

This week's report solely uses technical analysis to scan for stocks in upward trends but may have room to run higher. These five stocks should do well if the recent rally continues toward new highs. If the rally proves to be a dead cat bounce, all bets are off.

As always, we encourage our readers to send us requests for scans.

Screening Criteria

The initial scan yielded 13 securities. Six of the 13 we discarded because they were ETFs. We then sorted by momentum to whittle the list down to the five stocks we present.

We chose to use an RSI of 65 or less. Typically, RSI is considered overbought at levels greater than 70. Often an RSI can stay above 70 for a few weeks before retreating. Thus, we believe the score of 65 or less leaves the shares further room to increase and time to stay overbought before potential downside.

Company Summaries (all descriptions courtesy Zacks)

Diamondback Energy (FANG)

Founded in 2007, Midland, TX-headquartered Diamondback Energy, Inc. is an independent oil and gas exploration & production company, with its primary focus on the Permian Basin, with around 414,000 net acres.

FANG has been on a tear along with most stocks in the energy sector. FANG's 20-dma flirted with its 50-dma in late 2021 before springing higher. In addition, the stock recently found support at its 20-dma. FANG is trading near the top end of its Bollinger bands and may retest support at its 20-dma before heading down to the lower Bollinger band if the 20-dma doesn't hold.



iRhythm Technologies (IRTC)

iRhythm Technologies, Inc. is a digital healthcare company. It focuses on the provision of ambulatory electrocardiogram, monitoring for patients at risk for arrhythmias, primarily in the United States.

IRTC formed a bottom last August and broke out above its 50-dma in September. Since then, the stock has found support at the 50-dma three times. The most recent of which was last Friday (01/28). It has fallen back below the 20-dma since we ran the screen, but another hold of the 50-dma would be a positive sign.



McKesson Corp. (MCK)

San Francisco, CA-based McKesson Corporation is a health care services and information technology company.

MCK entered a nice uptrend in October 2021 and is currently trading near the top end of the channel. The gap up on February 3rd places MCK well over two standard deviations above its 20-dma, so a short-term pullback or consolidation would not be surprising. A breakout may be in-store if the stock finds support at the top channel line.



M&T Bank Corp. (MTB)

Headquartered in Buffalo, N.Y. and founded in 1969, M&T Bank Corporation is the holding company for M&T Bank and Wilmington Trust, National Association. The company operates in New York, Maryland, New Jersey, Pennsylvania, Delaware, CT, Virginia, West Virginia, and the District of Columbia through the following segments: Business Banking, Commercial Banking, Commercial Real Estate, Discretionary Portfolio, Residential Mortgage Banking, Retail Banking, and All Other.

Trading in MTB has been volatile recently, as illustrated by the width of the Bollinger bands. The stock recently established support at the 50-dma and may look for support at the 20-dma before retesting previous highs. If the price fails to stay above the 20-dma, a retest of the 50-dma is likely.



Nabors Industries (NBR)

Incorporated in 1978, Hamilton-based Nabors Industries Ltd. is one of the largest land-drilling contractors in the world, conducting oil, gas, and geothermal land drilling operations. The American multinational company is active across 24 countries and primarily provides land-based and offshore drilling rigs that serve the oil and gas industry. The company has a 100% ownership interest in a venture in Saudi Arabia, Nabors Arabia, which actively markets rigs.

NBR has traded in a broad range for the past year. In early January, the 20-dma crossed above the 50-dma, and the stock held support at the 20-dma in late January. A near-term retest of that support is likely, and if it does not hold, a test of the 50-dma at the lower bound of the Bollinger bands may follow. A breakout and subsequent test of resistance above the three prior peaks shown could lead to significant gains.



Five for Friday

Five for Friday uses stock screens to produce five stocks that we expect will outperform if a particular investment theme plays out in the future. Investment themes may be relevant to the current or expected market, industry, and or economic trends. Investment themes may not always represent our current forecast.

Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our [disclosures](#) carefully and do your own research before investing.