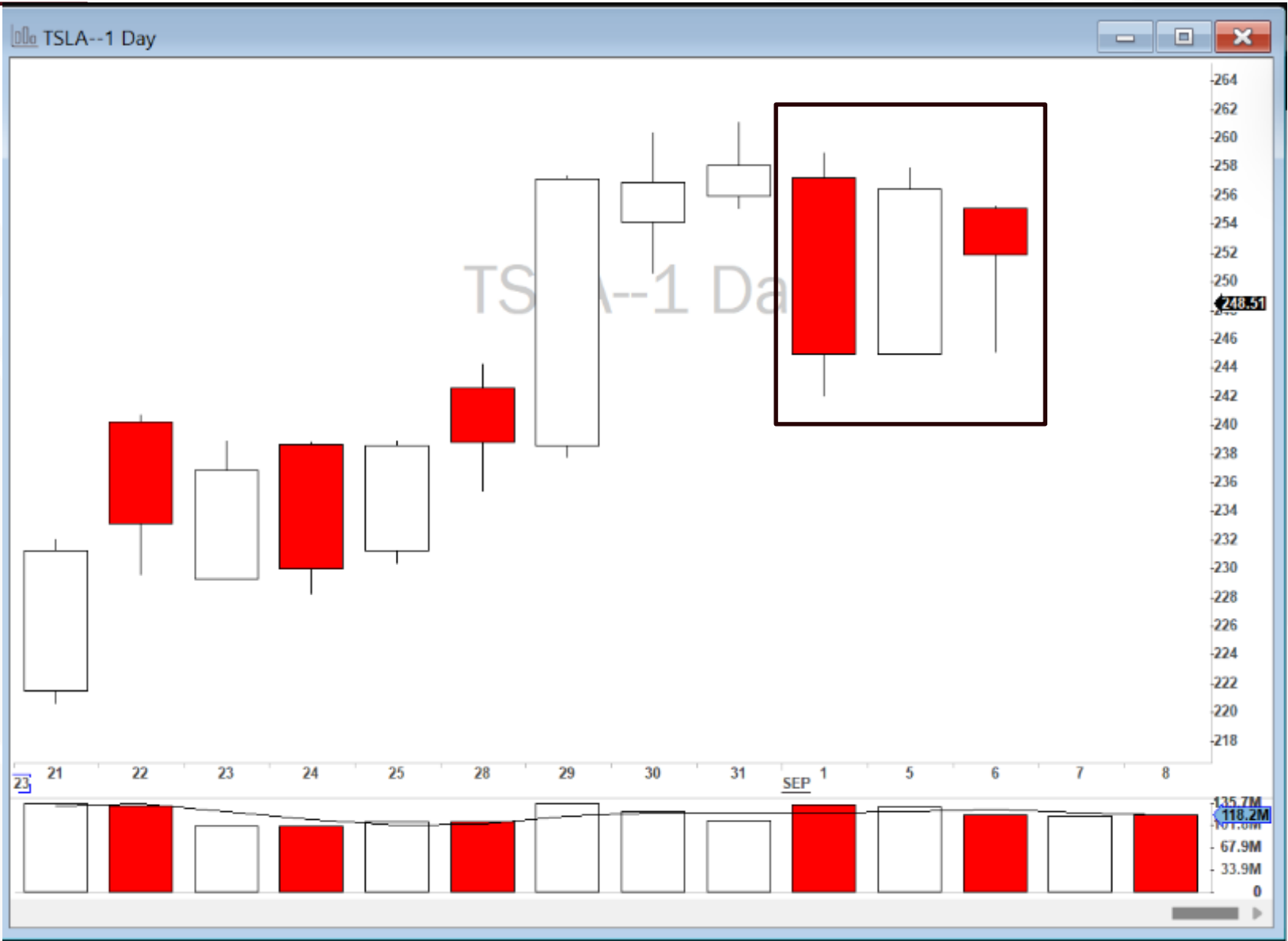
Profit target:

Complete exit at 10R or end of the day (EOD).
No partial.

Entry long



Example: Let's understand model on 1,2,3 Sep 2023



1 Sep 2023



2 Sep 2023

EOD

3R=\$9

TSLA--5 Minute

EOD

Entry = ~\$248 long

R = \$3

10R = \$30 profit, not reaching
Cover at end of the day,
We did not get to 10R!



Entry = ~\$252 short

Cover at EOD ~\$252

TSLA--5 Minute



Day Trading QQQ (both long/short) vs QQQ (buy and hold)



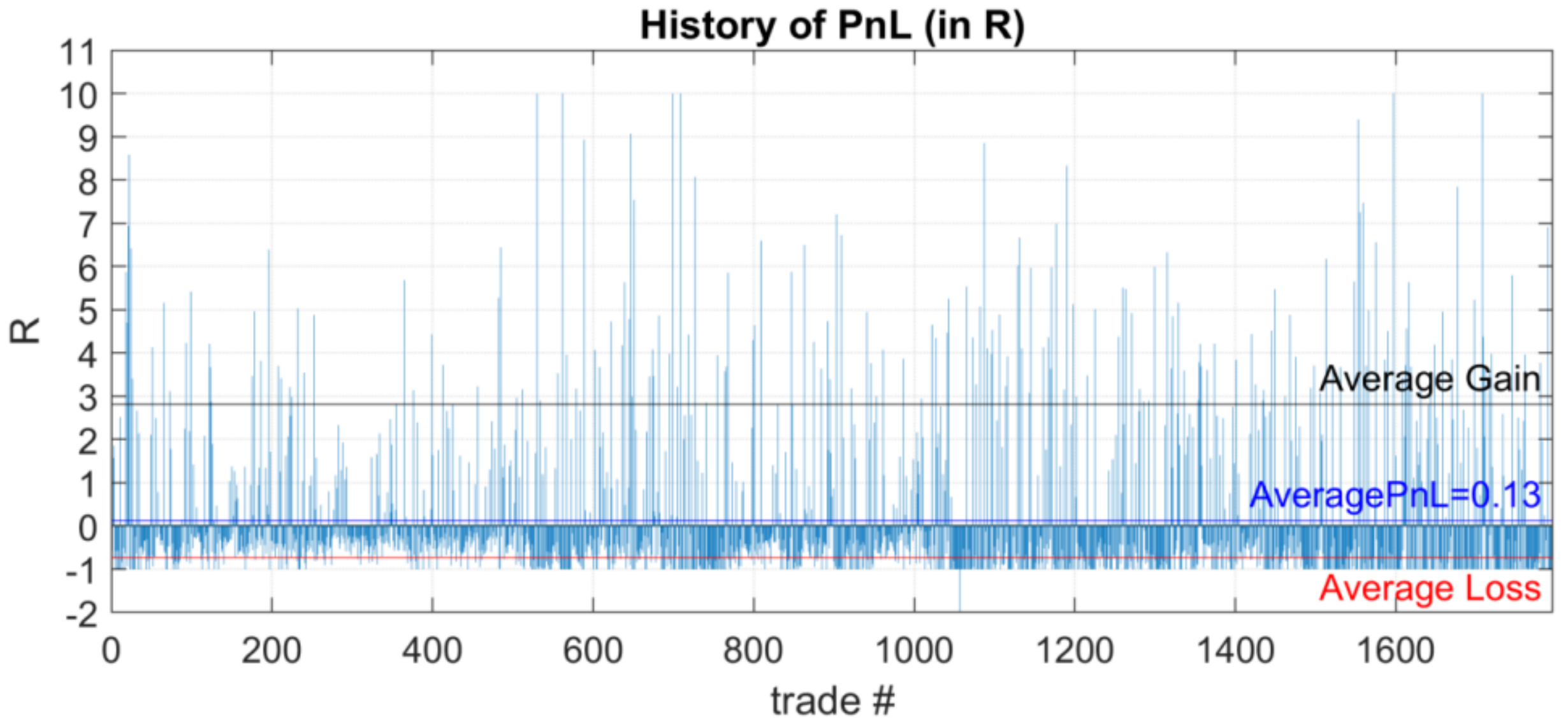


Figure 3: A bar chart that represents the daily PnL (expressed in unit of Risk) of the ORB portfolio that day traded the QQQ ETF (both long and short). All conditions were set as Table 1.

