STOCK MARKET MENTOR

# Chart of the Day

My take on the market, and what's next

November 5, 2026

Dan Fitzpatrick addresses the severe market sell-off, cautioning traders that despite a possible Friday bounce, the broader distribution is far from over. Dan Fitzpatrick highlights the dramatic underlying bifurcation, explaining that while market breadth expanded from 16% of stocks above their 40-day moving average on October 1st up to 53% thirty days later, the broader indexes have now broken down sharply toward their 200-day moving averages. Characterizing the AI infrastructure, memory, and data center trade as a massive financial debacle that is unwinding like a slowly leaking balloon, Dan Fitzpatrick notes steep declines in names like NVIDIA ($NVDA)—down 25% in a month ahead of its November 17th earnings—and DRAM. Ultimately, Dan Fitzpatrick emphasizes that while it is too late to panic-sell the initial drop and too early to buy the bounce, this "puke fest" is washing out weak hands and overhead supply, which should establish sustainable bases for active traders by January.

**Next Steps:**

 Resist Chasing Friday Mean-Reversion Bounces: Do not aggressively buy short-term Friday snapback rallies; treat them as temporary book-squaring rather than confirmed bottoms.

 Avoid Premature Dip-Buying: Refrain from buying declining indexes or broken tech names immediately at their 200-day moving averages, as momentum often carries prices deeper below the mean.

 Track Index Downside Target Levels:

- Nasdaq 100 ($NDX): Monitor the alert level around 25,000 (roughly 2% to 2.5% lower), with potential measured move extension down toward 23,000.
- S&P 500 ($SPY): Watch for conservative downside extension toward the 7,200 level.

 Avoid Bottom-Fishing Hardware and AI Debt Plays: Steer clear of declining chip and memory assets ($NVDA, DRAM) and debt-laden data center plays ahead of NVIDIA's ($NVDA) November 17th earnings report.

 Preserve Cash for January Base Formations: Maintain defensive capital reserves and wait for market washouts to clear overhead supply, anticipating high-probability basing patterns around January.

**Transcript:**

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00:00:02.020 --> 00:00:17.169

Dan Fitzpatrick: Okay, hey, Dan Fitzpatrick here. Yes, we're still here, we're still alive, after today. This was, quite a bloodbath, actually, and, the good news is, it's behind us. The bad news is.

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00:00:17.220 --> 00:00:25.880

Dan Fitzpatrick: I don't think it's over. We'll probably, just because it's Friday, we'll probably get some kind of a rebound tomorrow.

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00:00:25.970 --> 00:00:42.180

Dan Fitzpatrick: But my suggestion, I don't predict the future, so take whatever I'm saying here with a grain of salt. Probably cheap salt, but, this kind of selling doesn't just dissipate, overnight. Particularly.

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00:00:42.720 --> 00:01:02.140

Dan Fitzpatrick: since the market has been up so close to these 52-week highs. I mean, it's really… there's really been kind of this weird market where so many stocks for the longest time were not working. Breadth was really, really bad. Just a handful of stocks that were keeping the S&P up.

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00:01:02.220 --> 00:01:18.399

Dan Fitzpatrick: But then, a while ago, all these other stocks started to work. You could see it in the breadth measurements, from… went from, like, 16% of stocks above their 40-day moving average, up to over 50%.

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00:01:18.400 --> 00:01:25.159

Dan Fitzpatrick: Above their 40, day moving average, and it actually didn't take, didn't take that long

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00:01:25.390 --> 00:01:38.589

Dan Fitzpatrick: In fact, I'm gonna… I'm gonna look at this. Yeah, I mean, it didn't take that long for this to happen. Like, the real low, was on October 1st, and that was at, we'll say, 16, and then…

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00:01:39.450 --> 00:01:53.999

Dan Fitzpatrick: 30 days later, okay? That's 1 month, 22 trading days. 32, 30 days later, it was up 226%, up to, 53% above there.

