6 Ways To Separate Real Momentum From A False Breakout

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On the following page you will find an article that is a summary of the [Crowd Forecast News Episode #546 panel discussion](#).
The article is an attempt to distill the most important points from the episode down to a single, brief article.



Recorded: 09/21/2026 at 4PM ET
Duration (video & podcast): 59 minutes

Highlights:
- Market breadth clues behind the powerful tech rally
- Leveraged ETF opportunities in fast-moving tech names
- Breakout patterns for spotting momentum before acceleration
- Biotech setups showing renewed upside potential
- Bear flags revealing potential short-side opportunities
- End-of-quarter positioning and possible window-dressing pressure
- Support levels for managing volatile momentum trades
- Why averaging up can outperform averaging down
- Intraday tactics for trading explosive low-priced movers
- Option ideas built around potential turning points

Lineup for this Episode:
- Chris Sayre of BigTrends.com
- Harry Boxer of TheTechTrader.com
- The Option Professor of OptionProfessor.com

[Click here to watch the full episode.](#)

[AD] **eBook: [NVDA Options (Strategy Guide for Options Traders)](#)**

The article below is a summary of the recent CFN panel discussion. The quotes are statements directly from the panelists on the show; click the link above to watch the full episode!

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[AD] 🔥 **PDF: QQQ Options Playbook**

Title: 6 Ways To Separate Real Momentum From A False Breakout

Breakouts can create some of the market's fastest opportunities, but not every surge deserves to be chased. Strong momentum usually leaves evidence: expanding participation, clean technical levels, constructive pullbacks, and continued buying after resistance gives way. Traders who learn to distinguish those characteristics from temporary excitement can become more selective and better prepared to manage risk.

1. Look For Broad Participation

A major index can surge even when relatively few stocks participate. That narrow leadership does not automatically invalidate the move, but it should make traders more cautious. Healthy momentum is generally more convincing when advance-decline figures, sector participation, and the percentage of stocks above important moving averages strengthen alongside the index.

"you can see how narrow the breath was today"

2. Demand A Meaningful Break Of Resistance

Real momentum should accomplish something technically important. A stock or index that clears a declining trendline, previous high, or established resistance zone is sending a stronger message than one simply bouncing inside an existing range. Breakaway gaps can add further confirmation by showing that buyers were willing to reprice the security quickly.

“it took out resistance with a gap”

3. Wait For The Breakout Instead Of Anticipating It

Promising setups are not the same as confirmed trades. Falling wedges, bases, and consolidation patterns may look attractive for days before anything actually happens. Traders can reduce false starts by requiring price to move through resistance before committing capital.

“why look for something hasn't broken out yet?”

4. Use The First Pullback As A Test

Chasing a stock immediately after a sharp breakout can create poor risk-reward. A constructive first pullback provides valuable information. If former resistance becomes support and buyers return quickly, the original breakout

gains credibility. That pullback can also offer a clearer entry point and a more logical place for risk control.

“I always like to buy the first pullback after a stock breaks out.”

5. Let Support Define When You Are Wrong

Momentum trades require discipline because strong stocks can reverse quickly. Identify trendlines, moving averages, prior highs, and lateral support before entering. If price decisively breaks those levels, respect the message rather than adding simply because the stock is cheaper.

“Never average down, always average up.”

6. Require Energy And Follow-Through

The strongest breakouts usually show urgency. Price should clear resistance decisively, preferably with expanding volume or an obvious increase in momentum. A breakout that barely clears resistance and immediately stalls deserves skepticism. Traders should favor moves that demonstrate continued demand after the initial trigger.

“what I'm going to need to see is a break of this declining channel top with some energy”

Momentum trading is ultimately about confirmation. The goal is not to predict which chart might break out, but to recognize when price, participation, support, and follow-through are working together. That patience can help traders avoid false starts while staying ready for the moves that truly begin to accelerate.

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