

## Chart of the Day

Looking for a place to park some money. Try Zscaler (\$ZS)

September 28, 2026

Dan Fitzpatrick analyzes Zscaler (\$ZS) within the broader context of cybersecurity software and current broad-market breadth dynamics. Dan Fitzpatrick explains that while major indices like the S&P 500 and NASDAQ trade near record highs, internal market breadth remains exceptionally weak, requiring disciplined position selection. Examining Zscaler (\$ZS), Dan Fitzpatrick outlines a completed double-bottom base reversal above its \$120.00 support floor, confirmed by a major 50-day and 200-day simple moving average (SMA) golden cross. Following a sharp 10% pullback to its 20-day SMA, \$ZS generated a high-volume rebound; however, Dan Fitzpatrick notes that because a swing trade entry risks \$6.00 to gain \$8.50 (an unfavorable risk-reward ratio), the setup is best approached as a core long-term position rather than a short-term swing trade.

### Next Steps:

1. Evaluate Long-Term Position Timing: Consider accumulating core long-term position tranches in Zscaler (\$ZS) following its 20-day SMA bounce, leveraging its 50-day/200-day SMA golden cross.
2. Avoid High-Risk Short-Term Swing Trades: Refrain from forcing a short-term swing entry on \$ZS if using a wide daily stop below daily low floors, as the mathematical risk-reward ratio (\$6.00 risk vs. \$8.50 potential upside to prior highs) remains unfavorable.
3. Utilize Intraday Frameworks for Tighter Stops: If executing a swing trade on \$ZS, switch to multi-timeframe charts (30-minute, 60-minute, or 1-hour) to establish a tighter stop floor above the daily low.
4. Monitor ServiceNow (NYSE:SNOW) – [ServiceNow \(SNOW\)](#): [ServiceNow \(SNOW\)](#) (NOW) for long continuation after its gap-down reversal and strong closing location value above the open.
5. Trial Stock Market Mentor: Access Dan Fitzpatrick's complete strategy sessions, breadth analysis, and active trade lists by signing up for a 14-day trial for \$7 at [StockMarketMentor.com](#).

### Transcript:

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00:00:01.950 --> 00:00:15.499

Dan Fitzpatrick: Okay, hey everybody, Dan here, StockMarketMentor.com, and look, the market's really, really crappy these days. If you're a member, guys, go to my session this morning. I talked a lot.

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00:00:15.500 --> 00:00:31.449

Dan Fitzpatrick: about breadth and how that tends to work out when it's related to markets that, like in this case, where the S&P, the NASDAQ are up near their all-time highs, yet breadth absolutely sucks. I mean, talk about

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00:00:31.510 --> 00:00:32.920

Dan Fitzpatrick: Bad breath.

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00:00:33.060 --> 00:00:46.189

Dan Fitzpatrick: this is a total Listerine market in a big way. So I gave you some stats on that, and also just some plans for how to manage that, so definitely check that out. If you are not a member.

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00:00:46.390 --> 00:01:00.729

Dan Fitzpatrick: 7 bucks, you can be a member for 14 days, you can find out, this kind of stuff. So, we're all just trying to make money here, and I want you to be a part of it. Now, with that said, let me, I'll just kind of jump, jump right in here.

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00:01:00.730 --> 00:01:08.029

Dan Fitzpatrick: And, we will look at Zscaler, because this is one of the... this is kind of an interesting situation here.

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00:01:08.030 --> 00:01:09.679

Dan Fitzpatrick: This really fits...

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00:01:09.680 --> 00:01:24.999

Dan Fitzpatrick: right into cybersecurity. There's a stack that I've also talked about, to our members about a stack of how cybersecurity software actually controls

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00:01:25.690 --> 00:01:41.749

Dan Fitzpatrick: security. Period. Like, that's it. And Zscaler is one of these companies that, wants to know, like, their software goes, okay, well, you're here. Fine. Do you have permission to be here? Oh, you do? Great.

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00:01:41.750 --> 00:01:47.460

Dan Fitzpatrick: And then, some other piece of software says, oh, okay, you got permission to be here.

