

**Good Morning!**

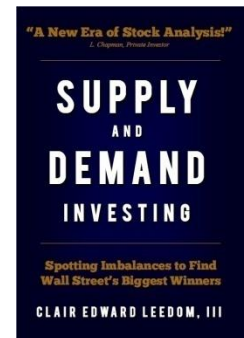


# Today's Presentation

- 1) Detecting Institutional Activity in Stocks**
- 2) Finding Institutional Imbalances**
- 3) Selected Stocks Through LSI Charts**

# Bud Leedom

- 1992 Created LSI Process
- 1993 San Diego Stock Report
- 1999 *Senior Analyst, Wells Fargo Securities*
- 2007 Leedom Asset Management
- 2016 *Supply and Demand Investing*
- 2016 



## Stock Investing

**It's A Tough World  
For Small Investors!**

# Selecting Stocks

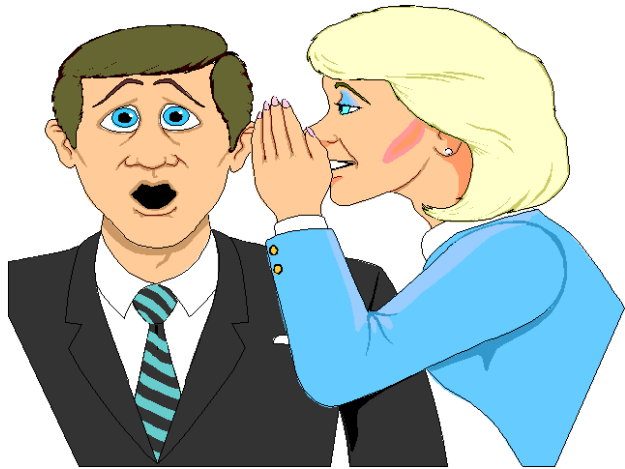
## **Researching Stocks:**

### **Daunting Task for Individual Investors!**

- Job or Distractions
- Limited Access to Wall Street Research
- Trading Disadvantages Due to HFT, etc..
- Our Own Biases and Predispositions
- **And: So Many Stocks to Analyze!**



# Information Overload!!



# Selecting Stocks

## **How Do We Find Ideas?**

- Fundamental Research?
- Jim Cramer?
- Growth Stocks?
- Particular Industries?
- Local Stocks?

# Today's E.F. Hutton...?





# **Can We Leverage Institutional Knowledge?**

# Selecting Stocks

## **Institutions Have the Power to Move Stocks!**

- Access to Billions of Dollars
- Consumer of Majority of Analyst Research
- They *Know* Things
- The Ultimate “Discoverer” of Undiscovered Stocks

# Selecting Stocks

## **How Do We Find Institutional Activity?**

- Quarterly 13-F Filings
- *Barron's* Roundtable, etc..
- A-D Rankings of Investors Business Daily?
- Block Trading
- Stock Charting???

