STOCK MARKET MENTOR

Chart of the Day

Here's your trade on Palantir ($PLTR)

August 3, 2026

Dan Fitzpatrick breaks down the technical and fundamental landscape of Palantir following its "blowout" earnings release. Dan Fitzpatrick highlights Palantir's exceptional performance under the "Rule of 40" software metric—achieving a score of 155% by combining 93% year-over-year revenue growth with a 62% adjusted operating margin. Turning to the chart, Dan Fitzpatrick points out that despite the strong earnings surge, Palantir currently violates his core trend-following entry criteria because its stock price and 50-day moving average are both sitting below a declining 200-day moving average. Dan Fitzpatrick explains that the 200-day moving average will likely act as overhead technical resistance, capping immediate upside for short-term trades at around 8%. Rather than chasing the earnings pop or trying to pick a bottom, Dan Fitzpatrick recommends placing Palantir on an "injured reserve" watchlist to monitor until its moving averages flatten, cross, and establish a proper uptrend.

Next Steps:

- Set Up a Monitor Watchlist: Place Palantir on an "injured reserve" watchlist to track price action as institutional buying digests the earnings report.

- Observe 200-Day Moving Average Resistance: Monitor how the stock behaves as it approaches its 200-day moving average overhead, watching for potential selling pressure at that logical point of sale.

- Track Moving Average Alignment: Watch for the 50-day moving average to turn upward and eventually cross back above the 200-day moving average (projected around October) before considering a systematic long position.

- Avoid Chasing After-Hours Pops: Refrain from placing FOMO-driven orders during extended-hours surges where immediate upside remains capped by structural resistance.

- Connect with Stock Market Mentor: Join Stock Market Mentor for ongoing coverage, or email Dan directly at dan@stockmarketmentor.com to introduce yourself as a new or trial member.

Transcript:

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00:00:01.960 --> 00:00:21.099

Dan Fitzpatrick: Hey everybody, Dan here, StockMarketMentor.com, and I want to talk about Palantir, a company reported blowout numbers. We'll look at the chart, in just a second, but a few things that really kind of jumped out at me, that are really, really important, just on a fundamental side.

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00:00:21.100 --> 00:00:25.400

Dan Fitzpatrick: There's such a thing as the Rule of 40.

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00:00:25.400 --> 00:00:28.120

Dan Fitzpatrick: I'm not an accountant.

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00:00:28.150 --> 00:00:32.380

Dan Fitzpatrick: Not a day goes by that I don't thank the good Lord that I'm not an accountant.

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00:00:32.380 --> 00:00:49.739

Dan Fitzpatrick: But I'm not, but I know the rule of 40. It's a simple, SAAS, that's software as a Service, software metric, that it adds two numbers together. Remember, it's called the rule of 40, and that is the year-over-year revenue growth rate

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00:00:49.740 --> 00:01:04.759

Dan Fitzpatrick: in percentage terms, adding to that the adjusted operating margin, again, in percentage terms. So, it's the growth rate percentage annual plus the adjusted operating margin annual.

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00:01:04.760 --> 00:01:12.009

Dan Fitzpatrick: So, if the… if the total is 5… excuse me, if the total is 40 or higher.

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00:01:12.140 --> 00:01:19.720

Dan Fitzpatrick: That's a good thing. The company's, considered to be, like, a healthy balance between growth and profitability.

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00:01:20.630 --> 00:01:28.139

Dan Fitzpatrick: So, Palantir, let's say it definitely kind of meets that rule of 40. The revenue growth

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00:01:28.140 --> 00:01:44.430

Dan Fitzpatrick: Again, year over year, revenue growth's only 93%. The adjusted operating margin is 62%. Now, let's do some simple math. 93 plus 62 is more than 40.

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00:01:44.430 --> 00:01:52.209

Dan Fitzpatrick: It's 155. So, the bottom line is, just by looking just at the rule of 40,

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00:01:52.280 --> 00:02:00.729

Dan Fitzpatrick: Palantir is absolutely crushing it, and that's really, really important. Now, I want to look at the chart here.

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00:02:00.730 --> 00:02:24.450

Dan Fitzpatrick: I'll get that to you, but while I'm getting this, while I'm getting this set up, I want to invite you to join StockMarketMentor.com. We're… got a lot of stuff going on over there, and guess what? It's always good, it's all good, and so I want you to be a part of it. Definitely check it out. In fact, if you do decide to become a member, just a trial member, even, that's fine.

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00:02:24.450 --> 00:02:43.520

Dan Fitzpatrick: Email me at dan at stockmarketmentor.com. That's my personal email address. You can email me at dan at stockmarketmentor.com and introduce yourself to me. I want to know you're around, okay? So, let's look at the chart now. This is the thing. A few things kind of, stick out.

