



\$NDX Nasdaq 100 Index INDX
19-Feb-2025

Open 22121.73 High 22222.81 Low 22046.75 Close 22175.60 Volume 1.2B Chg +10.99 (+0.05%)

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22175.60

Chart Trader - Stock Setups and Analysis

Thursday - 20 February 2025

There are five new setups today and three from the prior week. I repeat setups when price is little changed or the setup remains in play. For example, COIN was featured last week and the stock fell after earnings. I pointed out a small wedge last week and this pattern remains, although I adjusted the breakout level. Each comment section starts with a date (Year-Month-Day) so you can see when this comment was last updated.

Trading setups start with prerequisites for trend and relative performance. Ideally, I want stocks that are in clear uptrends and showing relative strength. Sometimes I will select a stock that appears to be transitioning from a downtrend to an uptrend. Qualys (QLYS) is one such stock.

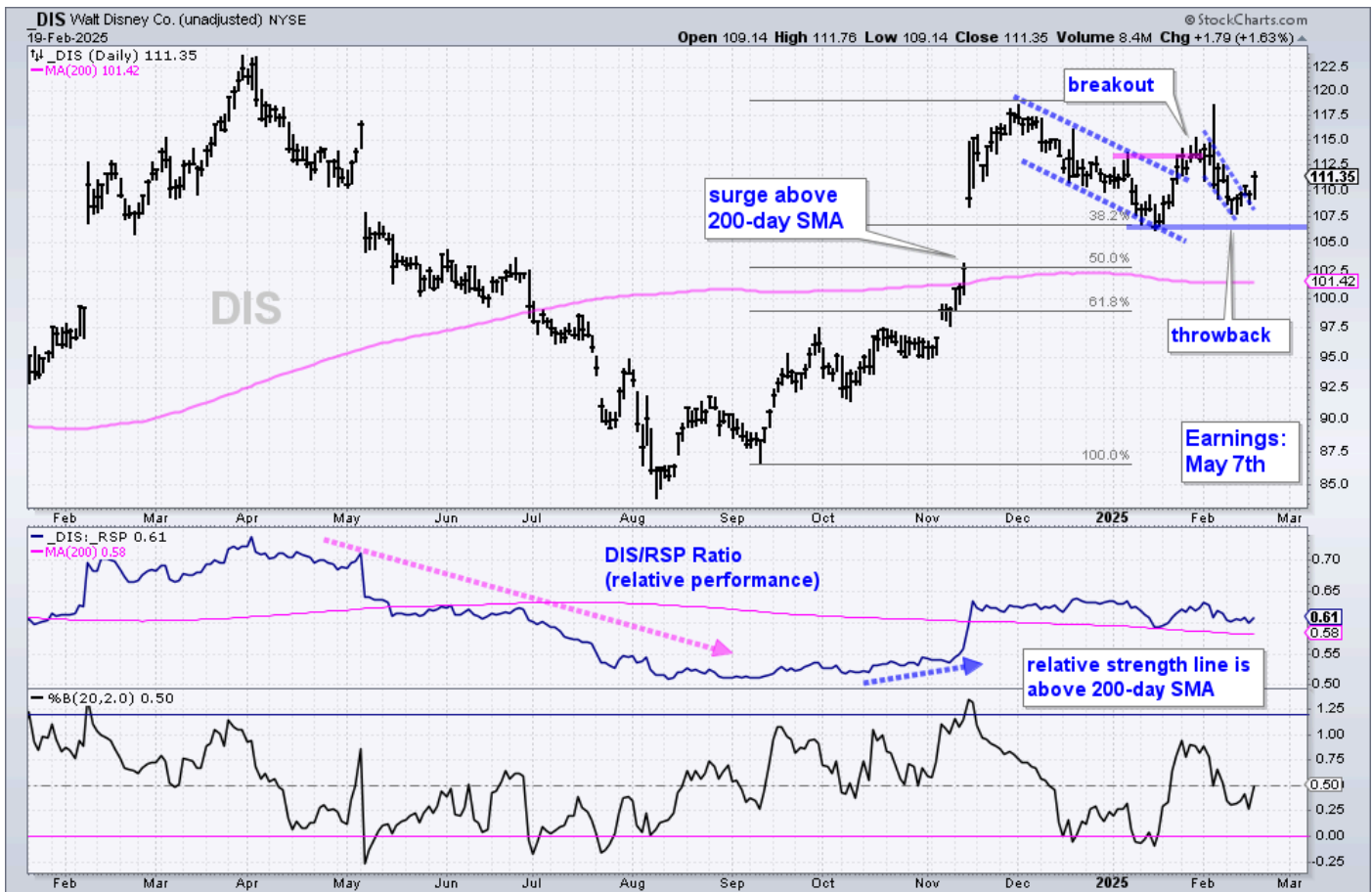
Other times I see long-term relative strength, but short-term relative weakness. This often happens when there is a correction within a bigger uptrend. For example, Gen Digital (GEN) hit a new high in December, and then corrected into February. It shows short-term relative weakness because of this correction.

