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9 Questions Traders Should Ask Before Chasing New Highs

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On the following page you will find an article that is a summary of the Crowd Forecast News Episode #548 panel discussion.
The article is an attempt to distill the most important points from the episode down to a single, brief article.



Recorded: 10/05/2026 at 11AM ET
Duration (video & podcast): 59 minutes

Highlights:
• Key S&P levels for managing near-term market risk
• VIX clues that can keep traders from panicking
• Bond-yield warnings that could pressure stocks next
• Market breadth signals exposing hidden index weakness
• Semiconductor pullbacks creating potential reentry opportunities
• Option strategies matched to changing market conditions
• Financial stocks to watch before earnings season
• Retail setups positioned for the holiday quarter
• Support and resistance zones across major sectors
• Risk-control tactics for volatile options trades

Lineup for this Episode:
– The Option Professor of OptionProfessor.com

Click here to watch the full episode.

[AD] 3-Minute Earnings Blueprint Workshop

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] 3-Minute Earnings Blueprint Workshop

Title: 9 Questions Traders Should Ask Before Chasing New Highs

1. Is The Primary Trend Still Intact?

Start with the larger trend. New highs deserve respect when longer-term moving averages continue rising and price remains above meaningful support. Avoid becoming bearish simply because the market looks expensive, but also know exactly which levels would invalidate the bullish structure.

“But right now we don't fight the tape, and the tape looks pretty good so far.”

2. Is Momentum Confirming The New High?

Price making a new high while momentum indicators make lower highs can signal weakening participation. Divergence is not automatically a sell signal, but it should encourage tighter risk management and closer monitoring of support.

“The RSI is not exactly confirming things.”

3. Is Volatility Confirming Real Fear?

A rising market with subdued volatility may suggest large investors are not yet rushing for protection. Conversely, a sustained volatility breakout can signal that market psychology is changing. Watch volatility alongside price rather than treating every pullback as the beginning of a collapse.

“Why? Because the VIX has not had any ability to maintain above 20.”

4. Are Rising Yields Becoming Competition For Stocks?

Higher Treasury yields can make bonds increasingly attractive relative to equities. When investors can earn meaningful income with less risk, expensive stocks face stronger competition for capital. Pay attention to whether yields are accelerating or beginning to roll over.

“But I've been bearish on the bond market because this bond market peaked right back here in 2020, and it's been a bear market in bonds.”

[AD] **3-Minute Earnings Blueprint Workshop**

5. What Is The Credit Market Saying?

Corporate bonds can provide an important reality check. Weakness in lower-quality credit may indicate that sophisticated investors are becoming more concerned about economic or financial conditions even while major stock indexes remain strong.

“So when these guys give it up, it's very concerning.”

6. How Broad Is The Rally?

An index can reach records while many underlying stocks deteriorate. Check market breadth, including the percentage of stocks above major moving averages. Stronger participation generally makes a breakout more convincing.

“the percentage of stocks above their 200-day average. Can you see that's broken to the downside as well?”

7. Am I Choosing The Right Strategy For This Price Level?

The same options strategy is not appropriate everywhere. Buying calls, selling puts, using spreads, or waiting can produce very different risk profiles depending on whether the underlying security is extended or sitting near support.

“Timing is a very big thing.”

8. Would A Pullback Offer Better Risk-Reward?

Instead of chasing an extended stock, consider waiting for price to return toward support or a moving average. Corrections can reset sentiment, reduce option premiums, and create clearer points for defining risk.

“Great time to buy on the corrections. That's what you're supposed to do.”

9. What Catalyst Comes Next?

Markets discount the future. Earnings, economic data, seasonal trends, and major scheduled events can quickly change the outlook. Before entering, know what could move the security next and whether that event strengthens or weakens your thesis.

“I'm always looking ahead, right? You got to look ahead.”

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