Chart of the Day
Here's your trade on Eli Lilly ($LLY)

November 12, 2025

Dan Fitzpatrick analyzed Eli Lilly (LLY), noting the stock is "losing some weight" and running higher, having just broken out of a year-long consolidation base (a wide channel) following positive earnings. He explained the long-term catalyst is the lowering price of GLP-1 drugs (like Zepbound), which he believes will massively increase the market size for the company, resulting in lower margins but much higher volume.

Dan acknowledged that buying the stock now is "chasing," but he provided a specific risk-management strategy for traders who still want to enter. Instead of setting a wide stop (like the 50-day MA), he suggested placing a tight stop just below today's intraday low ($\approx\$990$), defining the trade risk at roughly 3.4%. He argued that if the stock reverses today's gains, the chase trade has failed, and there is no need to risk a larger pullback.

Next Steps:

1. Acknowledge the Catalyst: The stock is breaking out of a year-long base, driven by the fundamental catalyst of a massively expanding market for its GLP-1 drugs.
2. Define the Trade (Chasing): Buying the stock here is "chasing" a move that has already started.
3. Set a Tight Stop: If you buy here ($\approx\$1025$), place an immediate stop loss just below today's intraday low ($\approx\$990$).
4. Know Your Risk: This strategy defines your risk at about 3.4%.
5. Adhere to the Stop: When chasing, you must be disciplined. Do not wait for the stock to pull all the way back to the 50-day moving average to conclude that the trade was wrong.

Transcript:

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00:00:01.900 --> 00:00:08.680

Dan Fitzpatrick: Alright, hey everybody, Dan Fitzpatrick here, StockMarketMentor.com, and I want to look at, Eli Lilly today.

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00:00:10.170 --> 00:00:27.870

Dan Fitzpatrick: Stock's losing some weight here. It's running higher, it has been since they reported earnings. Now, ZEP bound is kind of a big deal. I went into a lot more detail about this in our strategy session, today, so I just want to kind of give you,

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00:00:27.940 --> 00:00:44.640

Dan Fitzpatrick: just kind of a Reader's Digest version here. First of all, if you just look at this chart here, there's… there was a huge change in fortunes right about here. So, for the last year, over a year, this stock has been drifting down.

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00:00:44.700 --> 00:00:47.960

Dan Fitzpatrick: In a very, very wide channel.

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00:00:47.960 --> 00:01:05.690

Dan Fitzpatrick: The red is the 50-day moving average. You could see it's been on both sides of that, up and down and up and down, as opposed to here. So, this is what I would just call, it's a base. It's a base within an uptrend, and the only question would be.

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00:01:05.690 --> 00:01:08.119

Dan Fitzpatrick: Would this base turn out to be…

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00:01:08.190 --> 00:01:12.179

Dan Fitzpatrick: A continuation base, or would it ultimately lead to

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00:01:12.380 --> 00:01:15.970

Dan Fitzpatrick: this. Okay, well, we kind of have the answer to that.

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00:01:16.190 --> 00:01:24.789

Dan Fitzpatrick: we have an answer to that question. We've got a clean breakout here over the last few days, and I…

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00:01:24.930 --> 00:01:41.199

Dan Fitzpatrick: put this on our active trade list, but this is what I want to show you. If you're looking at this and saying, wow, I missed this trade, first of all, as I understand it, and I could be wrong, but the charts… I like the chart.

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00:01:41.910 --> 00:01:43.390

Dan Fitzpatrick: with,

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00:01:43.680 --> 00:02:02.449

Dan Fitzpatrick: with the cost of these GLP-1s, coming down, and there's… you can read all the news about that. That's gonna open this market up to a lot of people who, frankly, just didn't have the money to pay for it, and their insurance, would not cover it, and so there's been all this demand

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00:02:02.450 --> 00:02:13.039

Dan Fitzpatrick: for these anti-obesity meds, and they do do wonders. There's a lot of issues with it, but they're not the issues with the meds.

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00:02:13.040 --> 00:02:15.690

Dan Fitzpatrick: There are issues with the people that use them.

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00:02:15.690 --> 00:02:35.189

Dan Fitzpatrick: and whether they're using them, and then hopefully they can still continue to eat Ben & Jerry's and Oreos cookies, and stop at Chick-fil-A on the way home, to get that great food for their family. That's another story. But when there's such a huge market for this stuff, and

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00:02:35.190 --> 00:02:50.499

Dan Fitzpatrick: they become cost-effective. Companies that make them, like Lilly, are gonna do very well. They just got a huge, massive increase in market for their drugs. Lower profit margins, but I'll take low profit margins if everybody

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00:02:50.550 --> 00:03:04.040

Dan Fitzpatrick: is subscribing to Stock Market Mentor. If I have the whole world subscribing to Stock Market Mentor, I don't know, man, just a penny profit on each one would be fine with me. So that's really what's going on here. Now, with the trade.

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00:03:04.040 --> 00:03:15.320

Dan Fitzpatrick: This is the way you could do this, you know, you could say, oh crap, you know, I'm chasing here. And you would be right, you are. But what you can do is, you could look at today's intraday low.

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00:03:15.320 --> 00:03:22.689

Dan Fitzpatrick: And that is one… excuse me, $9.90. So, you could say, alright, I'm chasing

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00:03:22.690 --> 00:03:37.080

Dan Fitzpatrick: But I think the stock's going higher. The only way that I would not want to be in this stock is if it eclipsed today's intraday low here. So I'm going to put my stop right here. I'm gonna go ahead and buy the stock.

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00:03:37.080 --> 00:03:46.709

Dan Fitzpatrick: Right here. So, what do you have? You've got a trade that risks about 3.4%, and you're chasing this thing. Now.

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00:03:47.360 --> 00:04:02.350

Dan Fitzpatrick: That may sound like, you know, hey, well, this is a recipe for me to make a gang of money, I could just always use this approach. And it does actually work most of the time, but the thing is, you'll get these situations like this, where

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00:04:04.920 --> 00:04:28.360

Dan Fitzpatrick: Oh, I'm buying the stock. I know I'm chasing it, but that's okay, I'll just put my stop right there. And then, the next day, you get stopped out only to then see the stock rocket higher. So, this is the nature of volatility. What I'm suggesting, though, is that you set some type of a rule like this. If you're buying here, and you go, like, holy crap, I'm really chasing this sucker.

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00:04:28.810 --> 00:04:46.069

Dan Fitzpatrick: You don't have to wait for it to fall down to the 50-day moving average to conclude that you're wrong. It's like, what is the… what's the least amount the stock has to pull back before I look at this and say, oh crap, I'm wrong? And I would say, here.

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00:04:46.080 --> 00:04:56.670

Dan Fitzpatrick: You could even go down here to the prior days, that would be, Tuesday's intraday low. That's $9.90, so you're down here, or…

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00:04:56.920 --> 00:05:11.620

Dan Fitzpatrick: Here is 990, but then the prior day here is down around $962, so even then, you're risking less than 6%. The bottom line is this. When you are chasing a stock, it's really okay

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00:05:11.620 --> 00:05:31.289

Dan Fitzpatrick: to chase a stock, as long as you, number one, know you're chasing it, and number two, you're able to put a pretty tight stop in place based on what is the highest price where I would still say, oh crap, I'm wrong. I've just given it to you for Eli Lilly, hopefully.

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00:05:31.290 --> 00:05:36.439

Dan Fitzpatrick: you can use it for your profit. Alright, that's all I got for you guys. I'll see you next time.