

Chart of the Day

Here's your trade on the Software Index Fund ETF (\$IGV)

February 9, 2026

Dan focuses on the tactical rebound in software stocks following a historic "capitulation" event. After the iShares Expanded Tech-Software Sector ETF (\$IGV) plummeted nearly 33% from its October highs—culminating in a massive 90-million-share "puke fest" last Wednesday and Thursday—Dan identifies a high-probability "snapback" trade. He notes that the most stubborn traders finally gave in at the \$80 level, creating a classic selling climax that cleared the way for the current recovery.

Next Steps:

1. Manage the Software "Snapback": If you are in IGV or major software names like ServiceNow (\$NOW) or Salesforce (\$CRM), look to raise your protective stops to today's intraday low (\$81.78 for IGV) to lock in a "risk-free" trade.
2. Monitor the AI Infrastructure Chain: Watch Broadcom (\$AVGO) and Nvidia (\$NVDA) as they absorb the specific spending details from Alphabet's bond sale today. Broadcom is acting as the "toll collector" for this 2026 spending wave.
3. Audit "Platform" Stocks: In the wake of Jensen Huang's reassurance at the Cisco conference that AI will *enhance* rather than *replace* software, watch for a sustained rotation back into database and development tools.
4. Prepare for Tuesday Volatility: With several "Super Tuesday" earnings reports on deck, ensure you aren't over-leveraged in software if the broader market tests its recent lows.

Transcript:

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00:00:01.680 --> 00:00:16.180

Dan Fitzpatrick: Hey, I'm Dan Fitzpatrick here, StockMarketMentor.com, and let's get some hard facts on the software ETF here, the IGV. Okay, this is a weekly chart, and you can see how this thing has just been diving.

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00:00:16.510 --> 00:00:17.960

Dan Fitzpatrick: for...

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00:00:18.480 --> 00:00:34.910

Dan Fitzpatrick: for a while, like, it really started, here at this high in late November, in late October, and at one point, this thing was down, like, almost 33%. So, it's had a heck of a move lower, and you can see the volume

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00:00:34.910 --> 00:00:44.329

Dan Fitzpatrick: from last week. Again, this is a weekly chart, so this is from Monday to Friday. Little gap up on Monday, and then just a real puke fest.

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00:00:44.330 --> 00:00:49.790

Dan Fitzpatrick: So massive volume. Look and see how this was relative to.

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00:00:49.940 --> 00:01:03.810

Dan Fitzpatrick: basically everything else in the history of this ETF. You can see here on the daily chart, same thing, like, this was really, really low volume, typically pretty low. Started to pick up here.

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00:01:04.849 --> 00:01:16.479

Dan Fitzpatrick: this part during the first part of the downdraft, and we get a little hiccup here, little upchuck right there. And then the big selling started, massive volume, huge climax.

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00:01:17.310 --> 00:01:23.770

Dan Fitzpatrick: Excuse me. Huge climax here, and then here. Same thing, like, 90 million shares total.

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00:01:23.770 --> 00:01:39.649

Dan Fitzpatrick: On these two days. And now we're getting a move higher. I'm making this with an hour and 20 minutes to go in the trading day, and this is already, heavier than average volume on the daily chart. So, we caught this on Friday.

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00:01:40.180 --> 00:01:53.309

Dan Fitzpatrick: Pretty, I mean, pretty close to the bottom. I don't like to sit here and try to predict, bottoms and... and just say, okay, this has gone down enough. I'll...

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00:01:53.310 --> 00:02:17.579

Dan Fitzpatrick: you know, we're gonna buy here. So, this on Thursday, would not have been the day. I'll have to admit it. You know, liars would tell you that they did. They bought it right at the low. I'm sure some people did. I just wasn't one of them. So, on something like this, you see the oversold condition, you see the massive down, downdraft, and a massive, huge spike in volume.

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00:02:17.660 --> 00:02:37.399

Dan Fitzpatrick: This is, like, the most stubborn, stubborn traders all capitulate at the same time, and at the same price, and that was \$80. And so, waiting for that, and then you're waiting for Friday, typically on big moves, and you can take this to the bank, typically on big moves, in a week.

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00:02:37.450 --> 00:02:45.729

Dan Fitzpatrick: Friday is virtually always the reverse. It's always a snapback. You can call it a reversion to the mean.

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00:02:46.050 --> 00:02:52.919

Dan Fitzpatrick: I don't know about that. That's a fancy term for just saying, like, if stuff goes down for 4 days in a row.

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00:02:52.920 --> 00:03:15.909

Dan Fitzpatrick: right about then, traders are gonna be looking at it going, you know what? Shoot, man. Anything can happen over the weekend, so I think I'll just take my profits, cover my shorts, and I'm out of here. Or, just liquidate your longs, because you never know if this is gonna go down further. That's just kind of a dynamic of trading. But when you see this kind of move.