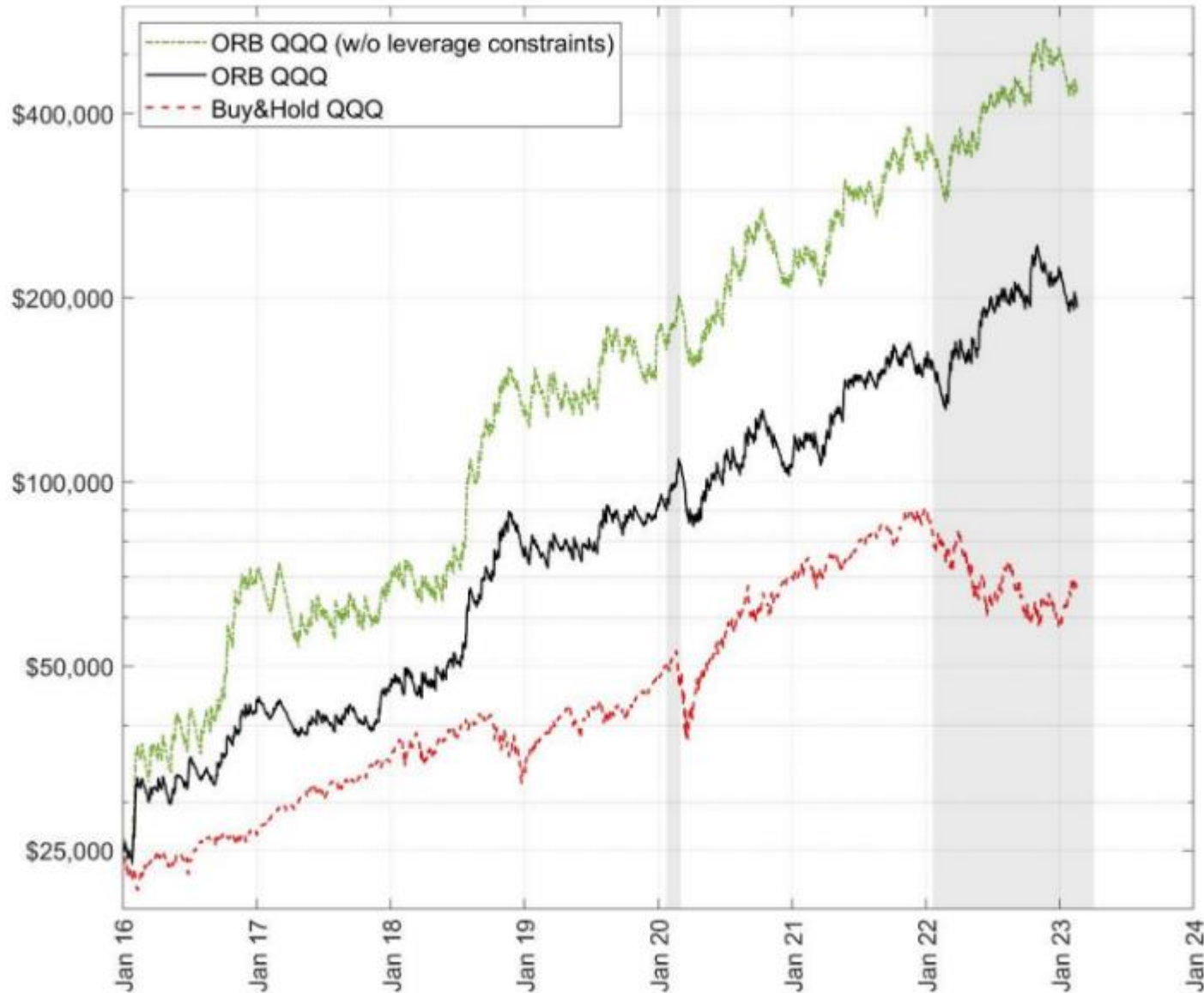
Share size traded

Share size traded is impacted by:

1. account size (A)
2. risk per trade (R) (1% account of Account size in this case)
3. Price of entry (P)
4. available buying power (max 4 leverage)

$$\text{Shares} = \text{integer} \left(\min \left(\frac{A \times 0.01}{\$R}, \frac{4 \times A}{P} \right) \right)$$

Impact of Leverage!



For a test, we removed leverage constraint, assumed you have unlimited buying power.

$$\text{Shares} = \frac{A \times 0.01}{\$R}$$

Real Return can be achieved by using leverage!

How to add leverage:

1. **Borrow money** (friends, family, banks, LOC, mortgage, credit card etc).
2. **Margin:** Borrow money from broker (usually limits leverage to 4).
3. **Trade derivative** products: options or leveraged ETFs

We added a 3x Bull leveraged ETF for QQQ into the model: \$TQQQ

Example

Leveraged products are available widely:

