Chart of the Day
Why Netflix ($NFLX) is a good stock to watch...but not buy...yet.

April 21, 2025

Dan discussed stock performance and emphasized the importance of identifying outperformers in a weak market, highlighting the need for patience and favorable odds when trading. He mentioned the potential for stocks to set up for breakouts in May but cautioned against buying on breakouts when they are not working. Overall, Dan stressed the importance of careful analysis and timing in stock trading.

Next Steps:

1. Members to review Dan's SPY analysis to understand the potential higher low setup and implications for broader market stability.
2. Traders to remain patient and avoid breakout trades until the market shows clearer signs of strength and stability.
3. Investors to monitor Netflix for a potential setup after the failed breakout, especially if it pulls back and forms support above recent lows.
4. All market participants to steer clear of underperforming mega caps (e.g., Meta, Amazon, Apple, Microsoft, Tesla, Nvidia) that are tracking the weak indexes.
5. Traders to keep an eye on outperformers like Netflix and Tat Technologies for relative strength and possible entry setups as the market develops.
6. Everyone to prioritize risk management and avoid trades that don't meet strict setup criteria—no "hunch trades" in this environment.
7. Members to remember the importance of time and patience—wait for stocks to base and consolidate before attempting entries.
8. All participants to be selective and disciplined; only trade when the odds are clearly in their favor.

Transcript:

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00:00:02.070 --> 00:00:27.380

Dan Fitzpatrick: I'm Dan Fitzpatrick here at stockmarketmentor.com on April 21.st Okay, before we get back to Netflix. Here, let's look at the spy. This thing is kind of doing what I've been saying. It was going to do, at least so far, at least so far, and that is, if we look at the spy, I've got that I've kind of envisioned this type of thing. It's not predicting. It's just what I've

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00:00:27.510 --> 00:00:35.259

Dan Fitzpatrick: what I would like to see happen in the long run, and that would be this pulling back hopefully.

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00:00:35.610 --> 00:00:37.489

Dan Fitzpatrick: not coming down here.

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Dan Fitzpatrick: but finding some kind of a higher low somewhere around here, maybe lower. Who knows? The idea, though, is that it? It does not

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00:00:48.250 --> 00:01:03.890

Dan Fitzpatrick: penetrate, or it doesn't surpass this low here. So some kind of move back higher, ideally above here would reinforce this as an absolute tradable bottom. Is it the absolute bottom?

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00:01:04.129 --> 00:01:22.769

Dan Fitzpatrick: I don't know, depending on what the heck your definition of absolute is. All I want to know is that we're continuing to get some kind of stabilization. I can't really make that declaration now, though, you can see that the volatility, while still high.

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00:01:23.600 --> 00:01:41.590

Dan Fitzpatrick: is not exactly off the charts. Literally, we're just kind of settling into this range. Okay, so I'm hoping that we see this, and then a little bit of a move higher all the while. What what I'm really interested in is this, I'm interested in the passage of time.

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00:01:41.700 --> 00:01:57.070

Dan Fitzpatrick: The X-axis just keeps going and keeps going and keeps going. Because if we if it starts to do that, you know, then then what we really see is, we see stocks start to set up.

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00:01:57.180 --> 00:02:25.179

Dan Fitzpatrick: and they really start to set up. All this time passes, and then by sometime in May my sense is that a lot of stocks that right now are just kind of too early to buy are going to be giving us these setups to where they're in these little consolidation patterns. And then we're waiting for a breakout right now. It just seems like the breakouts are not really working. They're not really working that well, and that leads me.

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00:02:25.240 --> 00:02:53.779

Dan Fitzpatrick: ladies and gentlemen, to Netflix. So I'm going to get off of this chart. I was explaining to our option members how an iron condor works. So this is really confusing unless you've seen that video. So I'm not going to do

that. In fact, I'm going to get rid of this doesn't mean anything. So anyway, let me get to let me get to a different one here. This is the one I really wanted to show you. So Netflix reported strong earnings on Friday.

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00:02:53.880 --> 00:02:59.980

Dan Fitzpatrick: and the stock popped up, and then today it really gapped up nicely, ran up.

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00:03:00.120 --> 00:03:10.299

Dan Fitzpatrick: ran way up, and then pulled back to what was really kind of a crappy close. If you look at the closing location value like, here's the high.

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00:03:11.170 --> 00:03:14.469

Dan Fitzpatrick: here's the low. Let's draw a box instead.

