Weekend Study Session

May 9, 2026

Dan Fitzpatrick delivered a weekend strategy session focusing on the current vertical move in semiconductors and the psychological pitfalls of a "lockout rally." He highlighted that while he remains structurally bullish, the market is entering a "dangerous" phase where leading stocks are historically overextended from their 200-day moving averages. Dan analyzed the "AI data center boom" through a unique lens, noting that current job growth in the sector is dominated by temporary construction roles rather than permanent staffing, which may signal a lack of long-term economic sustainability once the infrastructure is built. He concluded by emphasizing that traders must manage the "floor" of their accounts with absolute precision, as the downside is the only factor within a trader's control.

Next Steps:

1. Enforce the "8-Day EMA" Guardrail: For all semi-stock positions, particularly Intel ($INTC) and Micron ($MU), use the 8-day exponential moving average as your trailing stop. A close below this level is a definitive signal that the vertical trend has ended.
2. Audit Your "Regret" Trades: If you missed the current rally, do not chase Intel or AMD at current levels. Wait for a base to form or a pullback to the 50-day moving average to define a favorable risk-reward entry.
3. Implement Progressive Profit-Taking: Sell in "scales" (halves or thirds) as stocks reach 20% moves out of their respective bases. This ensures you "ring the register" while keeping a core position for the vertical "Mars" run.
4. Monitor AI Data Center Headwinds: Watch for reports of project delays or labor drop-offs in the "non-residential specialty trade contractors" category. A slowdown here could be the early indicator of the AI infrastructure peak.
5. Shift to "Defense Mode" on Milestones: If your account has hit a specific valuation benchmark, reduce position sizes. Focus on protecting that new "floor" rather than aggressively pursuing the next peak.

Transcript:

[0:00] All right. Hey, everybody. As you probably know, but maybe you don't if you don't read the trading room or whatever, I'm doing I'm starting to do we're going to change the video.

[0:14] Video lineup here and just kind of the way the videos are delivered.

[0:19] And frankly, I'm just trying to improve the quality of SMM as much as I can.

[0:25] I think that, frankly, those of you that have been here for, I don't know, 15 years are probably here because you think the quality is pretty good.

[0:36] But I'm always trying to improve on it.

[0:38] So I'm going to be taking a little more time at the end of the week to kind of collect my thoughts and think about things that I think are important, but aren't really the, you know, just for whatever reason, maybe aren't really, I might as well go ahead and show my ugly face.

[0:58] They're not as, I'm not able to really look at them and think about them during the week when I'm looking at stocks and stuff like that.

[1:06] But so anyway, this is the first this I'm actually kind of doing a Beatles here.

[1:12] Get back to where you once belonged. This is the way I used to do it ages ago.

[1:17] And so for whatever reason, I don't know what it was, but I think I was getting a lot of pressure.

[1:24] You know, there's just a few squeaky wheels and they get all the grease.

[1:27] At least they used to. Now they get greased.

[1:30] That would gripe about not wanting it early and all that kind of jazz.

[1:35] So anyway, screw that. I'm doing what I'm doing because that's what I feel like doing.

[1:39] And so that's what I'm doing right now. OK, so with that said, let me get let me get to my screen and let's get going.

[1:49] And the thing one of the things that's been kind of. Well, I'll I'll put it in context.

[1:57] I'm really bullish on the market right now. I'm really bullish on semiconductors in particular.

[2:03] particular, I think they're absolutely going to Mars. They're going higher and higher and higher

[2:10] and higher. So yeah, I'm really bullish on it. And think about what the whole, this whole Wall

[2:17] Street thing of bulls and bears, what, what is that? Bull, the reason somebody's bullish is

[2:23] because bulls thrust up, you know, their horns go up, bears go down with their claws. So that's the,

[2:30] there's a little historical fact for you.

[2:34] And so the thing is, when things are going up, I get really excited.

[2:41] I like it.

[2:42] I want them to keep going up forever and ever and ever.

[2:45] Amen.

[2:46] Randy Travis, forever and ever.

[2:48] Amen.

[2:49] But we know that's not the case.

[2:50] However, I've seen a lot of people kind of look foolish.

[2:56] a lot of fund managers lose a lot of money where the market's going up and they're bearish

[3:04] they miss out on the trend you miss out on it because oh no it's gone up too much nope nope

[3:09] it's too much too much nope it's going down i'm going to short the market because it's gone up

[3:14] enough all of that kind of stuff and when when you do that be mindful of the of exactly what

[3:24] you're doing. Like, what are you doing? What are you doing when you're looking at the market and

[3:30] you're disbelieving it and you're saying, you know, OK, well, OK, this is stupid. It's not going to go

[3:37] up anymore. Meanwhile, prices keep marching higher and you're standing there like a moron in front of

[3:43] a freight train saying like, whoa, stop. I would rather do it this way. I would rather look at the

[3:52] market as it's going higher and go, yay, yay, oh my gosh, it's going up, it's going up, it's great,

[3:58] it's awesome, it's going to be great, it's going to be even better. That's the way I feel about

[4:03] stocks that are trending higher, about markets that are trending higher. But at the same time,

[4:09] I realize that the further a market goes, the further a stock goes, the further an index goes, [4:16] the closer it is to the end and the steeper it goes the more violent that end is going to be

[4:26] a stock as it runs up you know we we have uptrends we have bases we have uptrends we

[4:31] have bases like that's just the way stocks trade for various reasons all of them logical by the way

[4:38] but that's just the way stocks go and so yeah bill o'neill famously said well i don't know if

[4:45] He famously did, but he said it, that when a stock comes out of a base, you really should look for, say, a 20 percent move and then probably going to see some profit taking.

