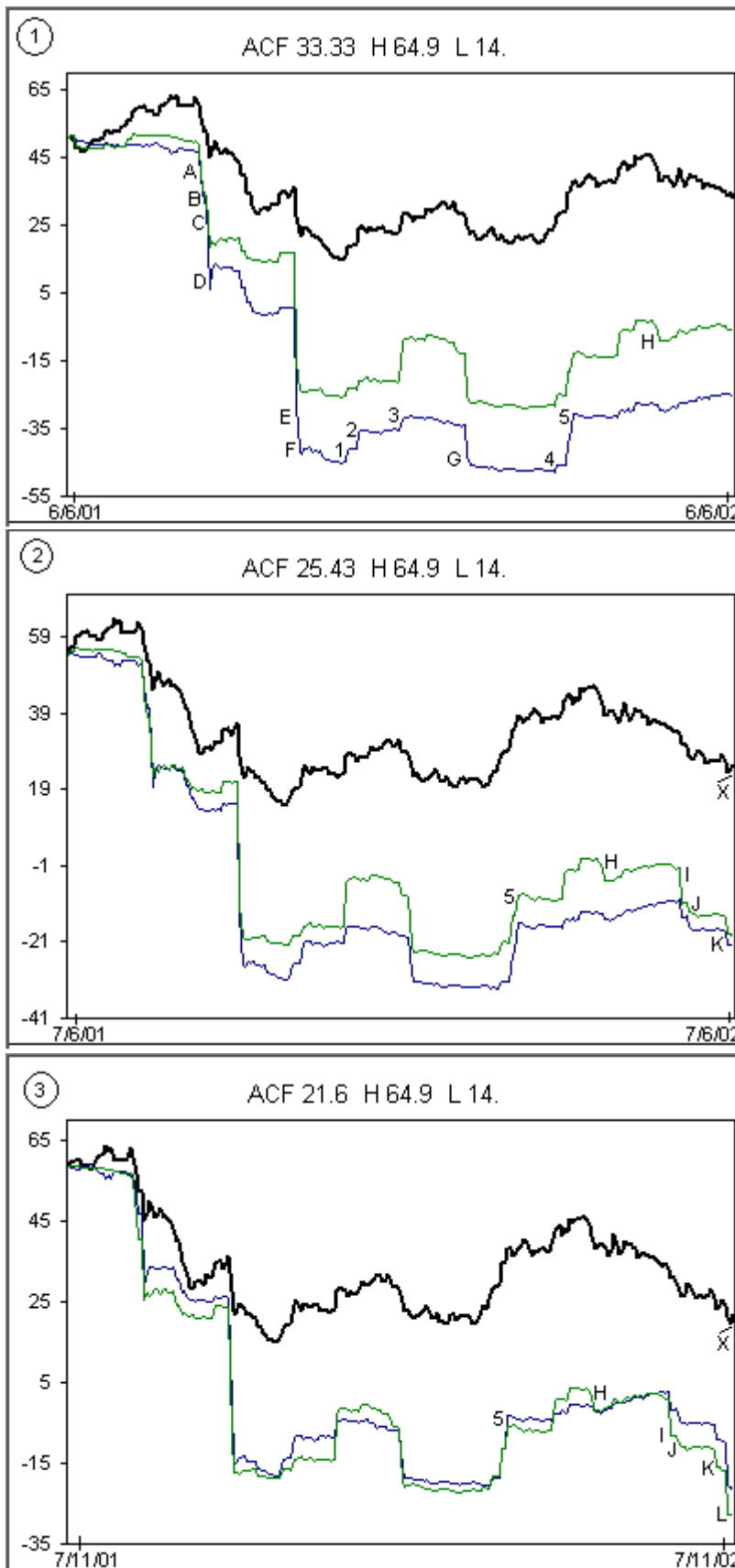


V. SELLING STOCKS USING LSI CHARTS

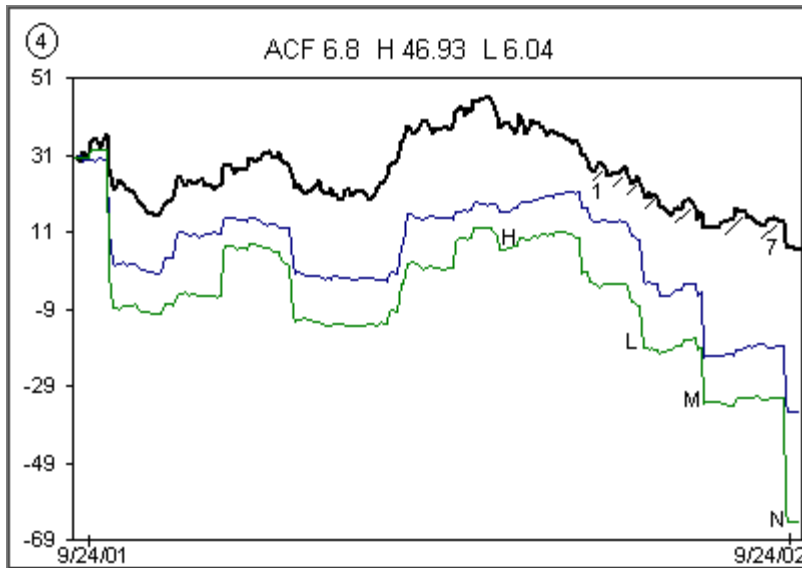


In this five LSI Chart example of ACF, we begin with a chart that shows a rather inconsistent LSI Line pattern following a large and very clear negative spike pattern in A-F. The positive spikes at 1-3 are followed by a breakdown at G and then another positive series 4-5 is broken by H. Throughout this pattern, we might have been inclined to "bottom fish" ACF two times after the second positive spikes at 2 and 5. Though both buying opportunities didn't materialize longer-term, neither did investors get hurt selling long positions into subsequent negative spikes. In this example, investors would likely be on the sidelines following the negative spike at H awaiting some consistency to the LSI pattern.

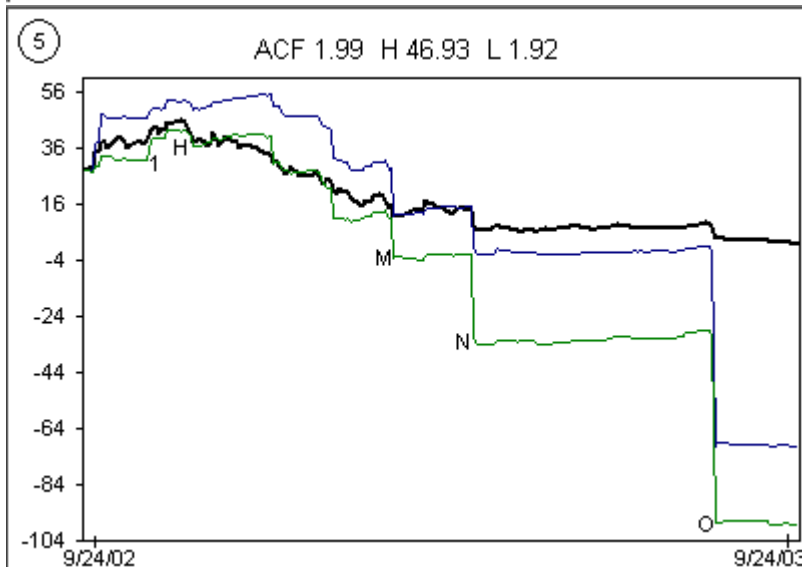
Following the three negative spikes I-K in LSI Chart #2, a negative divergence at X forms as ACF shares rise following the sell-off at K. The negative divergence at X represents a short selling opportunity for investors.

LSI Chart #3 shows a second negative divergence forming at X following the negative spike at L. This would represent a second short sale opportunity. Again, long investors should have closed positions after the negative spike at H and at the latest, I on the LSI Chart.

V. SELLING STOCKS USING LSI CHARTS



The institutional selling turns to a torrent by LSI Chart #4 at right. Identified are no less than seven negative divergences (1-7) following negative spikes at I-M. The share price has fallen considerably over this period due to the heavy institutional selling. Note the lack of positive spike activity during this sell-off showing the absence of institutional buying interest in the stock despite the many “bounces” in share price (1-7).



Shares of ACF trade at all-time lows in LSI Chart #5 with two additional negative spikes at N and O. Still no positive spikes are to be seen during this period of significant institutional distribution. Long investors looking to buy at share price lows would continue to be advised to wait for the positive spike activity that is increasingly likely to come.