

Chart of the Day Here's your trade on Rocket Lab (\$RKLB)

April 20, 2026

Dan Fitzpatrick highlights **Rocket Lab (\$RKLB)** as a compelling technical setup, using its recent price action to illustrate the "shakeout" phenomenon. He breaks down how the stock breached key support on average volume—a classic institutional move to flush out weak retail supply—before rebounding sharply. Dan argues that while traditional "Investors Business Daily" (IBD) methods might wait for a 73% move toward a distant pivot point at \$98.00, tactical traders can enter now by identifying the shakeout and managing risk with **R-multiples**. By focusing on risk per share rather than just percentage gains, Dan demonstrates how to build a position in a volatile stock while maintaining an asymmetric reward-to-risk profile.

Next Steps:

1. Identify the Shakeout: Look at the late March price action. If you were "shaken out" when it broke support, recognize that this was likely institutional positioning. Use the March 31st intraday low (\$59.03) as your ultimate line in the sand.
2. Size Positions Based on Volatility: Because Rocket Lab is volatile, do not use a standard position size. Start with a small "pilot" position that allows for a wider stop (approx. 7–8%) without damaging your total account capital.
3. Set Tactical Stops: * New Entries: Set a stop approximately 7% below your entry price.
 - a. Existing Winners: Protect profits by trailing your stop just below the prior day's (or Friday's) intraday low.
4. Target R-Multiple Milestones: Aim for a 2R return. If your risk is 7%, your target for a "good" trade is a 14% gain (roughly the \$100.00 level).
5. Audit Your Risk Metrics: Shift your focus from "average percentage gain" to R-multiples (how much you make relative to what you risked). This is the key to long-term survival in active trading.

Transcript:

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00:00:01.890 --> 00:00:17.139

Dan Fitzpatrick: Okay, Dan Fitzpatrick here, StockMarketMentor.com, and first, before I get to Rocket Lab, which is what I want to talk about here, I want to invite you to join Stock Market Mentor. It's a 7-buck, initiation fee. It's 2 free weeks

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00:00:17.140 --> 00:00:29.149

Dan Fitzpatrick: Other than your seven bucks. And, just today, I taught almost a 2-hour class, mostly devoted to our multiples and risk, and why that's a hell of a lot more important

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00:00:29.150 --> 00:00:33.700

Dan Fitzpatrick: Than just looking at what your average gain is, your average percent gain.

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00:00:33.700 --> 00:00:41.720

Dan Fitzpatrick: is on a trade. A lot of people, most people, I think, measure their performance in that way. Hey, what's my average gain?

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00:00:41.720 --> 00:01:01.929

Dan Fitzpatrick: in percentage-wise, but you're not talking about risk. You're not thinking about risk, and anybody who's been trading for any length of time knows that risk is more important than just percentage gain or loss. And how can I tell you for sure that those who have been trading for a long period of time understand that? Easy.

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00:01:01.960 --> 00:01:12.349

Dan Fitzpatrick: Because if you don't understand that, you're not gonna trade for very long. So, anyway, I want you to check that out. Again, if you're not a member, \$7 for 14 days.

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00:01:12.610 --> 00:01:14.759

Dan Fitzpatrick: You know what? If you don't like it.

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00:01:14.960 --> 00:01:21.189

Dan Fitzpatrick: You can email karen at stockmarketmentor.com, and we'll refund you your \$7, alright?

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00:01:21.370 --> 00:01:29.130

Dan Fitzpatrick: That's all I got for you. Alright, I want to get right to it and, look at, Rocket Labs. I'll share my screen here.

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00:01:31.450 --> 00:01:32.450

Dan Fitzpatrick: Okay.

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00:01:32.660 --> 00:01:43.810

Dan Fitzpatrick: So, this is the deal with, with this stock, just with the chart. You can see, I can see this as a really, really strong setup here. I don't think it's too late.

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00:01:44.810 --> 00:01:54.520

Dan Fitzpatrick: I don't think it's too late, to buy the stock here, but I want to explain it. First of all, if you're... if you're using Investors' Business Dailies.

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00:01:54.520 --> 00:02:05.420

Dan Fitzpatrick: If you're using their approach, then this is really where you're gonna be looking to buy, is on this next pivot here. This is forming a low...

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00:02:05.430 --> 00:02:15.240

Dan Fitzpatrick: a low, kind of a cup, really. I can't really say it's a handle, because I sure as heck don't see one, but you can see the stock pulling back, left side.

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00:02:15.450 --> 00:02:20.390

Dan Fitzpatrick: Bottom side here is the base. Classic shakeout.

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00:02:20.760 --> 00:02:24.830

Dan Fitzpatrick: By the way, if you sold here, if you got shaken out.

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00:02:25.030 --> 00:02:32.960

Dan Fitzpatrick: don't feel bad. That's why they call it a shakeout. It's what happens to people. Here, it breaks down below support.

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00:02:34.290 --> 00:02:36.429

Dan Fitzpatrick: Like, really key support.

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00:02:36.820 --> 00:02:38.999

Dan Fitzpatrick: Fell down on...