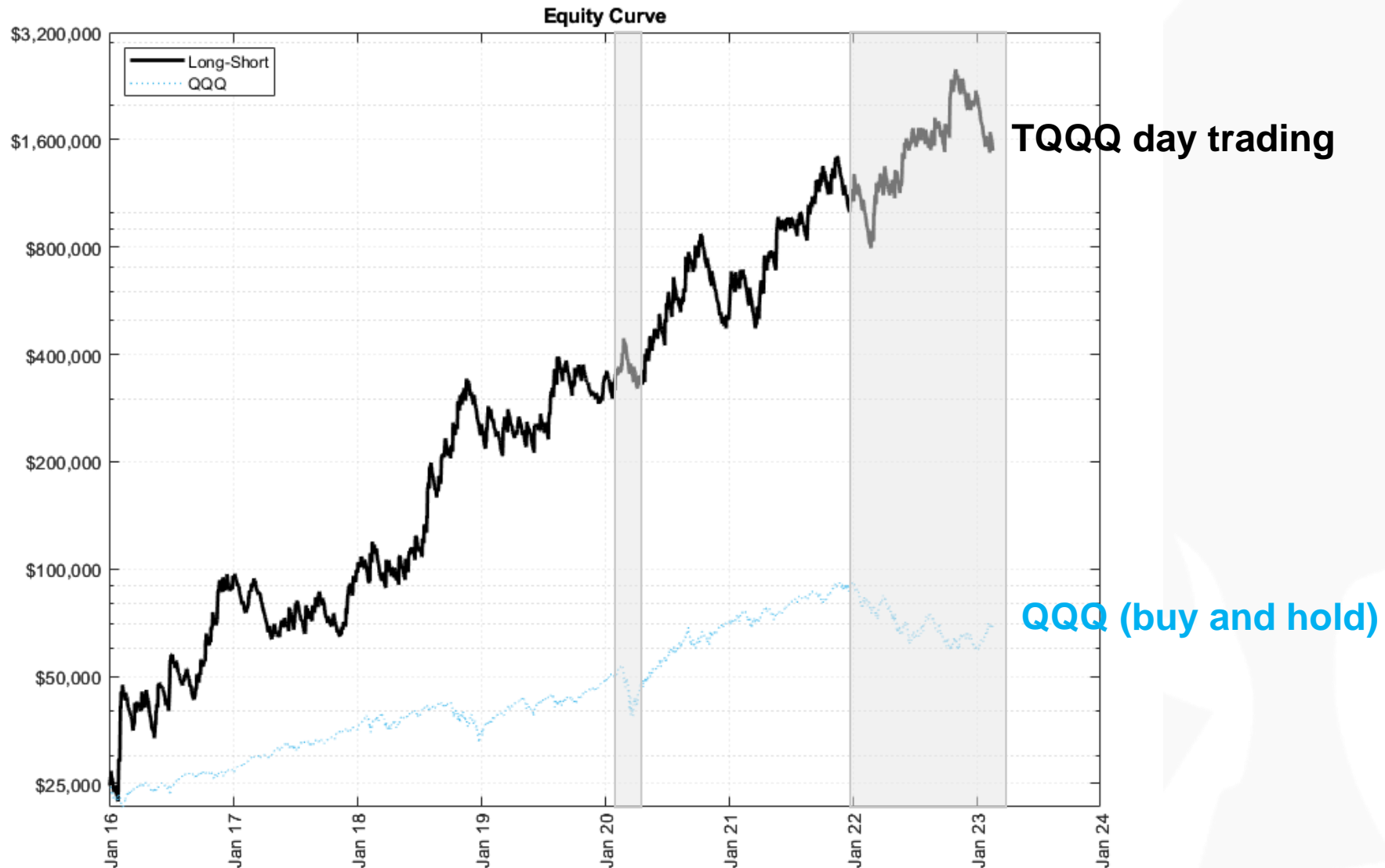
TSLL for

2x long of TSLA

TSLS for

2x short of TSLA

What if we day trade TQQQ instead of QQQ?



Accuracy of TQQQ day trading is only 25%

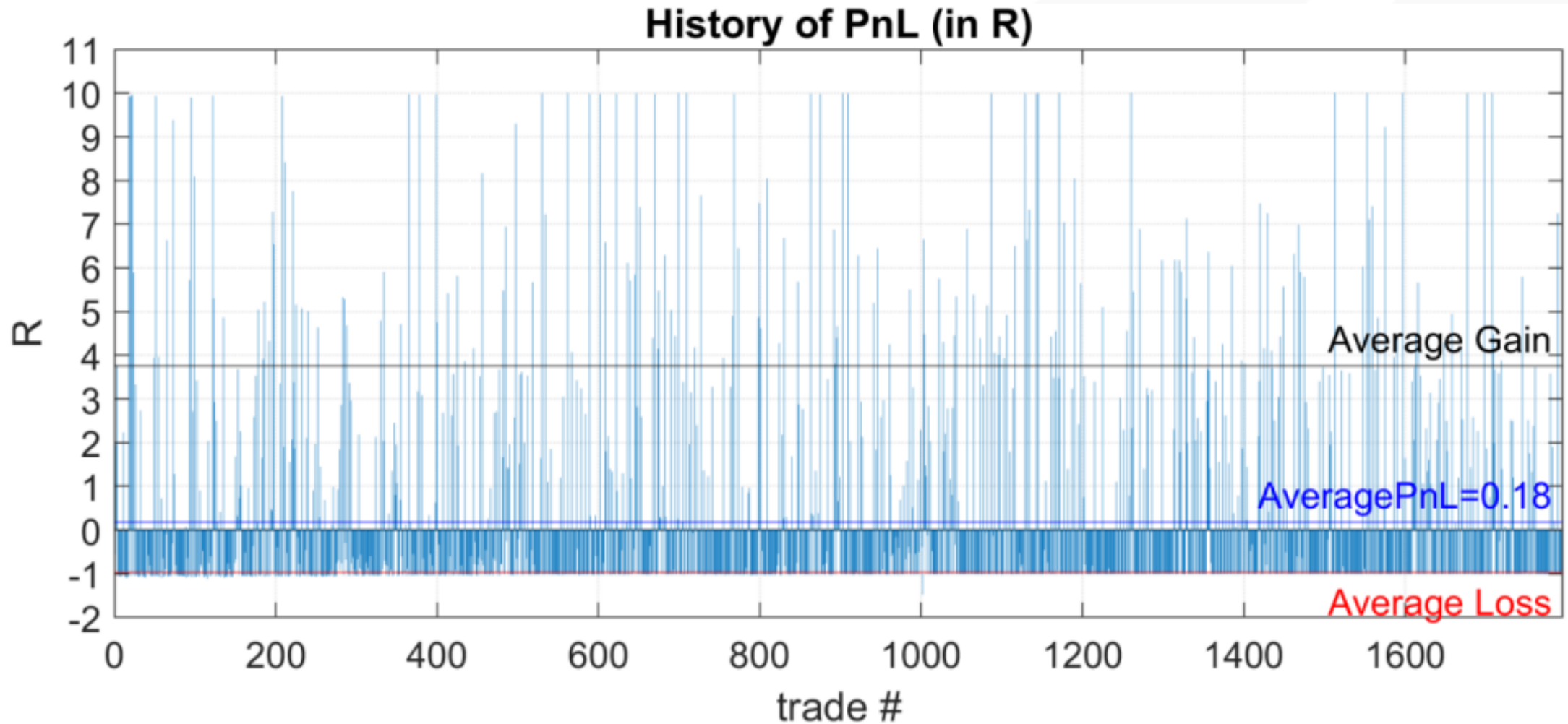
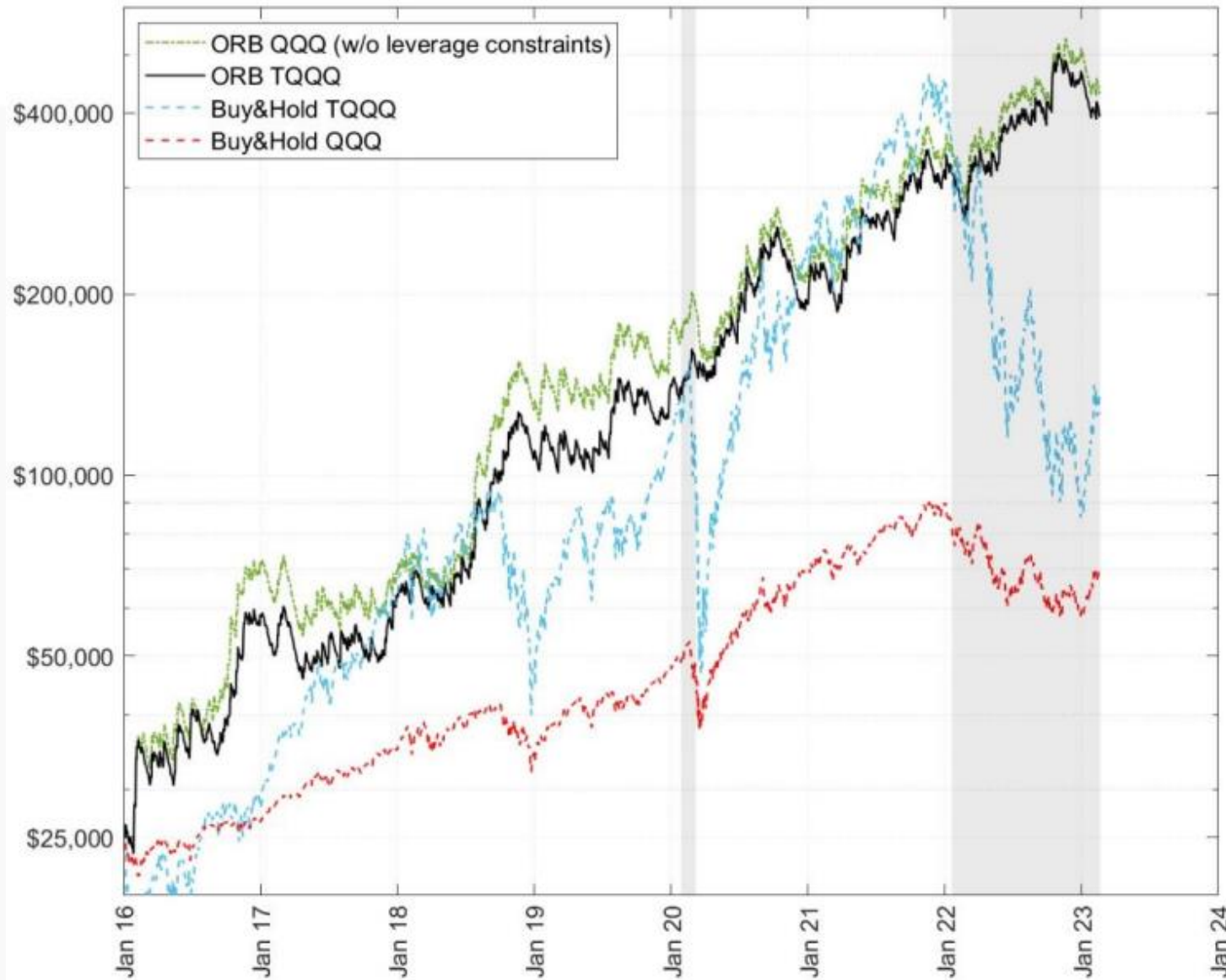


Figure 6: A bar chart that represents the daily PnL (expressed in unit of Risk) of the ORB portfolio that day traded the TQQQ ETF (both long and short).