Most setups feature some sort of Bullish Setup Zone, which is an area I watch when a correction is underway. This means the long-term trend is up and the stock is correcting within this uptrend. The Bullish Setup Zone is an area to watch for firming and a possible breakout. The breakout signals an end to the correction and a resumption of the bigger uptrend.

DIS Turns Back Up after Post-Breakout Throwback
BNTX Holds Breakout Zone and Leads
FAST Sets up with Second Test of Bullish Setup Zone
EQIX Forms Falling Channel and Firms at Bullish Setup Zone
COIN Tests Breakout Zone with Small Falling Wedge
GEN Firms Above Rising 200-day SMA
QLYS Corrects after Big Breakout Surge
GOOGL Firms in Bullish Setup Zone

Dec 2024 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2025 Feb Mar

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2025-02-20: DIS Turns Back Up after Post-Breakout Throwback // Disney (DIS) is trading above its 200-day SMA after a big breakout surge in mid November. The stock is also showing relative strength because its price-relative (DIS/RSP ratio) is above its 200-day SMA (middle window). Shorter-term, the stock corrected with a falling channel from December to mid January and retraced 38.2 percent of the prior advance. DIS broke out in late January, but did not hold this breakout as it fell back to the 107.5 area last week. I view this as a post-breakout throwback. DIS firmed at 107.5 and turned up again this week with a small breakout. This bounce reinforces support 106 (blue line), a break of which would negate the bullish breakouts.



2025-02-06: BNTX Holds Breakout Zone and Leads // Before getting to the analysis, note that BioNTech SE (BNTX) is a biotech stock with above average volatility (risk). The stock surged some 70% from early August to mid September and broke resistance in the process. A 70% surge in six weeks is testament to the volatility, which cuts both ways. After the breakout surge, BNTX corrected with a falling channel that retraced around 61.8% of the 70% advance. The retracement amount and pattern are typical for corrections after sharp advances. The stock reversed this fall with a breakout surge in late November and this breakout is holding. Notice how the breakout zone turned support (blue shading) and held in December-January. Thus, the long-term trend is up and the breakout is holding. This is a bullish chart with re-evaluation support set at 108.



2025-02-06: FAST Sets up with Second Test of Bullish Setup Zone // Fastenal (FAST) provides inventory management services and distributes industrial products (fasteners, hardware, small machinery). On the price chart, FAST is setting up as it retests a Bullish Setup Zone. During a pullback, I use retracement levels, broken resistance and other tools to mark Bullish Setup Zones. These are zones where prices may firm and reverse after a pullback or correction.

Three items mark the Bullish Setup Zone. First, FAST surged 33% and then retraced 61.8% with a sharp decline in December. This is a normal retracement amount after a sharp advance. Basically, FAST moved three steps higher and two steps lower. Second, the blue shading marks support from broken resistance levels in September-October. A basic tenet of technical analysis is that broken resistance levels turn into future support. Third, we also have the 200-day SMA marking possible support in the 71 area. Taken together, these mark an area to watch for firming and a reversal.

