



Chart of the Day

Here's what to look for in a \$SPY reversal

April 8, 2025

Scott from StockMarketMentor.com discussed a potential upside reversal setup on the SPY, emphasizing the importance of waiting for confirmation before re-entering the market amid ongoing tariff uncertainty. He highlighted a recent example of a successful reversal and explained how traders can look for similar patterns, particularly if the market opens lower and then reclaims previous intraday highs. Scott advised using these setups for short-term trading opportunities rather than long-term positions, given the current downtrend. He also recommended using quiet market periods to improve technical skills through the site's educational resources.

Next Steps:

1. Traders to monitor SPY for a potential upside reversal setup, especially following a lower open.
2. All participants to watch for price action breaking above the intraday high after a lower open, which may signal short covering.
3. Day traders to consider taking profits into strength given the ongoing downtrend.
4. Swing traders to stay alert for similar setups as seen on Monday, involving early weakness followed by a strong reversal.
5. Investors and traders to refrain from long-term positions until a clear trend reversal is confirmed.
6. Members to review educational materials like Dan Fitzpatrick's 59 Minute Trader course to improve readiness.
7. All participants to use quiet market periods to sharpen technical analysis skills using Stock Market Mentor resources.
8. Traders to stay engaged with the community at StockMarketMentor.com for updates and continued learning.

Transcript:

0:05: Hey everyone, good evening.

0:06: It's Scott at Scottras on Twitter with stock market mentor.com and your chart of the day.

0:13: Really quick one here on SPY, just wanna lay out a potential reversal setup to get you ready for if and when the market decides to go up again.

0:26: Now, of course, we don't know when that's gonna happen and it's probably going to come with a resolution to what's happening right.

0:33: Now with tariffs.

0:34: Now, we don't have that resolution, but I like to rely on an upside reversal setup to get me back into the market and to put risk on again.

0:45: Now, we actually had this setup play out right here on Monday, and we had a lower open that opened lower than Friday's close.

0:55: Initially, we had a bit of a flush.

0:58: Once we had that flush and once the market was Able to take out the high of the day, ultimately we ended up getting a nice bounce.

1:06: After the close, you then saw a nice upside follow through.

1:11: Now, I know the market sold off today, but in this market, if you are doing some trading, you can watch for these upside reversals for potential swing trading opportunities or even day trading opportunities.



1:24: Dan Fitzpatrick at Stockmarketmentor.com, he's got a great day.

1:28: Trading course called the 59 Minute Trader.

1:30: Now he teaches various setups, similar to this, not exactly this, but I kinda wanna see this same thing play out where tomorrow we have a lower open, ideally under this candle here, under the wick of this candle at around 489.

1:46: So if we get a puke in the futures tonight, and we get a lower open, then what I would want to see from that open is then a move through and above.

1:57: That wick of the candle.

1:58: Now that could force some shorts to cover and give you a nice upside move, and then because the trend is still down, you're probably gonna wanna sell into that trend at least from a day trade perspective, not talking about long-term investing or anything like that, but that's a setup that I would look for tomorrow on Spy if we do get a lower open under today's intraday low.

2:24: So I hope that video's helpful.

2:26: Give me a follow on Twitter if you don't already, at Scottrades.

2:29: And if you're looking for a great community to trade with, definitely check us out at stockmarketmentor.com.

2:35: Even when there's nothing to do in the market, it's a great opportunity for you to take some of the tutorials that we have in Dan's tutorial library so you can polish up on your technical analysis skills for when the market turns and starts trending up again.

2:51: Thanks so much for watching.

2:52: I'll catch you in the next one.