

## Chart of the Day Biotech & The Art of Not Flying Blind

April 14, 2026

Scott from StockMarketMentor.com analyzed the biotech sector's current momentum, specifically highlighting a breakout in the XBI (Biotech ETF) on heavy volume. He emphasized the importance of sector confirmation—ensuring the "wind is at your back"—before entering individual positions. Using this top-down approach, Scott identified Arrowhead Pharmaceuticals (\$ARWR) as a prime candidate, noting its tight price action above key moving averages (8, 21, and 50-day) and outlining a clear breakout level with a defined risk-to-reward setup.

### Next Steps:

1. **Confirm Sector Strength:** Before placing a trade, analyze the XBI ETF. Ensure the sector is showing relative strength and breaking out on higher-than-average volume to provide a tailwind for individual stocks.
2. **Set an Alert for the Breakout:** Place a price alert at \$67.45 for \$ARWR. Look for the stock to not just touch this level, but to move through and close above it to confirm the entry signal.
3. **Define Your Risk:** Establish a hard stop at approximately \$63.00, based on the recent lows from Monday. This ensures you have a clear exit strategy if the trade fails to hold its momentum.
4. **Monitor Moving Averages:** Use the 8-day, 21-day, and 50-day moving averages to gauge price health. As long as the stock remains "tight" and holds above these levels, the technical thesis remains intact.

### Transcript:

[0:00] Hey everyone, good evening. It's Scott

[0:03] at scottrades on x with

[0:05] stockmarketmentor.com

[0:07] and your chart of the day. Want to take

[0:10] a look at a biotech stock, but firstly

[0:12] start things off with the biotech ETF.

[0:15] Now, anytime you're looking at a stock,

[0:17] I believe it's a good idea to also look

[0:20] at the sector ETF to see if the wind is

[0:23] at your back in terms of the stock and

[0:25] sector that you're looking at. And as we

[0:27] can see, we have XBI breaking out and

[0:31] today doing it on heavier than average

[0:34] volume. So I want to take a look at the

[0:36] biotech sector for some good relative

[0:39] strength and patterns that aren't too

[0:42] extended above their key moving  
[0:43] averages. And today I came across ARWR.  
[0:48] This is Arrowhead Pharmaceuticals. And  
[0:50] we can see some nice tight price action  
[0:52] on this stock as it's sitting above the  
[0:55] 8day, 21-day, and 50-day moving average.  
[0:58] And so what I would want to see for an  
[0:59] entry on this is a move through and a  
[1:02] close above 6745.  
[1:05] So I'm going to set an alert here on my  
[1:07] software at 6745. Look for a move  
[1:10] through and a close above. And as you  
[1:12] can see, we can easily define our risk  
[1:15] right here at this low from Monday at  
[1:19] around \$63. And so I would look for a  
[1:21] move through 6745  
[1:24] and have a stop down around 63. That's  
[1:27] your trade setup on Arrowhead  
[1:30] Pharmaceuticals and it's just one of  
[1:32] many that we're looking at over at  
[1:34] [stockmarketmentor.com](http://stockmarketmentor.com).  
[1:36] If you want to learn how to trade the  
[1:37] charts for yourself, give us a trial.  
[1:39] Click that link [stockmarketmentor.com](http://stockmarketmentor.com)  
[1:42] and hopefully I'll see you on the other  
[1:44] side.