[4:55] So that's been my I mean, who am I to to doubt Bill O'Neill?

[5:02] And so that's been kind of my rule of thumb.

[5:06] It's a loose rule of thumb, but it is a rule of thumb.

[5:09] when stock goes up about 20%, I start looking for a hint that maybe it's going to pause a little bit.

[5:18] And that's just because of institutions, the way they work.

[5:20] But that's a whole other story.

[5:23] That's actually for a book.

[5:26] But when – so when a stock is going up like that in an orderly fashion, yeah,

[5:32] Now, the higher it goes, the closer it gets to a, quote, top, to a resting period, to the end of the current trend.

[5:40] But it'll typically be gentle. And one thing that I heard a long time ago, I think I first read it.

[5:48] Todd Harrison. I don't know if he's still around, still around somewhere, but he was Jim Cramer's hedge fund.

[5:57] And Todd Harrison was the talent behind Kramer Berkowitz.

[6:02] Kramer, not so much, but he was a big bullshitter and still is.

[6:07] He knows a lot of stuff.

[6:09] Todd made a lot of money.

[6:10] There's a difference.

[6:11] Trust me.

[6:12] I know.

[6:12] I've lived that.

[6:14] But anyway, Todd had said one time, he said, look, here's the, and you've heard me say this a lot.

[6:19] I'm just giving proper attribution.

[6:21] He said, tops tend to be processes, bottoms are events.

[6:25] Now, to a certain extent, I mean, generally speaking, that's correct, I guess. But let's just talk about tops. The typical top like NVIDIA, for example, I'll just show you. I hadn't planned on going into this much detail, but why not?

[6:50] But anyway, so I'll get to it here.

[6:54] Sorry about the delay here.

[7:01] Okay.

[7:03] All right.

[7:04] So we'll just look at NVIDIA.

[7:07] Okay.

[7:07] This would be the typical, quote, top, where the stock comes up and then it tops out for about 90 years, it seems like.

[7:17] But it's just kind of a markup and then a distribution and then a markdown, which isn't happening.

[7:23] So, gosh, maybe the next move is up.

[7:26] Maybe this was just a, quote, top on the way to higher prices.

[7:30] But typically, this is kind of what you're looking for in a top.

[7:34] And you have to differentiate between this and this over here.

[7:38] This is a pretty nice, pretty nice basing pattern coming close to the 200.

[7:45] forming a little volatility squeeze there and popping out.

[7:52] You can see it now.

[7:53] I put this in my book, actually popping out here with a with a nice volume increase here.

[8:03] So this is a big pop here.

[8:04] OK, but before that, this looked like it could have been a top.

[8:08] Could have not been could have been what it turned out to be just a consolidation on the way to paradise for a lot of people.

[8:15] Um, but me included long-term, but this is the thing.

[8:20] These are the kinds of tops that you say, well, these are processes and bottoms.

[8:25] We can say like this, this is an event, a big V.

[8:31] Um, so bottoms tend to be events like this big dive, this big dive here.

[8:39] Uh, tops are kind of processes, right?

[8:41] Well, there are exceptions to that.

[8:49] This is a weekly chart.

[8:51] We can go to a daily chart.

[8:53] Let's do this.

[8:54] This is the mother of all.

[8:56] Like, okay, so this was obviously a top here.

[9:01] Okay.

[9:03] This wasn't a process.

[9:05] This was an event.

[9:07] This was a definite event there.

[9:10] Okay.

[9:11] Um, so anyway, um, typically we see tops or processes, bottoms or events.

[9:18] So why am I going into this right now?

[9:21] Because I want to talk to you about semiconductors.

[9:24] Um, I, I have, uh, I think some kind of, uh, just an, an interesting thought or an interesting,

[9:30] uh, approach to it, but I just want to, I'll, I'll get into that in just a second, but I

[9:37] I want to start actually with I want to start with with this, with the BLS jobs report, because I think it's important.

[9:48] There's it seems like everything coming out of the of the the government, the federal government these days.

[9:58] Everything is political and.

[10:01] I have nothing to say about that because somebody will get triggered and have a stroke, but everything shouldn't be political.

[10:12] Nothing should be political when we're looking at data for making decisions on stocks and on trading and stuff like that.

[10:23] Nothing should be political.

[10:25] So I just read a little bit this weekend, did some thinking.

[10:31] And this is what I've this is what I've come up with here.

[10:34] So the non farm payroll jobs for April were up by one hundred and fifteen thousand.

[10:41] Now, I don't know what the what the estimate was, because estimates are tend to be jokes and punch lines for me.

[10:49] Like who's estimated? How are you estimating? What are you doing?

[10:52] Like, I think it's ninety eight. The estimates estimate.

[10:58] There were 115,000 jobs. That's it. Good or bad. I don't know if you're one of those that was unemployed and you got a job. Good thing. So this was better than expected. But if you look under the hood, this is one thing like this is the way you got to you got to look at this.

[11:16] 115,000 non-farm total non-farm payroll jobs.

[11:23] Now, of those, 12,600 were in this non-residential specialty trade contractors category.