# Selecting Stocks

## **A Brief Word on Stock Charting...**

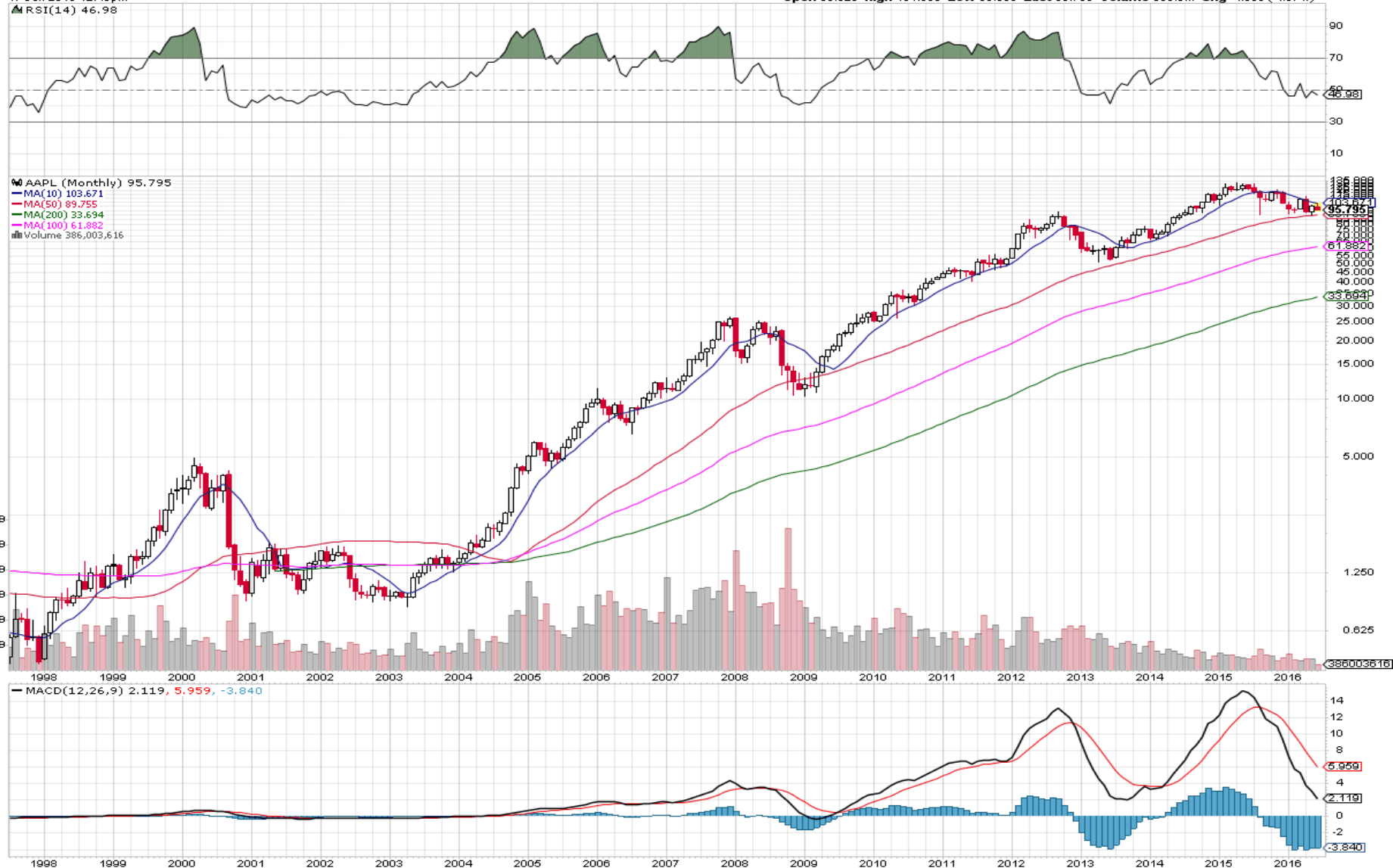
- Yes, the Institutions are “Visible,” But How?
- Charts steer Investors to Pay at Price Highs
- The chart trend is Great! Until it Isn’t...
- Similar to Predicting a Game by Only Watching the Scoreboard

# Apple: 1998-2016

**AAPL** Apple, Inc. Nasdaq GS + BATS  
 17-Jun-2016 12:43pm  
 ▲ RSI(14) 46.98

Open 99.020 High 101.890 Low 95.355 Last 95.795 Volume 386.0M Chg -4.065 (-4.07%)