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00:01:47.940 --> 00:01:48.850

Dan Fitzpatrick: Fine.

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00:01:49.120 --> 00:01:50.610

Dan Fitzpatrick: What are you gonna do?

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00:01:51.160 --> 00:02:08.909

Dan Fitzpatrick: not sure whether I want you to do that or not. So there's really a stack of security, but Zscaler's, like, kind of right in the middle of it, and what you really need to see is the big picture here. I mean, this thing, we were trading this on the way up and finally closed it out near the high.

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00:02:08.910 --> 00:02:14.150

Dan Fitzpatrick: But this has come all the way down, formed a pretty good.

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00:02:14.960 --> 00:02:17.869

Dan Fitzpatrick: Inverse head and shoulder pattern.

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00:02:18.790 --> 00:02:34.479

Dan Fitzpatrick: kinda sorta. It's kind of a double bottom, and at some point, you gotta get away from qualifying, like, oh, this is a flutter blast pattern, or this is a triple wombat pattern, or something. You just gotta look at it and say, guys.

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00:02:34.480 --> 00:02:41.499

Dan Fitzpatrick: Are we drifting lower? Are we bottoming? Are we under distribution? Are we moving higher?

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00:02:41.580 --> 00:02:43.980

Dan Fitzpatrick: What's going on with the price?

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00:02:44.040 --> 00:02:49.509

Dan Fitzpatrick: And so, with Zscaler, I could say, okay, well, this is kind of a head and shoulder.

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00:02:49.510 --> 00:03:04.499

Dan Fitzpatrick: pattern here, but where am I gonna put the head? So I got the head here, then this is the shoulder, then this is the other shoulder, this is the neckline, so what, I got a line like that. Do I do it in a different way? This is the way I look at it.

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00:03:04.500 --> 00:03:10.050

Dan Fitzpatrick: It's a pretty simple way. See this 120 area? This has been tested.

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00:03:10.250 --> 00:03:17.630

Dan Fitzpatrick: Twice. Several times here, but I don't care about that. One time here, one time here. So it's been tested twice.

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00:03:17.940 --> 00:03:34.110

Dan Fitzpatrick: Runs up here in between, okay? This is the high, 190, okay? Couldn't get through here for over a month. Finally, it bangs out through here a couple weeks ago. This completes, and then you'll notice here the moving average crossover.

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00:03:34.110 --> 00:03:38.610

Dan Fitzpatrick: Okay? So, this completes a reversal.

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00:03:38.620 --> 00:03:46.380

Dan Fitzpatrick: This completes a trend reversal, and man, it's been one wild ride. From bottom to top here, it was 60%.

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00:03:46.380 --> 00:04:01.459

Dan Fitzpatrick: I mean, we can break this down into fractals and say, okay, well, this is the inverse head and shoulder pattern right here. I'm not doing that. I just want to go, let's go make some money now in a really tough market. And so I want to look at this in this way.

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00:04:01.460 --> 00:04:03.280

Dan Fitzpatrick: This was a big sell-off.

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00:04:03.810 --> 00:04:08.610

Dan Fitzpatrick: A lot of wiggles and jiggles here, a lot of stuff happening.

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00:04:08.850 --> 00:04:19.680

Dan Fitzpatrick: But finally, we get this tradable range here between 190 and, like, 170 or 165, and finally, this broke through Friday.

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00:04:20.269 --> 00:04:21.620

Dan Fitzpatrick: Fugly day.

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00:04:21.700 --> 00:04:36.399

Dan Fitzpatrick: Okay, down 10%, and then today, when a lot of these other stocks gapped down too, I think, ServiceNow was one of them, gapped way down, and then ultimately closed higher. By the way, this is a buy tomorrow.

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00:04:36.400 --> 00:04:49.910

Dan Fitzpatrick: But, ultimately closed higher from the open. But here, this is a pretty clear indication of this. This is a really nice rebound off the 20, so if you've been looking to buy this stock.