[11:35] It's like a new category, I guess.

[11:39] And these are jobs for AI data center construction.

[11:43] OK, so these are non-farm payroll jobs. These are manufacturing jobs for manufacturing AI data centers. OK, 12,600.

[11:56] OK, but actually just with like the garden variety manufacturing jobs, the ones that the ones that President Trump touts as being a great indication of like all the manufacturing, we're bringing manufacturing back here and all that jazz.

[12:13] And hopefully so. I mean, that'd be great. I'm not being critical of whether that whether that's a good thing or a bad thing or anything else.

[12:21] Nobody cares. You shouldn't care. I don't know. I just know this, that the manufacturing jobs were actually on the decline by 2000. And so here's the thing I'm getting to right here. These specialty trade jobs are temporary construction roles.

[12:41] Okay, once the data center is built, those jobs go away.

[12:48] So you'll have like hundreds of people building this job, building this data center.

[12:55] And once the data center is done, it's AMF for just about everybody.

[13:01] In fact, I would say all of them, and then 20 to 50 permanent staff come in.

[13:06] And so these guys are basically these guys are building themselves out of a job is really the way the way you have to look at it I know Andy he my option market mentor guru along with Sam

[13:25] They're both awesome. You know, Andy works in AI for Microsoft, and I talked to him quite a while

[13:30] ago, and he runs a big team. I think he's got like five continents or five countries. I don't know.

[13:36] It was a lot of beyond Seattle. And he was saying, hell, I think it was a couple of years ago.

[13:44] He said, yeah, my A.I. guys, I've got them working real hard.

[13:48] And I said, well, what what what's what are they actually going to accomplish?

[13:52] And he said, ultimately, they're going to make they're going to build A.I. to a point where they're unemployed.

[13:58] And I thought, wow, that's a pretty tough situation, but that's the gig.

[14:04] And so we've got kind of the same thing here where we've got these these jobs that are created for building these data centers.

[14:14] And as soon as the data center that you're on is built, you got to go.

[14:21] You're done. And here's the thing. These data centers are being built all over the place.

[14:27] So just think about it. You're in. Let's say you're in in Virginia.

[14:32] Bill, I think I forget what the name of the county is. Loudoun County. I don't know. I've never been to. I was actually in Virginia once and it gave me the creeps too close to Washington, D.C.

[14:43] So anyway, like let's say you're building one of those data centers in Virginia and then, OK, job's done. All right. Well, the other data centers are 300 miles away or no more in Virginia.

[14:56] There's a lot in Virginia, but there's no more in Virginia.

[14:59] So, oh, but we got one coming up in Texas.

[15:02] Are you going to move your family to Texas to build another data center only to be told when you're done building it that, well, guess what?

[15:13] We got one in Georgia.

[15:15] So why not catch the midnight train back to Georgia?

[15:20] That's like not going to happen.

[15:22] And so I think I just feel like this is a really weird, a really weird situation here.

[15:29] I've never really, never really been in since I've been aware of things.

[15:34] I've never really seen anything like this where you've got this whole manufacturing jobs.

[15:40] And there have been a lot of manufacturing. There's a lot of manufacturing out there. Great.

[15:44] It's not what I'm talking about. I'm saying we've got this boom here.

[15:48] we've got this big boom in ai data centers gotta build them just not in my backyard thank you

[15:56] got more on that in a minute um so we've got these data centers and we gotta build them gotta build

[16:02] them to make make room for all the memory chips all the gpus and the cpus and the upus and an ibme

[16:09] whatever it is we got to build these big data centers for all that stuff let's go

[16:15] But then once you get the data center done, you're out of business.

[16:20] That's just kind of, that's a weird, that's a weird situation.

[16:25] And I don't think people are really talking about it in the, well, nobody's going to talk about it in the terms that I talk about it.

[16:32] But you see what I'm saying?

[16:33] Nobody's really going to talk about it in a way that kind of drills down to the individual person with a job.

[16:45] Because those like 12, what is it?

[16:49] 115,000 non-farm payroll jobs.

[16:52] OK, 12,600 of them are in this non-residential specialty trade contractors jobs.

[17:02] OK, those are 12,600 individuals.

[17:05] Those are 12,600 families.

[17:09] OK, but they're going to move around.

[17:11] I mean, they're going to be like the Beverly Hillbillies, you know, putting all their stuff on the back of the truck and going to the next city to build another one.

[17:21] So it's just this really weird situation that I think nobody's really talking about.

[17:28] It's certainly the economists because they just look at the numbers and they're boring and unpopular and typically wrong.

[17:34] But I'm looking at it.

[17:36] And so this is what I think, though.

[17:38] So if the construction surge starts to fade, and I'm not talking about, you know, they've got this 115,000 new jobs.

[17:49] Yeah, but we've actually lost 2,000 of the manufacturing jobs.

[17:55] Then if that data starts to really become more prominent, the Fed, which is now, at least as last I heard, they're kind of in a neutral stance.

[18:08] I think the kind of the expectation, the general expectation actually is that they're not going to lower rates anymore this year.

[18:18] And a lot of it is because of the Strait of Hormuz and all that jazz, oil expensive and all that.

[18:26] So if we start getting a real decline in manufacturing, like the headline number, as opposed to looking under the hood, we could see the Fed start to lower rates.

[18:36] and because they should.