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00:01:54.030 --> 00:02:01.910

Dan Fitzpatrick: Above their, 40-day moving average, so that was quite a bifurcation. But the ultimate point here is

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00:02:01.910 --> 00:02:18.760

Dan Fitzpatrick: that the indexes were up close to all-time highs, until just a little while ago. The reason I'm bringing that up is this. When you see the kind… we'll look at the charts in just a second, but when you see the kind of day that we saw today, the natural inclination

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00:02:18.780 --> 00:02:28.259

Dan Fitzpatrick: depending on whether you're really long or whether you're really not, the natural inclination is to come to a conclusion. And if you're really long.

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00:02:28.260 --> 00:02:41.380

Dan Fitzpatrick: That conclusion is, we're all gonna die, you're gonna certainly die broke and unpopular, probably smoking too much, and that's the end of that. Trading was nice while it lasted, but…

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00:02:42.180 --> 00:03:00.760

Dan Fitzpatrick: Time to dust off the application and go to the AMPM and see if they got anything on the midnight shift. You're panicking, you're thinking, like, should I sell everything? And my coarse answer to that would be, you probably should have asked me that last week or two weeks ago, when we were

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00:03:00.990 --> 00:03:18.080

Dan Fitzpatrick: lightening up quite a bit. Or, you're sitting there looking your chops, going like, man, I got money to burn, I'm gonna buy this thing, I can't wait, this is gonna be awesome. That's another way to go, depending on how you are, depending on how you're positioned.

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00:03:18.200 --> 00:03:20.009

Dan Fitzpatrick: I'm saying is…

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00:03:21.020 --> 00:03:33.819

Dan Fitzpatrick: let's just be real. I don't think the selling's over, by far. I don't think we're gonna go much higher if we go at all. I think that the path of least resistance is down.

17

00:03:33.820 --> 00:03:36.770

Dan Fitzpatrick: But if you… and if you want to fade my…

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00:03:36.770 --> 00:03:55.460

Dan Fitzpatrick: If you want to fade my call, so to speak, you know, feel free to do that. It's really easy when you see a market that's down like it is now, and you hear somebody like me saying, oh, we have further to go. You can say, oh, Fitzpatrick doesn't know shit. You know, he doesn't know, oh, you know, he says the bottom's dropping out, we're gonna be at a heck of a bounce.

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00:03:55.900 --> 00:03:58.839

Dan Fitzpatrick: that's fine, and I'm not saying that I'm right.

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00:03:59.050 --> 00:04:23.809

Dan Fitzpatrick: But what I am saying is, history is actually on my side, which is something that I'll be sharing with you guys over the weekend. I'm going to be, I'm doing a session on that tomorrow for your study session, talking about this big bifurcation between a VIX and a big sell-off in the market, and where the market was prior to the sell-off, stuff like that. I think the numbers are really

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00:04:23.810 --> 00:04:25.390

Dan Fitzpatrick: really interesting.

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00:04:25.390 --> 00:04:27.030

Dan Fitzpatrick: And so…

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00:04:27.160 --> 00:04:33.840

Dan Fitzpatrick: I think you want to stay tuned for that, but the bottom line is, I think it's too late to sell this little

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00:04:35.190 --> 00:04:39.920

Dan Fitzpatrick: this little. I think it's too late to sell this big, massive sell-off.

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00:04:40.920 --> 00:04:55.059

Dan Fitzpatrick: But it's too late to buy, or it's too early to buy any kind of a bounce, but it's not too late to sell the next downdraft to come. So, with… with that said, I'll go ahead and let's look at some…

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00:04:55.470 --> 00:05:10.750

Dan Fitzpatrick: Let's look at some stocks, okay? So, this is the T2108, it's just a warden indicator that I use. You can see where we bottomed out on October 1st, and let's see what the S&P were, where the S&P was there.

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00:05:11.970 --> 00:05:15.379

Dan Fitzpatrick: on October 1st, so the S&P was right here.

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00:05:15.960 --> 00:05:20.160

Dan Fitzpatrick: within… 2%.

