

## Chart of the Day Transports are close to a breakout!

May 26, 2026

Scott McGregor highlights a highly constructive, volume-driven setup in the industrial sector, identifying **Canadian Pacific Kansas City Limited (\$CP)** and the **Dow Jones Transportation Average ETF (\$IYT)** as prime breakout candidates. Despite ongoing geopolitical gray areas affecting global shipping lanes in the Middle East, the transportation sector is gathering significant momentum, with \$IYT coiling right at a pivotal all-time high resistance level. Backed by a powerful intraday volume spike and a textbook **bullish engulfing candlestick** on \$CP Rail, Scott emphasizes that the railways are primed to resolve a massive, multi-year base dating back to 2021—adhering to the timeless market axiom: *"the longer the base, the higher the space to the upside."*

### Next Steps:

1. Set a Macro Sector Alert: Place a price alert for a dynamic move and close above \$83.30 on the Transportation ETF (\$IYT) to confirm broad sector breakout velocity.
2. Trigger the Railway Entry: Stalk CP Rail (\$CP) for an immediate breakout past its dynamic local pivot ceiling and all-time highs following today's structural engulfing pattern.
3. Define Risk Parameters: Establish a hard protective stop-loss immediately beneath the daily low of the bullish engulfing candle to minimize capital risk.
4. Monitor Institutional Skyscrapers: Ensure any structural breakout past the historical multi-year resistance line is explicitly validated by an expanding volume footprint.

### Transcript:

[0:00] Hey everyone, good evening. It's Scott  
[0:02] at scottrades onx with stockarketmen  
[0:05] mentor.com and your chart of the day.  
[0:08] Want to take a look at a railway stock,  
[0:10] but firstly want to start with the  
[0:12] transportation ETF IYT because  
[0:14] transports are close to an all-time  
[0:17] high. Now, of course, we all know what's  
[0:19] going on in the Middle East with  
[0:21] transportation in and out. It's still a  
[0:23] bit of a gray area, but I certainly  
[0:25] think the transports could be a trade to  
[0:27] keep an eye on over the next couple of  
[0:30] weeks if we do get a new high here on  
[0:33] IYT. We see IYT today with a nice pickup  
[0:38] in volume and again a pivot really close

[0:40] to the highs. And so I would watch for  
[0:43] IYT to break out above 8330.  
[0:48] Consider setting an alert at around 8330  
[0:51] or just underneath. and look for a move  
[0:53] through and a close above coming on that  
[0:56] uh on that level. And one of the areas  
[0:59] of the transports is of course the  
[1:01] railways. And if I bring in CP Rail, the  
[1:04] Canadian Pacific Kansas City Limited, we  
[1:07] have a huge bullish engulfing  
[1:09] candlestick. And on the weekly chart,  
[1:11] the rails are looking for a potential  
[1:14] new all-time high as well. Look at this  
[1:17] long base of consolidation. Right. CP  
[1:20] Rail has been going sideways since 2021.  
[1:24] And you know what they say, the longer  
[1:26] the base, the higher the space to the  
[1:29] upside. And so definitely keep an eye on  
[1:30] the transports and keep an eye on some  
[1:32] of the railways like CP Rail  
[1:36] and watch for some breakouts above  
[1:39] all-time highs. And that's just one of  
[1:41] many things that I'm watching right now  
[1:43] over at [stockmarketmentor.com](https://stockmarketmentor.com).  
[1:46] If that was helpful, click the website  
[1:48] [stockmarketmentor.com](https://stockmarketmentor.com) and hopefully I'll  
[1:50] see you on the other side.