

Nvidia: Stay The Course In A Long & Mid Term, Keep On The Sidelines In A Short Term

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Summary

- Since its IPO in January 1999, the Nvidia stock was building a cause for more than 17 years to eventually begin trending up.
- Long-/mid-term investors should stay invested in the company as an uptrend is intact.
- Short-term investors/swing traders are advised to stay in cash at this stage.

Since an IPO (Initial Public Offering) on January 29th, 1999, Nvidia (NASDAQ: NVDA) had been accumulating within its rather broad trading range (\$1-40) for more than 17 years before breaking out in Q2 2016.

Solid demand bars having widespread and above average volume served as a prelude of a strong uptrend that emerged in May 2016. Since then, the stock has been demonstrating extreme strength by advancing at a very high pace and increasing in value by +340% in fifteen months.



In the course of the equity's mid-term uptrend, there were a couple of pauses, "Stepping Stone Reaccumulations", that offered opportunities to get on board and ride the trend higher and higher.

From the short-term perspective, the NVDA stock achieved an estimated price objective. That was confirmed by the Wyckoff method horizontal PnF (Point & Figure) count as detailed below,



in addition to the decisive breach of the support line as shown in the chart.



Referring to the daily chart, currently Nvidia is in a consolidating mode, testing the supply at the resistance. The next highly possible move could be downwards to the support cluster to assess the level of demand and stock's potential readiness to travel up.



Zooming into the price action on a shorter time-frame as illustrated in a 2-hour intraday chart, it is quite evident that the stock is building a cause to turn into the local distribution. If that's the case, the selling force (coincided on both daily and 2-hour charts) most likely will work out in the following way:

- Firstly, subsequent movement down towards the local support area of \$153-154.
- And then further downtrend towards the daily (higher time-frame) support cluster of \$138.50-142.

Conclusion

For the **long-/mid-term investors**, logical recommendation would be to **stay invested** in the company as its stock further continues to trend up.

Currently, the most rational action for the **short-term investors/swing traders** is to evaluate the undergoing consolidation by **keeping on the sidelines** until it emerges either into an uptrend or downtrend.

Disclosure: I/we have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours.

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