



Chart of the Day Watch this level on \$XLU

April 1, 2025

Scott highlights the strength of utility stocks, noting they are holding up better than the overall market. The utility index is above key moving averages, forming a tightening pattern with clear resistance around 7,950. A breakout above this level, especially on volume, could be an actionable trade. Scott suggests using either a wide stop loss below the 200-day moving average or a momentum stop near the 50-day moving average, depending on risk tolerance.

Next Steps:

1. Traders to monitor the utility index for a breakout above 7,950, especially on strong volume.
2. Traders to consider an entry if the breakout occurs, using either a wide stop loss below the 200-day moving average or a momentum stop near the 50-day moving average, based on risk tolerance.
3. Traders to observe the tightening pattern in utilities as a sign of relative strength compared to the overall market.
4. Traders to avoid premature entries and wait for confirmation of the breakout before taking action.
5. Traders to assess market conditions and ensure utilities remain strong before committing to a trade.
6. Traders to review position sizing and risk management strategies before entering the trade.

Transcript:

Hey everyone, good evening.

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

I want to take a look at boring old utilities. While they may be boring, they are holding up better than the overall market.

We see the utility index here above all its key moving averages, and the moving averages are clumping together and getting tighter.

And if I zoom out here, I can actually see a nice tightening pattern with clearly defined resistance right around there and clearly defined support right around here.

So we have a tightening pattern on utilities, and utilities are holding up better than the overall market. That is a clear sign of relative strength.

And so what I want to see here on the utilities index is I'd love to see this break above 7,950 and do it on volume.

Now, if that does happen, I definitely think this could be an actionable trade with either a wide stop loss right here, just under the 200-day moving average, or a momentum stop loss right around that 50-day moving average, depending on your risk tolerance.

But definitely keep an eye on the utility index and watch for a move over 7,950. If that happens, I think you might have a nice trade on your hands.

So that's just one of many things we're looking at tonight at StockMarketMentor.com.

If you found this video helpful, definitely check us out, take a trial, and hopefully, I'll see you on the other side.