

Why Reinforcing Bases are Important to a Market Uptrend

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As a market rally gets going, it's important to stay focused on the charts to see what stock groups can join the uptrend.

Uptrends can start with a small amount of bases, but can really blossom as other stocks/groups get into gear and break out.

An **individual stock that breaks out of a base after the stock market has been rallying off a low for more than 1 month** is called a **Reinforcing Base**.

You can read more about Reinforcing Bases [here](#).

Reinforcing Bases help to fortify a market rally and add fuel to an uptrend that's already underway.

Why is this the case?

Reinforcing Bases can break out later in a market uptrend, which adds more strength (reinforcement) to an existing rally.

This ultimately provides **new stock leadership for the market** that helps to propel an uptrend higher.

Do you remember the **Nasdaq Rally of late 1999 and early 2000**?

The **Biotechnology Stocks** went up a huge amount during this move.

Some Biotechs broke out in the fall with the market (late October), while others formed bases and broke out (reinforced) in December 1999 and early in 2000.

This was an important point because **new stock leadership was added to an already strong market**.

Keep in mind that some of these reinforcing breakouts were occurring almost **8 weeks** (2 months) **after the Nasdaq started its rally in late October 1999**.

This bullish price action was one of the factors that helped extend the market rally into early March 2000 before stocks turned down.

As the Biotechs of late 1999 demonstrated, **a stock group can be divided with some breaking out with the market and others breaking out (reinforcing) later in a market uptrend**.

Please look at these market facts about some of the Reinforcing Biotech Stocks of late 1999:

1. **Cubist Pharmaceutical** (CBST) broke out of an 11-week base on 12/10/99 and advanced 590% in almost 3 months.
2. **Enzon Pharmaceutical** (ENZN) broke out of a 12-week base on 12/10/99 and advanced 110% in almost 3 months.
3. **Viropharma** (VPHM) broke out of an 11-week base on 12/10/99 and advanced 330% in 3 months.
4. **Biogen-Idex** (BIIB) broke out of a 15-week base on 12/24/99 and advanced 150% in almost 3 months.
5. **Affymetrix** (AFFX) broke out of a 13-week base on 12/24/99 and advanced 180% in less than 3 months.

Reinforcing Bases are an important component to major stock rallies because **they strengthen and add new stock leadership to the market**.

You can find stocks with the potential to break out and reinforce a rally by watching the collective group action.

Stocks sitting in mature bases as a market uptrend is underway is where you want to focus your attention.

This requires attention to detail, but that's a major focus of this site.

Please [>>>CLICK HERE<<](#) to see the charts of the Reinforcing Biotechs (1999).