[18:38] So this is what the current construction stats are here

[18:43] as far as how many data centers are being built.

[18:47] And remember, we've got 12,600 jobs here.

[18:53] Data centers, 140 in Texas, 136 in Virginia.

[18:57] Like I said, Virginia's big on that.

[19:00] Georgia, 56.

[19:01] Ohio, 51.

[19:04] California, probably none.

[19:06] You know us. We're saving the planet. So here's the thing. As I've been saying, like one large data center campus, OK, that's 100 plus megawatts.

[19:19] if it's megawatts, maybe it's megillawatts, I don't know, but it's 100 plus a lot of things,

[19:26] can employ hundreds of these non-residential specialty trade contractors, these temporary

[19:34] workers during peak construction. And that only lasts 12 to 30 months. Okay, that's not very long

[19:41] if you're looking for a career.

[19:43] And so this construction labor intensity,

[19:47] 0.7 to 2.0 workers per megawatt.

[19:52] So you can see just multiply by 100 here.

[19:56] And then here's the thing too,

[19:58] all these parallel projects,

[20:00] they got this big monthly spike.

[20:02] You start 15 over here and 12 over there

[20:04] and 45 over there,

[20:05] all within the last month or in the last two months.

[20:08] Oh my gosh, it looks awesome.

[20:10] then comes the next month and the next month and then the next month after that.

[20:15] And those jobs that were created six, seven, eight, nine months ago start to drop off.

[20:21] So it's kind of like a moving average when you think about it.

[20:26] And so it's like in any moving average, the current prices are the ones that are the most important,

[20:33] but you can look at the moving average so you can know where that price came from.

[20:37] So what I'm saying is we could definitely I'm just not seeing this as particularly sustainable.

[20:48] Just looking at the report and doing a little digging and research and thinking.

[20:57] And again, this just kind of to my mind, it just boils down to the individual person.

[21:03] I think this is I just I just don't think this is as rosy as as people think it is.

[21:11] Now, if your assumption is seriously, if your assumption is that all these data centers are going to be built and it's all it's going to be awesome.

[21:21] All the data centers are going to be built. Electricity is not going to be an issue somehow.

[21:26] magically uh we're going to get maybe the the uf ufos or the whatever they call them the

[21:32] unidentified things are going to bring down electricity in their little inverted uh teardrop

[21:38] spaceships and stuff uh if they can do that that would be awesome i'd really appreciate it if they

[21:44] would but if they don't like all of this we're going to have big issues with the grid um and

[21:52] And solar panels and wind farms aren't really going to butter the biscuit here.

[21:58] So we've got a lot of kind of structural issues as far as getting everything done that everybody wants done, what there's a big, huge demand for.

[22:10] There's actually technology to do it, but there's not enough ability or capability to meet all this demand.

[22:23] And so you could say, okay, well, that'll raise prices.

[22:27] Yeah, it does.

[22:28] If supply doesn't meet demand, the prices go up.

[22:31] Hence why we've got our fab four with the data center, you know, the memory and and data storage.

[22:40] We're right there. We've been there forever. It's like these are awesome.

[22:44] I think we've been right on top of this stuff. But when it gets right down to it, though, if you can't meet demand, you can't meet demand.

[22:51] Like if somebody wants to buy if somebody wants to buy my my car, they're saying like, well, I will pay you.

[23:00] I'll pay you two million dollars for your used Rolls Royce.

[23:06] I would say, well, that's awesome.

[23:08] I would like that, but I don't own a used Rolls Royce.

[23:13] But thanks. Very flattering of me.

[23:15] I appreciate it. Do you know where I could get one of those?

[23:18] So the point is, we're going to have a real supply-demand conflict here.

[23:27] It's going to be a dislocation, but it's not just the typical kind that, as they say, one of the economic principles, probably the only one that I've ever thought really mattered, was excessive profits breed ruinous competition.

[23:43] In other words, you're making a lot of money. You're going to bring people in that are going to bring your margins down and all that.

[23:48] But when it actually comes to the ability and the capability to build these data centers and to really build out this whole AI infrastructure, that's going to be a problem.

[24:00] because at some point, I'm probably taking this to its probably illogical extreme,

[24:09] but at some point, like no amount of money is going to be able to buy you what you need.

[24:16] Like I said, that's probably a little bit of an exaggeration, but I'm hoping that you get my point.

[24:21] And so, you know, I'll show you this thing again here.

[24:25] these data centers they don't require much money so these long-term permanent operations

[24:34] those are the jobs that everybody talks about those are the ones that you know everybody looks at it

[24:41] every every month you know it's actually it's actually kind of funny i've been doing this for

[24:48] 30 years and you see the same talking heads on CNBC getting all lathered up about the report

[24:55] every month and they all say different stuff and most of the stuff that they say turns out to be

[25:01] wrong but nobody cares because they forget what they said last month and certainly two months ago.

[25:07] So none of this stuff really is going to be picked up by people that are on TV talking about that

[25:15] stuff. It's not. I'll tell you, I'm digressing here for just a moment, but you're going to have

[25:24] to bear with me. I'll tell you how much I care about what's on financial TV anymore. I'm sitting

[25:31] here in my office and my music studio. I'm sitting here in my office and I have a TV.

