Strategy Session

August 26, 2025

Scott stated that the market is displaying healthy price action with a couple of quiet, inside days following the bullish move on Friday. He noted that the market's reaction to the Fed's signaling of a potential rate cut on Friday was a key learning experience for traders, highlighting the importance of understanding the "why" behind market movements. He mentioned that Nvidia's earnings report, set for tomorrow, is a macro event that every trader should watch, as it will likely influence the entire market. The QQQ and IWM indices are looking good and are above key moving averages, with the IWM forming a bullish pennant. The semiconductor sector (SMH) is still consolidating but showing clear support at the 50-day moving average.

Next Steps:

1. Watch Nvidia's earnings tomorrow as a potential macro event that could influence the entire market.
2. Monitor the market's reaction to the earnings report, regardless of whether it's positive or negative, to understand the market's dynamics.
3. Pay attention to the IWM as it forms a pennant, looking for a breakout above 235.45.
4. Watch for a potential breakout in gold above its downward sloping trendline, and consider positions in gold miners like GDX.
5. Look for opportunities in the Ethereum ecosystem via ETFs like ETHA as it continues to outperform Bitcoin.
6. Set alerts for potential breakouts in individual stocks like Uber (UBER), Booking.com (BKNG), Monolithic Power Systems (MPWR), Arista Networks (ANET), American Express (AXP), and GE Aerospace (GE).
7. Consider buying stocks that have recently broken out on volume, like Bank of America (BAC), JP Morgan (JPM), and Rush Street Interactive (RSI).
8. Look for pullbacks to key moving averages as potential entry points for stocks that have recently had a strong move, such as home builders.

Transcript:

0:01: Hey everyone, good evening.

0:02: It's Scott at Scottrade's on X with Stock Market Mentor and your strategy session.

0:08: It's Tuesday, August 26th, 2025.

0:12: I hope you had a great day.

0:13: Definitely nice to see some green on the screen here in the market.

0:17: We had a bit of a pullback yesterday, but I think yesterday's price action was pretty normal, considering the big move that we had on Friday following the Fed meeting.

0:27: Bullish engulfing.

0:28: Candlestick, higher than average volume.

0:30: Yesterday, a bit of a quiet inside day coming on.

0:33: Low volume today, another inside day, lower than average volume, but green on the day.

0:38: So this is nice.

0:39: This is healthy price action, and I think we wanna watch for some potential new all-time highs into tomorrow.

0:47: Now tomorrow after the close, we will have Nvidia's earnings.

0:51: I'm treating Nvidia's earnings a lot like a macro event.

0:55: You know, sometimes we'll get some economic data like CPI, PPI, or like on Friday of this week, we'll have PCE.

1:04: And I'm treating Nvidia's earnings similar to the the way that I would think about a macro event, because it is such a big deal.

1:12: Now, every now and again, there is a stock in the market that everybody is watching, and everybody is watching their earnings to then understand just the market generally, how things are and how other things should trade.

1:25: At one time, I remember it was Tesla.

1:28: Everyone was watching Tesla's earnings.

1:31: Now we're watching Nvidia's earnings with the same anticipation.

1:37: So definitely watch earnings, even if you're not in Nvidia, you should watch the Nvidia earnings reaction tomorrow, and then watch to see how the rest of the market reacts, because negative or positive, you're gonna learn something.

1:49: And as a member of Stock Market mentor, that's why you're here, right?

1:53: You're here to not just take Dan's trades or take Scott's trades or take someone's trades from the forum, you want to grow as an active investor and doing that, I, I think, sorry, one way to do that is by Understanding just how the gears are turning behind the scenes, this affects that and how that affects this, and, and once you start to see that through some of these big earnings reports or through macro events like we saw on Friday when the Feds signaled that they're gonna cut interest rates, you'll become a better trader because what you'll be able to do is react faster.

2:26: So, on Friday, for example, and I will get to today's price action soon, but on Friday, for example, This is a reactionary news candle, right?

2:39: Huge, big candle, biggest candle on the chart right now, massive volume, and ultimately that led to higher prices.

2:47: And if you didn't know what was happening, you know, you would look at this and be like, oh my gosh, what, I better check the news.

2:53: And if you didn't know what to look for, you might have said, you know what, I'll wait for that pullback to fill the gap here to the downside or whatever.

3:00: And then ultimately you would have missed out on this.

3:03: And so understanding not just what's happening, But to some extent, the why behind what's happening, I think it can make you a better trader because then you know how to react.

3:14: Like when I saw the initial news headline.

3:19: Fed Chair Powell signals rate cut in September.

3:22: It was like, OK, I know what that means.

3:24: Game on, risk on, let's go.

