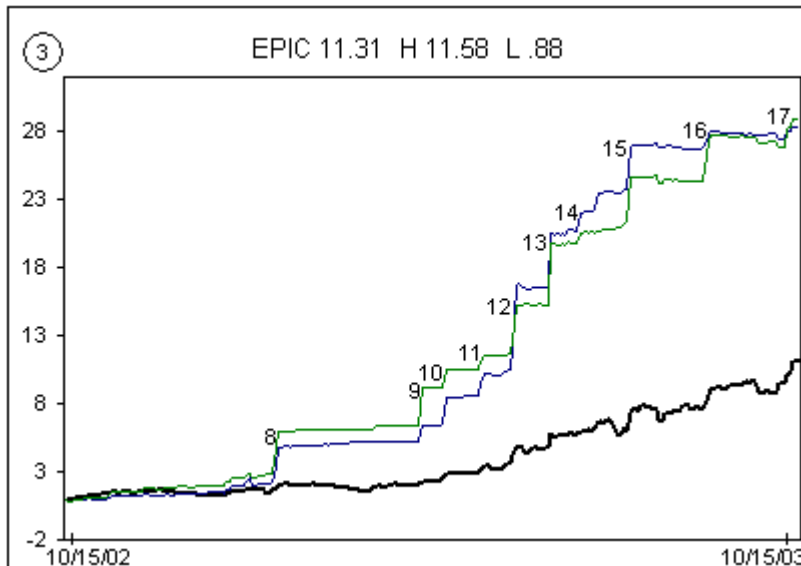
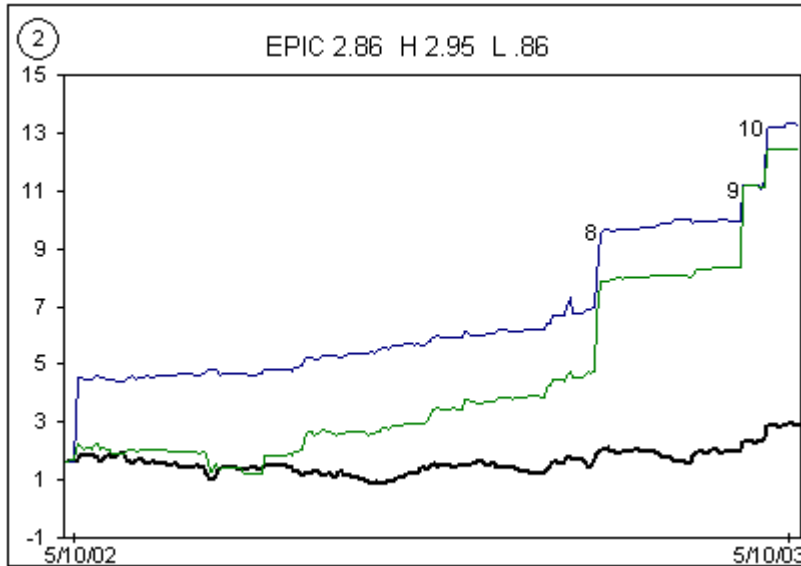
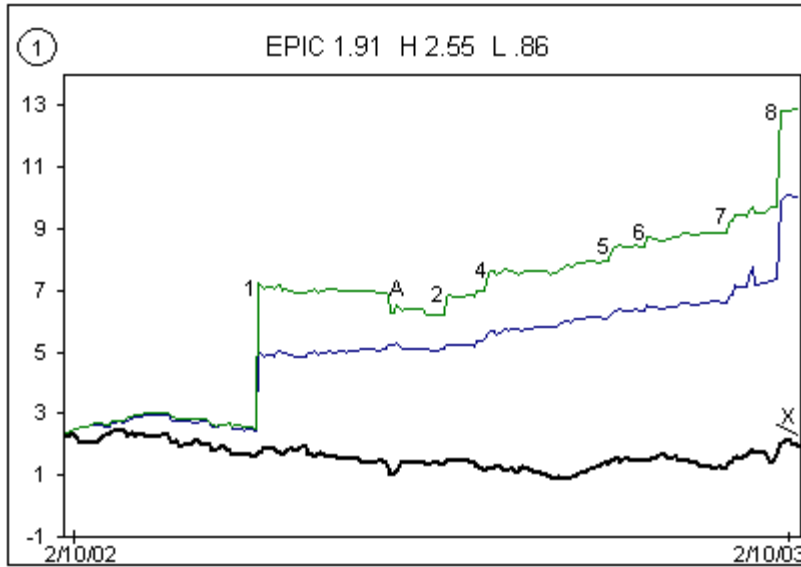


IV. BUYING STOCKS USING LSI CHARTS



EPIC provides a classic example of institutional accumulation as represented by positive spike activity. LSI Chart #1 shows an interesting positive spike pattern that arises during a sustained period of negative share price activity. The positive spike activity in this example actually starts well in advance of the move in share price with the strong positive spike at 1 arriving six months ahead of the eventual move in share price. Following the positive spike at 1 (as a rule, investors should only buy after two or more consecutive positive spikes) the negative spike at A represents the last of the institutional distribution. Positive spikes 2-7 show a smoothly positive pattern of small spikes that we refer to as “micro” spikes. The positive divergences at X and just before X represent solid entry points after multiple positive spikes.

Following the positive divergences, LSI Chart #2 shows large positive spikes at 8-10 highlighting the heavy institutional buying interest.

One of the more impressive “ladder step” positive spike patterns using LSI Charts takes place on LSI Chart #3. Positive spikes 9-15 are very impressive in terms of their strength and closely consecutive pattern. Note the lack of any negative spikes despite the many share price pullbacks including a rather large decline following positive spike at 14. EPIC represents a classic example of heavy institutional accumulation activity seen using LSI Charts.