Fascinating Results!



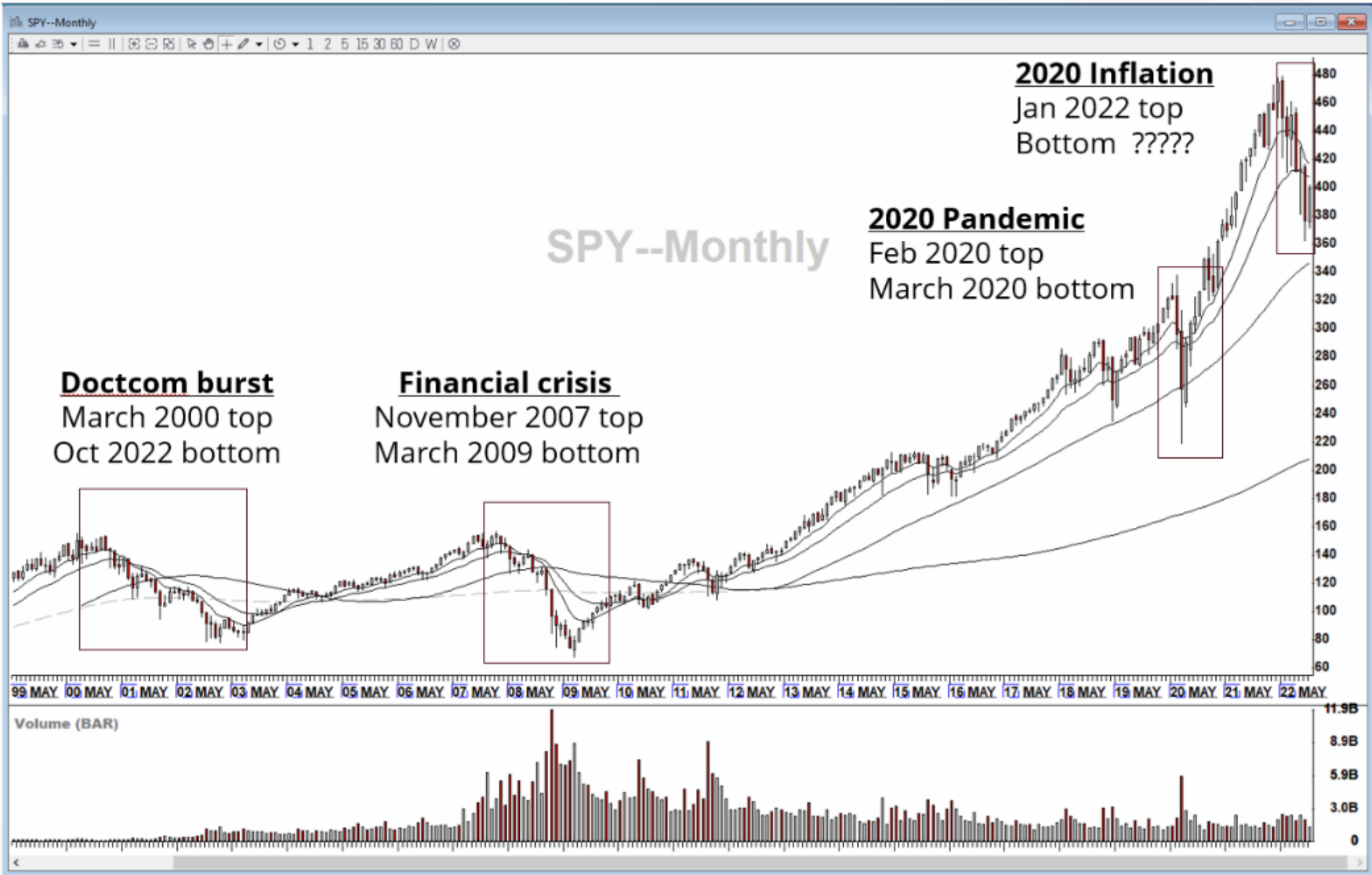
TQQQ **buy and hold** may outperform day trading in the bull markets, but in bear markets, leveraged products will get **destroyed**.

In long term, where there is both bull market and bear market, and abnormal volatility periods active **day trading** is **outperforming** buy and hold.

Sharpe Ratio and MDS Comparison

Table 2: Performance statistics.

Strategy	Total Return	Yearly Return	Volatility	Sharpe Ratio	MDD
ORB TQQQ	1,484%	48%	39%	1.19	28%
ORB QQQ	676%	33%	29%	1.13	22%
Buy & Hold TQQQ	438%	27%	69%	0.69	82%
Buy & Hold QQQ	169%	15%	23%	0.73	36%