© StockCharts.com



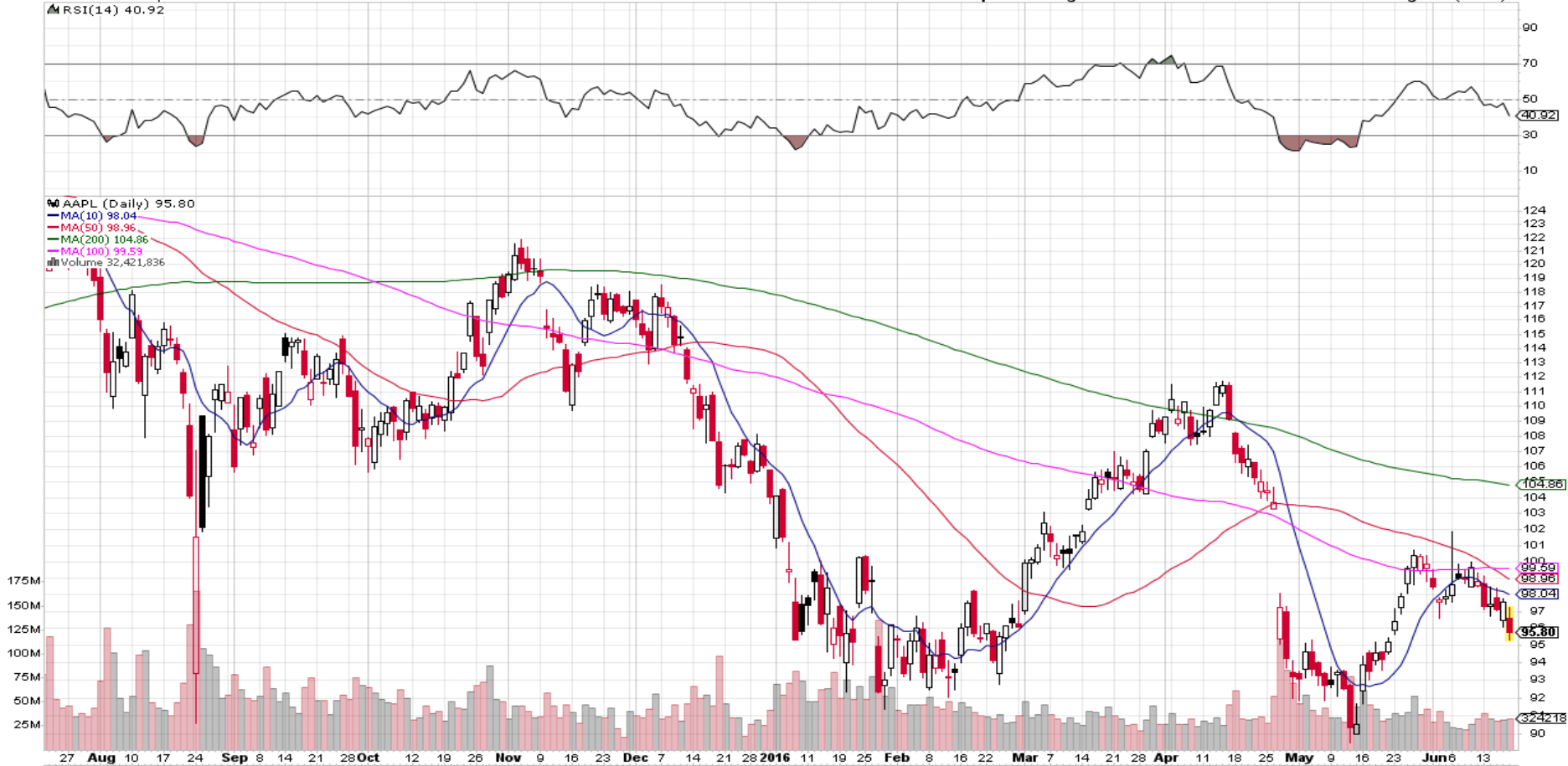
# Apple: The Past Year

**AAPL** Apple, Inc. Nasdaq GS + BATS

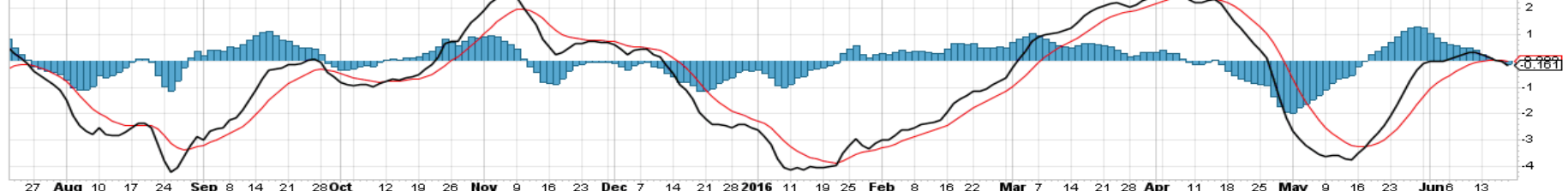
17-Jun-2016 12:41pm

▲ RSI(14) 40.92

© StockCharts.com  
**Open** 96.62 **High** 97.22 **Low** 95.36 **Last** 95.80 **Volume** 32.4M **Chg** -1.75 (-1.79%) ▼