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00:02:39.120 --> 00:02:49.919

Dan Fitzpatrick: about average volume, and that's kind of your first indication that maybe this isn't a real end of an uptrend. I'll go ahead... I hadn't planned on doing this, but I'll go through it.

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00:02:50.030 --> 00:03:15.009

Dan Fitzpatrick: So here, stocks trading sideways, looks like about \$67, \$66 is pretty nice support here. You can see the 200-day moving average close to breaking out above the 50. Love it. That's what I want. That's where I want to buy the stock, right here when it breaks out above the 50. This is gonna be great. Not so much, oh crap, I bought the stock early, now I'm

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00:03:15.010 --> 00:03:39.999

Dan Fitzpatrick: I'm selling because I don't want to lose my butt, and so then the stock comes down. You're not thinking about the 200-day moving average, you're thinking about having bought here at 73, and now the stock's down 21%, and you're trying to figure out what to do, other than go get some toilet paper and clean up back there, because this was a big, big dump, really, really fast, alright? So this is a shakeout.

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00:03:40.000 --> 00:03:51.189

Dan Fitzpatrick: Now, we realize this is the shakeout on this sell-off down here. Here, we don't know, you don't know whether it's a shakeout. This could be a truck stop.

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00:03:51.190 --> 00:03:58.400

Dan Fitzpatrick: on the way to \$30. So, here, we get confirmation that there's a shakeout volume.

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00:03:58.400 --> 00:04:13.110

Dan Fitzpatrick: heavier than average, still well below where we thought, okay, we'll buy this stock, but now we have a different risk-reward profile. Now, we can buy here, 64 and change, and if it's true.

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00:04:13.140 --> 00:04:26.350

Dan Fitzpatrick: that this was indeed a shakeout. We can even set our stop just below this day, which is the 31st of March, below this day's intraday low of 59.03.

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00:04:27.080 --> 00:04:35.440

Dan Fitzpatrick: That gives you, what, an 8, 8.5% risk, which is a lot, which is why you'd start with a smaller position.

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00:04:35.440 --> 00:05:00.200

Dan Fitzpatrick: But the idea is, and I'm not even talking about the 200-day moving average, because if you want to put it back there, that's 12-13%, which you can do. But, remember what I said at the outset here about risk, about how risk is more important than percentage. So here, you're taking a smaller amount of risk by just putting your stop down here, below this day's intraday low.

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00:05:00.200 --> 00:05:10.270

Dan Fitzpatrick: you could even raise it a little bit more and say, well, if it falls back to 60, I sure expect it to hold. So, if it falls to 59,

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00:05:11.080 --> 00:05:30.949

Dan Fitzpatrick: That's when I'm gonna take the L and get out of town here. So that's a 7% risk you're taking on this trade, and your basis for taking this is because you have concluded, rightly or wrongly at this point, that this is a shakeout. In other words, this is institutional selling

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00:05:30.950 --> 00:05:40.240

Dan Fitzpatrick: trying to flesh out, flush out supply, which they've done, and now they're snagging the stock. So you set a tighter stop here.

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00:05:41.150 --> 00:05:47.049

Dan Fitzpatrick: Now you're a happy boy or girl, stocks moving up, higher intraday highs.

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00:05:47.370 --> 00:05:56.200

Dan Fitzpatrick: Keeps going up. You're really happy now. Suddenly, this 7%, you took your risk here of about, we'll say, 8%.

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00:05:56.830 --> 00:06:04.369

Dan Fitzpatrick: We'll say 7%. Let's say 8. I'm debating with myself. You took an 8% risk, now.

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00:06:04.370 --> 00:06:17.019

Dan Fitzpatrick: At this point, you're up 6.35%. At the high here on this day, you're up 14, almost 15%. So you got a heck of a trade going on very, very low risk.

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00:06:17.110 --> 00:06:28.440

Dan Fitzpatrick: Because this stock is so volatile, typically, an 8 or 9% risk is a huge amount of risk to take to start, but with a volatile stock like this.

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00:06:28.440 --> 00:06:51.599

Dan Fitzpatrick: the way you start a position with a reasonable stop is with a small position size. You're putting less money at risk, and then once the stock starts telling you, yes, you're correct, that's when you start building a big position. So you have a small risk to begin with in this trade. So the stock is still working.

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00:06:51.950 --> 00:06:59.120

Dan Fitzpatrick: Still rewarding you for buying on this day, right at the end of the day, with this risk. Now, you're up.

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00:07:00.460 --> 00:07:10.960

Dan Fitzpatrick: 12%. Again, you took an 8% risk, so you're up over 1R multiple. Now, suddenly, you're up a whole gang of money here.

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00:07:13.430 --> 00:07:20.810

Dan Fitzpatrick: Now you're up 28%, having taken an 8% Risk.

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00:07:21.390 --> 00:07:38.520

Dan Fitzpatrick: Up 20, taking 8, that's pretty good. Now we're up even more. Again, you're buying right here at the end of the day, taking 8% risk. Now you're up 38, 39%. We'll say 40%. So, now what are you gonna do?