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00:05:20.540 --> 00:05:34.910

Dan Fitzpatrick: of its then all-time high. So, breadth was brutal, and the S&P was within 2% of its all-time high. That's kind of a weird thing, guys. And so, anyway, to fast-forward here.

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00:05:35.720 --> 00:05:53.249

Dan Fitzpatrick: You see how the breadth has picked up here, like, really in a straight line, and you'll see, you know, we saw, things like, the Staples, healthcare, was working, even, financials were working really, really nicely until today, until the market kind of sobered up.

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00:05:53.500 --> 00:05:59.650

Dan Fitzpatrick: To see some things, we'll just say a little bit different. We've got… DRAM.

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00:05:59.900 --> 00:06:24.100

Dan Fitzpatrick: being like, oh, damn, this thing is… guess what? It looks like it's only $37.60 above support. I'm joking, but not by much. This thing is going straight down to hell, and I don't want you, writing it down. This is not where you want to be. But let's look and just, I'm not going to turn this into a big ol' long strategy session, but, let's just look at some

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00:06:24.100 --> 00:06:25.600

Dan Fitzpatrick: measured moves here.

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00:06:27.880 --> 00:06:37.059

Dan Fitzpatrick: 4.7% down today, and from yesterday's high, 5.75%. This is like…

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00:06:37.490 --> 00:06:50.509

Dan Fitzpatrick: in a day. Day, you know, wherever yesterday's high was. Right at the 200-day moving average, and this is where you say, and you'd probably be right, this is where you say, okay, so this is where we bounce.

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00:06:51.020 --> 00:06:55.559

Dan Fitzpatrick: I get it. Yay! Finally a test to the 200-day moving average.

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00:06:55.650 --> 00:06:58.309

Dan Fitzpatrick: And you could very well be right.

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00:06:58.310 --> 00:07:23.240

Dan Fitzpatrick: Here, you were right about that as well. We did ultimately go higher, but when it first came down to, quote, test the moving average, it fell another 4%, 4.5%. And for a major index like the S&P, that's kind of a lot. So, look for an oversold, like, stretched rubber band right here, but this is really, really heavy selling, and there's a lot of supply overhead. A lot of folks that have been

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00:07:23.240 --> 00:07:38.379

Dan Fitzpatrick: caught flat-footed, all those idiots, who were investing in the data centers and, all these… buying all these bonds, issuing all these… all this debt, with absolutely no chance

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00:07:38.940 --> 00:07:40.270

Dan Fitzpatrick: I'm telling you.

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00:07:40.370 --> 00:07:45.200

Dan Fitzpatrick: No chance of ever recovering that money.

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00:07:45.360 --> 00:07:54.170

Dan Fitzpatrick: This is gonna be… this whole thing… I love AI, use it all the time. All the time. It's… some would say it's my best friend.

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00:07:54.560 --> 00:07:58.129

Dan Fitzpatrick: But this is going to be the biggest financial debacle.

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00:07:59.020 --> 00:08:00.680

Dan Fitzpatrick: in decades.

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00:08:00.820 --> 00:08:03.199

Dan Fitzpatrick: It's massive. And by the way.

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00:08:04.360 --> 00:08:14.349

Dan Fitzpatrick: It's kind of already started. It's like we're a little bit long in the tooth when it comes to this stuff. Watch what happens when Anthropic goes public.

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00:08:14.350 --> 00:08:29.609

Dan Fitzpatrick: If it goes public. I think they're probably sweating bullets because they wish to hell they'd gone public a few days ago, or a week or two ago, but it's just gonna get worse and worse for them, so I will just tell you this. When Anthropic goes public.

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00:08:30.230 --> 00:08:34.279

Dan Fitzpatrick: That's the day that you know This is over.

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00:08:35.500 --> 00:08:36.530

Dan Fitzpatrick: Over.

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00:08:37.100 --> 00:08:52.480

Dan Fitzpatrick: That's the day, because this whole thing is gonna be one big washout. You've got NVIDIA, come on, oh, it's NVIDIA, it's gonna go up! Yeah, stand on your head and you'll see it. This thing is down bigly. 25% in how long?

