

Chart of the Day
Here's your trade in Biotech (\$XBI)

January 14, 2026

Dan highlights a market characterized by high bullishness and healthy complacency, noting that the S&P 500 is likely to hit the 7,000 mark very soon on its way to his 8,100 target for 2026. He emphasizes the importance of staying in the "winner's circle" (stocks trending from southwest to northeast on the chart) and avoiding the "penalty box" of underperforming assets. Dan introduces a "Phase 1, 2, 3" framework for analyzing breakouts, particularly in the storage and memory sector, which he believes is in the early stages of a massive structural boom. He also shares a personal methodology for managing hyperactive trading: treating each position "chunk" as a distinct trade to force intentional analysis rather than impulsive "reflex" buying.

Next Steps:

1. Execute the "Phase 3" Continuity Trade: Monitor stocks that have completed their Phase 2 pullback and are showing Phase 3 follow-through.
 - Western Digital (WDC) & Seagate (STX): Both have passed their retest of breakout levels. Dan added to these today, targeting a move above \$220 for WDC.
 - Taiwan Semiconductor (TSM): TSM reports earnings tomorrow morning (Friday, Jan 16, 2026) before the bell. Look for a significant move; this will likely act as a catalyst for the entire semiconductor and storage sector.
2. Audit the "Memory Stack" Research: Stay tuned for Dan's upcoming book on Data Storage and Memory. He argues this is a "structural" rather than "cyclical" business in the AI era. Focus on Micron (MU), which he believes could hit \$500 by year-end despite already being up significantly.
3. Stalk the XBI Biotech "Dip": Monitor the Biotech ETF (XBI) for a pullback. While it recently broke above \$125 on high volume, Dan expects an oscillation rather than a straight line up. His "nibble" zone is in the low \$120s, specifically near the 50-day moving average (~\$120) where the risk-reward is most favorable.
4. Apply the "Intention Test" Before the Close: Before buying a stock in the final 90 minutes of the trading day, ask: *"What is my advantage in buying now versus waiting for a potential gap-down entry tomorrow morning?"* Avoid buying late-day rallies unless there is a clear technical reason for an end-of-day pop.
5. Avoid the "Penalty Box": Do not average down on losing positions. If a trade "hurts," don't hit it again. Wait for a clear trend change from "southwest-to-northeast" before re-allocating capital.
6. Register for the "7 Deadly Mistakes" Book: Visit the separate email list via the banner ad on StockMarketMentor.com to get early access and special notifications regarding the release of Dan's latest book.

Transcript:

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00:00:01.790 --> 00:00:22.820

Dan Fitzpatrick: Okay, hey everybody, Dan Fitzpatrick here, StockMarketMentor.com, and before I get to, a chart, which I think you're gonna dig, it's a nice breakout, I want to just kind of bring your attention to this. Just about done, editing, doing the final editing on my 7 deadly trading mistakes and how to fix them.

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00:00:22.820 --> 00:00:46.700

Dan Fitzpatrick: book, and what I'd like you to... I mean, you're obviously already on our email list, because you get these nightly videos, but this is a separate email list that I'm inviting you to be on. It's just to give you kind of the early heads-up on when this book is going to be released. So, if you get a chance, just do that, just click on

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00:00:46.700 --> 00:00:58.159

Dan Fitzpatrick: just click on that link, and then the banner ad on the front, and then you'll be able to put in, your name. In fact, I want to make sure that I get notice of it, so...

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00:00:58.290 --> 00:01:15.489

Dan Fitzpatrick: There. Okay, be the first. See? Okay, that's it. Now, I'm gonna get, notification about when I can buy that book, so I'm really, really thrilled about that. Now, back to our regularly scheduled program. I want to look at biotech today. Now, there's a...

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00:01:15.490 --> 00:01:19.649

Dan Fitzpatrick: Bunch of stocks in different sectors that are really running.

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00:01:19.990 --> 00:01:24.579

Dan Fitzpatrick: And a lot of times, though, what I do when it's like, what do I choose?

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00:01:24.610 --> 00:01:44.910

Dan Fitzpatrick: I'll look at the ETFs, and as you should know, biotech's been going for quite a while. I mean, it's been... it's been really running for a while. A lot of these stocks have been, but I just want to bring... bring this back to the XBI, because this traded on heavier-than-average volume today.

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00:01:47.760 --> 00:01:55.690

Dan Fitzpatrick: And it broke out above 125, which it has done, several times before, if you just look. Let me pull...

