STOCK MARKET MENTOR

Chart of the Day

Shakeout or Breakdown? Let's look at Oruka Therapeutics ($ORKA)

August 31, 2026

Dan Fitzpatrick examines biotech company Aruka Therapeutics ($ORKA) and identifies a compelling institutional shakeout pattern. Reflecting on a successful prior trade where Stock Market Mentor captured massive R-multiple returns, Dan Fitzpatrick points out that the stock's recent dip below its 50-day moving average represents a typical "liquidity grab" or "stop raid" rather than a true trend breakdown. Dan Fitzpatrick highlights Friday's daily price action—a classic hammer candle closing in the top 20% of its intraday range on nearly double average volume—as evidence that institutional buyers are absorbing supply. To trade this Wyckoff spring or "slingshot" setup with defined risk, Dan Fitzpatrick advises waiting for a confirmed cross above the 50-day simple moving average (around $94.75) while enforcing a strict 4% to 5% protective stop loss.

Next Steps:

1. Set Technical Alert for the 50-Day SMA Cross: Place a breakout alert on Aruka Therapeutics ($ORKA) near $94.75 to capture a confirmed move back above its 50-day moving average.
2. Confirm Slingshot Continuation: Wait for price action to cleanly break through $94.75 on expanding volume before executing a long entry.
3. Establish Hard Risk Parameters: Set an initial protective stop loss between 4% and 5% beneath the entry price to protect against a failed shakeout.
4. Join Stock Market Mentor: Sign up for a 14-day trial for $7 at StockMarketMentor.com to access full technical analysis, active trade list parameters, and community strategy sessions.

Transcript:

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00:00:02.350 --> 00:00:14.409

Dan Fitzpatrick: Okay, I'm Dan Fitzpatrick, StockMarketMentor.com, and I want to look at Aruka Therapeutics, a biotech company. For whatever reason, when I see Aruka.

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00:00:14.700 --> 00:00:16.300

Dan Fitzpatrick: I think of.

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00:00:16.530 --> 00:00:31.420

Dan Fitzpatrick: Orca, the killer whale, I guess. Anyway, I don't know why, but this biotech company isn't that. It could be a bear killer, though. So I want to get into that, right now for you.

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00:00:31.560 --> 00:00:32.650

Dan Fitzpatrick: Okay.

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00:00:35.030 --> 00:00:37.600

Dan Fitzpatrick: So, here we go. Orca.

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00:00:38.780 --> 00:00:54.409

Dan Fitzpatrick: This stock has been on a real tear for a while. We got… we jumped into here, way back when. We got a really, really good entry right on this breakout in March. Super high volume, it was actually the first big volume spike.

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00:00:54.410 --> 00:01:09.369

Dan Fitzpatrick: in a long time, since this one. And if you kind of took these out of the equation, you'd see that this was actually a pretty monster, pretty monster move. And so, we got into this right. These stops here.

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00:01:09.370 --> 00:01:14.020

Dan Fitzpatrick: are these red, the red text is all the R

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00:01:14.020 --> 00:01:37.739

Dan Fitzpatrick: multiples that we had, that's the reward versus risk. So, we were getting a crapload of reward for every dollar that we took, selling half, and then finally out. So we got a really, really nice trade on this. But, that was then, this is now. And the reason I'm pointing this out is because on, Friday, it did fall below

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00:01:37.740 --> 00:01:41.249

Dan Fitzpatrick: the 50-day moving average. And for a lot of traders.

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00:01:42.020 --> 00:01:46.769

Dan Fitzpatrick: For a lot of traders, that means that, by golly.

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00:01:47.460 --> 00:02:10.119

Dan Fitzpatrick: you… you gotta get out of… you gotta get out of this right away. And that's really not, that's really not a good way to go, because you can often get these shakeouts. I mean, stocks that are in really, really good, stocks that are in really, really good uptrends, they're in those uptrends for a reason, and that's because institutions are buying the stocks. And sometimes.

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00:02:10.250 --> 00:02:15.209

Dan Fitzpatrick: The stock can come back down here, and this can be…

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00:02:15.300 --> 00:02:27.630

Dan Fitzpatrick: I don't know, you can call it a liquidity grab, you could call it a stop raid, whatever you want to call it, but what can happen is, these buyers will allow the stock

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00:02:27.630 --> 00:02:38.819

Dan Fitzpatrick: To drift down. Trigger stops. This one's a biggie, because a lot of traders will put their stops right at or a little bit below the 50-day moving average. All the while.

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00:02:38.820 --> 00:02:44.520

Dan Fitzpatrick: The buyers are still there, they're just not buying right now. And so, you don't really know

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00:02:44.520 --> 00:03:02.899

Dan Fitzpatrick: whether this is a shakeout or not until at least this, until at least this day. But it's sure looking like that could be the case, because you get almost twice average volume. And after this kind of pullback, you get a high close.

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00:03:02.940 --> 00:03:19.140

Dan Fitzpatrick: Relative to the intraday range, probably up above… probably around the top 20% or whatever of the range. So this is a hammer pattern, or a hammer candle, and the term hammer comes from hammering out a base. So, in my view, you can…

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00:03:19.260 --> 00:03:21.559

Dan Fitzpatrick: You can be a little aggressive here.

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00:03:21.830 --> 00:03:35.790

Dan Fitzpatrick: because the stock's below the 50-day moving average, but right now, this stock closed about 7.5% above the intraday low. If you're buying this stock.

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00:03:36.390 --> 00:03:44.799

Dan Fitzpatrick: Anticipating this shakeout, and by the way, it might not be a shakeout, we don't know, but this is a shakeout setup.

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00:03:44.810 --> 00:03:46.639

Dan Fitzpatrick: This is a slingshot.

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00:03:46.640 --> 00:04:10.560

Dan Fitzpatrick: Okay? This is a spring, as Wyckoff would call it. So it is looking good. What you may want to do is wait for the stock to cross above the 50-day moving average, that'd be about 94, 75, something like that. If it crosses above that, that's when you want to get into this stock, and just keep, I wouldn't give it more than 4, 4.5%.

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00:04:10.560 --> 00:04:11.510

Dan Fitzpatrick: on this.

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00:04:11.510 --> 00:04:29.509

Dan Fitzpatrick: 5% at the outside, because if this does hold above here, this could give you a pretty nice run, alright? So, look, if you're not a member of Stock Market Mentor, we've had a lot of new members coming in, lately, and if you're not one of them, I want you to be, alright? I'm…

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00:04:29.520 --> 00:04:36.250

Dan Fitzpatrick: Scott McGregor and I are both working our butts off to really help our members become better traders. Yeah.

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00:04:36.950 --> 00:04:44.059

Dan Fitzpatrick: We're focusing on stock picks and trades, giving you entries and exits, all of that kind of stuff.

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00:04:44.060 --> 00:04:57.580

Dan Fitzpatrick: But my real focus, and I know Scott feels this way too, is to help you become a better trader, so that you can make better decisions based on the knowledge that you have. So, that's what we are really focusing on, and so…

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00:04:57.650 --> 00:05:06.670

Dan Fitzpatrick: Guess what? I want you to be a part of my team, alright? And it's 7 bucks. 7 bucks, you can do that, alright? I want to see you there, alright?

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00:05:07.120 --> 00:05:08.010

Dan Fitzpatrick: Next time.