

Chart of the Day

Here's a different way to look at the health of the market

February 13, 2026

Dan highlighted a stark divergence between the heavy-handed "Magnificent Seven" and the broader market. While the market-cap-weighted S&P 500 (\$SPY) is "dying on the porch" due to the significant drag from mega-cap tech leaders like Alphabet, Microsoft, and Amazon—many of which have recently tumbled into technical bear markets—the equal-weighted S&P 500 (\$RSP) remains in a solid uptrend. Dan argues that while smart money is currently "head-scratching" over AI disruption and sector valuations, the individual components of the Dow and \$RSP are working well. He urged a disciplined "react, don't anticipate" approach, emphasizing that cash is currently a strategic position for those whose tech-heavy trades have hit protective stops, as it provides the necessary liquidity to pivot into the themes that are actually being rewarded.

Next Steps:

1. Rotate into Equal Weight Strength: Consider reallocating a portion of large-cap holdings from the top-heavy \$SPY into the \$RSP ETF to capitalize on the "Great Rotation" currently favoring small and mid-cap valuation norms.
2. Implement "Wallpaper" Folders: Move underperforming mega-cap tech names that have violated their 50-day moving averages (like \$AMZN or \$MSFT) to the sidelines; Dan suggests staying in cash rather than "hoping" for a bottom until price action confirms a reversal.
3. Monitor the February 20 Catalyst: Mark your calendar for the U.S. Supreme Court's decision on Trump Tariffs next Friday; this legal ruling is expected to be a major volatility event for global trade and logistics sectors.
4. Audit "Disruption" Stocks: Watch for stabilization in the Morgan Stanley Software Index; avoid "picking up the apple" in Apple (\$AAPL) or Meta (\$META) until they reclaim their short-term moving averages, as overhead supply currently outweighs buying interest.
5. Adopt a "Hard Penny" Mindset: As most sector breakouts are currently reversing intraday, prioritize capital preservation. Use WisdomTree Floating Rate Treasury Fund (\$USFR) as a temporary parking spot for cash to earn interest while waiting for "unprognosticatable" macro jitters to settle.

Transcript:

1

00:00:01.820 --> 00:00:14.790

Dan Fitzpatrick: Okay, hey guys, Dan Fitzpatrick here, StockMarketMentor.com. Don't forget, we're closed for business on, Tuesday. Or, excuse me, on Monday, not Tuesday. I want to look at a couple things here. First of all.

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00:00:15.000 --> 00:00:20.400

Dan Fitzpatrick: The RSP. This is the S&P 500 equal weight.

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00:00:20.570 --> 00:00:21.680

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Dan Fitzpatrick: ETF.

4

00:00:21.960 --> 00:00:29.720

Dan Fitzpatrick: As opposed to this. This is the S&P 500, weighted like, ETF. In other words.

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00:00:29.750 --> 00:00:37.200

Dan Fitzpatrick: all the big dogs that are, you know, dying on the porch are in this one. But the thing to remember is this.

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00:00:37.200 --> 00:00:55.749

Dan Fitzpatrick: So, this is still chopping around, it's really not doing anything, whereas the overall market, the overall S&P, these 500 stocks, when they're all equally weighted, is doing just fine. So, this is in a solid uptrend. This is the reason I'm pointing this out.

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00:00:55.910 --> 00:00:59.870

Dan Fitzpatrick: These big, massive mega cappers, the,

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00:01:00.470 --> 00:01:12.809

Dan Fitzpatrick: you know, the Magnificent Seven, as I call them, they're really, really dragging this market down. Alphabet, you don't want to be... you don't want to be anywhere near this, sorry. Apple.

9

00:01:13.070 --> 00:01:31.410

Dan Fitzpatrick: No thank you. I'll let that apple fall from the tree, however long it falls, but I ain't gonna go pick it up. Meta, nope, no thanks. Nvidia, no thanks. Tesla, no thanks. Microsoft, no thanks. Amazon.

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00:01:32.030 --> 00:01:49.320

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Dan Fitzpatrick: No thanks. So, these are all the stocks that are absolutely crushing the S&P. By the way, a lot of these are also in the Dow, and yet the Dow's doing just fine. So, the thing that I'm... I want to mention to you is just that

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00:01:49.350 --> 00:01:54.839

Dan Fitzpatrick: We're in this kind of wonderful situation where certain stocks are working really, really well.

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00:01:54.840 --> 00:02:19.540

Dan Fitzpatrick: But a lot of them aren't, and what it's doing is it's giving us kind of a cloudy picture. It's a little bit hazy, and you can see it in the news headlines where really smart people are still kind of scratching their heads, going like, well, nobody really knows what's going on, like, what's going on with AI? Is software deadware, or is this overdone? Or, you know, what's up with this? There's just so many different

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00:02:19.540 --> 00:02:42.719

Dan Fitzpatrick: questions that people are asking. Again, very smart people are asking, so it's not like there's just a... like, all the smart guys know what's going on, but us knuckleheads don't know anything. No. Like, this is all really kind of tough stuff here, but what you want to be doing is just stick with the trades that are working. I'll just look you in the eye.

14

00:02:42.830 --> 00:02:53.430

Dan Fitzpatrick: You want to be sticking with the trades that are actually working. Don't be sitting on trades that you think might be working. If they're... if they're... look, if they're not working now, then...

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00:02:53.920 --> 00:03:11.340

Dan Fitzpatrick: they're not gonna work. You can always buy them back later when they do. But I think a real tough thing for some people to get in their head is that cash can be a position. And, if you don't have your money in stocks that are working right now, then

16

00:03:11.660 --> 00:03:29.150

Dan Fitzpatrick: maybe you shouldn't be owning those stocks, because when the money's in the market, it's kind of hard to move it from one place to another. But when you've got the money in your pocket, then it's real easy to find better stocks, good trades, great trades, when they show up.

17

00:03:29.150 --> 00:03:33.889

Dan Fitzpatrick: Not when you try to imagine them, okay? So, just remember, hope...

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00:03:34.050 --> 00:03:47.260

Dan Fitzpatrick: Not a really good trading strategy. It's a common one, it's a popular one, but it's not a good trading strategy. And one other thing, don't sit here and anticipate moves.

19

00:03:47.660 --> 00:03:50.310

Dan Fitzpatrick: React. Respond.

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00:03:50.680 --> 00:04:00.390

Dan Fitzpatrick: Don't anticipate, because if you're anticipating, now you're predicting, you're prognosticating, and the market is kind of like.

21

00:04:00.630 --> 00:04:08.399

Dan Fitzpatrick: unprognosticatable. You can't do it, okay? There's my word of the day for you. I'll see you guys on Tuesday.