— MACD(12,26,9) -0.161, -0.008, -0.152



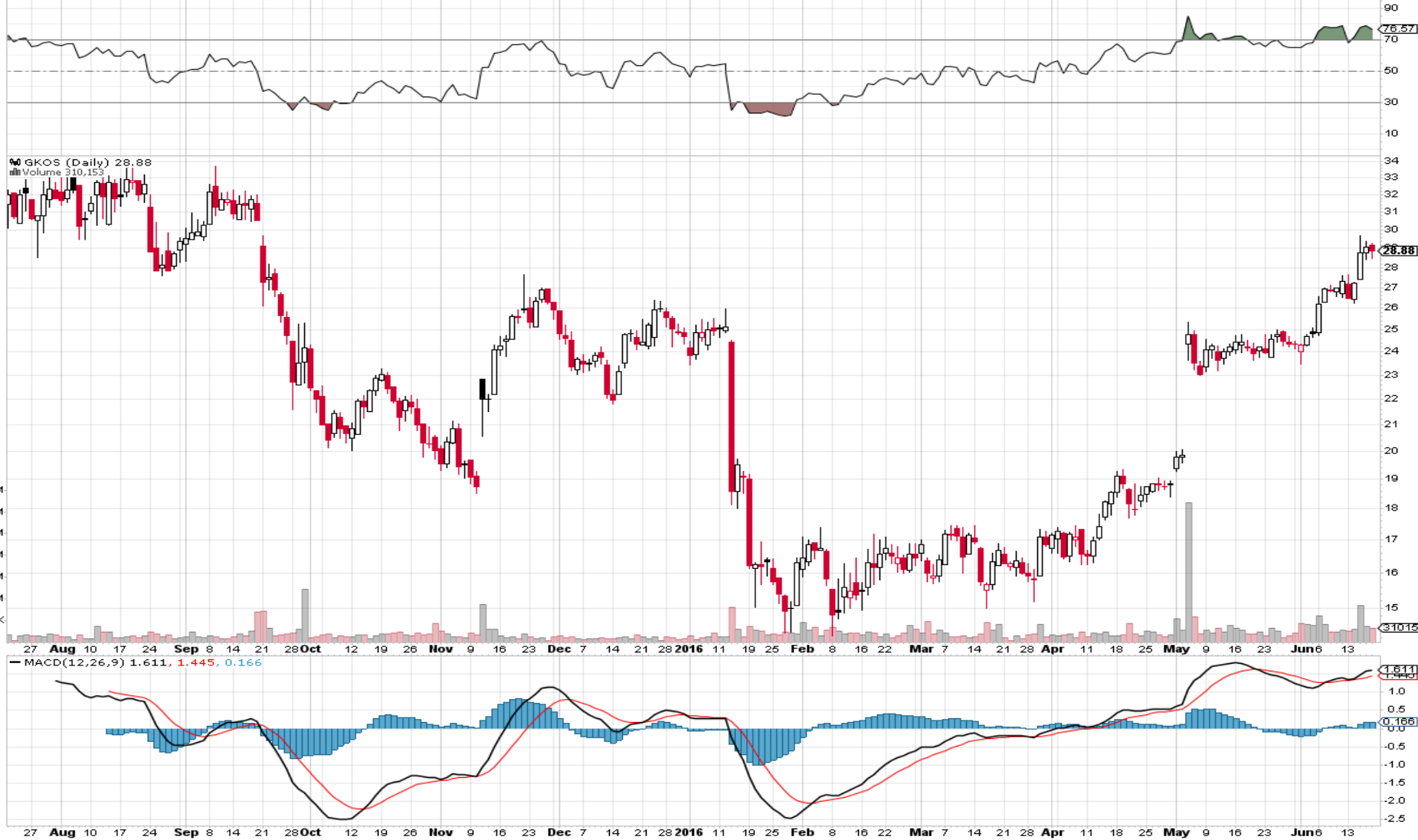
## **Finding Institutional Investors**

- 1) Applying the Principle of Supply and Demand
- 2) Spot Imbalances of Supply and Demand
- 3) Identify Specific Imbalance Patterns
- 4) Use These Patterns to Select Stocks

# Glaukos: The Past Year

GKOS Glaukos Corp. NYSE  
 17-Jun-2016  
 ▲ RSI(14) 76.57

© StockCharts.com  
 Open 29.18 High 29.28 Low 28.45 Close 28.88 Volume 310.2K Chg -0.20 (-0.69%) ▼





