

Chart of the Day

Here's the setup on Shoals Tech \$SHLS

December 23, 2025

Scott highlights Shoals Technology Group (Ticker: SHLS) as a compelling technical play within a resurging solar sector. Scott points to a broader thematic shift heading into 2026: AI's massive energy demand is increasingly acting as a catalyst for clean energy rotation. While Shoals has faced historical fundamental inconsistencies, its current technical setup suggests it could be a "coiled spring" ready to benefit from this industry-wide momentum.

Next Steps:

- **Set a Breakout Alert:** Place an alert at \$9.80. A close above this downward-sloping trendline is the signal to size up from a placeholder to a core swing position.
- **Manage the "Red Boxes":** Acknowledge the fundamental weakness; if the breakout fails to hold the \$9.80 level, treat it as a "fakeout" and exit the placeholder position.
- **Watch Sector Leaders:** Keep an eye on First Solar (FSLR); if the industry leader continues to chug higher, it provides a "rising tide" for laggards like Shoals.
- **Monitor the AI-Energy Theme:** As we move into 2026, track news regarding data center power procurement. Any headlines linking utility-scale solar to AI infrastructure could be the fundamental catalyst this sector needs to sustain its rally.

Transcript:

0:01: Hey everyone, good evening.

0:02: It's Scott at Scott Trades on X with Stock Market mentor.com.

0:07: And your chart of the day.

0:09: Want to take a look at Shoals Technology Group.

0:10: This is Ticker, SHLS.

0:13: Now, Shoals is part of the solar sector, and if you look at the Tan ETF we can see the Tan ETF has been rallying since it got above this 200-day moving average in July.

0:25: It's been printing higher highs and higher lows and finding support in and around the 50-day moving average.

0:31: And so I like the fact that this is in a near-term uptrend.

0:35: And that means Because it's in a near-term uptrend, there might be some long-term possibilities for this to continue to rally into 2026.

0:44: And so I certainly want to watch the solar sector in 2026 to see if this uptrend continues, and maybe we're, maybe we're getting a, a rotation back into cheap energy.

0:55: You know, there's a lot of talk right now about how AI is sucking up a lot of energy needs, and I have a feeling that cheap, clean energy, Could be a sector That could benefit from the AI boom.

1:09: And so I think that that could be a theme that we transfer into 2026.

1:13: And that brings me to Scholl's SHLS.

1:17: And I see Scholl's printing a bit of a low cup and handle.

1:21: Now, it is low because most of the cup is under that 200 day moving average, but I definitely see a handle developing here.

1:28: Now, the one thing I don't like about this stock is these red earnings boxes.

1:32: I want to see positive earnings and Positive sales, and this has a lot of negative earnings and negative sales.

1:39: And so, the earnings and sales are a bit inconsistent.

1:42: But if the rest of the sector goes, and if stocks like First Solar continue to chug higher, I gotta think SHLS is going to follow, and because it has been beaten down, maybe there's a chance for some outperformance, as many believe this company is undervalued.

2:00: So I want to watch for a technical break of this potential hand.

2:04: With a move through and a close above this downward sloping trend line.

2:09: So, I want to see a move through this level coming on volume.

2:12: I would have an alert on Shoals at around 980 and look for a move-through and a close above 980 coming on volume.

2:20: Now, because it's in and around the 50-day moving average, I actually think this could be a good spot for a potential placeholder position where you have just a handful of shares, maybe 5 or 10 shares, just to make sure you don't lose sight of the stock.

2:33: And you're buying it at a pretty clean level in and around the 50 days.

2:36: So this is where I think you can get some started, but I don't think you want to size in until it definitely breaks and closes above that down or slipping trend line coming on volume.

2:46: Now, that's just one of many stocks we're looking at tonight over at [Stockmarketmentor.com](https://stockmarketmentor.com).

2:51: If you're looking for a new place to trade in 2026, definitely give us a try.

2:56: Click on our website, take a trial, stockmarketmentor.com.

2:59: I hope to see you on the other side.