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00:04:50.750 --> 00:05:08.650

Dan Fitzpatrick: This is the way I would trade it. If you're... if you're seriously just looking for it as a trade, short-term swing trade, you're buying it here, you put your stop down here below today's intraday low, that's a 6% risk.

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00:05:08.740 --> 00:05:25.209

Dan Fitzpatrick: Not the greatest trade in the world, because you have to assume the stock's gonna come back up here at the most, and at least stutter, at least have a hiccup up here at this last high. And what's that give you? 8.5%? So you're risking 6%.

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00:05:25.210 --> 00:05:30.150

Dan Fitzpatrick: to make 8.5%, that's not a good risk-reward thing, so...

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00:05:30.150 --> 00:05:51.130

Dan Fitzpatrick: In that case, you would go down on an intraday basis and say, alright, we gotta do this a little bit different. Let's do a 30, 60, 1 hour, and then a daily chart. So where am I really gonna put my stop? And then you'd come up with... I'm not gonna show you how to day trade now. But you'd come up with a tighter stop.

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00:05:51.130 --> 00:05:58.780

Dan Fitzpatrick: Other than just a pullback all the way back down to here, because think about this. Let's say you're buying this tomorrow.

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00:05:58.780 --> 00:06:00.600

Dan Fitzpatrick: And you're gonna put your stop.

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00:06:00.620 --> 00:06:01.930

Dan Fitzpatrick: Right down there.

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00:06:01.980 --> 00:06:04.080

Dan Fitzpatrick: Okay, tomorrow comes.

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00:06:04.710 --> 00:06:07.799

Dan Fitzpatrick: Do you really need the stock?

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00:06:08.540 --> 00:06:14.129

Dan Fitzpatrick: to becoming Here, I'll go ahead and make it really realistic.

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00:06:19.420 --> 00:06:20.480

Dan Fitzpatrick: Okay.

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00:06:20.650 --> 00:06:25.050

Dan Fitzpatrick: Do you really need the stock to be pulling all the way back down here?

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00:06:25.680 --> 00:06:28.549

Dan Fitzpatrick: To know that this trade is not working out.

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00:06:28.970 --> 00:06:40.850

Dan Fitzpatrick: My answer? No, you don't. So maybe you put your stop here, maybe you put it somewhere up here, but the bottom line is, if you're buying this stock as a trade, as a swing trade, you know.

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00:06:40.850 --> 00:06:49.199

Dan Fitzpatrick: You need to have a stop other than all the way down here. That's why this is not my suggestion for a swing. However.

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00:06:49.340 --> 00:06:54.109

Dan Fitzpatrick: If you're looking to buy this stock and hang on to it for a while.

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00:06:54.650 --> 00:07:12.950

Dan Fitzpatrick: I think this is where you want to be, because, again, it's got a lot of things going for it. It's got a good 5200-day moving average crossover. It's got a great pattern here. You can see institutions coming in. Look at the volume here.

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00:07:13.330 --> 00:07:24.669

Dan Fitzpatrick: Definitely increased activity, and when you see the increased activity, that's fine, and then you have to look at the price and say, okay, all this increased activity, what's going on with the stock?

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00:07:24.690 --> 00:07:26.939

Dan Fitzpatrick: Okay, so, looking at that.

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00:07:26.940 --> 00:07:48.300

Dan Fitzpatrick: We get one big move higher here, big volume day. What the heck is this? Oh my god, it's a big down day. Fine, that was yesterday, or it was actually Friday, but then today, we get about average volume in the opposite direction, so this is chewing through Friday's big sell-off. So, the bottom line is this.

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00:07:48.380 --> 00:08:06.950

Dan Fitzpatrick: I think this is a stock that you can take right now, but I wouldn't suggest it for a swing trade. I would only be looking at this as a longer-term position, okay? You got me? Okay, that's it. Like I said, 7 bucks, try it. Stock Market Mentor, 14 days.

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00:08:07.980 --> 00:08:12.229

Dan Fitzpatrick: What could go wrong, ok? Alright, I'll see you guys there.