## Glaukos: Price & Volume Data (Yahoo Finance)

<i>Date</i>	<i>Close</i>	<i>Volume</i>	<i>+/-</i>	<i>Date</i>	<i>Close</i>	<i>Volume</i>	<i>+/-</i>	<i>Date</i>	<i>Close</i>	<i>Volume</i>	<i>+/-</i>
4/6/2016	<b>17.19</b>	<b>178,100</b>	<b>0.02</b>	4/29/2016	18.84	158,300	0.09	5/24/2016	24.55	312,100	0.59
4/7/2016	17.1	92,400	-0.09	<b>5/2/2016</b>	<b>19.78</b>	<b>546,300</b>	<b>+0.94</b>	5/25/2016	24.79	244,100	0.24
4/8/2016	16.56	224,600	-0.54	5/3/2016	19.87	261,600	0.09	5/26/2016	24.47	94,200	-0.32
4/11/2016	16.5	127,100	-0.06	<b>5/4/2016</b>	<b>24.77</b>	<b>3,200,400</b>	<b>+4.90</b>	5/27/2016	24.36	131,800	-0.11
4/12/2016	16.99	211,900	0.49	5/5/2016	23.5	478,600	-1.27	5/31/2016	24.35	206,000	-0.01
4/13/2016	17.42	181,500	0.43	5/6/2016	23.03	180,400	-0.47	6/1/2016	24.32	424,500	-0.03
4/14/2016	18.23	229,100	0.81	5/9/2016	24.08	275,600	1.05	6/2/2016	24.69	406,700	0.37
4/15/2016	18.55	133,400	0.32	5/10/2016	24.25	211,100	0.17	6/3/2016	24.81	394,100	0.12
<b>4/18/2016</b>	<b>19.11</b>	<b>548,800</b>	<b>+0.56</b>	5/11/2016	23.63	322,100	-0.62	<b>6/6/2016</b>	<b>26.20</b>	<b>610,900</b>	<b>+1.39</b>
4/19/2016	18.83	173,000	-0.28	5/12/2016	24	228,900	0.37	6/7/2016	26.95	407,200	0.75
4/20/2016	18.18	426,700	-0.65	5/13/2016	24.23	372,900	0.23	6/8/2016	26.9	226,500	-0.05
4/21/2016	17.99	179,000	-0.19	5/16/2016	24.44	322,800	0.21	6/9/2016	26.96	234,800	0.06
<b>4/22/2016</b>	<b>18.45</b>	<b>646,100</b>	<b>+0.46</b>	5/17/2016	24.44	271,400	0	6/10/2016	27.29	279,600	0.33
4/25/2016	18.74	250,400	0.29	5/18/2016	24.2	183,200	-0.24	6/13/2016	26.46	241,300	-0.83
4/26/2016	18.84	238,000	0.1	5/19/2016	23.91	190,400	-0.29	6/14/2016	27.21	296,100	0.75
4/27/2016	18.82	154,300	-0.02	5/20/2016	24.2	221,300	0.29	<b>6/15/2016</b>	<b>28.75</b>	<b>851,500</b>	<b>+1.54</b>
4/28/2016	18.75	118,500	-0.07	5/23/2016	23.96	137,700	-0.24	6/16/2016	29.08	364,200	0.33

