

It All Starts With Volume on the Weekly Chart

Everyone fantasizes about nailing the year's biggest movers, but very few actually do it.

In this report I attempt to point out a common characteristic of the market's biggest winners.

Day-to-day, the best short term trading opportunities come from the best stocks in the best groups. Get a list of top-performing groups and then drill down to find the best-performing stocks. It's not fool proof, but it's definitely the best place to start.

But the moves are very technical and don't always last. Pressure builds between support and resistance or between two key moving averages...and then demand overwhelms supply and the stock takes off. Once a key level is taken out and momentum players enter, a stock can run up 10 or 20% in a relatively short period of time.

You can make a great living doing this, but what if you want to buy a stock at 15 and ride it to 60...and you have to hold for six months? It has to be much more than a technical breakout. It has to be much more than demand overwhelming supply for a few weeks. It has to be more than momentum traders jumping on for a quick ride.

Instead it has to be a growing business. It can't be a short term gimmick. There has to be an underlying story or theme that acts as a game-changer and propels the stock forward for many months. And it has to attract institutions.

How do you find these stocks?

Most have one thing in common. And it's not a convoluted search through reports or an ability to read between the lines or an incredible feel for the future. It's a simple thing that shows up on the charts of most of the year's biggest winners. It's a simple volume surge on the weekly chart that breaks the stock out of a base where the stock was dead money for a long time.

Let's go through some examples.

QuinStreet (QNST) sloped around for 20 months before a big volume surge on the weekly chart put the stock at a new high.



That volume surge was just the beginning. The stock did this the following 3 months.



CAI International (CAI) traded in a range for all of 2016. If you bought anywhere within the range, you were frustrated. Then a big volume surge put the stock at a new high, which...



...was just the beginning of a huge move throughout 2017 (so far).



Control4 (CTRL) based for almost 2 years before this massive jump in volume on the weekly put the stock at a new high, which...



...led to the stock tripling this year.



Data I/O (DAIO) got jump-started in mid-2016 and was already trending up when volume exploded again in May of this year. Blow-off top? Hardly.



That was just the beginning. The stock almost tripled after that big jump.



Electro Scientific Industries (ESIO) got scooped up by its 30-week moving average and then broke out in May of this year. That move broke the stock out of its funk. The second volume surge in August got the ball rolling. After the stock had already doubled off its 2016 low...



...it tripled again.



GDS Holdings (GDS) was a sloppy mess in 2017 until the big volume surge in September, which...



...led to this big move.



Mazor Robotics (MZOR) was in resting mode, having already rallied from 10 to 20. Then it busted out on huge weekly volume in March, which...



...led to this. Time and again, a volume breakout from a base on the weekly chart is the start of a big move.



Overstock.com (OSTK) was trading in a sloppy 2-year base when it suddenly came to life with this high-volume weekly move that closed the stock at a new high.



It proceeded to nearly triple in the following 3 months.



SolarEdge Technologies (SEDG) - A big volume surge in February broke the stock out of a base. A second volume surge put some distance between the stock and the 30-week MA. One more surge in May really got the ball rolling.