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00:02:43.520 --> 00:02:53.110

Dan Fitzpatrick: The first of all, first one is the 200-day moving average. That's the red line. This is the daily chart. This is not good.

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00:02:53.140 --> 00:03:03.390

Dan Fitzpatrick: It's not good at all. You can see this thing has been on a heck of a tear for a long time, and then after peaking here, last year.

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00:03:03.420 --> 00:03:19.699

Dan Fitzpatrick: it started to drift down, and so you see at the same time that this was drifting down, you can see this line here, the 200-day moving average was still drifting up, so at some point, they kind of met, where the price, the downdraft.

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00:03:19.700 --> 00:03:36.410

Dan Fitzpatrick: met the 200-day moving average. The 50-day… this was just such a perfect textbook chart. The 50-day moving average was up, gradually coming in to the 200-day moving average, and so you got this intersection

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00:03:36.430 --> 00:03:42.739

Dan Fitzpatrick: Right here. This was just, like, for very patient traders, frankly.

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00:03:42.890 --> 00:03:53.200

Dan Fitzpatrick: This was a key sell signal, right here. Again, this is for patient traders, and sometimes… look, I'm gonna… I'm gonna go out on a limb here, and I'm just gonna say something.

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00:03:53.200 --> 00:04:12.450

Dan Fitzpatrick: Everybody… everybody's concerned, including me, everybody's concerned about the entry. Entry is everything. It's not everything, but it's the first thing. But everybody's concerned about the entry that they have on a stock, because you don't want to ch… you don't want to chase too much, because then the stock will…

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00:04:12.450 --> 00:04:24.999

Dan Fitzpatrick: inevitably, like, as soon as you buy, as soon as you get a FOMO trade and really get in there, there is magically this tweet that goes out to everybody. Everybody on WhatsApp.

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00:04:25.000 --> 00:04:28.730

Dan Fitzpatrick: Telegram, all posts at the same time.

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00:04:28.800 --> 00:04:46.920

Dan Fitzpatrick: you're in, time to sell the stock. So, you're gonna get hammered if you trade, if you buy too high. It's almost a given, it's a rule, imbued upon you and me by the gods of Wall Street. So, you don't want to be chasing stocks. But then at the same time.

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00:04:46.920 --> 00:05:02.360

Dan Fitzpatrick: You don't want to be trying to catch stocks and, oh, I'm going to get it right at the bottom. Hey, is such and such at a low? I don't even know what that means, and I'll tell you why. When you're trying to pick lows, are you looking at an intraday chart, and you're looking for the low of the day?

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00:05:02.360 --> 00:05:25.110

Dan Fitzpatrick: Are you looking at a daily chart, and then you just kind of want to know swing trade, is this a low that's going to lead us over the next few weeks to higher prices, or is this, like, THE low of a stock where I can get in and then relax for a few years? All of those are… all of those questions have completely different answers, and…

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00:05:25.260 --> 00:05:36.539

Dan Fitzpatrick: The best answer, the most universal answer is this. Okay, let's… and listen to me, I'm giving you pearls here. Let's say you buy at the low.

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00:05:37.270 --> 00:05:38.270

Dan Fitzpatrick: Okay.

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00:05:38.580 --> 00:05:44.910

Dan Fitzpatrick: What does that mean? Does that mean, like, you… I bought at the low, right here, I bought at the low.

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00:05:44.910 --> 00:06:05.290

Dan Fitzpatrick: Does that mean that because you bought at the low, the stock's gonna do this, you're gonna make a gang of money? Or maybe, yeah, you bought at the low, and then that means that this just kind of drifts around sideways for a day, or two, or three, or a week, or a month, or several months. So, don't get fixated on buying at the low.

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00:06:05.290 --> 00:06:16.999

Dan Fitzpatrick: Just like you shouldn't get fixated on grabbing a stock no matter how much it's up. We want to have this middle territory, this middle range, where we know

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00:06:17.120 --> 00:06:21.679

Dan Fitzpatrick: Where we're buying, and why we're buying it there.

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00:06:22.290 --> 00:06:33.269

Dan Fitzpatrick: Listen to me again. We want to know where we're buying it, and why we are buying it right there. And to say, well, I'm just buying it because I want to make money.

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00:06:33.270 --> 00:06:56.090

Dan Fitzpatrick: well, I trade because I want to make money, but it kind of gets a little bit deeper than that. So you have to have a strategy that you're employing in buying a stock, and it… the stock purchase that you're making, if you're just buying, it's what I'm talking about here, that trade has to be consistent, it has to be congruent with the strategy that you have, alright? So.