3:28: And that's how I was able to personally react a little quicker than normal if I said, oh, you know, OK, yeah, he's signaling a rate cut, but I'll wait for a pullback or, you know, or whatever, you know, just, just again, I wanna set you up for success.

3:41: And one way to do that is just by understanding how the market works.

3:44: So watch Nvidia's earnings tomorrow, and then study what the rest of the market does either way, whether it's good or bad, and I think you're gonna learn something very interesting.

3:53: OK, QQQ also looking good here.

3:56: It's above all the key moving averages.

3:58: Yes, a bit of a giveback day, but notable that it did hold above that 21 day exponential period moving average.

4:03: That's the blue line here on my chart.

4:06: IWM looking good.

4:07: It's flagging a bit.

4:09: We have the flagpole right here from Friday, Breakout to new high, higher than average volume, and now we have a bit of a pennant, formation building here.

4:19: So this looks really good.

4:20: I think if you want to get into IWM just wanna watch to see if it can get above 23545.

4:27: That's just above this candle here from Friday.

4:29: Semiconductor index back above all the key moving averages, but still in consolidation for the most part.

4:34: They're not making new highs just yet, but pretty clear support down near that 50 day moving average.

4:39: You can see that the semiconductor index came down under the 50 day, buyer showed up, brought it right back up.

4:44: I was looking at AMD earlier today, this morning, I did mention AMD, you know, watching for this as well to react to Nvidia's earnings, just because a lot of times the semis can can act together, right?

4:56: They can break out together, they can go together, and when we have a market where all the semiconductors are rocking and rolling, it actually makes trading really easy, because then you just basically have to throw a dart, pick a semiconductor stock, whatever it might be, maybe it's AMD, maybe it's Nvidia, maybe it's Micron, maybe it's something else, and then ride the trend and not overthink anything.

5:16: And so that would be an interesting dynamic if we can shift back into That kind of market where the semiconductors are leading.

5:23: Right now, we're not really in that space.

5:25: We are getting some leadership from the financials.

5:27: We'll look at a handful of banks here shortly.

5:29: Gold is also setting up right now, guys.

5:32: I want you to keep an eye on gold.

5:33: We had really good volume here today on GLD.

5:36: I mentioned gold this morning in my morning note, and I think we want, we have to expect a potential move through this downward sloping trend line coming on volume.

5:46: This has been a pretty clear resistance level since April, right?

5:50: Hasn't been able to get above.

5:51: Yeah, gets above for like a cup of coffee.

5:54: Slam back down the next day.

5:55: And so I think if this can get above and stay above, then we should see a really nice move here in gold.

6:01: Maybe we'll see a subsequent move in silver, though silver had already been breaking out and it it consolidated, but not nearly as long as gold, and we're getting some follow-through leadership in the gold miners as well, with GDX.

6:14: You can also look at XME.

6:16: I wasn't gonna cover it here tonight, but notable that XME is also close to the highs, and then, of course, if you want a little leverage with gold mining trade, check out NUGT.

6:27: This works as well.

6:28: Just a reminder that some of these leveraged ETFs aren't great for long-term holding.

6:34: Like a lot of times to get the leverage, they're using futures, they're using options, and there's a little bit of decay.

6:39: So as long as these are in an uptrend, then usually you're pretty good, but if they start to break down, you want to get out of the way fast.

6:45: You don't want to be hoddling for the long term, something like a gold mining ETF just because historically, When it does break down, as you can see, it takes a long time to get back to the highs, and there's been multiple splits of this ETF but look at this chart, just look at this trend.

7:03: I'm on a daily chart, and so we see the longer term trend of this has been down, and it's not really been something that you want to own for the long term.

7:12: So while it's in an up trend, yep, you're good to own it, but if it breaks down, guys, you gotta get out of the way.

7:18: Let's take a look at Bitcoin, I be trying to firm up here.

7:21: Last I looked at Bitcoin, we were above 111, yet we're still there now, 1112.

7:26: Ethereum has really been the story of crypto the last couple of months.

7:30: We had a major breakout in ETHBTC, which is a chart that measures Ethereum's performance versus Bitcoin, and I signaled to members at at Crypto Maret Mentor this big breakout of this chart in in the middle of July.

7:49: And so we've been on Eth trade since the middle of July, and it has been a winner, and you can see again, look at this ratio where Ethereum has been a massive underperformer versus Bitcoin for many years, and we're just now starting to get some outperformance.

8:07: and I think that if this can even just get to back some of the back to some of the highs here, then that's a pretty darn good trade.

8:13: That's a double.

8:14: From where it is right now.

8:15: That would mean that Ethereum would be doing double the performance of Bitcoin, even if they're both going up at the same time.