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00:07:39.570 --> 00:07:47.820

Dan Fitzpatrick: Well, if I'm you, I'm happy, assuming you're doing this trade. You can protect this trade by keeping a stop

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00:07:48.050 --> 00:08:00.310

Dan Fitzpatrick: I wouldn't keep it below today's intraday low, because you know what? Sometimes after this kind of move, the stock can get a little jiggy, but I would definitely not want to allow it to trade below

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00:08:01.260 --> 00:08:02.390

Dan Fitzpatrick: this low.

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00:08:04.070 --> 00:08:10.780

Dan Fitzpatrick: below Friday's intraday low. So this is really where I'd put my stop on this. Now.

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00:08:12.660 --> 00:08:23.769

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Dan Fitzpatrick: What about buying the stock right now? If you're looking at the Investor's Business Daily or Bill O'Neill style, you would say, well, the next pivot point

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00:08:24.030 --> 00:08:37.679

Dan Fitzpatrick: is actually right up here. So I'm not gonna really buy the stock till it gets up to \$98 or so, almost to \$200. That's the classic breakout. That doesn't work for me.

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00:08:37.740 --> 00:08:51.809

Dan Fitzpatrick: I'm not saying that I know better than Bill O'Neill, only a fool would say that, and I'm not one of those, but I'm just saying that this doesn't suit my trading style to wait until it gets up here, particularly with this kind of move.

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00:08:51.810 --> 00:09:01.510

Dan Fitzpatrick: Because I'll move this out of the way. From the 200-day moving average, for this to finally get up to where it's a breakout, that's a 73

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00:09:01.580 --> 00:09:18.059

Dan Fitzpatrick: percent return. Like, that's a 73% move before you're gonna look at this and say, oh, I'm gonna go ahead and buy this stock on a breakout. Now, it'll probably work, because stocks that make all-time highs tend not to make just one of them.

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00:09:18.150 --> 00:09:38.009

Dan Fitzpatrick: they'll make a bunch of them in a row. This is why we love all-time highs, or at least stocks that are in within, say, 15% of their all-time highs. They have a little bit of ceiling, but then ultimately, when they hit an all-time high, like I said, they'll hit a bunch of them in a row. So we can wait for this here, but this is what I choose to do.

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00:09:38.010 --> 00:09:43.439

Dan Fitzpatrick: Remember how I said to, if you're in a trade like this, you want to protect your position?

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00:09:43.440 --> 00:09:48.280

Dan Fitzpatrick: With a stop just below the prior day's intraday low.

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00:09:48.330 --> 00:09:55.039

Dan Fitzpatrick: Okay, well, guess what? You can do that with new positions, too. You can protect your stop.

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00:09:55.100 --> 00:09:57.930

Dan Fitzpatrick: Excuse me, you can protect your position.

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00:09:58.650 --> 00:10:04.519

Dan Fitzpatrick: With a stop that's about 6.5, 6.6% below.

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00:10:04.590 --> 00:10:05.690

Dan Fitzpatrick: the current...

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00:10:05.750 --> 00:10:26.910

Dan Fitzpatrick: Price. So we'll say... let's say 7%. So you're taking a 7% risk, which means that if the stock runs up to \$95.50, you've got a 1R return, meaning you're making a buck for every buck that you're risking. We want at least 2Rs, so we need 14%.

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00:10:26.910 --> 00:10:29.059

Dan Fitzpatrick: Okay? Now we're up 12.

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00:10:29.110 --> 00:10:42.840

Dan Fitzpatrick: Now we're up 14. So we've cracked the \$100 level, which is a hard ceiling, and we've gone a little bit beyond that, and now we've got a 2R trade. So, do I think that we can get that trade?

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00:10:42.870 --> 00:10:59.929

Dan Fitzpatrick: Absolutely, I do, but I'm more concerned about the risk. So, with taking this amount of risk, I'm comfortable looking for this type of return, because guess what? As the stock moves up, if it does, it may not, as the stock moves up, I can start raising

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00:10:59.930 --> 00:11:11.659

Dan Fitzpatrick: my stop, so that I actually have less risk on the table as the stock moves higher. So, look, this is the kind of thing that I explain at Stock Market Mentor all the time today.

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00:11:11.660 --> 00:11:27.540

Dan Fitzpatrick: was a... I gave this a yeoman's treatment of this, this idea of risk multiples, our multiples being the absolute way that you stay in the game long enough to figure everything out, okay? Also, watch for this.

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00:11:27.920 --> 00:11:51.030

Dan Fitzpatrick: 7 deadly trading mistakes and how to fix them. I'm just in the final, proofing right now. It's taken a lot longer than I thought, because we're making sure that we get everything right. I want you to be there. Get on the website, top banner on top tells you how you can grab one of these books, okay? That's all I got for you guys. I hope you are having an awesome

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00:11:51.250 --> 00:11:59.870

Dan Fitzpatrick: week so far. It's only Monday, okay? You got 80% to go. Let's make it an awesome 80%, alright? I'll see you guys.