



How to Trade Momentum for a Living

by Micah Lamar

A Note from Micah

First and foremost, thank you for downloading this ebook!

In the following pages, you'll find my guide to Trading Momentum for a Living using PayDay Cycles, a simple strategy I created in 2011, and – with the help of WallStreet.io members – have been improving over the past several years. Today, I'm proud to say it has a **85% batting average!** Thousands of people are now successfully trading PayDay Cycles.

This ebook is meant to be used as a supplement to my [video series](#). When used together, you'll be equipped to start using this strategy immediately. You'll understand the buy and sell rules, why this strategy has been successful for so many years in a row, the best way to manage this strategy after entering a trade, and how to find the best options strategy. You can watch the video series starting at <https://pages.wallstreet.io/payday-cycle-lesson-1/>.

If I were to narrow down the most important thing I've learned about trading, it has to be the PayDay Cycle method. It's simple and so effective, and I'm so excited for you to join the party.



Trade Safe,

Micah Lamar | Founder and CEO, [WallStreet.io](https://wallstreet.io)

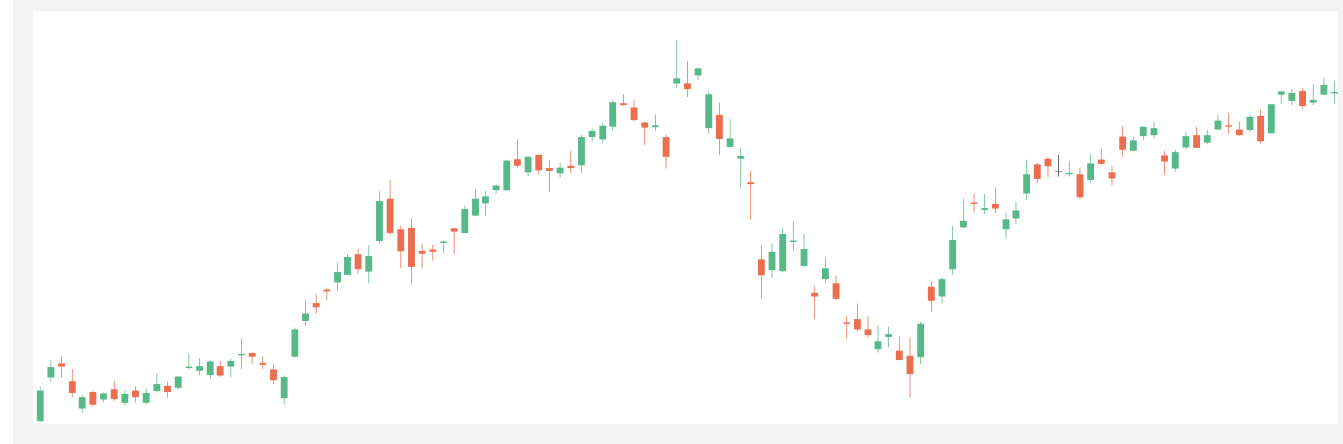
The PayDay Cycle is the #1 Momentum Signal - Here's how it works...

A PayDay Cycle is simply a 4- to 8-day trend in a stock. Sometimes it can be a little longer, but most PayDay Cycles end before the eighth day. Knowing this is important for day traders, swing traders, and position traders.

When finding PayDay Cycles, we use a **Heikin-Ashi** chart. Trading is all about finding and aligning with naturally occurring cycles of a stock, and the Heikin-Ashi chart makes it much easier to see them. Here's an example:



The Heikin-Ashi chart above really helps to smooth out the trend of a stock. Compare it to the regular daily candlestick chart below over the same time frame.



How to Read Bullish Momentum

Bullish Candles

Candle is Green.

No Wick on Bottom.

Long Wick on Top.

Goes Above Previous High.

Acceleration Shown by Candle Body Growing in Length.



Slightly Bullish Candles

Candle is Green.

Short Wick on Bottom.

Long to Medium Wick on Top.

May or May Not Go Above Previous High.

Slowing Shown by Candle Body Shrinking in Length.



The 3 Questions to Ask Every Day to Gauge Bullish Momentum!

Bullish Momentum

Is Stock Making a Higher Daily High?

Is Stock Making a Higher Daily Low?

Will the Stock Likely Close at a New High?



*These 3 Questions Will Help You Gauge Momentum!

How to Read Bearish Momentum

Bearish Candles

Candle is Red.

No Wick on Top.

Long Wick on Bottom.

Goes Below Previous Low.

Acceleration Shown by Candle Body Growing in Length.



Slightly Bearish Candles

Candle is Red.

Short Wick on Top.

Long to Medium Wick on Bottom.

May or May Not Go Below Previous Low.

Slowing is Shown by Candle Body Shrinking in Length.



The 3 Questions to Ask Every Day to Gauge Bullish Momentum!