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00:06:56.240 --> 00:06:58.649

Dan Fitzpatrick: I'll get into it with Palantir.

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00:06:59.250 --> 00:07:11.670

Dan Fitzpatrick: So, right off the bat, I want to buy uptrending stocks that are going higher. It's kind of my deal. It's pretty basic, but I'll tell you this. Yes, entry's important, but the number one thing

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00:07:11.670 --> 00:07:20.410

Dan Fitzpatrick: beyond entry. Before entry is, what's the stock? What's my criteria for the stock? I'll tell you, without even looking at

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00:07:20.410 --> 00:07:21.260

Dan Fitzpatrick: the chart.

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00:07:21.260 --> 00:07:44.700

Dan Fitzpatrick: My criteria for the stock is it has to be trending higher, the stock has to be above the 200-day, 50-day has to be above the 200-day. I don't really care that much if the stock's below the 50-day, as long as it's close, and that's kind of it. That's my basic criteria. Stock has to be above the 200, 50 has to be above the 200, the 200 and the 50,

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00:07:44.700 --> 00:07:49.389

Dan Fitzpatrick: have to be trending higher. Okay, that's my initial screen.

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00:07:49.600 --> 00:07:59.150

Dan Fitzpatrick: That's it. If a stock does not conform to that initial screen, it's not something that I'm gonna really be looking at.

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00:07:59.150 --> 00:08:16.710

Dan Fitzpatrick: Even. In this case, though, if we look at Palantir, this has broken every single rule. The stock's below the 200, the 50 is below the 200. Both of them are drifting lower, so if we were just to, like, reverse the chart.

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00:08:16.710 --> 00:08:25.560

Dan Fitzpatrick: This would be a great… this would be a great stock to buy, like, right here, right now. But that's not what we're looking at here.

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00:08:25.870 --> 00:08:31.390

Dan Fitzpatrick: So, this is the deal. Let me… I'll clear out these things, so,

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00:08:31.610 --> 00:08:37.130

Dan Fitzpatrick: You can just see what I'm looking at. So, this does not meet any of my criterion.

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00:08:37.190 --> 00:08:49.130

Dan Fitzpatrick: And I'm not gonna make an exception to that rule, if you… because if this time is different, if you find exceptions to the rule, then you shouldn't really even be having the rule.

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00:08:49.160 --> 00:08:58.799

Dan Fitzpatrick: And that's just a fact of trading. Every good trader will tell you that. But it's hard to always follow the rules.

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00:08:58.970 --> 00:09:21.359

Dan Fitzpatrick: In this case, though, again, I'm not buying this stock, at least not with that particular strategy. And I'll tell you what I am gonna do, but first, I'll explore that a little bit more. So, why wouldn't I buy this stock? I gotta put my glasses on because I'm half-blind from 30 years of looking at charts. As I look at the 200-day moving average right here.

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00:09:21.900 --> 00:09:28.579

Dan Fitzpatrick: Stock is trading here, this is after hours, okay? Nice pop, boom. It's clear down here, 125.

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00:09:29.260 --> 00:09:33.329

Dan Fitzpatrick: 65 after hours. Okay. So…

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00:09:39.740 --> 00:09:42.260

Dan Fitzpatrick: Stock popped up $12.50.

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00:09:42.450 --> 00:10:06.390

Dan Fitzpatrick: 12.5% after hours, so this thing has crushed it. Volume, double average volume. So, let me buy this. Why wouldn't I buy this? You can see how this is moving. I'll tell you why. Because the 200-day moving average is resistance there, resistance there, resistance there. Even a little resistance there, but we're not going to talk about that. So, this is the obvious

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00:10:07.250 --> 00:10:19.470

Dan Fitzpatrick: point of sale. Again, it's up $12.50 after hours, and 15, so, total. So, it's already gone up a lot. Now.

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00:10:19.530 --> 00:10:38.909

Dan Fitzpatrick: the fundamentals have really kind of been, off the charts. They're doing really, really well. I'm not going to get into it, because I'm not a fundamental guy, but I know enough about them to know when institutions need to buy, and that's what they're doing here. You're gonna see institutions coming in to buy the stock tomorrow. It's probably…

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00:10:39.060 --> 00:10:52.509

Dan Fitzpatrick: even gonna run higher than it is now. No telling, I'm not gonna place a bet on that, I'm just telling you, it's probably gonna do that. You can see, actually, how these Bollinger Bands were kind of…

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00:10:53.100 --> 00:11:13.049

Dan Fitzpatrick: they're kind of squeezing a bit. It's not really a volatility squeeze per se, but you can see where they've kind of tightened up a little bit. So, a push above here is going to give this some upside momentum, and this could run a bit, but with the 200-day moving average right there, this is the logical place

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00:11:13.050 --> 00:11:14.800

Dan Fitzpatrick: For selling to happen.