## Key Data Points & LSI Multiples

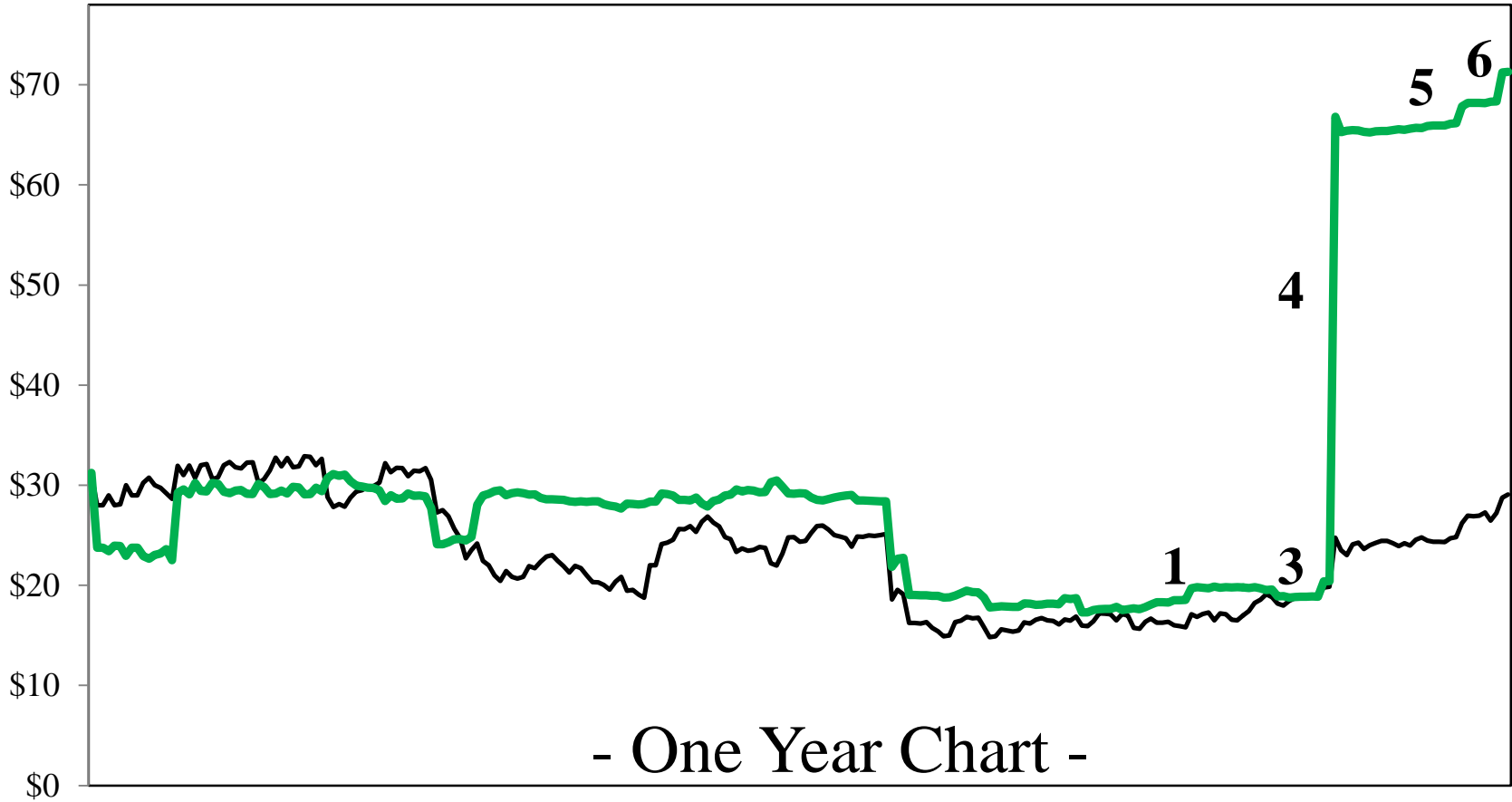
Spike	Key Trades	Average	Volume	Price	Price	LSI	
		Volume	Multiplier	Change	Multiplier		Multiplier
6	6/15/2016 \$28.75	<b>851,500</b>	275,000	<b>3.1</b>	1.54	1	<b>4.8</b>
5	6/6/2016 \$26.20	<b>610,900</b>	275,000	<b>2.2</b>	1.39	1	<b>3.1</b>
4	5/4/2016 \$24.77	<b>3,200,400</b>	275,000	<b>11.6</b>	4.90	1	<b>57.0</b>
3	5/2/2016 \$19.78	<b>546,300</b>	275,000	<b>2.0</b>	0.94	1	<b>1.9</b>
2	4/22/2016 \$18.45	<b>646,100</b>	275,000	<b>2.3</b>	0.46	1	<b>1.1</b>
1	4/18/2016 \$19.11	<b>548,800</b>	275,000	<b>2.0</b>	0.56	1	<b>1.1</b>

### "Background" Trades

4/13/2016	17.42	<b>181,500</b>	275,000	<b>0.7</b>	0.43	1	<b>0.3</b>
4/12/2016	16.99	<b>211,900</b>	275,000	<b>0.8</b>	-0.49	1	<b>-0.4</b>
4/11/2016	16.5	<b>127,100</b>	275,000	<b>0.5</b>	-0.06	1	<b>0.0</b>
4/8/2016	16.56	<b>224,600</b>	275,000	<b>0.8</b>	-0.54	1	<b>-0.4</b>
4/7/2016	17.1	<b>92,400</b>	275,000	<b>0.3</b>	-0.09	1	<b>0.0</b>
4/6/2016	17.19	<b>178,100</b>	275,000	<b>0.6</b>	0.02	1	<b>0.0</b>

