Chart of the Day

Banks are strong in this tape. $XLF

July 24, 2026

Scott McGregor analyzes the Financial Select Sector SPDR Fund (XLF) and highlights its standout relative strength compared to a weak broader market. Scott McGregor explains that while the general stock market remains vulnerable under its 50-day moving average—with the QQQ making new quarterly lows and IWM barely holding onto its 50-day moving average—XLF is successfully holding above its 8-day, 21-day, and 50-day moving averages. He points out that XLF has been forming a deep cup throughout most of 2026 and is currently creating a handle near resistance from early January just below the $57 mark. To capitalize on this structure, Scott McGregor outlines a multi-step execution plan that involves buying close to the 8-day exponential moving average (EMA), maintaining a stop at the 21-day EMA, and adding to the position if the fund breaks above $57.

Next Steps:

1. Monitor XLF Key Moving Averages: Watch XLF closely to ensure it maintains support above its 8-day and 21-day exponential moving averages.
2. Initiate an Initial Entry: Consider purchasing XLF near its 8-day EMA to establish a starter position.
3. Set a Protective Stop-Loss: Place a protective stop-loss at the 21-day EMA to strictly define risk.
4. Watch the $57 Breakout Level: Set an alert near $57 to monitor for a breakout past near-term horizontal resistance.
5. Scale Into the Position: Add to the XLF position if the price successfully moves above and holds over $57.
6. Review Individual Bank Charts: Check stockmarketmentor.com for the upcoming list of specific actionable banking stocks.

Transcript:

[0:01] 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

[0:09] a look at the financial sector ETF. This

[0:11] is XLF and XLF is showing a ton of

[0:16] relative strength right now as it is

[0:18] above the 8day, 21day, and 50-day moving

[0:21] average. And we have the general stock

[0:23] market extremely weak and vulnerable

[0:26] under its 50-day moving average. We have

[0:28] the QQQ making a new low for the quarter

[0:32] and IWM hanging on by a thread right

[0:35] near its 50-day moving average. And so

[0:37] it's interesting to see the banking

[0:38] sector hold up really nicely here. Now,

[0:41] I'll be looking at a handful of banks

[0:44] that I think could be actionable tonight

[0:47] over at stockmarketmentor.com. And if

[0:49] you want to see that list, uh, be sure

[0:51] that you're a member, click subscribe at

[0:54] stockmarketmentor, take a trial.

[0:55] Hopefully I'll see you there. But this

[0:57] is a sector that I think we should

[0:58] absolutely pay attention to as it's

[1:01] building a beautiful cup with handle

[1:04] pattern. We have a deep cup here. It's

[1:06] been cupping for most of 2026 and now

[1:10] handling out near some resistance from

[1:13] early January. And so I certainly want

[1:16] to watch to make sure that this holds

[1:18] above its 21-day exponential period

[1:20] moving average and can potentially break

[1:22] out of this consolidation pattern uh

[1:25] that it's in just under some near-term

[1:28] resistance at $57. And so I certainly

[1:31] would consider buying XLF close to the

[1:35] 8day exponential with the stop at the

[1:36] 21day and then add if it can get above

[1:40] and stay above 57 bucks. And so that's

[1:44] my trade that I'm watching to play out

[1:46] next week on XLF. And it's just one of

[1:49] many that we're paying attention to

[1:51] right now over at stockarketmentor.com.

[1:54] I hope that video was helpful. Give me a

[1:56] follow on Twitter if you don't already

[1:58] scottrades. I'll see you next time.