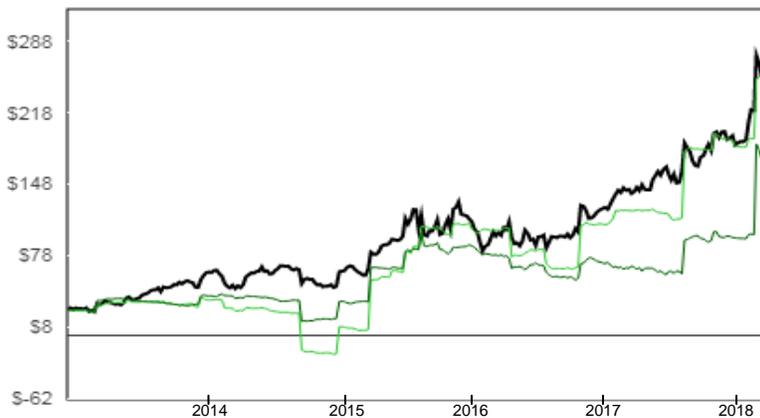


LSI Market Report

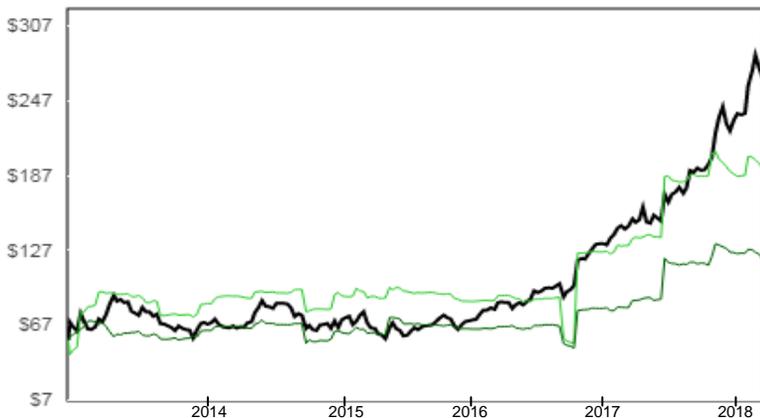
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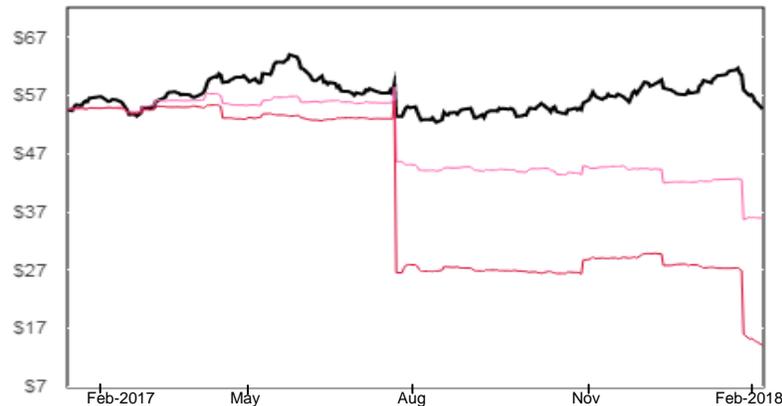
NETFLIX IN... (NFLX) \$254.26 H \$274.60 L \$23.34



Arista Net... (ANET) \$265.37 H \$283.50 L \$55.00



Starbucks ... (SBUX) \$54.69 H \$64.02 L \$52.40



Week of Feb. 5, 2018

Institutional Outflows Not Signaling a Serious Decline

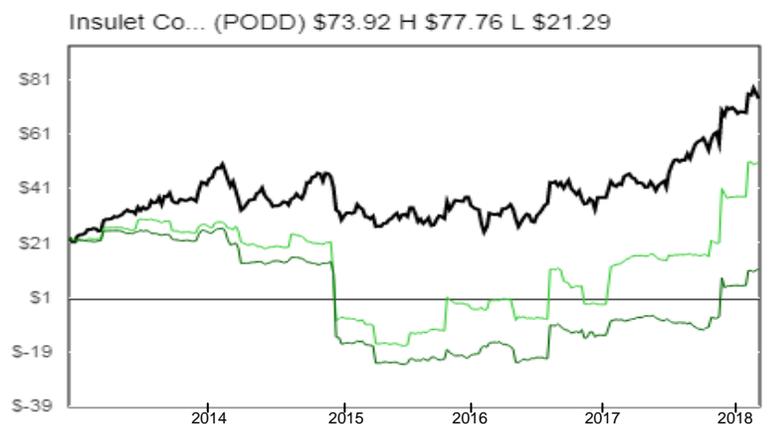
While global markets have been roiled by a major two day decline, institutional investors have remained calm. Futures signal another large market decline before Wednesday's open, some 800+ points, although a look at market leading stocks indicates relatively light institutional selling as of Tuesday. While this represents only one point in time within the storm, institutions are still seen hanging in.

The weekly, five-year institutional view of leading FANG stock **Netflix** reveals only minor institutional selling over the past week. The trend of Netflix remains a demand imbalanced "green."

Another market highflyer, data server chipmaker **Arista Networks**, reveals no signs of institutional stress in the stock as of Tuesday. With the company set to report earnings on February 15, Arista shares appear to be a favorite heading into the report.

Conversely, troubled **Starbucks** continues as a "red" orphan of the institutional community. The company failed to hit its comparable store sales guidance target for yet another quarter in January and institutional investors remain unwilling to bid the stock.