8:22: So I think that, Bitcoin definitely something you wanna own, but keep an eye on Eth.

8:26: There still is a pretty substantial corporate bid on Eth.

8:30: People like Tom Lee have come out to say that they want to buy $20 billion worth of Ethereum.

8:38: And there's only, last I checked, about 13 million that are sitting on exchanges right now.

8:45: So if he's looking to buy $20 billion of Eth, he could buy a heck of a lot of it and really dampen the supply of ET and and give us a a potential supply shock in terms of the price.

8:58: And I think Tom Lee mentioned that he thinks that Eth can do upwards of 10,000 $15,000 per coin.

9:04: Sounds like a pretty good trade to me.

9:05: So keep an eye on Eth.

9:06: You can trade it via ETHA.

9:09: This had a really nice day here on Friday.

9:11: Backtest of the ADMA.

9:13: This is a beautiful chart right here right now.

9:15: I think if you're in this, you're good, maybe you want to add with a move above 3545.

9:20: I bet, you know, just heading back to Bitcoin to put a bow on this.

9:23: I think it looks OK.

9:25: It's just underperforming right now.

9:27: Now you can try something like BITX and get a little outperformance on a Bitcoin rebound.

9:34: That would be OK, but again, this is a 2X strategy.

9:37: So it just means that, for the most part, you know, it's not something you want to hold for the long term, it's something you want to hold for momentum.

9:44: OK, let's take a look at the dollar.

9:46: The dollar is red on the day today.

9:48: That's good for risk assets.

9:50: The 10 year just kind of, it's a ready, I think it's ready to pour out of the hose, frankly, where it just goes like this.

9:55: We'll see, of course, we don't have the Fed meeting until next month, but we'll see what happens.

10:00: I think it just makes sense that this breaks down and ultimately, that's gonna be good for everybody, especially home builders.

10:07: you know, I did look at XHB.

10:09: I saw XHP was red.

10:11: On the day today.

10:12: So these are just kind of resting right now, but I would definitely keep an eye on XHB maybe watch for a bounce off the 8 day or a momentum move rate above 11,630, but I wasn't gonna mention, home builders just because I don't see them, setting up there.

10:25: It's just a bit loose right now, but doesn't mean it can't go tomorrow.

10:28: We'll see.

10:29: The VIX, down near the lows, that's good for risk assets.

10:32: OK, let's get into some stacks, and we'll start things off with Amazon.

10:36: Amazon rebounding off the 21 day here today.

10:38: I mentioned this one this morning.

10:40: I think you want to see if Amazon can get above and stay above 2022961, 22961 on Amazon.

10:49: RSI was a chart of the day last week, and now we're getting three beautiful up candles coming on good volume.

10:58: So this trade is working.

10:59: If you took this, I would consider a stop at break even.

11:01: Maybe you want to move one up just to that eight-day exponential, but this looks pretty good, and the volume is increasing.

11:07: Booking.com, ticker BKNG, watch for this to break higher above 5800.

11:14: 5800 would be my breakout alert here on BKNG.

11:19: Mention the financials, Capital One with a relative higher high, still a pretty gross, bearish engulfing candlestick here from July, but this looks interesting.

11:29: If the banks can continue to go and credit cards can go, then this, I think, is off to the races.

11:34: So watch for a pullback on this.

11:36: I don't think this is an actionable pattern, but it is one that's in an uptrend in trying to make some new highs.

11:41: Meanwhile, Bank of America, Ticker BAC also breaking out to new highs here today, doing it on heavier than average volume.

11:47: This looks good to go.

11:49: JP Morgan looks viable right here.

11:52: If you wanna O JPM, I think you can just have a stop maybe down around the 50 day moving average.

11:57: That's around 288.

11:58: If you get a close under 288, maybe you want to step aside.

12:02: Otherwise, I think you'll want to watch for a break above through 30,140 for a chance to add.

12:09: So you're buying JPM here or wherever it opens tomorrow, and then adding with a move above 30,140.

12:17: OK.

12:18: Garmin is one that I mentioned last week.

12:20: We had a nice rebound off the 21 day on Friday, pulled back to the 8 day, just not really ready to go here.

12:26: So I would watch for a higher high on this.

12:29: I, I'm deleting that downward sloping trend line just because it doesn't seem reliable.

12:33: If it can go in and through a trend line, you just want to get rid of it.

12:36: You want to simplify everything.

12:37: So, you know, I see some tops here at around 237, maybe have an alert just under 237 on Garmin.

12:44: I look for a move above, coming on volume.

12:47: Here's National Vision Holdings.

12:49: It's ticker EYE hat tip to that ticker name.