Investigation of Stop Loss as % of ATR and Profit Target

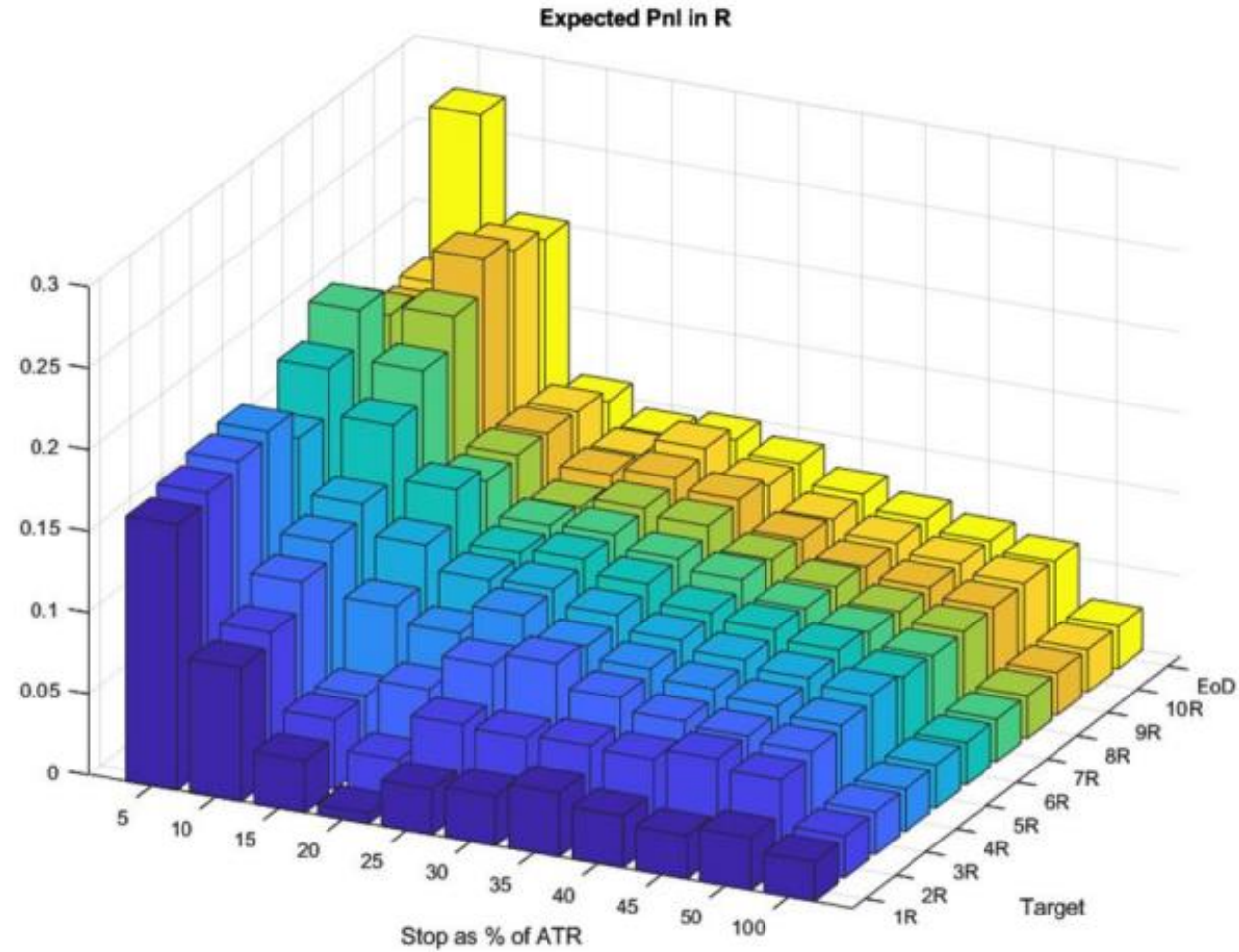
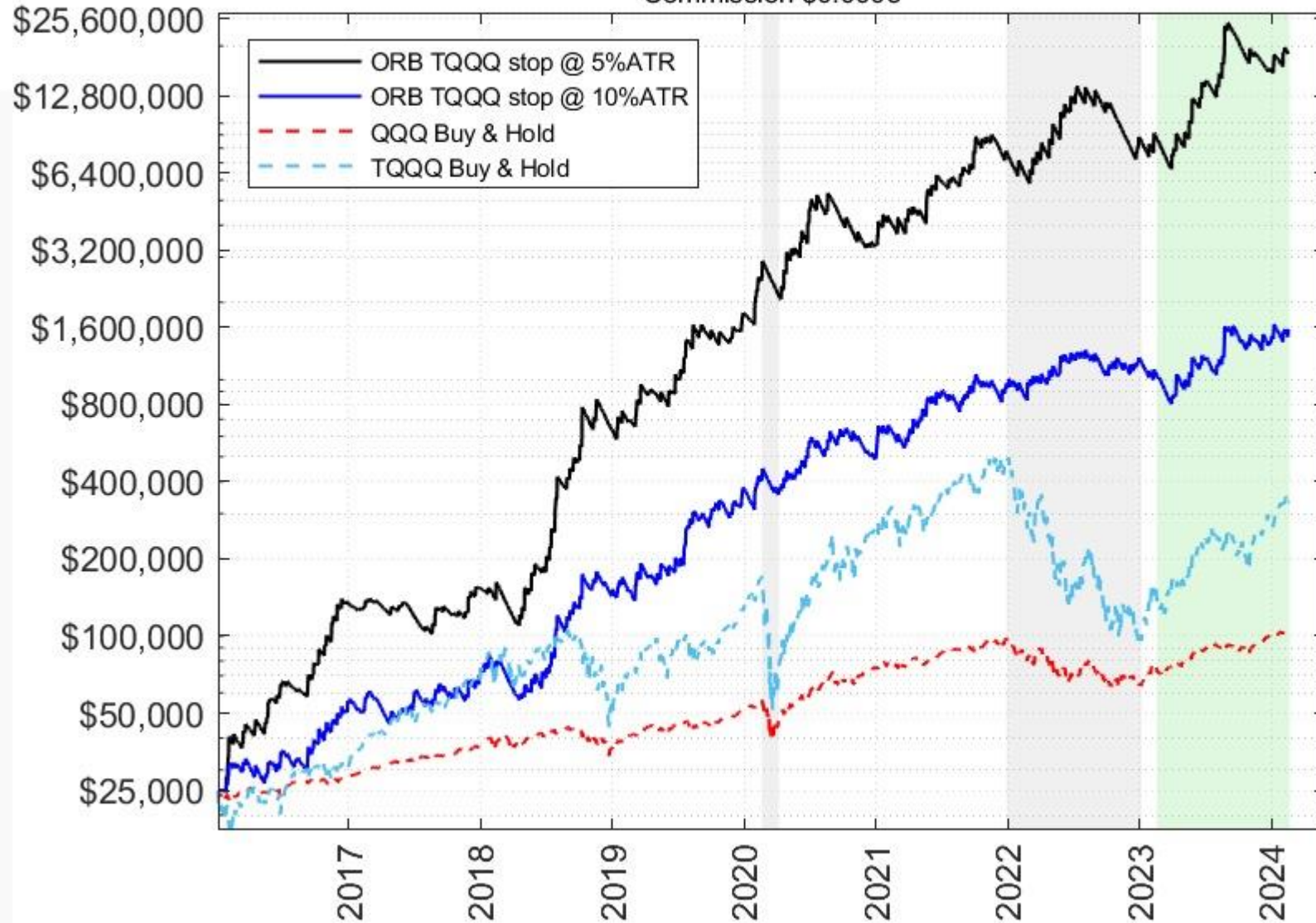


Figure 7: 3-D heatmap showing the average PnL (in R) with respect to stop losses and profit targets for the ORB portfolio that day traded the TQQQ ETF (both long and short). Other conditions were set as Table 1.

5min-ORB on TQQQ Entry at OPEN - EoD Target

Commission \$0.0005



If you keep stop loss at **5% or 10% ATR**

Profit Target: EOD

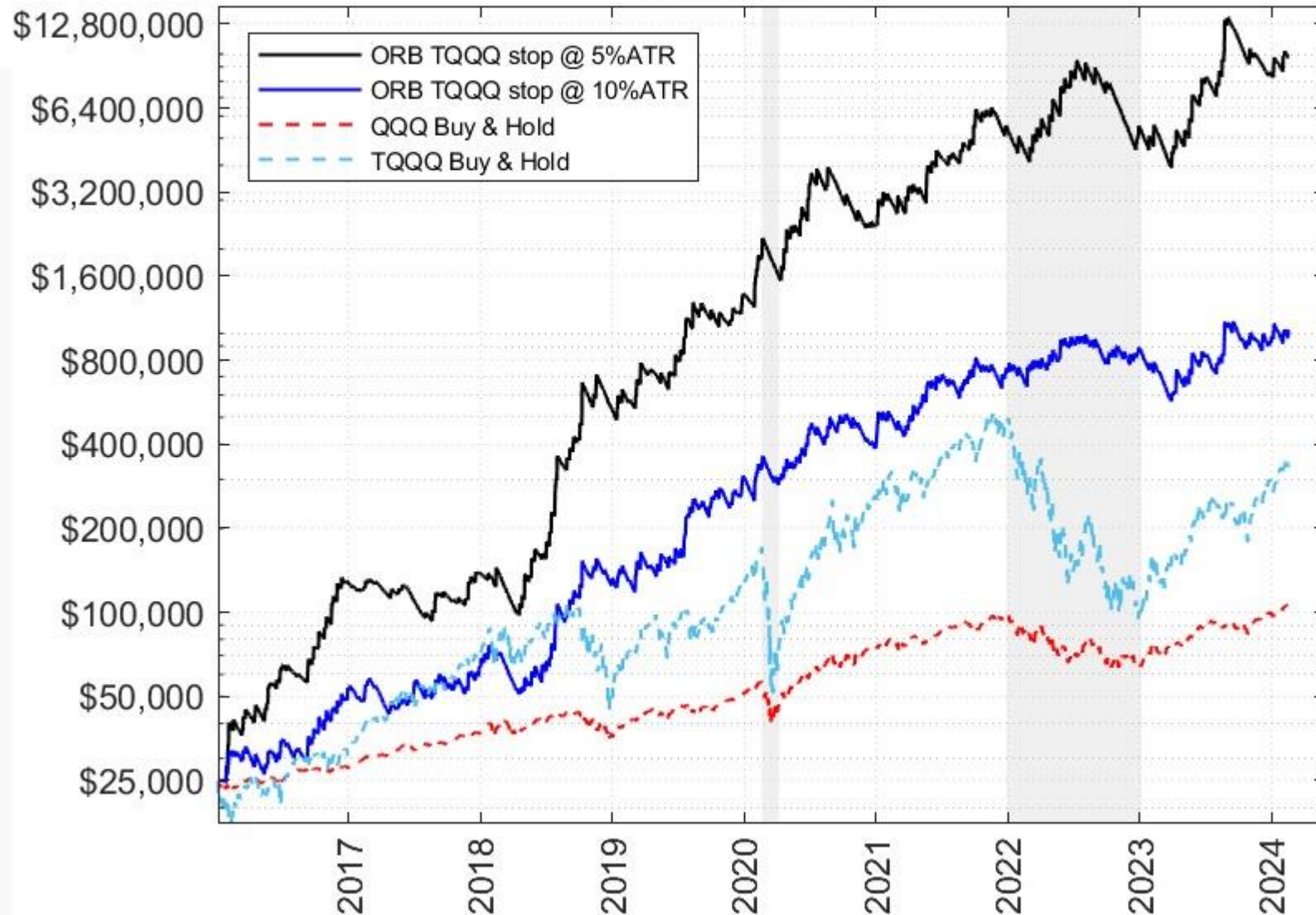
Very nice result, but can be unrealistic result due to low commission we used and also slippage.