[25:38] I have a big TV on the wall over there. I just ordered a white grease board,

[25:43] um a whiteboard to put on top of the tv because that's where i'm going to use to be doing doing

[25:49] other things you know goals projects stuff like that but the point is this don't listen to what

[25:55] anybody's you don't even have to listen to me um but don't listen to what anybody's saying on

[26:00] on tv and and and assume that they know more than you

[26:06] because this is really this is really just common sense it's common sense if you really stop and

[26:17] think about it dig a little bit deeper by the way this is one of the reasons why i'm doing it this

[26:22] way because i don't want to feel like i got to have some big fancy presentation for you on monday

[26:28] morning when you got jobs and you got hopefully um and you got stuff to do so i doing these things kind of a little more freeform So the bottom line is this These delays get this those numbers that I gave you

[26:46] Okay, so how many are we looking at?

[26:49] We're looking at this many data centers.

[26:52] Okay, awesome.

[26:53] Things are so bright, it's like I got to wear two pairs of glasses and put welding goggles on.

[27:01] It's just awesome.

[27:02] But the delays are impacting 40 to 50 percent of the planned projects.

[27:08] Not in my backyard. I got a nice view out back.

[27:11] The last thing I'm going to do is look at a data center down there.

[27:14] I will go full on terrorist if that thing happens.

[27:18] Then I'm semi kidding. But so you look for we got to look for a lot of chops in the data ahead.

[27:25] We're going to you'll see all kinds of of news pro and con.

[27:30] But the bottom line is that what we really want to do is we just want to ignore the numbers and we want to watch the market's reaction to those numbers.

[27:42] OK, so in a nutshell, this is what I'm talking about.

[27:47] Don't get all, you know, A.I. crazy.

[27:51] You're going to have a lot of fluctuations and you're going to start seeing more and more of this.

[27:56] OK, now I'm switching gears to back where I kind of started from a little bit.

[28:03] Semi crazy. OK, so I'm looking at the semiconductors and this is where this was what got me thinking about bullish and bearish.

[28:14] Am I am I bearish on am I bearish on semiconductors? No.

[28:19] um okay how could you be bearish on this which way do you think it's going which way do you

[28:31] think it's going here i'll draw a box here i'll draw two of them actually i do this all the time

[28:37] okay i'm envisioning okay

[28:40] okay raise your hands he says to no one in particular which box do you think this thing

[28:54] is going to go into is it going to run that way or on the other hand is it going to come down

[29:02] to there is it going to come into there okay here's my vote my vote is it's going to do that

[29:08] And do you know why? Because that's the way it's going now. You can be only semi. You can have really bad eyes as long as you can see something. Just squint a little bit and see the way this is going. And you have to assume that it's going to keep going up. This is why I laugh and I say, like, I think it's going to Mars.

[29:31] Now, I'm bullish on this.

[29:33] Be long, stay long, have a happy life.

[29:36] But at some point, you're going to see a dip.

[29:43] And that is not a dip.

[29:45] It's not going to be a dip.

[29:46] It's going to be a big sell-off.

[29:49] And that is not a sell-off that you want to buy.

[29:52] And you're not going to be able to trade this stuff

[30:00] precisely. But you can see here like the eight day exponential moving average seems to hold this

[30:07] pretty well. And at some point, you're going to see this pull back like to the eight, maybe to the

[30:18] 20 on the same day. I don't know. Probably not, but maybe. And then come up and then it takes a

[30:27] a definite turn below the eight. And so this will be, this will be a sign that you've got a top

[30:35] in progress here. Now this is the semiconductor index. So you're not going to see, you're not

[30:42] typically going to see a big, huge, obvious boom reaction to an index like this thing. These are

[30:49] the, these are the components of the semis. Uh, and they're probably more, but for whatever reason,

[30:55] And Warden only has 25, probably more.

[30:59] I don't know.

[31:00] 25 is good enough for me.

[31:02] So I look at this and I see, okay, well, this thing's pretty extended.

[31:06] But at some point in time, we're going to get a pullback, and it's going to be kind of a major pullback.

[31:14] I'll get to some of these charts in just a second.

[31:16] But here's the deal.

[31:19] Again, I'll say it.

[31:20] I'm really bullish on the semiconductors.

[31:22] But with that said, I could tell you at 935 on Monday morning, I'm really bearish.

[31:30] So I'm not predicting.

[31:32] I'm looking at the chart and I'm always reacting to the chart.

[31:35] And if we see a big, huge reversal in the other direction, you're not going to hear me being bullish anymore.

[31:43] And the reason I'm telling you that is because it's important that you understand where I'm coming from.

[31:48] I don't want you like let's say let's say the market rolls over.

[31:53] Let's say the semis start to implode. And I'm in the other room going to the bathroom or I took the dogs out for a walk or whatever the case may be.

[32:05] And I didn't see it. And everything starts to go to, you know, to hell in that handbasket.

[32:13] And you're saying, well, Dan's really bullish on things. Just know that it's the chart.

[32:18] That's it's the chart that Dan's looking at. It's not Dan trying to make things happen or push things higher.

[32:27] So I just want you to know. But this time isn't different. It never really is.

[32:33] So this is what I did. I went I wanted to know like the semiconductor index.

[32:42] I just wanted to know, OK, how high was it? And by the way, AI isn't the greatest at this.

[32:48] They try hard, but ultimately you've got to get out the calculator yourself.

[32:53] So the semiconductor index, the extreme peaks above the 200-day moving average.