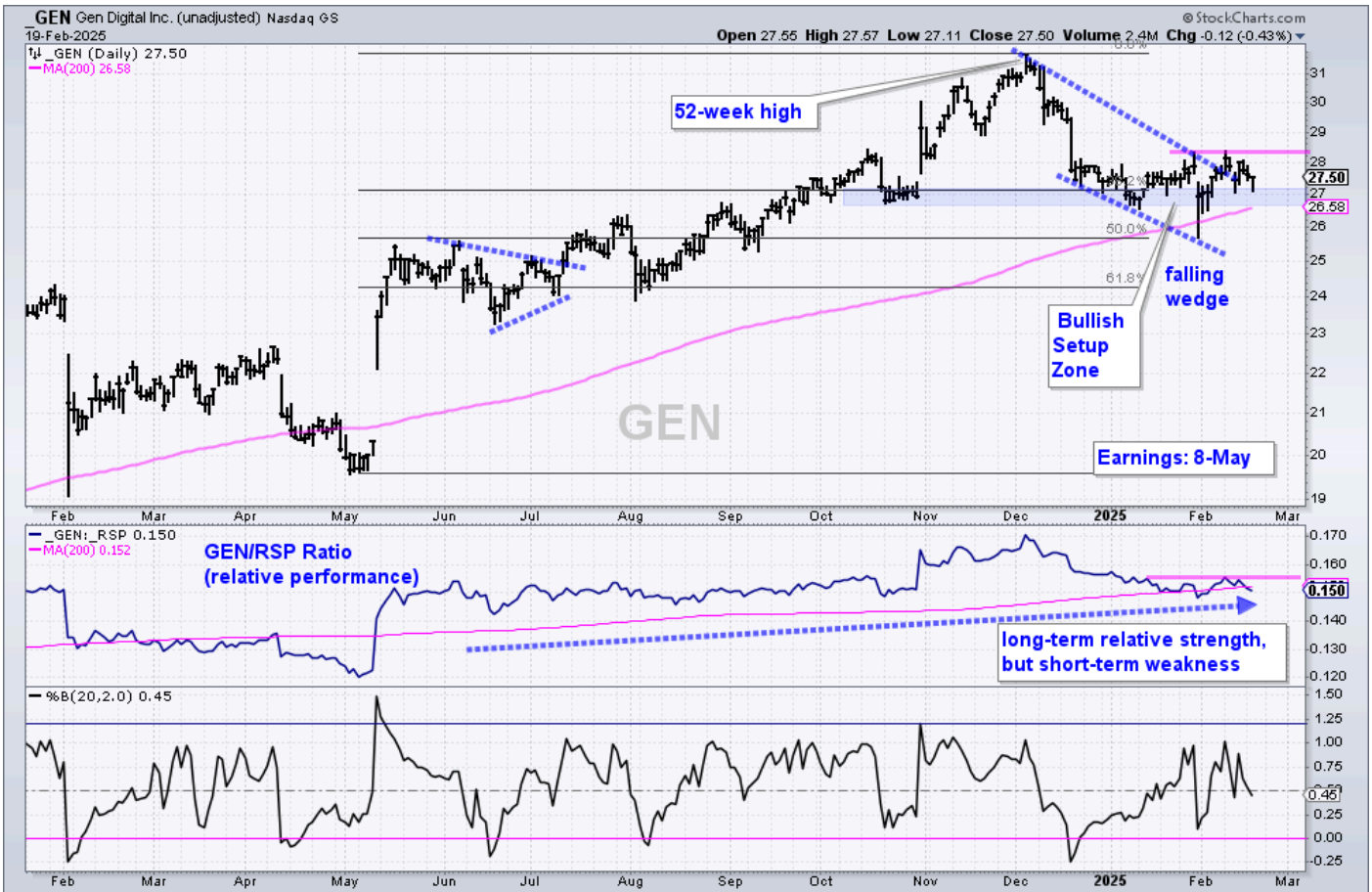
FAST broke out with a surge in mid January and then fell back the last four weeks. This marks another test of the Bullish Setup Zone. I am watching this short pullback and marking resistance at 75. A breakout here would keep the mid January breakout alive and argue for higher prices. I would then set a re-evaluation level at 71.



