

Chart of the Day Here's your trade on Applied Materials \$AMAT

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Scott McGregor of StockMarketMentor.com identifies **Applied Materials (\$AMAT)** as a high-probability setup within the surging semiconductor sector. While many industry peers are currently "vertical" and overextended, \$AMAT is exhibiting a rare moment of consolidation, holding steady near its **8-day exponential moving average (EMA)**. Scott notes that recent price action shows buyers stepping in aggressively during pullbacks, creating a "short-term flag" pattern. By using a downward-sloping trendline to define resistance, he outlines a tactical entry point that allows traders to participate in the semiconductor rally with a clearly defined "line in the sand" for risk management.

Next Steps:

1. **Monitor the Breakout Level:** Set a price alert for \$393.60. Look for the stock to not only cross this level but to close above it to confirm the breakout from the downward-sloping trendline.
2. **Define Risk Parameters:** Establish a stop-loss at approximately \$378.00. This level sits just below the recent support found at the moving averages, providing a disciplined exit if the pattern fails.
3. **Confirm Sector Strength:** Ensure the broader semiconductor sector remains at or near all-time highs to provide the necessary "sector wind" for \$AMAT to follow through on its move.
4. **Watch the 8-Day EMA:** Use the 8-day exponential moving average as a guide. As long as the stock maintains its position above this line on a closing basis, the short-term bullish thesis remains intact.

Transcript:

[0:00] What's up everyone? It's Scott at
[0:03] scottrades onx with stockmarketmentor.com
[0:07] and your chart of the day. Want to take
[0:09] a look at applied materials. This is
[0:11] ticker AMAT.
[0:13] Now, as we all know, semiconductors have
[0:16] been extremely strong in this tape,
[0:18] hitting another new all-time high today.
[0:22] And AAT is a semiconductor stock that
[0:25] unlike a lot of them isn't super
[0:28] extended above the 8day exponential
[0:30] period moving average. And so it's one
[0:32] that I believe could be actionable with
[0:34] a pretty clear line in the sand close to
[0:38] the moving averages. And when you're in
[0:40] a market that is seemingly going

[0:42] vertical, it's really hard to find
[0:45] stocks that are consolidating or pulling
[0:47] back to their 8day, 21-day, and 50-day
[0:50] moving average. But AAT is one of those
[0:54] stocks. It pulled back to the 8day
[0:56] yesterday, went under, buyers showed up,
[0:58] brought it back up, closed it strong.
[1:01] Today, the stock closed above the 8day
[1:04] exponential again and is giving us a bit
[1:07] of a short-term flag here. So, I have a
[1:10] downward sloping trend line, clear
[1:12] resistance. You can see how the stock's
[1:13] not getting above this magic line. And
[1:16] so, I want to see if AAT can break above
[1:20] that line for a potential entry with a
[1:23] stop down around 378. And so I would
[1:26] look for a move through and a close
[1:28] above 39360.
[1:32] Put a stop down around 378. And if that
[1:35] can trigger, I think we got a nice
[1:37] little trade here on a stock that's
[1:39] already in a good sector and in a strong
[1:42] uptrend. So that's just one of many
[1:44] things we're looking at tonight over at
[1:46] stockmarketmentor.com.
[1:48] If you want more setups like this, I
[1:51] definitely think you should check out
[1:52] what we're up to. Click that link
[1:54] stockarketmentor.com.
[1:56] You can get a discounted trial and see
[1:58] what's on Dan Fitzpatrick's active trade
[2:02] list right now. My name is Scott

[2:04] McGregor, Scott Trades on Twitter.

[2:06] Thanks so much for watching. I'll see

[2:08] you next time.