[33:00] In July, this is 1995, and think about that, those of you that were doing something other than playing on your local grammar school playground.

[33:13] In 1995, what was happening?

[33:15] That was kind of in the early boom of semiconductors.

[33:19] But the maximum percent above the 200-day moving average, the Philadelphia Sox Index, was like 60%.

[33:27] And the subsequent max drawdown, it wasn't really much.

[33:31] It just kind of stopped being so extreme, started drifting sideways.

[33:37] And what's a sideways drift for a while due with the 200-day moving average?

[33:42] It allows it time to catch up.

[33:44] And so that's why you can get, just think about it,

[33:47] you could have a price that ultimately comes to touch the 200-day moving average

[33:51] after it had been really, really super extended,

[33:54] and it doesn't even have to move down that much.

[33:56] It just moves sideways long enough for the data from way back 150 days,

[34:04] 160 days, 170 days ago to drop off, and then we get a higher moving average.

[34:10] so back in 1995 i i wasn't even trading then uh we just got a little bit of a pullback now in march

[34:19] 2000 i remember that pretty well uh not in a good way um 110 percent was as was the extent that the

[34:28] philly socks got above the 200 day moving average and by the time all the bodies were being counted

[34:37] OK, it had fallen 85 percent, 85 percent.

[34:44] That's a lot. Now, I can tell you this.

[34:48] There were a lot of bodies of bears buried on the way up to March 2000.

[34:56] I remember and this I didn't know very much, very much at all.

[35:00] And so it was one of those things where I didn't know what I didn't know.

[35:04] But I knew I was making money because I was buying call options in a really raging bull market, and I had no idea of risk.

[35:12] My only risk was not being long enough, leveraged enough.

[35:16] So that's what I knew.

[35:18] And so I'd look at some of these guys.

[35:20] I remember Bill Fleckenstein was one of the guys that was always yipping about how this is overvalued and it's going to be a bad thing and all that.

[35:29] And I'm laughing, laughing all the way to the bank at this knucklehead, as well as various other people, too, who ultimately all turned out to be right.

[35:38] They turned out to be right.

[35:40] I was wrong.

[35:42] I thought things were just going to go up forever.

[35:46] They knew better.

[35:48] They were ultimately right.

[35:49] But your timing has to be right.

[35:51] Otherwise, it's like they say, do you want to be right or do you want to make money?

[35:55] Because you're not necessarily going to be both.

[35:59] And so the point is that you can be right.

[36:04] It can turn out that you're right about something.

[36:08] But if you're putting your money into being right when the market is telling you you're wrong, [36:15] you can stay wrong a lot longer than you can keep your money.

[36:20] In other words, like I say, as long as things are going up, be bullish.

[36:27] Don't be bearish. Don't be betting that the trend is going to end.

[36:31] Know that it will, but don't be betting.

[36:35] You don't want to do that. Let the trend play out, because I'll tell you this.

[36:42] Strong trends go a lot farther, a lot higher and a lot longer than you think they will.

[36:49] That's the nature of strong trends. And so don't bet against this stuff, but understand this was March of 2000. Now, back then, Internet, everything dot com chips, Intel chips, Qualcomm chips.

[37:07] um what'd they have dragon or i forget what it was i made a crap load of money on qualcomm calls

[37:13] because they kept splitting their stock same thing with jds uniface um you know just don't short us

[37:19] um and so i made a lot of money back then and it just seemed like okay well we're in a new

[37:26] we're in a new era everything's wonderful where this is everything's changing that's why these

[37:32] semiconductors are going up so much it's a new world um wasn't that a disney song or something

[37:41] i don't know i think in terms of songs it's a whole new world anyway um so so that was march

[37:48] of 2000 when i became familiar with the fact that we could be in a whole new world but that doesn't

[37:54] mean that stocks aren't overvalued because the market again does look ahead and think about it

[37:59] Think about it in this way, too. If the market looks ahead, we're always discounting future events, discounting not meaning like, oh, they don't mean anything, meaning we're always looking ahead and we're assigning a price for tomorrow, today.

[38:14] And if we look out at tomorrow and all we see are better and better and better and better and better things, we're going to elevate that price higher and higher and higher because all we keep seeing is more sun over the horizon.

[38:29] It gets better and better and better.

[38:32] That's what causes these kind of moves is the market thinks, okay, it's different this time.

[38:40] Now, what are we talking about here?

[38:43] Is it different this time? Is it different this time? You know, I'll I'll make a case that it is.

[38:53] Not the price action, but we're in a different world here with respect to A.I., the need for GPUs and TPUs now with Google.

[39:04] we're in a need for all of that stuff

[39:08] but with respect to the way the market reacts

[39:11] this is not different

[39:15] it's going to be the same thing

[39:17] again we're in a different economy

[39:20] our technology is way more

[39:23] way better than it was 30 years ago

[39:26] but each time there's a huge advance

[39:29] in technology the market's going to see that

[39:32] and it's going to always overshoot

[39:33] that it always overshoots

[39:36] you're never going to get a situation

[39:39] where the most rampant bull

[39:41] ultimately says

[39:42] you know what

[39:44] I think I was too pessimistic

[39:47] I mean they always overshoot

[39:49] so just be mindful

[39:50] that we are up bigly right now up 60 above our 200 day moving average and we still going Okay So this is the way you got to look at it here

[40:05] As of May, this is all AI-driven.

