Chart of the Day

$ZS has a long-term pattern that you need to see

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Hey everyone, good evening.

It's Scott at Scottrades on Twitter with Stock Market Mentor.com and your chart of the day.

Gonna take a look at a chart I haven't seen in a while—not because it's a bad chart, but because it's just been going sideways for months and months.

The stock really hasn't been trending in a while. I'm more of a trend follower, so I'm waiting to see when this stock does start to trend.

As I was analyzing this stock today—it's Zscaler, by the way, ticker ZS—I started to draw just basic support and resistance levels. One thing I noticed is that I had to keep going. I had to drag out these lines for a long, long time.

If I zoom all the way out on Zscaler, we can actually see a pretty interesting chart here. Look at this long, drawn-out level of support. Now, it's not perfect—but show me one that is! This is pretty darn close.

We have that same kind of pattern from the top here in 2021, tightening into what could be an eventual break of this trend.

What I want to see here on Zscaler is, first, some higher price action. I want to see if this stock can break out of this consolidation, get above this clear downward-sloping trendline, and really start to get going.

You may remember in 2020 and 2021, this was a major winner. So when this stock does start to trend, I actually think it's going to be pretty powerful.

One thing to note as well—their earnings have been ridiculously strong. They haven't missed on an earnings report ever! So I kind of think Zscaler is a bit of a sleeper here. It's not really doing much of anything other than going sideways, slamming into resistance, but also bouncing where it should bounce.

Even if this stock doesn't break out in the next couple of days, I think it could be very interesting to see what happens as these two lines converge.

I want to have a long-term alert on Zscaler right around 216–217. If this stock can eventually get above that level and stay above that level, then it could ultimately be a very nice trending stock like it once was in 2020 and 2021.

So this is more of a long-term chart as I'm searching for relative strength in a choppy market. I hope this is helpful!

If it was, then you should definitely check out what we're up to at StockMarketMentor.com. Myself and Dan Fitzpatrick have been helping members analyze charts and develop trading systems for years.

If you're struggling in this market, chances are you just don't have a proper system. We'll give you a foundation to trade off of, and then you go from there. You become your own guru.

That's what I think makes Stock Market Mentor different from any other site out there. We're not trying to be gurus that you follow blindly. We're trying to help you become a consistently profitable trader by using our foundation and building your own house on top.

Hope that video was helpful! Hey, give me a follow on Twitter if you don't already—@Scottrades. I'll see you in the next one.