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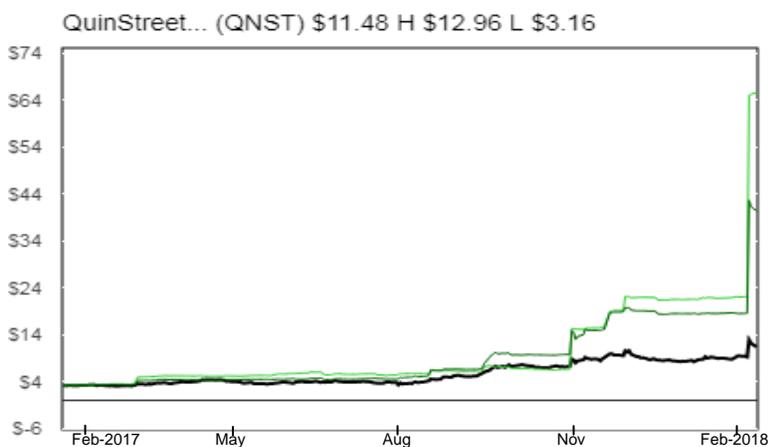
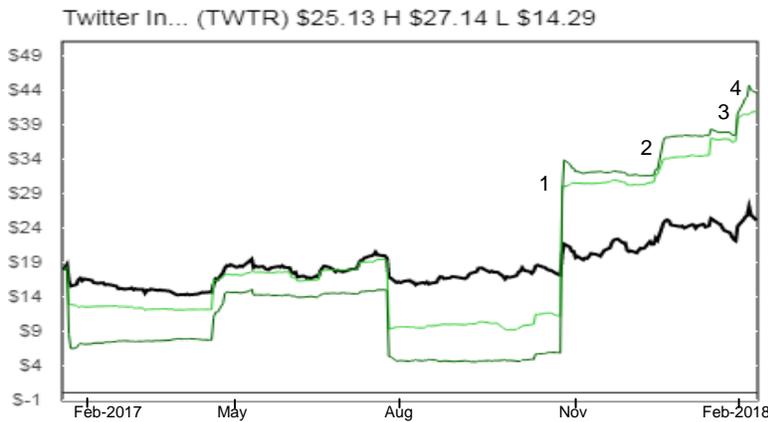
Despite an exceptionally rough seven day stretch for **Gilead Sciences'** shares, the nascent institutional buying recovery remains in place. Gilead shares will likely continue to be rocky as it overcomes a steep decline in HCV drugs, principally Harvoni. Nonetheless, value investors point to an eventual earnings turnaround and low valuation relative to its biotech peers. Gilead's longer-term institutional trend continues to indicate a positive demand imbalance.

Heska is an interesting former highflyer within the crosshairs of institutional sellers. Earnings trended flat for the vet drug maker's latest quarterly report providing further evidence that trouble could still be brewing ahead. The institutional trend of Heska continues to indicate an institutional supply imbalance.

Recapping **Insulet**, a maker of wearable insulin pumps, from our last report shows no institutional selling over the past week. In this view, we look at a weekly, five-year trend of Insulet revealing solid accumulation of its shares that began in earnest in mid-2016. Insulet reports Q4 earnings on February 21.

The meltdown in **Bitcoin** gained steam in January and February of 2018, falling to below \$7,000 per coin. The market tradable tracking index of Bitcoin, 'GBTC,' turned "red" following the large spike down last year and two smaller subsequent spikes (negative spikes 1 through 3.) While expectations call for a near-term bottom in Bitcoin over the coming weeks, the sharp fall has clearly eroded confidence in the virtual currency.

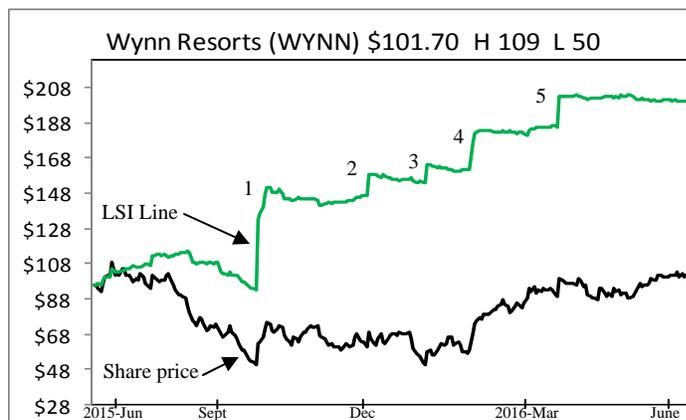
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The turnaround in shares of **Twitter** appears to be alive and well despite the market decline. Twitter shares rose last week on takeover speculation although turnaround stocks frequently become the target of speculation. While the ultimate recovery of Twitter will likely take some time considering the still sluggish pace of fundamentals, it appears the bottom is finally in the stock.

Shares of long forgotten **QuinStreet**, a provider of digital media solutions, have been buoyed by three consecutive quarters of improving results. Its recent Q2 report was surprisingly strong in its seasonally weakest quarter and institutional investors have taken note since August of last year. As the recovery builds momentum, QuinStreet is indicated "green" for a demand imbalance.

How To Read LSI Charts



LSI Line Legend:

- Green:** Positive, Demand Imbalance, = Favorable buying environment
- Red:** Negative, Supply Imbalance, = Unfavorable buying environment
- No Color:** Underdetermined, No Imbalance

Numbers on LSI Line:

- Spikes:** Indicates institutional buying (upward movement) or selling (downward movement)

LSI Patterns:

- Patterns determines investment decisions. Visit LSIcharts.com for more information.



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Unlimited Member LSI chart service at LSIcharts.com has launched!