12:53: I love it.

12:55: OK.

12:55: I is going sideways with, the floor right here, as all the key moving averages, really nice and tight.

13:02: I like tight price action here on, the moving averages.

13:06: I love seeing them cluster together like this, and then that gives us a little bit of a base to trade off of, so.

13:11: I would look for a move on I through 2490 for a starter position, and then you want to add with a new high rate above 2670.

13:23: Starting above 2490, adding above 2 sorry, 2570, and a stop rate under 2368.

13:34: OK, a couple more for you.

13:35: This is Construction Partners, ticker ROAD.

13:40: This one's a bit extended, but I did mention this one, I think last week or maybe the week before.

13:44: You know, we're getting a a bit of a move in XLB, XLB, which is the material sector.

13:51: It's looking interesting here.

13:52: It's above all the key moving averages, coming up to some recent Highs, you know, it's not making new highs yet, but it seems like it's setting up a bit.

13:59: And if we get that move in the home builders with interest rates dropping, then this should go because the homies need to buy materials and this is the materials sector.

14:11: So along with that, you'll probably get a move up in road.

14:15: And so keep an eye on road.

14:17: It is, it is a bit extended, I'll admit, but I would look for a pullback to the 8 day or a momentum move through 12,310.

14:25: Here's a lab.

14:26: It's Astera Labs, A L A B.

14:29: Downer sloping trend line on Al Lab from the high over in, August August the 13th here.

14:34: Downer sloping trend line resistance, can't get above, can't get above, can't get above.

14:38: I think you want to have an alert on AAB at 18,620.

14:42: 18,620 on AAB.

14:45: Or just above, just below, something like that, and look for a move above that level coming on volume.

14:49: And the reason I want that one is because this is a pretty clear resistance level.

14:53: Look at this breakdown here.

14:54: You know, it was holding up fine, just right there and then down it goes.

14:57: Now that level is resistant, so we want to get above there, hold above there, and ideally do it on volume.

15:04: Here's monolithic Power Systems.

15:06: Its sticker MPWR.

15:08: Bit of a sloppy, choppy pattern in the last couple of months, but we have some sideways consolidation, and it is showing some clear resistance right at 868.

15:18: So I think it makes sense to have an alert on M power at 868 and look for a move above that level coming on volume.

15:25: Let's talk about some gold miners.

15:27: Most of these are in motion already, but watch for a pullback bounce on some of the key moving.

15:31: Averages here, Ken Ross Gold, this one is one we've been talking about for months now.

15:37: It's working.

15:37: The trend is fine.

15:39: Let it work.

15:40: Franco, Nevada ticker FNV.

15:43: little microbase here on FNV, some sideways consolidation and clear resistance right around 186.

15:49: I think it makes sense to have an alert on Franco Nevada at 18,620.

15:54: 186-20 on FNV.

15:56: Look for a move above that level and a close above coming on volume.

16:00: Here's Agnico Eagle Mines, ticker AEM.

16:02: Last of the gold miners for you, the trend is your friend.

16:05: This one continues to make higher highs and higher lows.

16:09: I think you want to be long this as long as it can continue to hold up above that 21 day exponential period moving average.

16:16: Here's GE aerospace.

16:18: Ticker GE.

16:19: I was looking for it to break out in early August.

16:21: It didn't.

16:22: It did the opposite.

16:22: It broke down, but now it's rebounding here a little bit.

16:25: Back above all the key moving averages, clear support down under 263.

16:30: I think it makes sense to have an alert on GE at 27,480, 27,480 on GE.

16:36: I'm gonna set my alert there.

16:38: Look for a move above, coming on volume.

16:40: Two more for you.

16:41: This is Arista.

16:42: sticker.

16:43: A net.

16:44: A net, clear support down near the 21 day exponential period moving average, down or sloping trend line resistance.

16:49: Want to see it break out of that resistance, maybe have an alert on Anet at 1:35.

16:55: 135 on Anet, look for a move above that level and a close above that level.

17:00: Coming on volume.

17:01: And shout out to Renee in the forum at Stock Market Mentor.

17:05: A few days ago, she and I were talking about American Express and This one is working.

17:10: Really big move here on Friday, lowering interest rates.

17:14: I guess that means people want to put more on their credit card.

17:17: Who knows?

17:17: But we got a beautiful bullish engulfing candlestick sideways price action right here.

17:22: And I think to add to this position, if you didn't add today, I think you can still add with a move above 321.

17:28: 321 coming on volume, and, that could give you an opportunity to buy more American Express.

17:35: That's all I got for you tonight, my friend.

17:37: Thank you so much for watching.

17:38: I'll see you next time.