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00:08:54.840 --> 00:08:55.860

Dan Fitzpatrick: One month.

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00:08:55.860 --> 00:09:20.750

Dan Fitzpatrick: In one month, this has lost 25%. Now, if you bought it way back here, you know, at 20 bucks, it's not that big a deal. Although, even then, I would say, you kind of want to sell it, right? But if you're sitting here, and I've been telling people for months, stay away from NVIDIA, Nvidia's dead money, I know you're looking at it, what's Jensen Wang doing? What's that cool black jacket? I'd like to get one of those, too. I think they cost, like.

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00:09:20.750 --> 00:09:30.759

Dan Fitzpatrick: seven grand or something like that. I mean, they look good, but not that good. Not seven grand good. Anyway, everybody's all amped up on NVIDIA. I don't know what Kramer's…

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00:09:31.530 --> 00:09:37.100

Dan Fitzpatrick: I don't know what Kramer's saying on it, I don't… I don't watch TV much, these days, but,

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00:09:37.920 --> 00:09:53.960

Dan Fitzpatrick: whatever, I have nothing to say about that. Let's just say there's a lot of true believers still in NVIDIA, but come, November 17th, in the evening, we're gonna get a lot of sense about what's going on, and my sense is, well.

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00:09:54.500 --> 00:09:57.890

Dan Fitzpatrick: There. I did it. I… I… yeah.

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00:09:59.310 --> 00:10:02.060

Dan Fitzpatrick: not gonna work. So let's do this, though.

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00:10:04.280 --> 00:10:09.860

Dan Fitzpatrick: Let's do some… some fun measured moves here. This'll be fun. Okay.

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00:10:10.730 --> 00:10:17.050

Dan Fitzpatrick: Depending on how you want to measure this, because this is really, really choppy here. This is the last low.

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00:10:18.910 --> 00:10:32.239

Dan Fitzpatrick: This is the last high. That's 15%, 4,100 points. So, once the stock breaks there, a typical measured move would be 15% to the downside.

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00:10:32.650 --> 00:10:33.700

Dan Fitzpatrick: Keep going.

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00:10:34.010 --> 00:10:36.570

Dan Fitzpatrick: That would be around 23,000.

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00:10:36.810 --> 00:10:43.329

Dan Fitzpatrick: Magically, that's right about where this hit, and you can say, well, I would never go down there again.

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00:10:43.990 --> 00:10:54.560

Dan Fitzpatrick: Maybe, but maybe not. I mean, this is only earlier this year. I mean, what, are we entitled to make money all the time? This could very well come back down.

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00:10:55.350 --> 00:11:01.979

Dan Fitzpatrick: To test this. I'm just looking at it this way. On the NDX, I think 25…

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00:11:09.180 --> 00:11:10.470

Dan Fitzpatrick: Yeah, we'll see.

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00:11:10.750 --> 00:11:12.649

Dan Fitzpatrick: I'll set an alert right here.

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00:11:13.050 --> 00:11:31.919

Dan Fitzpatrick: I think this is pretty much a lead pipe cinch right here. We're definitely… and this isn't that far down, it's 2, 2.5%. I think there's a pretty good chance that this even comes down to $25,000, so don't get all rambunctious and just decide to buy, buy, buy. With the S&P, sure.

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00:11:31.920 --> 00:11:46.340

Dan Fitzpatrick: 200-day moving average, but remember, the moving average is… is the mean. It's the… it's the average of the last 200 days. Well, so the stock's back now, this is the average price over the last 200 days.

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00:11:46.540 --> 00:11:48.560

Dan Fitzpatrick: It can go below.

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00:11:49.270 --> 00:11:59.379

Dan Fitzpatrick: the average price over the last 200 days. That's what averages are all about. So, it would not surprise me a bit if we look at this.

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00:11:59.520 --> 00:12:08.039

Dan Fitzpatrick: We can just look at this little deal here and go, that's 366 points, so we'll get this out of the way.

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00:12:12.670 --> 00:12:14.550

Dan Fitzpatrick: 7200?

