

Chart of the Day

Here's my take on the semi space, and the prospects for a trade on Broadcom (\$AVGO)

December 12, 2025

Dan analyzed the recent sell-off in high-flying tech stocks like Broadcom and NVIDIA, warning traders to avoid these stocks and predicting specific price movements. He discussed the challenges companies face when deciding between waiting for market validation or making immediate profits, while examining Broadcom's strong performance and market scrutiny of profit margins. Dan concluded by analyzing Broadcom's stock performance and advised traders on entry and holding strategies during market volatility.

Next Steps:

1. Ideal Scenario (Rebound Buy): Wait for the stock to gap down on Monday, ideally to around \$350 (Friday's low was \$355).
2. Trade Entry: Look for the stock to trade lower in the morning, then close higher on the day—a classic "green day reversal"—hopefully recapturing the 50-day moving average.
3. Position Management:
4. If already long: Hold tight. Do not panic sell in the shakeout if it gaps down a little. Expect some kind of rebound.
5. If looking to buy: Wait for confirmation. Do not buy the open. Wait for the stock to move up and recapture the 50-day moving average (≈\$365 level).
6. Rule: The longer the stock goes down, the better the bounce is going to be on the way up.
7. Avoid Shorting: Dan explicitly warns, "The last thing you want to do is short the stock on Monday."

Transcript:

1

00:00:01.580 --> 00:00:10.240

Dan Fitzpatrick: Okay, hey everybody, Dan here. Happy Friday, I think, depends on where you were positioned. So we got a pretty

2

00:00:10.410 --> 00:00:20.800

Dan Fitzpatrick: let's just say a little bit, kind of a nasty sell-off in some of the former high flyers, and the reason I say former high flyers is because

3

00:00:21.310 --> 00:00:31.079

Dan Fitzpatrick: I wouldn't call Broadcom a high flyer. I mean, it has been, but this is the kind of thing like this, and certainly NVIDIA,

4

00:00:31.820 --> 00:00:41.260

Dan Fitzpatrick: I don't know. Do you guys know... hopefully I'm not describing you, but do you know anybody who's, like, in their mid-50s?

5

00:00:41.320 --> 00:01:00.200

Dan Fitzpatrick: maybe in their 60s even, kind of dumpy, kind of fat, not that good-looking, but they were the high school quarterback and the homecoming king, and they actually married the homecoming queen. She's inside right now, taking an injection or two of Ozempic,

6

00:01:00.270 --> 00:01:05.379

Dan Fitzpatrick: you know, wearing the same crap that she's worn for the last 12 days in a row. In other words.

7

00:01:05.660 --> 00:01:11.429

Dan Fitzpatrick: These people have kind of hit... they've kind of had their better days, and they're pretty much behind them, yet...

8

00:01:11.660 --> 00:01:25.330

Dan Fitzpatrick: The quarterback still sits outside in the driveway, on his lawn chair with his buddies, a 12-pack in the, ice cooler right next to him, talking about the old glory days, okay?

9

00:01:26.590 --> 00:01:31.129

Dan Fitzpatrick: That's kind of the image that I have of some of these stocks. Nvidia.

10

00:01:31.320 --> 00:01:43.450

Dan Fitzpatrick: It's been this way for a while, and you know I've been nailing NVIDIA for years, including saying, let's not talk about nailing it anymore. It's one of the things that,

11

00:01:43.570 --> 00:01:49.789

Dan Fitzpatrick: actually is one of the reasons why I'm never on Kramer's show anymore, much to my eternal chagrin.

12

00:01:49.790 --> 00:02:14.250

Dan Fitzpatrick: Because he didn't like, my target on Nvidia, and that's okay, it actually blew through that target. But anyway, the bottom line is this, like, you've got some of these stocks, these massive high flyers. Palantir is an awesome one. Okay, this may reach its glory days sometime in the future, but to sit around here... now, if you're an investor, fine, you got, you know, years of capital gains.

13

00:02:14.250 --> 00:02:22.929

Dan Fitzpatrick: In here, don't sell the stock, don't give a Tonkle Sam, he'll just fritter it away on something stupid. But if you're a trader.

14

00:02:23.060 --> 00:02:36.320

Dan Fitzpatrick: Okay, this is not something that you should be trading. This is not something... none of this is gonna do you any good right now. Nvidia's gonna hit \$170 before it hits 180, most likely. I could be wrong.

15

00:02:36.700 --> 00:02:50.089

Dan Fitzpatrick: But I'll tell you this, it's gonna hit 170 before it hits 190, that's for sure. So, what I'm telling you is, all these AI plays, these semiconductor plays, these chip plays, which, by the way.