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00:11:14.990 --> 00:11:26.390

Dan Fitzpatrick: I'm not saying that it's going to, but I'll tell you this, if it doesn't happen here, and the stock just continues to run, that's gonna be interesting, it's gonna be important. But, in my mind.

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00:11:26.890 --> 00:11:31.380

Dan Fitzpatrick: For a swing trade, or a quick trade, something like that.

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00:11:31.720 --> 00:11:33.950

Dan Fitzpatrick: Go ahead and take this trade, but…

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00:11:34.060 --> 00:11:50.540

Dan Fitzpatrick: your upside is capped at about 8%, because that's where the 200-day moving average is. So, you can't say, oh, no, my upside's capped at 200. Okay, well, good for you. If you're that great a predictor, let me know, I'll let you manage all my money. We have to assume

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00:11:50.540 --> 00:12:02.319

Dan Fitzpatrick: that this is the resistance level here. That's what we gotta assume, okay? So with that, what I would like to do is extend out here

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00:12:02.700 --> 00:12:05.870

Dan Fitzpatrick: And I don't actually see…

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00:12:06.570 --> 00:12:25.489

Dan Fitzpatrick: I don't see the urgency to buy this stock here, but I absolutely see the urgency to monitor this stock. I think you want to be keeping track of this stock, because if… even if this just stays in this range for a while, it's not going to take too much longer

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00:12:25.490 --> 00:12:34.740

Dan Fitzpatrick: for the stock to actually be trading up above the 200-day moving average. And during the time that the stock is up here.

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00:12:34.820 --> 00:12:49.630

Dan Fitzpatrick: trading above the 50-day moving average. Each day that the stock is trading above the 50-day moving average is another positive number on the start of the 50, and

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00:12:49.660 --> 00:13:00.830

Dan Fitzpatrick: the end of the 50 is a number that drops off. So gradually, what I'm saying is, these data points over the last 50 days continue to stack

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00:13:00.830 --> 00:13:14.910

Dan Fitzpatrick: higher than the 50-day moving averages, so over time, you're gonna see the 50 start to run, to run up as well. So, I could see, I could definitely envision this stock, if it just stays up here.

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00:13:14.950 --> 00:13:24.050

Dan Fitzpatrick: I could envision… I'm gonna leave this on for my edification. I could see this stock coming into a really, really good point.

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00:13:24.050 --> 00:13:48.089

Dan Fitzpatrick: a good entry point to meet my criteria, maybe yours is different, but to come to a good entry point sometime in October, if this just continues to do what it does. So, that's the way I'm trading this, I'm just watching it. If you buy it tomorrow, you're probably gonna… you're definitely gonna make money. Sooner or later, you're gonna make money. Whether it's a good entry or not.

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00:13:48.090 --> 00:14:05.489

Dan Fitzpatrick: And the reason I'm saying this is, wherever you wind up buying the stock, it's not gonna be the all-time high, alright? The stock's not gonna go to zero from there. Sooner or later, it's gonna run up. What I'm talking about is becoming a really, really good trader. And the way you do that is you have your criterion.

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00:14:05.490 --> 00:14:20.070

Dan Fitzpatrick: that you're gonna follow, like, it's the law, and you only look at stocks that meet that criterion, but here's the other thing, and this is the important thing. Stocks that don't, like Palantir, don't disregard them.

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00:14:20.090 --> 00:14:25.700

Dan Fitzpatrick: Put them on a list of stocks that you're monitoring for. You can call them

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00:14:26.440 --> 00:14:32.540

Dan Fitzpatrick: Like, on the reserve. They're on injured reserve, we'll put it that way.

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00:14:32.540 --> 00:14:57.510

Dan Fitzpatrick: Yeah, that's good. They're on your IR list, your injured reserve list. They're good stocks, good companies, just not quite where you want them yet. So do that with Palantir. And the other thing, again, subscribe to Stock Market Mentor, email me at my personal email address, dan at stockmarketmentor.com, introduce yourself, I'll respond to you, share a couple things with you, and then, let's go trade together

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00:14:57.510 --> 00:15:00.560

Dan Fitzpatrick: and make some damn money, okay? Hopefully.

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00:15:00.560 --> 00:15:07.470

Dan Fitzpatrick: That works for you, I know it works for me, and I will see you next time, okay?

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00:15:07.800 --> 00:15:17.160

Dan Fitzpatrick: Pay attention to your entries, but always manage risk, so that you can do what? You always trade without excuses, okay? See you.