5% ATR stop loss is **~8c**, which is too close and may not be accurate. 10% ATR is better.

TQQQ ATR is around \$2 as of today.

5min-ORB on TQQQ Entry at OPEN - EoD Target

Commission \$0.0035



If you keep stop loss at **5% or 10% ATR**

Profit Target: EOD

Very nice results, but more realistic now commission is much closer to everyone can have access.

TQQQ ATR is around \$2 as of today.

Our results are peer-reviewed and reproduced.



Peter Thorpe <pthorpe@alumni.princeton.edu>

to me, c.zarattini, kmedina ▾

Wed, Jul 26, 4:52 PM



Got things working today! Our ORB QQQ results line up with the paper exactly on page 8. Thanks so much for the help.

Best,

Peter



Andrew Aziz <andrew@peakcapitaltrading.com>

to Peter, c.zarattini, kmedina ▾

Wed, Jul 26, 4:55 PM



Amazing!



Is it Only QQQ or works on other stocks?

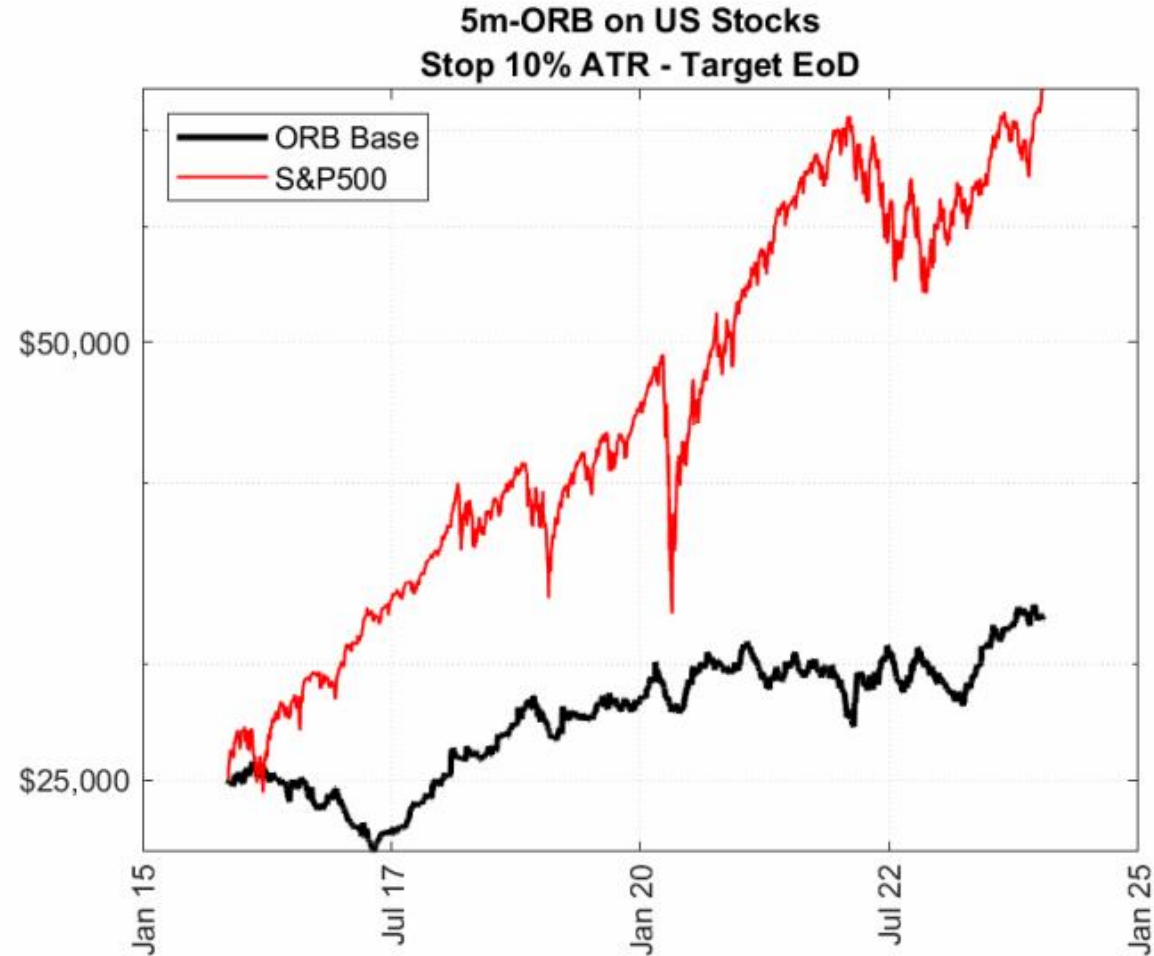


Figure 3: Equity curve comparison of a S&P500 buy-and-hold portfolio (red line) and a portfolio engaged in day trading both long and short positions on all stocks using the 5-minute ORB strategy described in Section 2.1 (black line). The analysis covers the period from January 1, 2016 to December 31, 2023, with an initial net asset value of \$25,000 and a commission rate of \$0.0035 per share.

