STOCK MARKET MENTOR

Chart of the Day

Here's your trade in Unusual Machines ($UMAC)

September 8, 2026

Dan Fitzpatrick evaluates Unusual Machines, highlighting its technical positioning and strong underlying financial metrics. Dan Fitzpatrick explains that after first noticing the drone component supplier through an Investor's Business Daily (IBD) article when its shares were overextended, the stock underwent an 18-day, 33% decline that reset its base count. Despite posting a quarterly loss, Dan Fitzpatrick emphasizes the company's strong fundamentals, noting $16.7 million in second-quarter revenue—a nearly 700% year-over-year increase and 106% quarter-over-quarter growth—along with $230 million in cash. Dan Fitzpatrick outlines a phased, two-tranche entry framework to navigate the setup, advising traders to manage risk via strict stop-losses to protect capital while capitalizing on its new technical base.

Next Steps:

1. Execute Initial Starter Tranche: Initiate a starter position near current levels around the recent breakout close, setting a protective stop-loss just below the immediate swing low.
2. Stalk Second Add Trigger: Scale into a second tranche once the stock moves above its prior swing high to confirm technical follow-through.
3. Manage Risk via Trailing Stops: As the second entry triggers, raise the stop-loss on the initial position to breakeven to transition the trade onto the "house's money" and limit overall position risk to roughly 8%.
4. Monitor Volume Expansion: Track daily volume on continuation days to ensure institutional demand steps in to overcome below-average volume concerns.
5. Explore Community Resources: Access active trade parameters, options strategies, and crypto coverage by signing up for a 14-day trial for $7 at StockMarketMentor.com.

Transcript:

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00:00:01.840 --> 00:00:12.349

Dan Fitzpatrick: Okay, Dan Fitzpatrick here, StockMarketMentor.com, and I want to look at an unusual machine company called Unusual Machines. Now.

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00:00:12.460 --> 00:00:31.240

Dan Fitzpatrick: This is at a really good entry point. I've got this thing charted out here, which I'll explain in just a second, but I first, was aware of this company. I'm pretty sure it was back here on this high here. I could be wrong about the exact date, but what brought

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00:00:31.240 --> 00:00:37.249

Dan Fitzpatrick: this to my attention was an article that I saw, kind of a random article on IBD.

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00:00:37.250 --> 00:00:40.119

Dan Fitzpatrick: And I remember looking at the company.

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00:00:40.130 --> 00:00:40.940

Dan Fitzpatrick: Ha!

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00:00:41.030 --> 00:00:52.630

Dan Fitzpatrick: drones, all that kind of stuff, like lots of drones, locust drones, that type of thing, which seems to be the big deal, these days. So, I'm looking at that, then I look at the chart.

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00:00:52.730 --> 00:01:11.929

Dan Fitzpatrick: And my conclusion was, okay, this is really interesting, but not with my money. It was just not in a good position, to buy. Now, with that said, you can see from the lower left to the upper right, you can see this series of lower highs and lower lows. Yeah, this got undercut.

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00:01:11.930 --> 00:01:14.780

Dan Fitzpatrick: So, in, Bill O'Neill's

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00:01:15.520 --> 00:01:23.550

Dan Fitzpatrick: vernacular, this would be a new base. And so… and even, frankly, you can even look at this one, this base.

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00:01:25.070 --> 00:01:30.159

Dan Fitzpatrick: Got undercut. Barely, but, you know, barely.

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00:01:30.450 --> 00:01:40.440

Dan Fitzpatrick: That counts in technical analysis, as well as hand grenades. So, you know, we could really say that this is a new base count.

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00:01:40.440 --> 00:01:50.870

Dan Fitzpatrick: The stock's in a really, really nice uptrend, right along the 50-day, or the 200-day moving average, and then the 50-day moving average, but I've been watching this

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00:01:51.510 --> 00:02:08.160

Dan Fitzpatrick: And this is a time I think you could be buying this stock. Now, the company's got, like, great growth. Their second quarter revenue hit $16.7 million. It's a pretty small company. Their second quarter revenue

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00:02:08.169 --> 00:02:27.090

Dan Fitzpatrick: $16.7 million, and that was up almost 700% year over year, and up 106% from the prior quarter. So, the company's doing really well, and it has $230 million in cash. So, it still actually posted a loss.