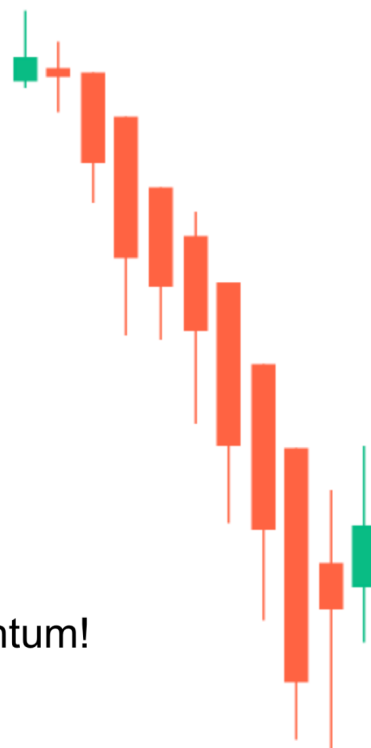
Bearish Momentum

Is Stock Making a Lower Daily Low?

Is Stock Making a Lower Daily High?

Will the Stock Likely Close at a New Low?

*These 3 Questions Will Help You Gauge Momentum!



The Difference is in the Results

The PayDay Cycle strategy takes advantage of cycles that are already happening. The beauty of these cycles is when they get moving, **you can make a lot more on a winner than you'll lose on most false starts.** (We'll cover false starts later.)

This creates a stellar risk-reward ratio. We've seen them as high as 8.1 which means you'll make \$8.00 for every \$1.00 of risk, and those numbers just work.

Combine that with a great batting average, and now we have a strategy that can lead to some significant return without as many fluctuations in your principle.

Most of the time, trades that have a great batting average often have a poor risk-reward ratio. They work most of the time, but when they fail, you lose a ton – sometimes even more than many winning trades combined. This leads to zero profitability at the end of the quarter or year for you.

The PayDay Cycle method is the opposite; **It has a good batting average and stellar risk-reward.** If you combine it with options, you can create some pretty incredible ROI.

Backtested, Verified Results

Check out some examples of the results of this strategy!



In full transparency, this is what a loss looks like in this strategy. While losses are impossible to avoid, we found a great way to cut out many losing trades. (We'll get into that later.)



We were back in it the next day!





AAPL

AAPL Stock Up 10.52% in 12 days

Call Options Up **335%**



AAPL

Sometimes we'll go on
HUGE winning streaks...

6 Winners in a row!



Before moving forward, make sure you have finished **Lesson 1** from our video series,
"How to Trade with PayDay Cycles."

Avoid False Starts & Cut Your Losses

The reality is sometimes we get **false starts**. This happens when the stock gets you into the trade and then reverses on you. This can cause losses in your PayDay Cycle trades because you need the stock to continue to trend to make profits.

To help with this, we've backtested secondary indicators with PayDay Cycles to see if we could find one that would help us avoid these costly false starts. After a ton of testing, we found the indicator we were looking for – **the MACD** – and the results have been pretty amazing.

Adding this indicator played a huge role in our probability stacking. We used this as the next step in building onto the success of the strategy and watched our batting average and risk-reward ratio soar! The best way to visualize and understand how to apply the MACD is to watch [lesson 2 of the video series, "Cut Losing Trades by Identifying False Starts."](#)

Before moving forward, make sure you have finished **Lesson 2** from our video series, ["Cut Losing Trades by Identifying False Starts."](#)

PayDay Cycles for Swing Traders

If you're swing trading, and the daily chart is showing a **bullish** PayDay Cycle, you will have a much **higher probability of success if you are long stock or calls**. Swing traders can avoid costly losses by only being long during the bullish portion of the cycle and either short or in cash during the bearish cycles.

On top of this, PayDay Cycles mean less hassle for swing traders because they can check their positions less often. The reduced market noise and clear flow of the cycles help guide you through trades efficiently.

PayDay Cycles for Day Traders

If you're day trading and the daily chart is showing a **bullish** PayDay Cycle, you will have a **higher probability of success buying long as a day trade** instead of shorting the stock. This is because you are aligning your day trade with the bigger-picture trend.

This is also true while shorting a stock for a day trade. If a stock is in a **bearish** PayDay Cycle, then you'll be **more successful shorting the stock as a day trade** vs. trying to buy it long. Once again, this is because the PayDay Cycles show the general trend of the stock throughout the cycle. It's easier to swim with the river than against it.

PayDay Cycles for Long-Term Investors & LEAP Traders

Traders and investors can both use PayDay Cycles. Longer-term investors can use a PayDay Cycle on the daily chart to **know when to scale into a position and possibly when to take partial profits on a longer-term position**.

This also works great for people who hold LEAPS or long-term stock. They can use the PayDay Cycle framework on the daily chart to **guide them on when to sell upside calls against their LEAPS**, hedge downside risk, and bring in nice cash flow. Longer-term traders can also use PayDay Cycles to **know when to buy hedges**, such as a put to protect a long position against a bearish PayDay Cycle.

PayDay Cycles work for options too! Watch **Lesson 3** from our video series, **"Find the Best Options Strategy in Less Than 2 Seconds."**

Disclaimer: This document is intended for educational purposes only. Stock and options trading have large potential rewards, but also large potential risks. You must be aware of the risks and be willing to accept them to invest in the stock and options markets. Don't trade with money you can't afford to lose. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this website/video/guide. The past performance of any trading system or methodology is not necessarily indicative of future results. Please consult your financial advisor before investing in stocks and options.