Works Only on High Relative Volume Stocks

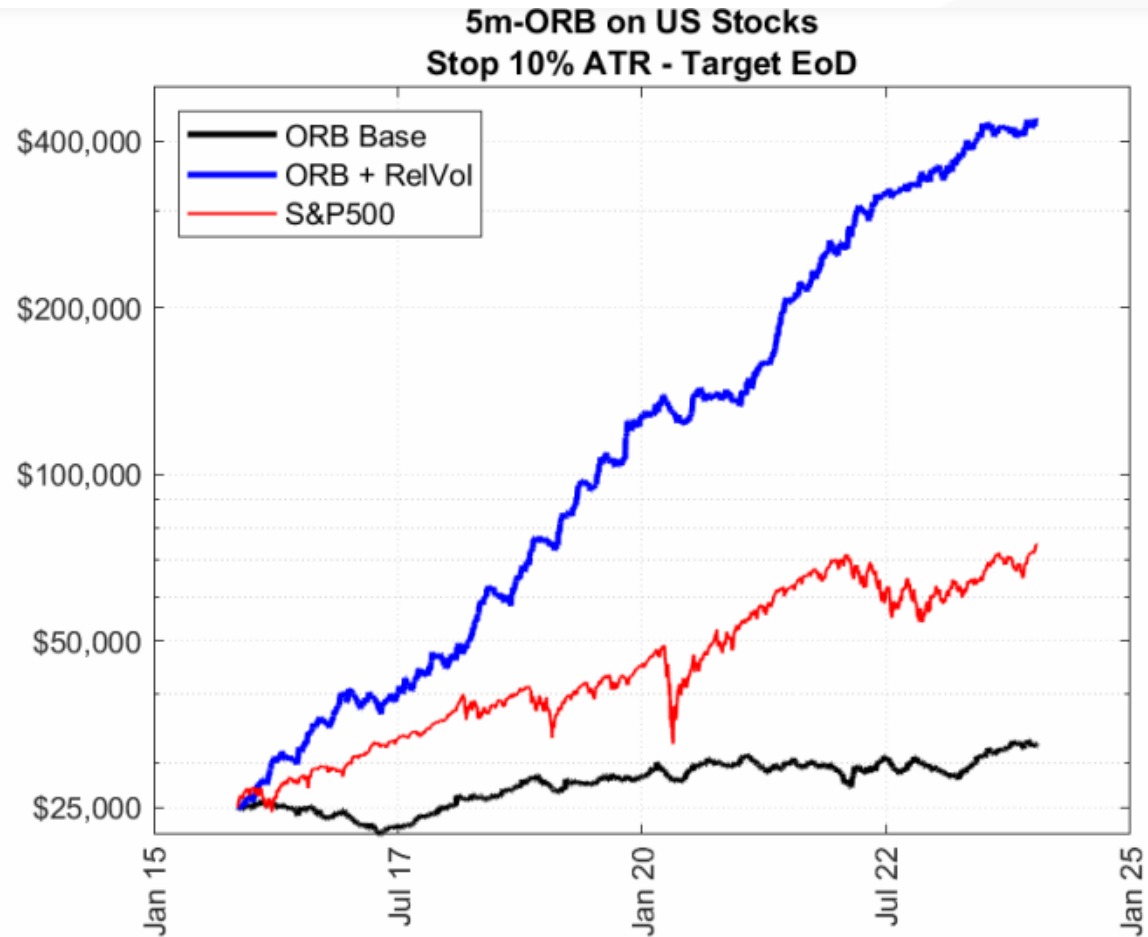


Figure 5: Equity curve comparison of a S&P500 buy-and-hold portfolio (red line), a portfolio engaged in day trading both long and short positions on all stocks using the 5-minute ORB strategy described in Section 2.1 (black line) and the 5-minute ORB strategy with Relative Volume described in Section 4 (blue line). The analysis covers the period from January 1, 2016 to December 31, 2023, with an initial net asset value of \$25,000 and a commission rate of \$0.0035 per share.

Statistics of ORB and SPY500

Table 2: Performance comparison of a S&P500 buy-and-hold portfolio, a portfolio engaged in day trading both long and short positions on all stocks using the 5-minute ORB strategy described in Section 2.1 and the 5-minute ORB strategy with Relative Volume described in Section 4. The analysis covers the period from January 1, 2016 to December 31, 2023, with an initial net asset value of \$25,000 and a commission rate of \$0.0035 per share.

Strategy	Total Return	IRR	Volatility	Sharpe Ratio	Hit Ratio	MDD	Worst Day	Alpha	Beta
ORB Base	29%	3.2%	6.6%	0.48	41.4%	13%	-0.8%	3.3%	0.01
ORB + Rel Vol	1,637%	41.6%	14.8%	2.81	48.4%	12%	-1.61%	35.8%	0.00
S&P500	198%	14.2%	18.3%	0.78	54.9%	34%	-10.9%	0.00%	1.00

Other timeframes

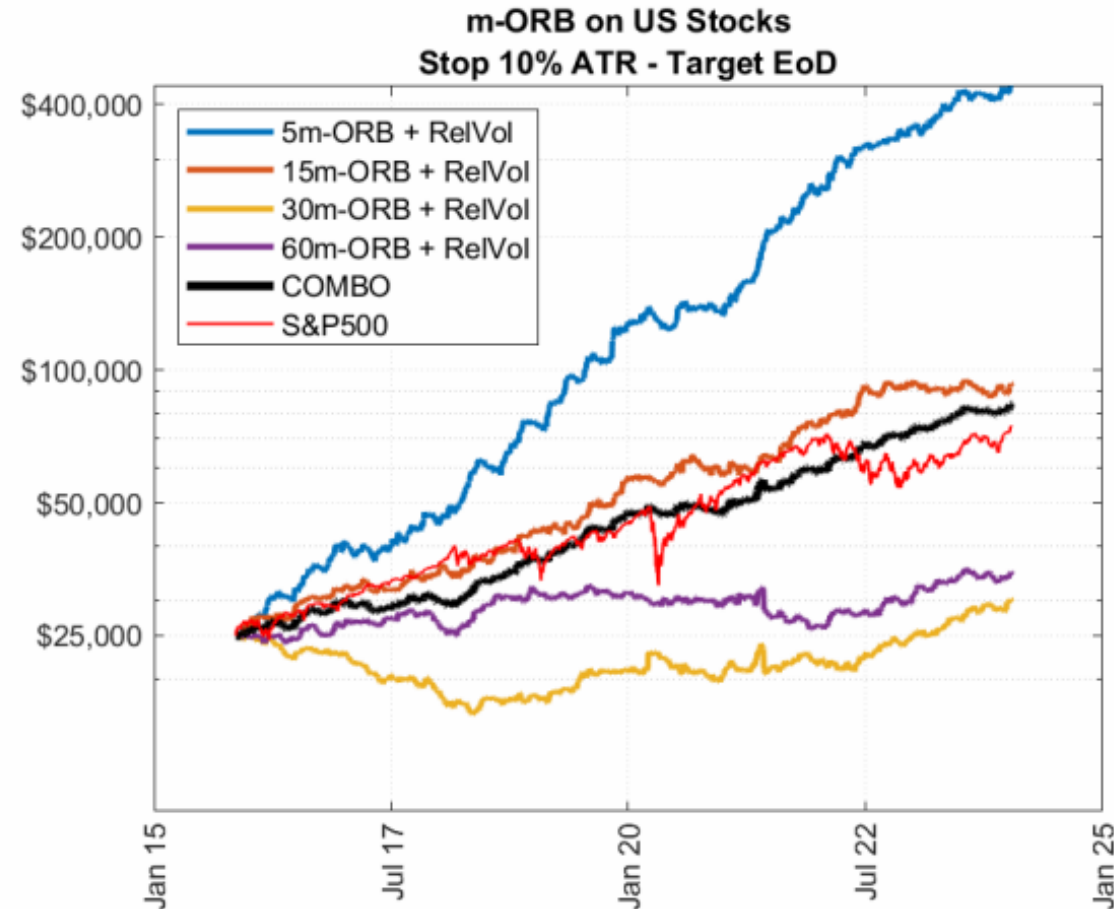


Figure 6: Equity curve comparison of a S&P500 buy-and-hold portfolio (red line) and a portfolio engaged in day trading both long and short positions using the 5-minute, 15-minute, 30-minute, and 60-minute ORB system described in Section 4. The COMBO (black line) represents an equally weighted portfolio of ORB portfolios across various time frames (5-minute, 15-minute, 30-minute, and 60-minute). The analysis covers the period from January 1, 2016 to December 31, 2023, with an initial net asset value of \$25,000 and a commission rate of \$0.0035 per share.