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00:02:27.090 --> 00:02:35.559

Dan Fitzpatrick: on the quarter, but a lot of… I mean, that happens with… with young companies. So, what this company's really trying to do

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00:02:35.560 --> 00:02:38.580

Dan Fitzpatrick: Is becoming really, like, the…

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00:02:38.640 --> 00:02:56.239

Dan Fitzpatrick: the picks and shovels supplier for small drones. It's kind of a good deal, kind of a good thing to be in. I'll let you look… I'll let you read more about it. Like, my job here isn't to explain the ins and outs of the company, but my job is to provide you with a trade idea here, so…

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00:02:56.240 --> 00:03:07.349

Dan Fitzpatrick: First, we're gonna get here, but I want to mention that at Stock Market Mentor, it's where I am all day with my cohort, Scott McGregor, and also, Andy Kwong.

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00:03:07.350 --> 00:03:22.259

Dan Fitzpatrick: putting out stocks and option trades and crypto, which is on fire these days. So, if you're not a member, it's 7 bucks. Like, literally 7 bucks. If you can't afford 7 bucks, for…

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00:03:22.580 --> 00:03:26.070

Dan Fitzpatrick: For trading ideas and education.

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00:03:26.530 --> 00:03:50.300

Dan Fitzpatrick: you know, I mean, don't take offense to it, but maybe you shouldn't be trading. Or maybe you just know everything. In which case, if you do know everything, let me know, and I'll want you to come work with me, and maybe teach me a thing or two. So, anyway, with respect to this, there's a… there were a couple different, a couple different, approaches here. So, what I don't like is this had a…

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00:03:50.370 --> 00:04:04.930

Dan Fitzpatrick: a heck of a move. It lost a third of its market cap, in just 18 days. That's 12 trading days. So, this was a really steep decline, and those can be kind of tough to… to buy.

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00:04:04.930 --> 00:04:17.910

Dan Fitzpatrick: Because this has left behind a trail of tears here. A lot of people unhappy, and so, any kind of rebound, you would expect it not to have much juice. So, now we have here.

24

00:04:17.910 --> 00:04:35.850

Dan Fitzpatrick: You can look at the volume. Below average volume, that's kind of a yellow… it's a little yellow light, I think, I would say. And… but it got a nice move higher. Broke out pretty good closing location value, so, frankly, your first trade

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00:04:36.240 --> 00:04:38.130

Dan Fitzpatrick: could be, like.

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00:04:43.070 --> 00:04:49.810

Dan Fitzpatrick: Your first trade could be here, like, maybe even at the close, and then you put a stop right down here.

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00:04:51.390 --> 00:05:02.300

Dan Fitzpatrick: And the idea is, and by the way, I just taught about a 30-minute course today on the underlying reasons and uses for stop losses, and one of them is

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00:05:03.010 --> 00:05:15.009

Dan Fitzpatrick: You put your stop just below that level, where you look at the trade and say, okay, this isn't working, it's not doing what I thought it was gonna do. And that means that every trade can be a little bit different.

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00:05:15.330 --> 00:05:28.809

Dan Fitzpatrick: But that's where I would start the initial trade, and then the stock continues up, and then here, it runs up above this level here, so I would look and say this.

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00:05:29.160 --> 00:05:31.839

Dan Fitzpatrick: is… The second.

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00:05:32.230 --> 00:05:35.980

Dan Fitzpatrick: Buy. We'll put this here, give you an entry.

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00:05:38.080 --> 00:05:50.360

Dan Fitzpatrick: So you'd be buying the stock, like, right in here, when it runs above this prior high. Now, by the time it gets up here, because look, this is up almost 9% today, by the time it gets up here.

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00:05:50.500 --> 00:06:15.419

Dan Fitzpatrick: you've got your stop raised on your initial purchase up to where you're really on the house's money now. It should be… you should be able to get this at break-even, so if the stock does reverse, your worst-case scenario on this first tranche is that you don't make any money, but you're not losing any money. And then on this next one here, this runs up here, and so where's your stop gonna be? Well, you know.

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00:06:15.420 --> 00:06:23.629

Dan Fitzpatrick: You know, again, it's gonna be, like, right here. So you're buying here, you've already got a profit baked in, not a huge one, but you got one.

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00:06:23.630 --> 00:06:43.490

Dan Fitzpatrick: And now this is… you're given this 8% room, and you may want to go tighter than that, but I'm just, you know, I'm just musing here. About 8% on this, so you got twice your original position with half of the risk. And then we just see how the rest of this trades. So, the one yellow flag is.

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00:06:43.550 --> 00:06:58.150

Dan Fitzpatrick: a little bit lower than average volume, so you gotta be mindful of that. Anyway, that's all I got for you. Again, try Stock Market Mentor, try Option Market Mentor, try Crypto, whatever. Look, we're not basking 31, flavors, we're.

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00:06:58.250 --> 00:07:10.910

Dan Fitzpatrick: three flavors. So, whatever works for you, check it out. I promise you, you're gonna be a better trader. I promise you that, alright? So, that's all I have. I will see you all next time.