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00:03:17.310 --> 00:03:40.099

Dan Fitzpatrick: Okay, so within this box, this is really, really low in the box. And so the way I look at this is, it's kind of a failed breakout. Yes, it was up a point, and a 3rd like 1.3%. But from a monster earnings number at least. That's what the market, thought I, kind of thought like dude. Since you're not going to

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00:03:40.240 --> 00:03:44.840

Dan Fitzpatrick: not going to disclose what your subscribers numbers are. We'll

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00:03:45.100 --> 00:04:06.589

Dan Fitzpatrick: I don't really give a Rip. I'll just look at the charts. But anyway, so this is where this is now, but it is up. A positive day is a positive day. I wouldn't buy it here. I would want to see more of some backing, because I look at this as just a failed breakout. This is, I'll do it this way.

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00:04:08.780 --> 00:04:17.849

Dan Fitzpatrick: This is really where this last high was. So this got above the high superseded the high. So it's kind of like a nice W

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00:04:17.930 --> 00:04:42.329

Dan Fitzpatrick: pattern. A couple of these here and now a breakout here. The only problem is, this, really didn't supersede this high. It failed. It came back. And so I'm looking at this resistance as still viable resistance, not a real good development for the bulls. If you are expecting the stock just to keep going, if you're expecting it just to run up

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00:04:42.390 --> 00:04:55.009

Dan Fitzpatrick: caveat. It might. I don't have a crystal. I actually do have a crystal ball that one of my members gave me. But it's never worked. So what I'm looking for here is some kind of a pullback

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00:04:55.400 --> 00:05:04.119

Dan Fitzpatrick: ideally higher than that, maybe a little pullback. If the market kind of strengthens. We get kind of a move lower here.

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00:05:07.160 --> 00:05:10.490

Dan Fitzpatrick: and then then we get

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00:05:12.460 --> 00:05:28.200

Dan Fitzpatrick: a move higher, like I've seen this kind of. I've seen this kind of pattern before. But the idea here is, you don't want to be buying a stock on breakouts when breakouts aren't working and they're not. It's a heavy market. The lines down here are the S. And P.

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00:05:28.200 --> 00:05:46.440

Dan Fitzpatrick: In the red and the Nasdaq in the blue. They're basically in sync, so I could just draw one big thick one. This is the way the market's going. So you like, Netflix, if you're looking at one of the big dogs, this is one of them. You want to be in a stock like Netflix as opposed to

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Dan Fitzpatrick: something like Meta, which is, I mean, this is a Mega cap stock. So of course it's going to mimic the Nasdaq 100. But you don't want to be in stocks like this Amazon, you know. It's going down.

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00:06:00.760 --> 00:06:21.160

Dan Fitzpatrick: I don't know just as fast as Bezos's blue phallic symbol, otherwise known as the blue Origin, or something like that, came down with 5 space chicks dressed in blue. I don't even know why I went there. Gratuitous criticism. So this continues to fall as well. Apple

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00:06:21.270 --> 00:06:31.639

Dan Fitzpatrick: not good, Tesla, while while I'm on Microsoft Microsoft, not good Tesla. Not good, Nvidia.

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00:06:32.240 --> 00:06:51.619

Dan Fitzpatrick: definitely. Not good. So all of these are tracking along the major indexes. So we want to get stocks like Netflix. We want to get something like this that's going the other way. We want to get like tat technologies. Now, this thing absolutely barfed

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00:06:51.620 --> 00:07:19.010

Dan Fitzpatrick: today, after a key breakout on Friday, however, you can see the trend is higher as opposed to the S. And P. Falling, so I wouldn't buy this stock right now, no way. But it is one that I'd watch and see if it kind of settles out a little bit. So the key point of this is, no matter what a particular stock is doing at any given point in time. In this market it has to be moving

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00:07:19.140 --> 00:07:31.280

Dan Fitzpatrick: away from the rest of the market, away from the S. And P. These are outperformers, and during a very, very weak, nasty tape like this

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00:07:31.360 --> 00:07:54.619

Dan Fitzpatrick: an outperformer is going to be a great performer when the tape turns positive. And it's going to start moving higher. It's just a matter of time. Just the market just needs a little more clarity. So hang in there, I would just

say, like dude, don't trade too much if you don't see a perfect trade like literally a perfect trade, a trade that meets your criteria.

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00:07:54.800 --> 00:08:18.269

Dan Fitzpatrick: Don't take the trade. Don't fall into the well. I'll take a shot or well, I got a hunch. Maybe I'll buy a bunch. Don't do that. Be a pro pros don't trade when they don't feel like the odds are in their favor. Okay? And the markets don't care what you think. The market's just going to do what the market's going to do. Okay, that's all I got for you. Hope you all had a great day. Awesome Easter, and let's go get them tomorrow.