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00:01:56.120 --> 00:01:56.870

Dan Fitzpatrick: Fair.

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00:01:57.100 --> 00:02:17.019

Dan Fitzpatrick: I'll just pull this down to 125. You can see, it's broken out several times, and then all was pulled back. Here, it looked like, okay, that's gonna be the breakout that's gonna hold, and then it pulled back. Okay, so, what are we gonna do now? Well, if past, history, which is what history is, is the past,

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00:02:17.020 --> 00:02:20.990

Dan Fitzpatrick: is any indication of what's going to happen in the future.

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00:02:20.990 --> 00:02:24.190

Dan Fitzpatrick: You know, we should have more downside here.

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00:02:24.190 --> 00:02:36.590

Dan Fitzpatrick: And then maybe another upside here, it should go back and forth, like, forever, right? Well, it's not gonna go that way forever, but each time this oscillates around here, around this 125 level.

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00:02:36.590 --> 00:02:46.239

Dan Fitzpatrick: it pulls the 50-day moving average closer and closer to this current range. And so, that is what I've done, is just kind of described

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00:02:46.240 --> 00:02:58.180

Dan Fitzpatrick: the, the genesis of a volatility squeeze. It was just kind of a higher base here. So, I want you to take a look at this. I wouldn't buy, just letting you know, I wouldn't buy this stock

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00:03:00.240 --> 00:03:04.690

Dan Fitzpatrick: I wouldn't buy it right now, because if you do...

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00:03:04.870 --> 00:03:10.310

Dan Fitzpatrick: You're... what you're envisioning is that the stock's just gonna... Continue.

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00:03:10.490 --> 00:03:15.409

Dan Fitzpatrick: To move higher. And it, you know, it might do that.

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00:03:15.410 --> 00:03:38.650

Dan Fitzpatrick: But I think the odds actually favor more of a little bit of a pullback, and that's what I would want to be... that's where I would want to be buying, is if this stock, okay, it broke out here, if it pulls back into, like, the low 120s, that's when I would want to take a little nibble at this, if you don't own it already. And just in a nutshell, think... think about it this way.

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00:03:38.900 --> 00:03:44.220

Dan Fitzpatrick: I wouldn't take it all off. Think about it this way. Have you ever seen...

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00:03:45.020 --> 00:03:51.069

Dan Fitzpatrick: Have you ever seen a chart like this, where the stock just takes off, never comes back?

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00:03:51.120 --> 00:03:56.980

Dan Fitzpatrick: I, I really haven't. I mean, I can't think of, I can't think of one.

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00:03:56.980 --> 00:04:15.869

Dan Fitzpatrick: But what I have seen is a bunch of charts that just kind of do this, that just meander around for a while. Maybe ultimately we get this kind of a little pinching pattern here that ultimately then results in a move higher. But, from... from what I'm seeing right here.

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00:04:15.870 --> 00:04:36.459

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Dan Fitzpatrick: I think this stock just has more work to do. So, just, I'm giving you this, like, here's kind of a little plan for you. If this stock pulls back to the 120s, the low 120s, maybe even, geez, if it fell to the 50-day moving average, which right now is about \$120,

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00:04:36.460 --> 00:04:49.519

Dan Fitzpatrick: That's when you want to buy the stock. And just think about it this way. If this is the top of the range, this is the bottom of the range, well, you don't want to be buying it at the top of the range unless it's a bona fide squeeze, which this is not.

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00:04:49.520 --> 00:05:05.109

Dan Fitzpatrick: you want to be buying it at the bottom of the range, because then it's a lower risk trade. It's got more room to the upside before it hits resistance, and it doesn't have much room to the downside, because you're buying right at support. So, anyway, that...

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00:05:05.120 --> 00:05:16.179

Dan Fitzpatrick: is what my suggestion for you is, is to just, go ahead and wait for this thing to come back. So, that's all I got for you today. Members.

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00:05:16.180 --> 00:05:32.339

Dan Fitzpatrick: I recorded quite a long one today. I actually had to go back and edit it, so, my apologies, you're probably getting this a little bit later, than you're used to, so we'll just call it operator error, alright? Okay, I'll see you guys tomorrow. By the way.

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00:05:32.340 --> 00:05:43.329

Dan Fitzpatrick: Taiwan Semi, reports earnings tomorrow morning before the bell, so look for that to move in a big way, one way or the other. Alright, I'll see you guys.