16

00:02:50.840 --> 00:03:09.730

Dan Fitzpatrick: have been awesome, and the semiconductor space is certainly, I guess, where you want to be. But when I look at all of these things, this really kind of smacks of a double top. It's not there yet. I wouldn't say that. Like, this is... well, let me get rid of all this crap, I don't need it anymore.

17

00:03:09.920 --> 00:03:19.749

Dan Fitzpatrick: Like, this is the one top, then you got this low here, then this is another top. And so, in order to really, really, truly qualify as a double top.

18

00:03:19.870 --> 00:03:34.190

Dan Fitzpatrick: you'd really need to see this come down to here. Okay, so if it did that, okay, that's another 10% drop. If the SMH drops another 10%, and it certainly could, but if it drops another 10%,

19

00:03:35.450 --> 00:03:59.989

Dan Fitzpatrick: nobody's really gonna be happy about that. So I'm not really looking for that, I'm just looking for this to pause, like, sit around, fart around here at the 50-day moving average for a while. NVIDIA, I don't know what it's gonna do, but it's not gonna do anything good. And you can be sitting there, and I know I see... I see people tweeting about it, I hear our members, I get questions all the time. NVIDIA, NVIDIA, NVIDIA,

20

00:04:00.110 --> 00:04:05.930

Dan Fitzpatrick: And if you're an NVIDIA, I gotta tell ya, you need to just let it go.

21

00:04:06.590 --> 00:04:09.040

Dan Fitzpatrick: Don't... it's... this is the thing.

22

00:04:09.510 --> 00:04:11.070

Dan Fitzpatrick: You can either...

23

00:04:11.300 --> 00:04:19.570

Dan Fitzpatrick: wait to be proven right, or you can make money now. But you can't do both on NVIDIA.

24

00:04:19.610 --> 00:04:39.109

Dan Fitzpatrick: That's all I'll say about that. Maybe not, I may come back to it, I don't know, I'm chatty. So, with Broadcom, though. So now, and this is what I really initially, wanted to talk about, and I'll end with this. So, Broadcom actually printed some pretty good numbers, like great revenue, good, accelerating.

25

00:04:39.110 --> 00:04:43.329

Dan Fitzpatrick: In revenue, Earnings, awesome.

26

00:04:43.960 --> 00:04:46.600

Dan Fitzpatrick: guidance, they guide it up.

27

00:04:46.910 --> 00:04:51.169

Dan Fitzpatrick: The only issue was... well, there's a couple things that I could see.

28

00:04:51.460 --> 00:05:10.990

Dan Fitzpatrick: One is, the market's no longer looking just at what the revenue is. The market's looking at, okay, well, what are your profit margins? Is this sustainable? Is it, would you say it's, my term, is it good money? In other words, is the... is the revenue coming from a...

29

00:05:11.240 --> 00:05:34.170

Dan Fitzpatrick: we'll say a renewable source, not to bring solar panels and windmills into the equation. But is it coming in a way that's just gonna continue to flow for this company, or is it kind of a one-hit wonder, type thing, kind of like AHA back in the day? So, that's what the market kind of looks at, and also, there's another issue with respect to guidance.

30

00:05:34.170 --> 00:05:44.089

Dan Fitzpatrick: Like, stellar Guidance was already priced in. And so, it's not like the company reported any number or said anything.

31

00:05:44.090 --> 00:05:48.899

Dan Fitzpatrick: that was bad. Not at all. It was all good.

32

00:05:48.980 --> 00:05:53.750

Dan Fitzpatrick: The question is, was there enough good

33

00:05:53.980 --> 00:06:02.589

Dan Fitzpatrick: to actually be translated into great, or put another way, better than we expected. And the answer there is no.

34

00:06:02.590 --> 00:06:10.899

Dan Fitzpatrick: And so, this is my... this is my trade. This is my, my suggestion on this. You gotta look at this, this is probably 3 times.

35

00:06:10.900 --> 00:06:25.839

Dan Fitzpatrick: Average volume, almost 100,000 shares, excuse me, 100 million shares, versus 29, about 30 million, typical, shares traded during a day. So this is, like, 3 times, average volume.

36

00:06:25.840 --> 00:06:37.570

Dan Fitzpatrick: This is a massive, massive sell-off, and a really, really bad close. Close right near the low, right? You can see it here. Let's see what it did after hours.

37

00:06:38.870 --> 00:06:54.510

Dan Fitzpatrick: more of the same. So, this thing really had a bad close. It only popped up, during the last half hour, probably shorts or covering or something. So, this was just a really, really bad day for it. Okay, well, there's nothing we can do about it now.