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00:12:15.420 --> 00:12:16.330

Dan Fitzpatrick: pretty…

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00:12:16.340 --> 00:12:29.860

Dan Fitzpatrick: I don't know. To me, that's pretty conservative. So, I would start looking for this, to bounce at some point, other than could be a little, little snapback Friday, square up the books day tomorrow.

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00:12:29.860 --> 00:12:43.920

Dan Fitzpatrick: But I'd look for it to come down quite a bit more before we have a really, really good buying opportunity. But I'm… I'm gonna… I leave… I… let me see if I can use my big boy English voice. I want to leave you with this.

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00:12:45.030 --> 00:12:50.040

Dan Fitzpatrick: This is the kind of action that we want to see in the market.

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00:12:50.160 --> 00:12:51.779

Dan Fitzpatrick: We want to see…

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00:12:51.980 --> 00:12:59.889

Dan Fitzpatrick: a lot of selling. We want to see a puke fest. We don't want to be part of it, and we certainly don't want to get any of it on our shirt.

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00:12:59.950 --> 00:13:18.380

Dan Fitzpatrick: But we want to see it, because we're washing out all the enthusiasm. We're washing out all the weak hands and the not-so-smart hands. We're washing all that stuff out. We're getting rid of the average cost basis of so many stocks, where it's so much higher.

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00:13:18.430 --> 00:13:31.470

Dan Fitzpatrick: than what the price is right now. We're getting rid of all that, all of that excess latent supply that you don't really find until the stock, or whatever you're trading, starts to move back up.

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00:13:31.470 --> 00:13:49.979

Dan Fitzpatrick: And it just can't get any traction. It's because there's so many sellers overhead that are just dying, just dying to get out of their position. So, it's good when we see this kind of wash out. Get rid of them all, so that then the market can start building a pretty good base. Now.

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00:13:50.180 --> 00:13:54.849

Dan Fitzpatrick: It's the first part of November here. I think we're probably gonna have…

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00:13:55.070 --> 00:13:58.840

Dan Fitzpatrick: a pretty tough November, frankly, and

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00:13:59.140 --> 00:14:21.989

Dan Fitzpatrick: it wouldn't surprise me if… I mean, if somebody starts talking about a Santa Claus rally, I'm gonna slap you. I think it's gonna be a rough couple of months, but I think by the time we get around to January, we're gonna see some bases that are built, we're gonna see some stocks that are ready to levitate, and that's what I want you to be focused on. I want you to still be in the game.

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00:14:21.990 --> 00:14:28.190

Dan Fitzpatrick: So listen to what I'm saying. I've been doing this for 30 years, long enough, to tell you

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00:14:28.190 --> 00:14:41.460

Dan Fitzpatrick: Honestly, I could totally be wrong. I'm just giving you what my sense is, and I will tell you this too. I could change my mind in a heartbeat, and good traders have that ability to

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00:14:41.530 --> 00:14:53.919

Dan Fitzpatrick: I have that ability, too, and I want you to have that ability, too. I want you to always be focusing on trading what you see, not what you think is gonna happen. We don't predict.

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00:14:54.080 --> 00:14:57.819

Dan Fitzpatrick: We react. Think about it. We don't predict.

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00:14:57.980 --> 00:15:04.050

Dan Fitzpatrick: we react, okay? If you're… if you're a bouncer, Or, if you're…

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00:15:04.170 --> 00:15:17.000

Dan Fitzpatrick: I don't know, like, walking the streets of Fallujah or something, you want to expect the unexpected. But as a trader, you expect the expected. That's what you see all the time.

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00:15:17.290 --> 00:15:31.370

Dan Fitzpatrick: The key word to think about when it gets down to expect the expected is patterns. This is what patterns are all about. And if you want to make money, you be a pattern trader. So stick to your patterns, stick to your process.

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00:15:31.550 --> 00:15:40.989

Dan Fitzpatrick: Stick to your money, and let's compound it at the right time, okay? Alright, well, guess what? That is all I have for you today. Alright, see you next time.