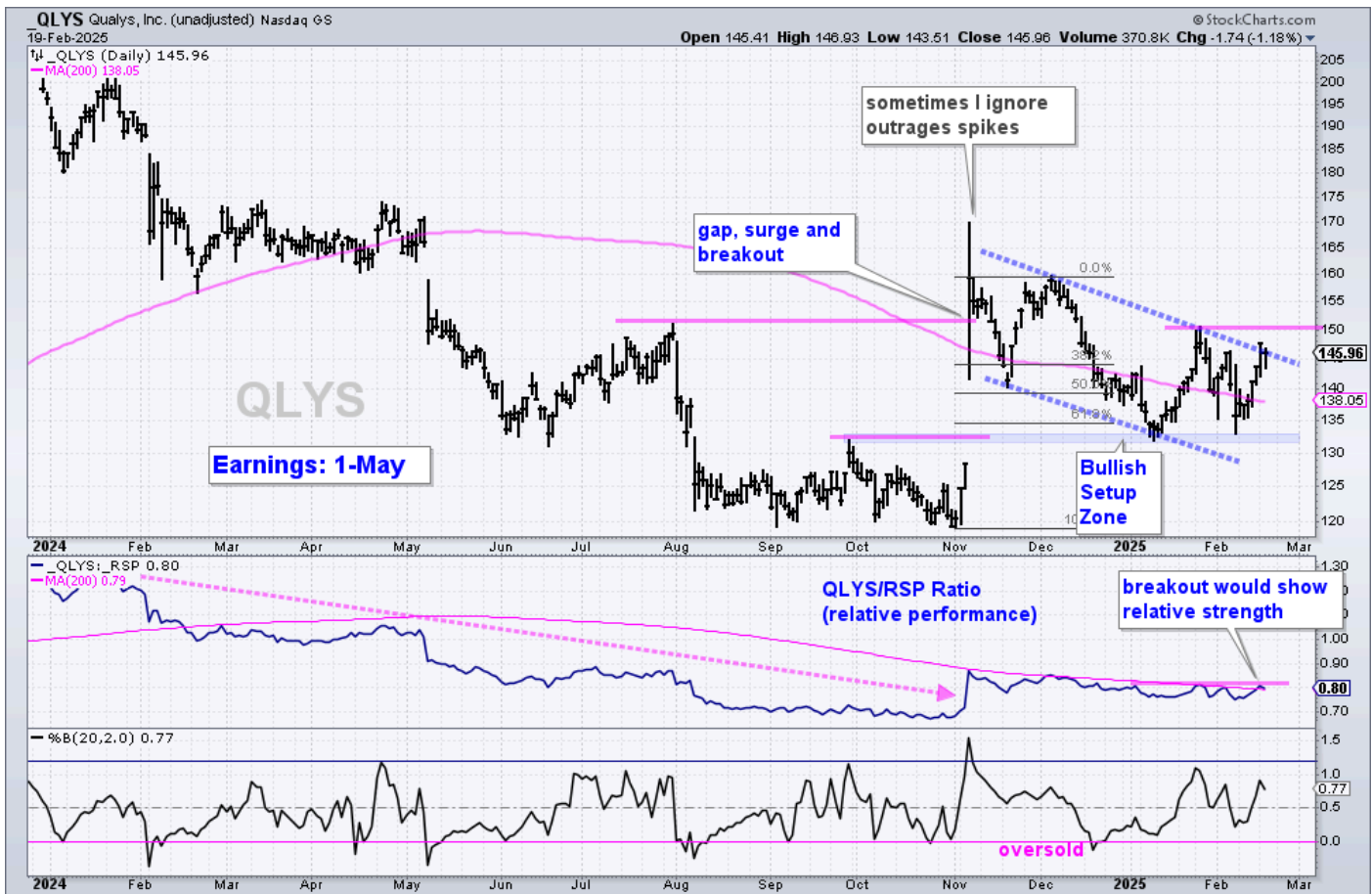
2025-02-20: EQIX Forms Falling Channel and Firms at Bullish Setup Zone // Equinix (EQIX) is in a long-term uptrend with a 52-week high in early December and price above the rising 200-day SMA. The stock also shows relative strength with the price-relative (EQIX/RSP Ratio) rising and holding above its 200-day SMA (middle window). Short-term, the stock corrected with a falling channel that retraced 38-50 percent of the prior advance. EQIX found support near the October-November low (blue shading) and I view this as a Bullish Setup Zone. The stock is firming and a breakout at 950 would be bullish. I would then mark re-evaluation support at 890. Equinix is a REIT that specializes in data centers and internet infrastructure.



