STOCK&OPTION MARKET MENTOR

Chart of the Day
Here's how we are trading Lumentum Holdings ($LITE)

October 29, 2025

Dan analyzed Lumentum Holdings stock, noting its successful breakthrough past resistance levels and discussing trade management strategies including stop loss placement. He emphasized the importance of risk management in stock trading and suggested adjusting stop levels based on the stock's performance. Dan highlighted the strong market move and advised balancing potential gains with profit protection, encouraging listeners to join Stock Market Mentor for further insights.

Next Steps:

1. Protect Profit: Immediately raise the stop loss to $197.20 to lock in significant profits and protect against profit giveaway.
2. Stay in the Trade: Do not sell the position yet. The stock is exceptionally strong; wait for a clear sign of weakness before exiting.
3. Watch for a Signal: Consider taking profits only after seeing the next red candle, as the stock is overextended and a strong pullback is statistically likely.
4. Confirm the Breakout: The stock should not retrace the breakout. Any move back down near the prior breakout area ($\approx\$255$) would signal that the move is failing.
5. Target Upside: The stock is expected to continue running, with a short-term target around $300.

Transcript:

1

00:00:01.680 --> 00:00:25.160

Dan Fitzpatrick: Okay, I'm Dan Fitzpatrick at StockMarketMentor.com. I hope you're doing well. I hope you're not over-trading. It's kind of easy to do that. After the kind of moves that we've had, things are calming down a little bit, at least from the things that I see, and there are fewer stocks to really be involved in now. There are still some great ones going, but just not quite as many.

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00:00:25.160 --> 00:00:29.820

Dan Fitzpatrick: as in the past. And that leads me to Lumentum.

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00:00:29.880 --> 00:00:54.879

Dan Fitzpatrick: Holdings. Now, I had been watching the stock. This is a trade that we put on Stock Market Mentor on our active trade ideas. You get the entry, you get the stop, you got the trade management, the whole bit. So this is how I did this one. I'd been watching this for a while, and this actually came to my attention from one of our members. One of our subscribers was

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00:00:54.880 --> 00:01:01.229

Dan Fitzpatrick: asking me about it, and I'm looking at it going, well, pfft, it looks potentially pretty good, not…

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00:01:01.530 --> 00:01:21.220

Dan Fitzpatrick: at a point where I want to just jump in there and buy it, but it's looking pretty solid to me. And then, right about here, it's looking really good. And so, I put this on the list at $170, bucks. I looked at it a little bit

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00:01:21.680 --> 00:01:35.980

Dan Fitzpatrick: Little bit lower, but I just kind of wanted to wait. So, right at the end of the day, right at the end of the day, we got this. In fact, I take that back. It wasn't $170, it was a little bit lower than that, but it doesn't matter.

7

00:01:36.060 --> 00:01:50.870

Dan Fitzpatrick: Resistance was $170, and this thing jumped right through it, and has now just continued on. But let me talk about the trade management. So, you can see this 157.85.

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00:01:55.370 --> 00:02:04.860

Dan Fitzpatrick: Hang on, sorry about that. 157.85, so the stop was, like, right down around here. Get a low entry.

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00:02:05.210 --> 00:02:15.210

Dan Fitzpatrick: Put a pretty tight stop here, less than 8%, and by the way, just because you have a stop at 8% doesn't mean that you let… that you need to let the stock

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00:02:15.230 --> 00:02:27.870

Dan Fitzpatrick: flop around and ultimately get you stopped out and take that loss. If the stock isn't doing what you think it was going to do, if it's just, in other words, not conforming to your opinion.

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00:02:28.680 --> 00:02:31.630

Dan Fitzpatrick: then you need to get out. You can always buy it back.

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00:02:31.660 --> 00:02:43.980

Dan Fitzpatrick: So anyway, I'd put a stop down here, a pretty, pretty low-risk trade, and then as the stock jumps up, so the next day it really ran, and then it's just still been going since then, even…

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00:02:43.980 --> 00:03:04.379

Dan Fitzpatrick: even from, like, from where we got in, this is up almost 30%. But you could have bought on this following day as well, as long as you're managing your risk. So, for us, the initial risk was here, and then just today, just so you know, I said, well, let's raise the suggested stop level.

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00:03:04.380 --> 00:03:08.290

Dan Fitzpatrick: To 197.20.

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00:03:12.320 --> 00:03:24.340

Dan Fitzpatrick: Right there. And so, when I've… since I've done that, like, this is a really, really strong move in a short period of time. It's the power of the squeeze, baby. This is the launching pad. But…

16

00:03:24.390 --> 00:03:44.310

Dan Fitzpatrick: When you get a big move like this, you want to protect it, because it's only going to run so far. I mean, Bill O'Neill had said that, you… that after a stock is made from a proper breakout, about a 20% gain. That's typically when traders are going to start taking profits. Now…

17

00:03:44.310 --> 00:03:58.229

Dan Fitzpatrick: If we look at 170 as the breakout, now the stock's at almost 27%, and so that's well past that 20% threshold. Now, does that mean, oh, I gotta sell it all? No.

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00:03:58.230 --> 00:04:05.700

Dan Fitzpatrick: And that's not what he was saying, and that's not what I'm saying. But what it tells you is this stock is stronger

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00:04:05.700 --> 00:04:20.170

Dan Fitzpatrick: than usual. Stronger than you would think it would be. That's what's happening here. And so, you want to stay with this trade for as long as you can, and this is the fourth day in a row

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00:04:20.170 --> 00:04:26.530

Dan Fitzpatrick: that the stock has closed above the upper Bollinger Band. My bet is, even if we slapped

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00:04:26.740 --> 00:04:41.150

Dan Fitzpatrick: three standard deviations on this. It's still hitting this pretty good, and so this is kind of, it's breaking the laws of statistics, not supposed to be closing out there. So.

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00:04:41.150 --> 00:04:52.459

Dan Fitzpatrick: this is a strong stock, and what I'm suggesting is you just keep raising your stops on this. At some point, I do think it's a good idea just to be taking a little bit

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00:04:52.570 --> 00:04:54.299

Dan Fitzpatrick: off the table.

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00:04:54.590 --> 00:05:13.210

Dan Fitzpatrick: I wouldn't be doing it yet. Frankly, I'd kind of want to wait for the next red candle before deciding to take anything off. But if you just keep ratcheting up your stop, you're keeping yourself in a position to make more money, but you're also taking, profit giveaways

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00:05:13.320 --> 00:05:29.189

Dan Fitzpatrick: away. In other words, you're protecting your profit, not just your original trade size, that's long gone. Now you gotta protect your profit. It's a balance between staying in sufficiently to get more money

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00:05:29.190 --> 00:05:39.059

Dan Fitzpatrick: more gains out of a stock that's running, but then also getting out before you're giving up a lot of your profits. And guys, that's more art.

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00:05:39.140 --> 00:05:54.240

Dan Fitzpatrick: than anything else. You can't really quantify that. So that's what I'm trying to do here, is just kind of give you a little chart reading, stuff here. So, if you're not a member of Stock Market Mentor, why don't you fix that right now? Dude, it's $7.

28

00:05:54.240 --> 00:06:07.770

Dan Fitzpatrick: for $7, you're getting in a stock like this at $170, and then a week later, it's up 25%, 43 bucks. Frankly, you know what? Even if you bought one share of this.

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00:06:07.880 --> 00:06:08.750

Dan Fitzpatrick: you've…

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00:06:08.920 --> 00:06:17.810

Dan Fitzpatrick: paid for it, like, 9 times over, okay? So, that's all I got for you, and I will see you next time.