[40:09] It's an AI-driven rally.

[40:12] Typically, you don't get this kind of a move for very long.

[40:20] Typically, like most other major rallies, topped at 35% to 45%.

[40:27] Again, we're like almost twice that.

[40:30] So just be mindful of this.

[40:33] Now, I got a couple other, just a few slides here.

[40:36] Actually, just one more, and then I'm going to look at some charts.

[40:40] These are the most overextended semi-stocks.

[40:44] Intel, which has been a monster.

[40:47] Other than a small position in a long-term account, I have no Intel.

[40:54] I'm embarrassed to say that.

[40:56] Can't catch them all.

[40:59] So Intel, we're up 195% above its 200-day.

[41:04] I'll get to the charts on this stuff in a second.

[41:06] This is the most extreme.

[41:08] This is the most dangerous stock I see out there.

[41:12] Micron, 160%.

[41:14] This is one of the big four here.

[41:17] AMD, what happened there?

[41:20] AMD, I know what it was.

[41:24] 112%.

[41:25] And this, by the way, has pretty good momentum still.

[41:27] And then Marvell is up almost 100%, but it's stalling.

[41:31] Okay, so I'm going to look just at these four here.

[41:36] So we'll start with Intel.

[41:40] Okay, this is what I'm talking about.

[41:42] Like Intel is a spaceship.

[41:44] It's just a rocket launcher.

[41:46] I don't know how far it's going, but I can't buy it now.

[41:52] I mean, this looks like it's almost going to go backwards.

[41:55] It's so steep.

[41:57] So it's like an inverted stock.

[42:00] You can't buy this.

[42:02] If you're long, then for me, this is what I would do.

[42:05] I would look at the eight-day EMA and say, okay, this thing hasn't touched this in forever, it seems like.

[42:12] So if this comes back to the eight day, that's going to be a sell signal, right?

[42:21] Okay, well, the problem with that is it's down 16%.

[42:24] And when it comes down 16%, aren't you really going to be looking at it and saying,

[42:29] 16% down, do I really want to sell now?

[42:34] Because on a 16% pullback, so okay, it touches the eight day, but then wouldn't it bounce back?

[42:40] So maybe I need to hang on to it and then see if it hits a new high or maybe it won't.

[42:46] But bottom line is I don't want to sell that low.

[42:50] Now, here's the thing.

[42:51] I can't tell you what to do.

[42:53] I can just say manage your risk.

[42:56] Manage your risk of give back here.

[42:59] Sell on the way up if you own this.

[43:01] I know some of you guys do it.

[43:03] I think it's really cool.

[43:04] But sell some on the way up so you're holding the last little bit

[43:08] and then you're chasing the bids on the way down.

[43:12] But definitely be selling into this strength.

[43:15] Now, Micron, this just kind of started squirting higher.

[43:20] By the way, this is a momentum indicator.

[43:23] This is the Telechart 2000 version of the TTM squeeze indicator.

[43:30] It's just coded here.

[43:33] They did it for me years ago, so I wouldn't have to go to think or swim.

[43:37] But when you see this kind of thing going, that tells that's really, really strong momentum.

[43:42] Like this was the squeeze.

[43:44] You could see it here.

[43:46] So we got a big liftoff here.

[43:48] That's Intel.

[43:50] And if we look at Micron, just keep your eye on this down here.

[43:53] If we look at Micron, you'll see we've kind of got the same thing, a little bit of a pause here in the action.

[43:59] But then AMD, another nice little move, a couple choppy chop things here,

[44:05] but still doing okay. And then Marvell, this isn't trending lower. It's just the momentum is

[44:13] pretty much stalled. But this is the way these stocks are trading now. Now, if we go back to the

[44:22] semis, remember I said the individual stocks are the ones that are the most dangerous as opposed

[44:30] to just the semiconductor index.

[44:32] But if we go in order of distance

[44:36] from the 200-day moving average,

[44:39] you could just look in this column right here.

[44:43] You can see like almost 200% micron, AMD, STMicro.

[44:50] Marvell talked about that, ON.

[44:52] Okay, now we're still at 66%, right?

[44:58] Well, this is even higher than the typical thing, which was like 35% to 40%, which would be where the top is.

[45:07] Okay, so 64%.

[45:10] AMAT, this is buyable.

[45:14] I mean, I got shaken out here, but this looks like you could even buy it here.

[45:19] And then 54%, 47%, 48%.

[45:23] These are in the 40s.

[45:25] And again, if we just go back and say, all right, they topped at 35 to 40 percent, only now are we getting to stocks that you would say normally this would be a top.

[45:39] And these are way, way lagging, the big leaders.

[45:42] So here's – look, here's the takeaway for me.

[45:48] And like this is really all I got to say to you.

[45:53] Um, just make sure that you keep, make sure that you keep your head about you.

[46:01] Uh, and also know this, that you could have all the knowledge in the world you could have.

[46:09] I was just explaining this to Jennifer.

[46:12] Um, the other day we were, we were actually talking about my lack of experience in marriage.

[46:18] because I've been single most of my life.

[46:21] And it was actually truly a revelation to me when she said to me,

[46:27] you know, Dan, it's not all about you.

[46:30] And I thought, well, it has been.

[46:33] Okay, so we were talking about that, about how you got to get your reps in.

[46:37] You have to not just have experience.