2025-02-20: COIN Tests Breakout Zone with Small Falling Wedge // Coinbase (COIN) is the largest holding (8.4 percent) in the Digital Transformation ETF (DAPP), which focuses on blockchain technology. Note that COIN reported earnings on Thursday, and fell after this report. Overall, COIN broke resistance levels in October and November as the stock more than doubled. COIN then corrected with a falling flag that retraced around 50 percent of the prior advance and held above the 200-day SMA. The stock broke out with a surge in mid January and then fell back with a small wedge into February. This is the pullback after the breakout and a second breakout at 300 would be bullish. Should COIN break out, I would then mark support at 258. Keep in mind that COIN has above average volatility and risk!



2025-02-20: GEN Firms Above Rising 200-day SMA // Gen Digital (GEN) is in a long-term uptrend with a 52-week high in early December and price above the rising 200-day SMA. The stock shows long-term relative strength, but short-term relative weakness as is corrected since December. A falling wedge formed as the stock retraced around 50 percent of the prior advance and returned to the 200-day SMA. GEN also found support from the October lows in the 27 area. Based on support, the retracements and the rising 200-day SMA, I see a Bullish Setup Zone in the 27 area (blue shading). During a correction, these are zones to watch for firming and a reversal. The stock is firming here and a breakout at 28.5 would be bullish, arguing for a continuation of the bigger uptrend. I would then mark re-evaluation support at 26.50. The middle window shows the price-relative (GEN/RSP ratio) falling since December. A break above the early February high would show relative strength. Gen Digital provides cybersecurity, data storage, and systems management solutions. Its brands include Norton, Avast, Lifelock, Avira, AVG, and CCleaner.



