

Chart of the Day

Here's how I'm trading Lumentum (\$LITE)

October 6, 2026

Dan Fitzpatrick addresses broad equity market indexes reaching all-time highs while highlighting a significant structural improvement in market breadth. Speaker Dan Fitzpatrick observes that after a prolonged period where broad stock participation suffered from severe market breadth issues, a major influx of institutional capital over the past week has driven a broad-based rally beyond just the top mega-cap tech holdings. Dan Fitzpatrick states that he is going "all in" with a bullish posture, emphasizing that traders should shed their lingering bearish bias as underlying technical patterns across multiple industry groups transition into strong, multi-week uptrends. Highlighting Lumentum Holdings (\$LITE) as a primary conviction setup, Dan Fitzpatrick analyzes its emerging volatility squeeze breakout on the weekly timeframe and recommends giving high-beta assets room to run above established moving average support.

Next Steps:

- ☐ Pivoting to an Aggressive Bullish Bias: Shift portfolio posture toward long allocations as underlying broad market participation and breadth indicators turn positive.
- ☐ Capitalizing on \$LITE Volatility Squeeze:
 1. Entry Strategy: Stalk long entries in Lumentum Holdings (\$LITE) as it resolves its weekly volatility squeeze to the upside.
 2. Position Management: Allow adequate ATR/moving average buffer for normal intraday price oscillations rather than over-managing short-term fluctuations.
 3. Stop-Loss Execution: Anchor individual stop-loss levels to lower channel boundaries or short-term exponential period moving average support based on personal account risk tolerances.
- ☐ Engage with Premium Resources: Join StockMarketMentor.com for \$7 (14-day trial) to access Dan Fitzpatrick's full daily strategy sessions, active trade lists, and live trading room shout-outs.

Transcript:

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00:00:02.060 --> 00:00:08.800

Dan Fitzpatrick: Okay, happy Tuesday. We're up at all-time highs, at least in the indexes.

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00:00:08.800 --> 00:00:26.429

Dan Fitzpatrick: And a lot of stocks are starting to work, as well. We've had really, really bad breadth. It doesn't matter how much Listerine, could be poured on stocks, they just couldn't get away from the halitosis. But, over the last week or so, that has dramatically improved.

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00:00:26.430 --> 00:00:36.630

Dan Fitzpatrick: And that should cause you to start pouring more money into the market, because I'm telling you, stocks are going higher. Don't keep your bearish...

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00:00:36.760 --> 00:00:38.760

Dan Fitzpatrick: bias.

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00:00:39.220 --> 00:00:58.779

Dan Fitzpatrick: longer than it's due, like, longer than you should, and I'm just telling you, I think that that deal is over. We've got... I mean, I'll show you Lamentum in a second, but there are just so many stocks that are starting to work, and I went into a lot more detail in our strategy session for today.

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00:00:58.780 --> 00:01:10.530

Dan Fitzpatrick: But I just want you to think about this. If the vast majority of stocks, and it's like the vast, vast majority of stocks, were down below their 40-day moving averages, I mean.

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00:01:10.590 --> 00:01:12.699

Dan Fitzpatrick: They can only go so low.

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00:01:12.800 --> 00:01:31.810

Dan Fitzpatrick: Meanwhile, the indexes are being propped up by mega-cappers, 4, 5, 6 stocks, that are the huge companies that are staying near highs, so it gives the market, the impression of being really, really strong, but it's actually not. Well, when the part that's not

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00:01:31.810 --> 00:01:42.719

Dan Fitzpatrick: actually starts to move higher again, suddenly, there's this big influx of money that is looking at this like, okay, well, the worst is over, I gotta get in.

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00:01:42.820 --> 00:01:50.089

Dan Fitzpatrick: And that's really what we're talking about here. I think you're gonna see a lot higher prices going forward.

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00:01:50.910 --> 00:01:58.089

Dan Fitzpatrick: And I'm putting my money where my mouth is. I mean, I'm all in. And so, let's get into Lumentum here.

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00:01:58.530 --> 00:02:11.629

Dan Fitzpatrick: Again, in a more detailed note to our, to our traders on our premium, service, and I'm not sure why you're not one of those, particularly when all it takes is 7 bucks.

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00:02:11.630 --> 00:02:21.240

Dan Fitzpatrick: To get in. But in a note, I did a mea culpa and said, you know, I've been trading this wrong, I've been kind of trading it in the channel.

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00:02:21.320 --> 00:02:33.680

Dan Fitzpatrick: Right where... and it's been a volatile channel, and that's, like, right where, the bulls and the bears are more than happy to shake you out. And so, I haven't traded this stock very well.

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00:02:33.680 --> 00:02:43.549

Dan Fitzpatrick: But what I am doing now, I'm looking at this, and this is my entry, this is gonna be my stop down here. I just see this as a beautiful pattern.

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00:02:43.550 --> 00:03:03.769

Dan Fitzpatrick: that is going to lead to much higher prices, but I'm actually relying on the weekly chart here. This is, to me, the chart that makes sense. The company doesn't report earnings for a month, so it's got several weeks to run, but I see this stock coming out of this volatility squeeze and starting to run higher, so...

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00:03:03.770 --> 00:03:14.300

Dan Fitzpatrick: That's the way I'm trading it, and it's really not so much of a trade. It's giving this a lot of room to do what volatile stocks do.

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00:03:14.440 --> 00:03:17.420

Dan Fitzpatrick: You know, volatile stocks gotta volatile.

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00:03:17.420 --> 00:03:34.710

Dan Fitzpatrick: And so, I want to give this stock some room to move, but ultimately, look, by every measure that I can see, this stock is going higher. We've got nice, nice squeeze parameters here. It's just moving higher, so I want you to be in there, whether you put your stop

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00:03:34.710 --> 00:03:49.179

Dan Fitzpatrick: Where mine is, or keep it at a tighter one. Your trade, your money, your stop. So, anyway, that's all I got for you today. Again, like, check out Stock Market Mentor. We got a lot of trades going on. Most of them, but not all of them.

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00:03:49.350 --> 00:04:02.490

Dan Fitzpatrick: Most of them are doing real well, so I want to see you over there, and hopefully I will, and if I do, definitely get into the trading room, so I can give you a shout-out, okay? All right, talk to you later.