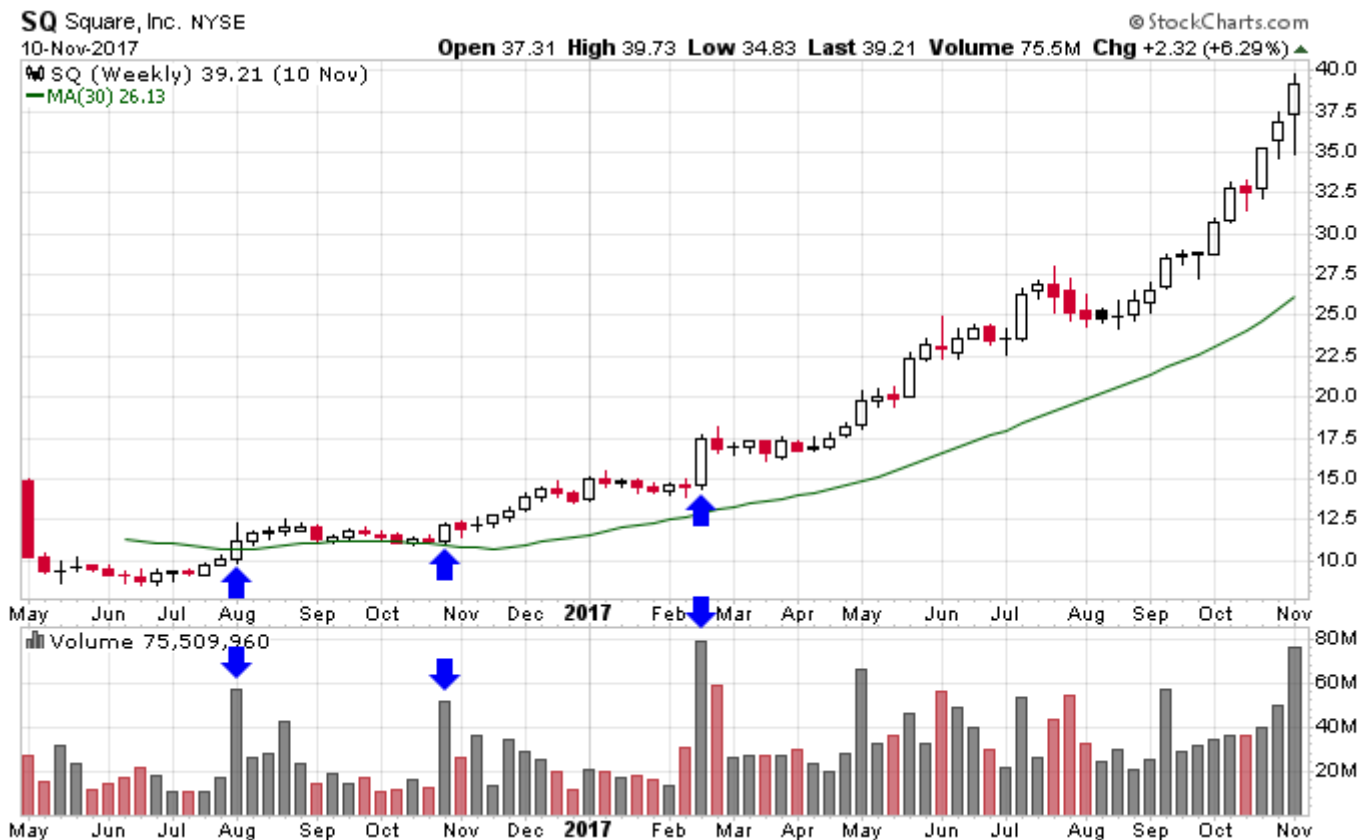
Ultimately the stock did this.



Square (SQ) broke out of its funk in August 2016 with a big jump in volume. After restoring its energy, it got another surge in October 2016. And then in February of this year a massive print put the stock at a new high. Blow-off top?



Nope. Those surges told us something was up. Somebody knew something. The stock has nearly tripled this year.



Universal Display (OLED) - Volume surges that get the ball rolling are not just for cheap stocks coming out of bases. They take place within existing trends. A volume surge in January broke OLED out of its funk. After a rest, additional volume really got the ball rolling.



That was just the beginning. The stock has nearly tripled this year.



WeightWatchers (WTW) formed a 12-month base and then broke out with a big price move on big volume. After settling down for a few weeks, it jumped again.



Then the stock tripled.



ZAGG (ZAGG) had been dead money for years...just a stock that would roll up and down within a range. Then a jump in volume in May of this year put the stock at a 6-month high. After basing at a higher level, another jump in volume really got the ball moving.



And this happened the following 3 months.



There are reasons dead stocks suddenly come to life, but we don't need to know those reasons. We only need to know that they do in fact happen.

Some will argue volume doesn't matter. They'll say it's just the computers trading back and forth with each other. A lot of the time this is true. But if something has changed about a company; if the stock is about to double or triple because the business really is growing; volume does matter. It shows up on the weekly charts.

If you want to nail some big moves, look for volume moves on the weekly charts that get the ball rolling.

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