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00:03:19.950 --> 00:03:30.559

Dan Fitzpatrick: when you see this kind of move, frankly, you still don't know if this was the bottom, these big skyscrapers notwithstanding. But...

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00:03:30.730 --> 00:03:49.089

Dan Fitzpatrick: it's a low-risk trade to take, quote, take a shot, because let's say you buy right at the end of the day. You drag your cursor down to just below, the prior day, that's Thursday's intraday low, you're risking, at the most, 4%.

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00:03:49.290 --> 00:04:00.680

Dan Fitzpatrick: So you're risking 4% in... and in return, you're getting the opportunity to get in really close to the bottom of an oversold

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00:04:00.770 --> 00:04:23.619

Dan Fitzpatrick: bounce. And so that's where we are now. I have been looking for a pause here at the 8-day EMA. I'm still kind of looking at this as a trade, but what I will be doing is, as this runs up, and I think we'll prob- like, the really smart money buys on the first day, semi-smart money buys on the second day.

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00:04:23.620 --> 00:04:33.800

Dan Fitzpatrick: the not-so-smart money's probably gonna be coming in tomorrow, looking for this. That's not what I'm looking for. I'm looking for an opportunity to raise my stop.

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00:04:33.800 --> 00:04:35.789

Dan Fitzpatrick: so that I can get it.

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00:04:35.990 --> 00:04:45.080

Dan Fitzpatrick: Like, essentially kind of, like, up to this break-even level, because now I'm in a position where I'm not gonna lose money on this trade.

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00:04:45.080 --> 00:04:58.269

Dan Fitzpatrick: like, worst case, but I need to give it a little more room than that. But I'm not gonna lose money on this trade, because my worst-case scenario is I'll be stopped out at break-even. And guys, like, that's how you want to be...

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00:04:58.270 --> 00:05:03.670

Dan Fitzpatrick: That's how you want to be trading. You always want to be thinking risk first. I talk about that

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00:05:03.670 --> 00:05:11.860

Dan Fitzpatrick: all the time. Risk first. If you can manage your risk, the rewards will come as... just as a function of

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00:05:12.140 --> 00:05:24.110

Dan Fitzpatrick: I mean, hell, you gotta be right sometimes, right? So, anyway, as we look at the weekly chart, though, you really get a really good sense of what's going on. It's... it was...

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00:05:24.230 --> 00:05:28.380

Dan Fitzpatrick: You know, it was about as predictable as predictable could be.

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00:05:28.620 --> 00:05:30.810

Dan Fitzpatrick: That you're gonna see...

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00:05:32.430 --> 00:05:42.719

Dan Fitzpatrick: you're gonna see some kind of rebound here. I mean, not exact, but you've seen it here, you've seen it here, you've seen it here, you've seen it here. A little...

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00:05:42.750 --> 00:05:55.519

Dan Fitzpatrick: stair step here at 80. So, 80 was a really pretty good level, and the low last week was \$79.27. So, for a lot of different reasons.

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00:05:55.530 --> 00:06:03.479

Dan Fitzpatrick: this is a good time to be buying this stock. Now, would I buy it? And I know it's an ETF, but it's a stock to me.

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00:06:03.550 --> 00:06:06.840

Dan Fitzpatrick: Would I buy it now, if I were you?

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00:06:10.130 --> 00:06:33.970

Dan Fitzpatrick: I think you gotta just define your risk. If you're buying it here, I mean, you're later than we were, but that's okay. So you're buying it here. I would... I would drag my cursor down to below today's intraday low of \$81.78. So you're buying it here, you're putting it at, like, \$81.70 or something like that. That gives you a 4.25

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00:06:33.970 --> 00:06:36.230

Dan Fitzpatrick: order, percent risk.

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00:06:36.360 --> 00:06:39.210

Dan Fitzpatrick: To do what? Well, hopefully.

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00:06:39.530 --> 00:06:47.699

Dan Fitzpatrick: I hate to use hope as a strategy, but hopefully you'll get, maybe 8% out of it, just as a function of

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00:06:48.980 --> 00:07:03.009

Dan Fitzpatrick: this kind of snapback. Okay, so that's all I got for you. If you are not a member of Stock Market Mentor, come on, man, check it out. We did a little over an hour training session today, walking through a lot of stocks, walking through

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00:07:03.410 --> 00:07:21.429

Dan Fitzpatrick: the biggest beneficiaries, and looking at the charts, but the biggest beneficiaries of the companies that are gonna benefit from this massive capital expenditure, or CAPEX, that these companies like Google and Microsoft.

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00:07:21.970 --> 00:07:41.190

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Dan Fitzpatrick: And Amazon and Meta, like, they're all gonna be spending just a crap load of money, and so we went through these companies that are gonna be making bank on that, and so that's kind of the next, shall we say, the next gold rush there. So, anyway, that's all I got for you. I will see you all

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00:07:41.540 --> 00:07:42.530

Dan Fitzpatrick: Next time.