[46:41] Like you can get experience in anything,

[46:43] just letting the sands of time go through the hourglass.

[46:46] You know, clock keeps going.

[46:48] you're getting experience, but is it good experience?

[46:52] And so there are people that have been with me since like 2006.

[46:58] Not many of them.

[46:59] Some of them have passed on, but there have been a lot of people that have been here a

[47:04] long time.

[47:06] And over the years, I've seen this more and more where people will come in and after a

[47:10] little bit, they'd say, I'd get an email or see a post in the trading room.

[47:14] They'd say, you know, I thought I had all these all this experience in the markets, but I'm realizing that I've been doing things the wrong way.

[47:22] So I don't have experience. I've just been doing it wrong all this time.

[47:27] And so now I'm starting to do it right. You know, I want to do it right.

[47:31] And so my point is this. You can be making a lot of money right now, but just look at these.

[47:41] Listen to me because I've done this. I've made a lot of money. I've lost a lot of money. Then I made it again. And then I lost it again. And then I made it again. And I kept it. And I kept making more and more and more. And here I am.

[47:58] OK, so I've got this experience. Please listen to me. Just listen to me. And I will tell you this. If you are not if you are not long, if you're not participating in this market and you're sitting there going like, geez, you know, I feel like I missed the whole thing and you're frustrated.

[48:21] And then you get up in the morning and you see stocks up another, whatever stock you're looking at, another 5%, 15%, whatever.

[48:30] And you're feeling like a real dope because you didn't get in at 80% ago or something.

[48:35] This is the thing.

[48:37] You're very dangerous to yourself because there's a big difference between experience, between knowledge, and between execution.

[48:47] It's the execution that is the most important.

[48:50] It's not what you know, but what are you doing right now?

[48:54] And so if you are not, if you're not resigned, look, if you're out right now, here's the thing.

[49:05] Okay, you missed the move.

[49:07] You missed all of this big, and I missed a lot of it too.

[49:11] I have.

[49:12] I'm up a lot, but I've missed a lot of it.

[49:16] But I know this. I've been doing this long enough to know that there's going to be another move. And since I can't go back and change anything, I can't go back and make a trade that I didn't make or sell something that I would that I would sell typically, but didn't whatever the case may be, because I can't go back and do that.

[49:35] Then I just have to accept that that's what happened, but it has no relevance on what I'm doing right now.

[49:46] What you did, what you didn't do yesterday, last week, last month has no bearing on what you should be doing now.

[49:54] Nothing, not even a little bit.

[49:57] You're pissed off that Intel got away.

[50:00] By God, I'm going to buy Intel and I bought Intel and I'm long.

[50:04] Yay for me.

[50:04] I'm long.

[50:05] you don't get credit for the move. All you get is credit for buying near the top. And so do not

[50:11] chase this market. That's all I'm saying. I'll leave you with that. Don't chase the market. Now,

[50:17] I'm not saying don't trade, because there's a lot of different ways that you can be trading and

[50:25] making money still even on these super expensive high-flying stocks. You can be, I mean, we're

[50:34] doing 59 minute trading sessions more and more. And I'm going to be doing a lot more of those,

[50:39] frankly, because it's fun and everybody makes money. But you can be trading just in real,

[50:45] real short term in real short term trades in just pure momentum trades. But just make sure

[50:52] you're close to the exit. That's all. And don't start believing all of the stuff that you're

[50:58] telling yourself. Just watch the charts. Focus on the charts. Always know what your risk is.

[51:04] Always know what the worst case scenario is because you get to choose that. You can't tell

[51:12] the stock when to go up, how much to go up. You can't tell it when it should roll over. You can't

[51:17] do anything about the stock. All you can do is manage yourself. You can dictate to the penny

[51:24] how much you're going to risk on a trade.

[51:27] If all of your stops get hit,

[51:29] you can dictate exactly where your account's going to be

[51:32] to the penny.

[51:34] A little bit of slippage here and there,

[51:36] but you get the point.

[51:37] That's what you can control.

[51:38] You can control the downside of your account.

[51:42] You can't control the upside.

[51:43] We always want to be making more money.

[51:46] We always want our account balance

[51:47] to be going up more and more,

[51:49] but we can't control that.

[51:51] That requires market movement to do that.

[51:54] but we can absolutely control the downside.

[51:58] We can absolutely control the floor.

[52:01] And I'll do that.

[52:03] Sometimes I do it in a little different way.

[52:05] If I have a particular benchmark to my account value,

[52:12] my trading account value,

[52:14] if I have a particular benchmark that I've exceeded by a certain amount,

[52:19] then I actually go into a little defense mode,

[52:22] And I'm going like, OK, I'm going to protect that. I don't want to slip back below that. I've done that before. It never feels good. So I want to protect that. And then so I don't trade maybe as aggressively as I as I did to get up above that. But I'm protecting it. OK, guess what? That's my style. It doesn't have to be yours. There's not one style. There's only one style for you.

[52:43] So anyway, I hope this I hope this helps. And we will definitely be having our our typical Monday session, our trading session in the morning at eight thirty.

[52:57] But going forward, it's going to be study session over the weekend, a Monday trading session and then a Wednesday session, a Wednesday video from me.

[53:09] OK, as opposed to the Monday, Wednesday, Friday stuff.

[53:12] So, all right, that's all I got for you guys.

[53:15] Hope you're having a great weekend.