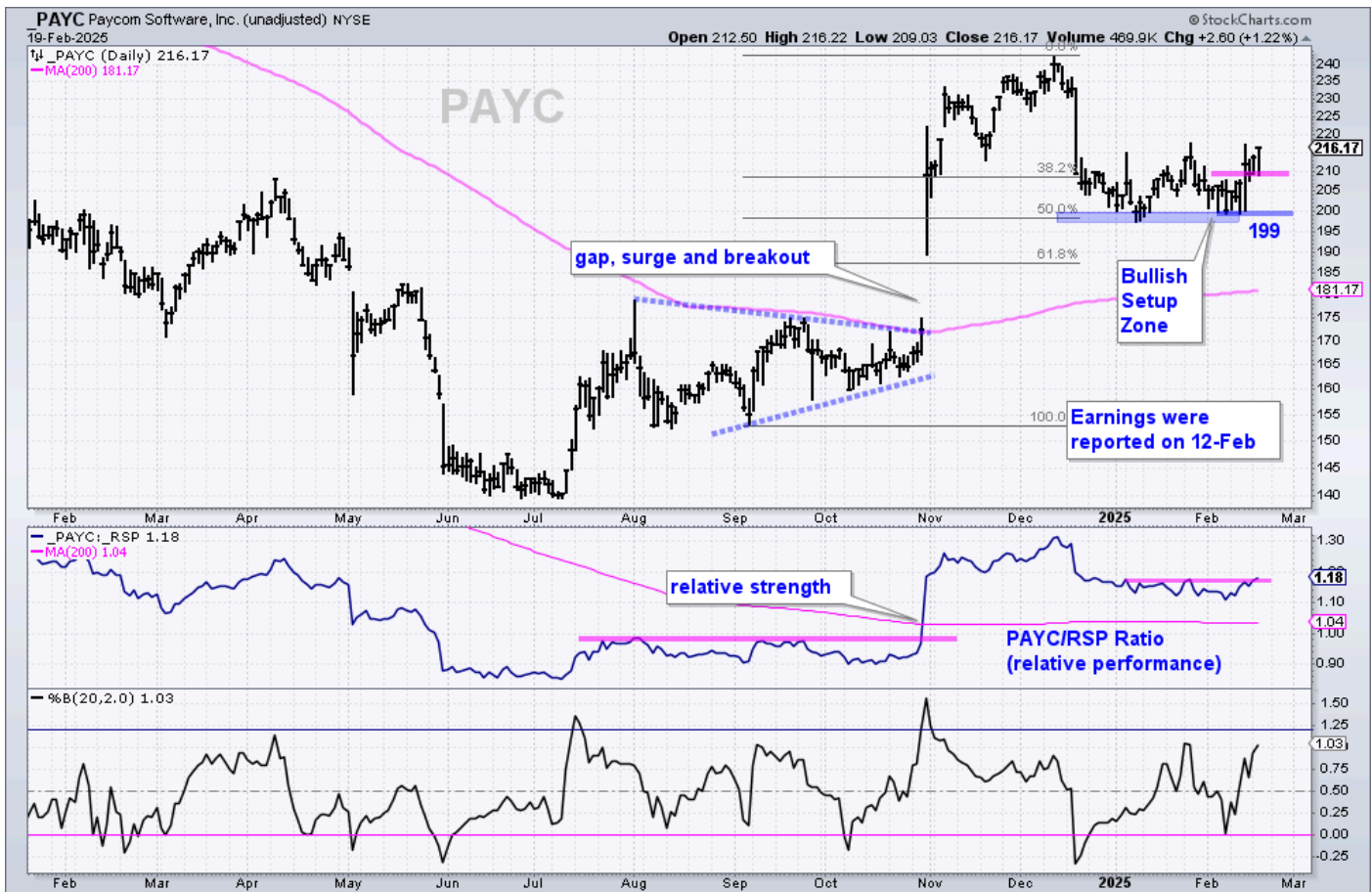
2025-02-20: QLYS Corrects after Big Breakout Surge // Qualys (QLYS) is not in an established uptrend, but looks poised to continue its transition from downtrend to uptrend. The stock broke out with a massive 33% surge in early November. It then worked off its overbought condition with a correction back to the October high. This decline returned to the breakout and broken resistance turned into support (blue shading). This decline also retraced around 61.8 percent of the prior surge. Taken together, I am marking a Bullish Setup Zone in the 133 area. QLYS bounced off this zone in mid January and early February. A falling channel defines the short-term downswing with resistance marked at 150. A breakout here would be bullish and signal a continuation higher. QLYS is already making bullish waves as it bounced off support the last five days. A close below 132 would negate this setup. Qualys is part of the cybersecurity group.



