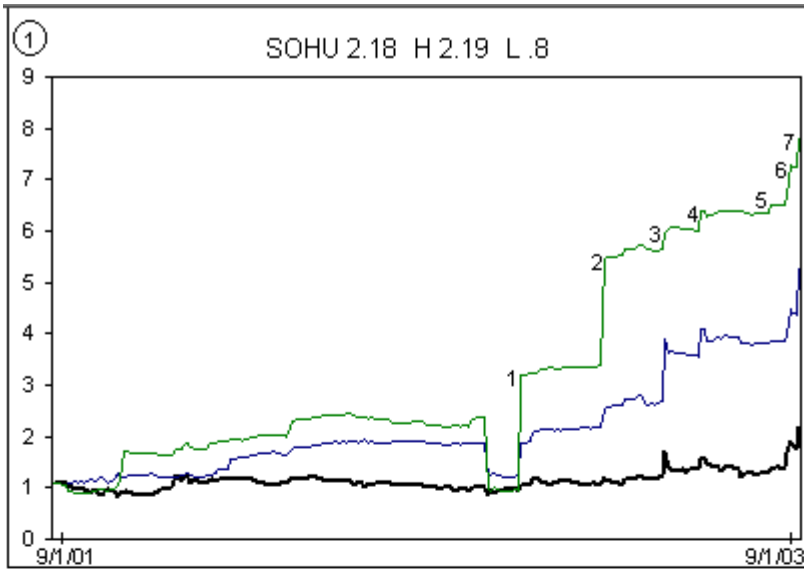
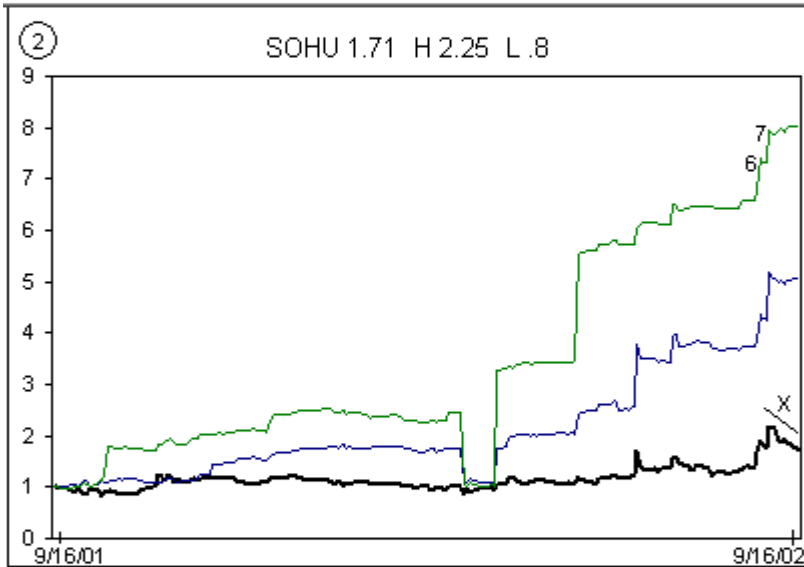


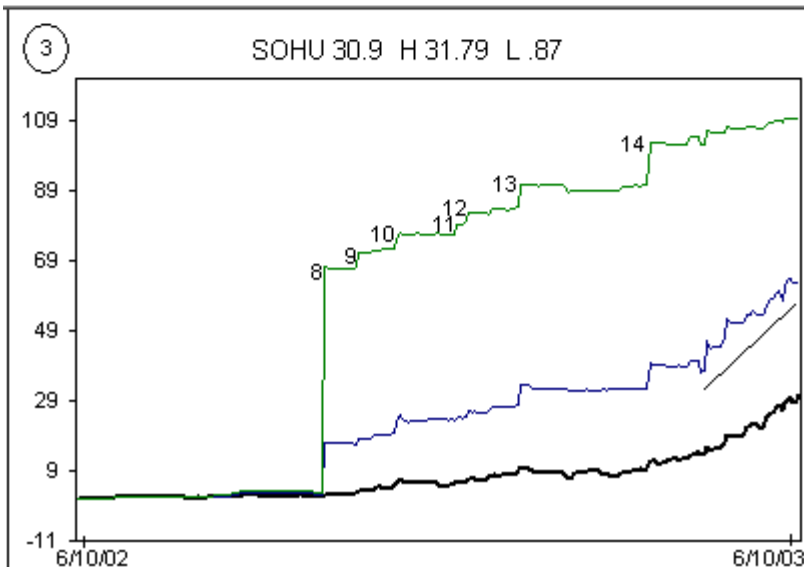
IV. BUYING STOCKS USING LSI CHARTS



One of the best performing stocks over the past year and half is Chinese Internet stock, SOHU. LSI Chart #1 shows an accumulation pattern already underway with heavy recent activity at 6 and 7. Based on this strong activity, investors having missed the three positive divergences since positive spike 2 should look to purchase on the next positive divergence.



SOHU begins to pullback precipitously following the positive spike at 7. Investors should look to take long positions at the large positive divergence at X. Note that despite the significant amount of positive spikes and overall accumulation, SOHU shares are trading at relatively attractive prices so late in the pattern of positive activity.



A massive positive spike takes place at 8 on LSI Chart #3. Following this spike, SOHU shares rapidly become one of the best performers on the NASDAQ. It is interesting to note that the heaviest share price appreciation takes place on a relatively flat short-term (green) LSI Line following the positive spike at 14. The longer-term (blue) LSI Line, however, seems to pick up the slack and shows its strongest move upward following the positive spike at 14.