VWAP Day Trading Systems

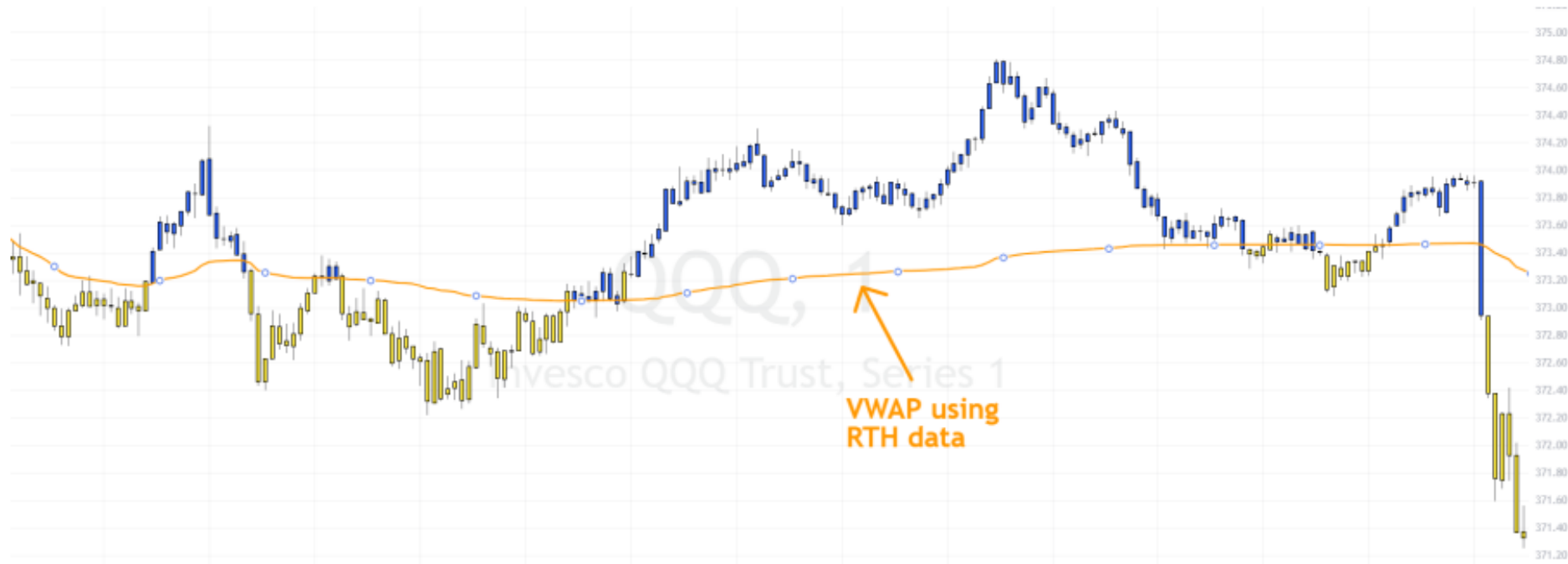


Figure 1: Example of an intraday chart of QQQ illustrating the concepts of what “Above VWAP” and “Below VWAP” mean. The only line in the chart is the VWAP, excluding pre- and post-market data. The 1-minute candlesticks above VWAP are colored blue (appearing dark in black and white printed editions), and the 1-minute candlesticks below VWAP are colored yellow (appearing brighter in black and white editions).

VWAP Day Trading Systems

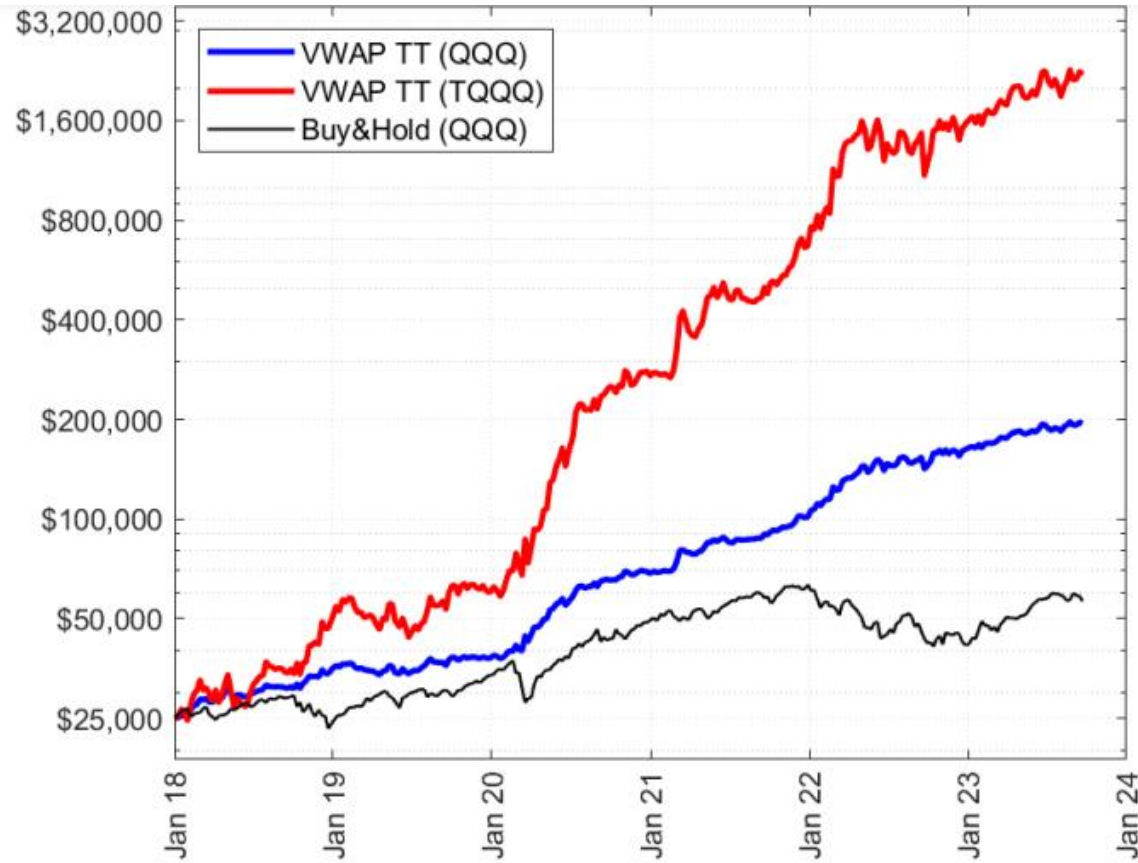


Figure 6: Performance comparison between a QQQ buy-and-hold portfolio, a portfolio engaged in day trading, both long and short positions on QQQ based on 1-min candlestick using the VWAP-based system described in this paper and a portfolio of day trading TQQQ based on this approach. The analysis covers the period from January 1, 2018, to September 28, 2023, with an initial net asset value of \$25,000 and a commission rate of \$0.0005 per share.

Table 3: Volume, Trades, and Commission Analysis for VWAP Trend Trading on QQQ and TQQQ from January 2, 2018, to September 28, 2023. Initial NAV: \$25,000; Commission: \$0.0005/share.

	Start Capital	End Capital	Shares Traded	Commission Paid	# Trades
VWAP TT (TQQQ)	\$25,000	\$2,085,417	801,237,880	400,619	22,399
VWAP TT (QQQ)	\$25,000	\$192,656	13,094,444	6,547	21,967
Buy & Hold (QQQ)	\$25,000	\$56,472	160	0.080	1
Buy & Hold (TQQQ)	\$25,000	\$73,108	2,129	1.1	1

Summary

- A portfolio of day trading \$TQQQ would have earned an outstanding **return of 1,484%** during the period of 2016 to 2023, while an investment in the QQQ ETF would have earned **169% as of 28 Feb 2023.**
- Active day trading can outperform buy and hold in long term, with the **proper use of leverage** or **leveraged products** and **vigorous risk management.**
- Trade management and importance of patience in winning trade have a huge impact on result.