38

00:06:54.510 --> 00:07:04.370

Dan Fitzpatrick: Except analyze it. Except look at it and say, okay, what are we doing now? What's gonna happen on Monday? And this would be my guess.

39

00:07:05.250 --> 00:07:10.419

Dan Fitzpatrick: My guess is this is gonna close higher than 360.

40

00:07:10.640 --> 00:07:16.749

Dan Fitzpatrick: What would be perfect for a trade would be if the stock would actually gap down.

41

00:07:17.000 --> 00:07:21.780

Dan Fitzpatrick: We'll say, like, the stock gaps down. Today's intraday low.

42

00:07:21.950 --> 00:07:26.639

Dan Fitzpatrick: was \$3.55. Okay, so let's say it even gapped down to, like.

43

00:07:26.910 --> 00:07:46.700

Dan Fitzpatrick: 350 would be a dream. For a trade I'm talking about. Let's say the stock gaps down at 350, heavier than average volume. Then what do we do? We look for the next move to be higher. We look for the stock to come right back up. And even better, now that we're fantasizing.

44

00:07:47.000 --> 00:07:51.220

Dan Fitzpatrick: Even better, it would look like this. Let me get this taken away.

45

00:07:51.800 --> 00:08:01.889

Dan Fitzpatrick: What I'm trying to draw here, I might not be able to do it on the limited, software that is TC2000. What I'm trying to do is show you this.

46

00:08:04.100 --> 00:08:06.179

Dan Fitzpatrick: We'll go like this.

47

00:08:07.290 --> 00:08:08.869

Dan Fitzpatrick: We'll say...

48

00:08:13.170 --> 00:08:15.640

Dan Fitzpatrick: I'm... I'm deciding something.

49

00:08:18.390 --> 00:08:19.150

Dan Fitzpatrick: Yep.

50

00:08:19.180 --> 00:08:20.579

Dan Fitzpatrick: I'll just leave it there.

51

00:08:20.580 --> 00:08:42.769

Dan Fitzpatrick: So what I'm saying is, what I'm looking for is the stock to gap down, maybe even trade a little bit lower, and then close higher on the day, hopefully close to the 50-day moving average. So what does this give us? It gives us another buying opportunity, like we've seen a few times before. Now, if it stays below the 50-day moving average for a few days.

52

00:08:42.770 --> 00:08:44.790

Dan Fitzpatrick: You gotta kinda write this thing off.

53

00:08:44.950 --> 00:08:54.289

Dan Fitzpatrick: However, seriously, best case scenario, This is for a trade. I would actually look at this as,

54

00:08:54.370 --> 00:09:13.889

Dan Fitzpatrick: If it happens, almost like a day trade. The market's really heavy now. This was kind of the last of the Mohicans. Everybody kind of had their hopes pinned on Broadcom to save everything else. Well, that didn't work out, guys, and so what you want to do is just, look.

55

00:09:13.890 --> 00:09:21.760

Dan Fitzpatrick: Don't engage in fantasy, football here. There's no magical thinking here. This had a horrible day.

56

00:09:21.780 --> 00:09:38.740

Dan Fitzpatrick: Look for some kind of a rebound on Monday. The last thing you want to do is short the stock on Monday, and seriously, if you happen to be long, like, let's say, and I know a lot of people, like, oh, they bought it right at the 50, they're great. Perfect buying opportunity, awesome.

57

00:09:38.740 --> 00:09:55.559

Dan Fitzpatrick: If that's your trading style. If you're that guy, and you don't really know what your trading style is, if the stock gaps down a little bit on Monday, don't sell it in a panic. And that happens a lot, that's why they call them shakeouts. So I want you, if you're already in.

58

00:09:55.880 --> 00:10:02.400

Dan Fitzpatrick: Hold tight, stock's probably gonna give you some kind of rebound. If you're looking to buy.

59

00:10:02.630 --> 00:10:20.650

Dan Fitzpatrick: then wait for the stock to move up, wait for it to recapture the 50-day moving average, and I'll just say this, the longer this thing is, the longer this stock goes down, the better the bounce is gonna be on the way up. So, that's what I think about Broadcom.

60

00:10:20.820 --> 00:10:26.059

Dan Fitzpatrick: Don't take it personally, if you people are NVIDIAs, or Broadconiums, or...

61

00:10:26.350 --> 00:10:33.620

Dan Fitzpatrick: any other kind of ends. So, that's all I got for you. Have a good weekend, and I will see you

62

00:10:33.870 --> 00:10:34.600

Dan Fitzpatrick: On Monday.