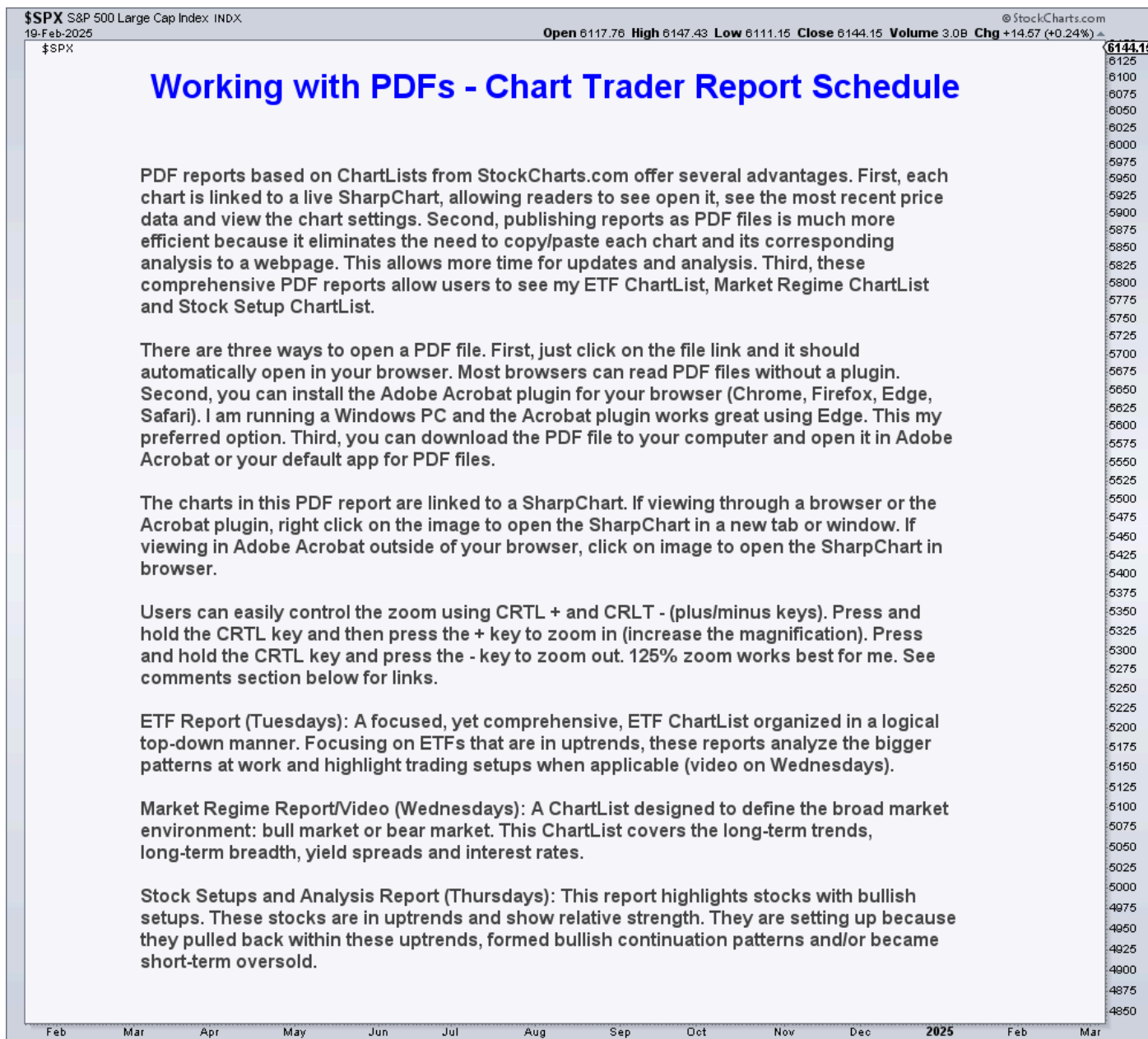
2025-02-20: GOOGL Firms in Bullish Setup Zone // Alphabet (GOOGL) is in a long-term uptrend with new highs recorded in mid December and early February. The stock also shows relative strength since September as the price-relative (GOOGL/RSP ratio) rose the last five months. A long-term uptrend and long-term relative strength set the stage for bullish setups.

I identified a pennant in late January. GOOGL broke out with surge to new highs, but then fell sharply after earnings and broke the pennant lows. The smaller the pattern, but bigger the chances for a failed breakout. Also keep in mind that short-term price action can be noisy and random, especially around earnings.

Despite this failed breakout, the long-term trend is still up and the stock is firming in the Bullish Setup Zone. The blue shading marks this zone with the 50-61.8 percent retracements and broken resistance, which turns support. Also notice that Percent-B dipped below zero to become oversold. Thus, we have a pullback within an uptrend and a short-term oversold condition. The stock is firming and a short-term break above 189 would be bullish. I would then mark the re-evaluation level at 180.



2025-02-13: PAYC Firms Near Key Retracement // Paycom Software (PAYC) broke out with a massive surge in late October and hit new highs into November-December. The stock then corrected fairly hard with a sharp decline in mid December, but managed to firm near the 50% retracement and find support. Overall, the stock is firming in the 197-200 area (blue shading) as buyers return. The September-December advance represents two steps forward and the decline into early January is one step backward (50 percent retracement). PAYC bounced off the 200 area into late January and then tested support with a pullback to this area in February. The stock firmed in the 200 area this month and I am marking first resistance at 210. A breakout here would be bullish and suggest that the correction is ending. Should PAYC break out, I would then mark a re-evaluation level at 199.



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