# LSI Charts

**Glaukos (GKOS) \$29.08 H 33.92 L 14.25**



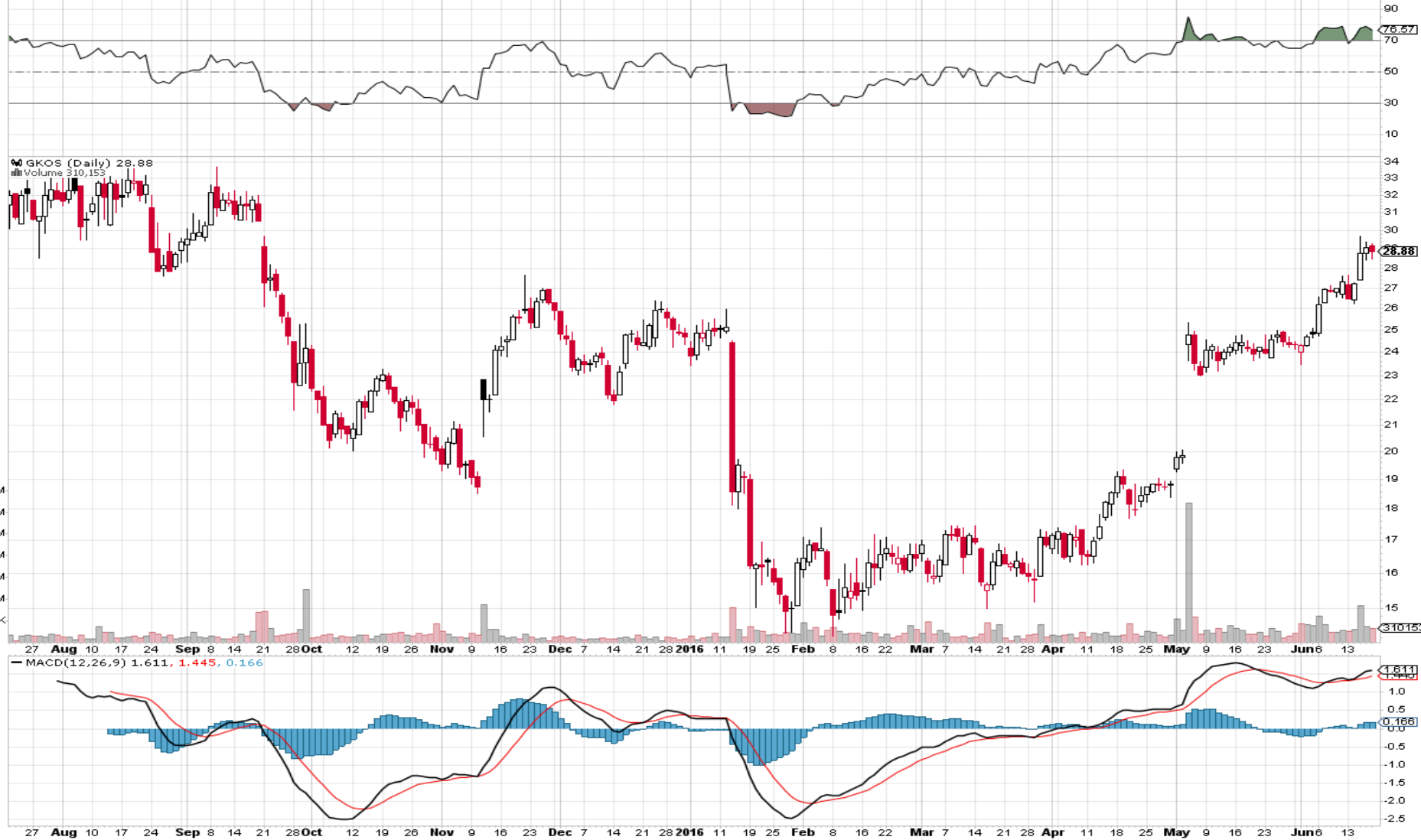
# Glaukos: The Past Year

GKOS Glaukos Corp. NYSE

17-Jun-2016

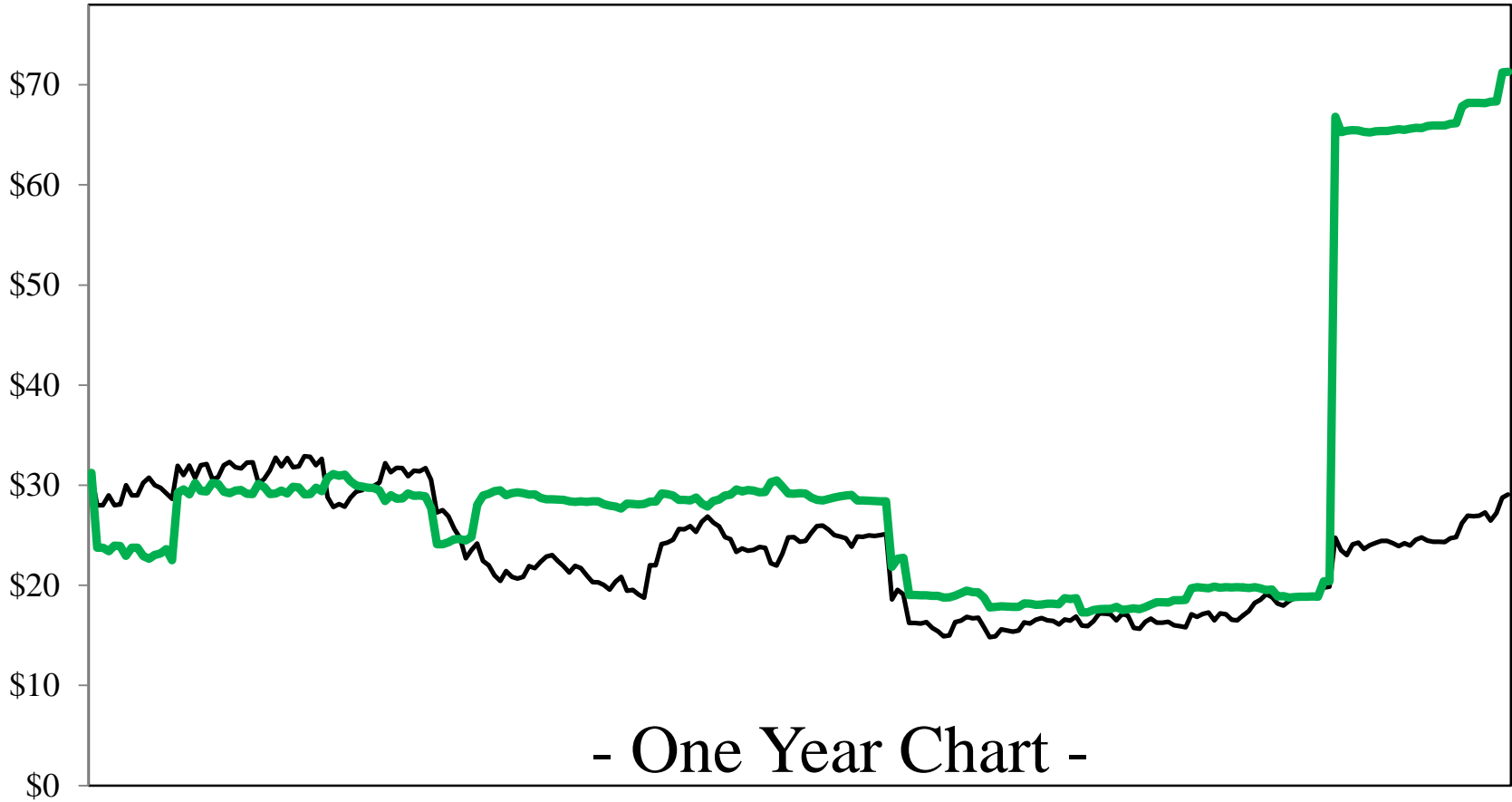
▲ RSI(14) 76.57

© StockCharts.com  
Open 29.18 High 29.28 Low 28.45 Close 28.88 Volume 310.2K Chg -0.20 (-0.69%) ▼



# LSI Charts

**Glaukos (GKOS) \$29.08 H 33.92 L 14.25**



# First Solar: The Past Year

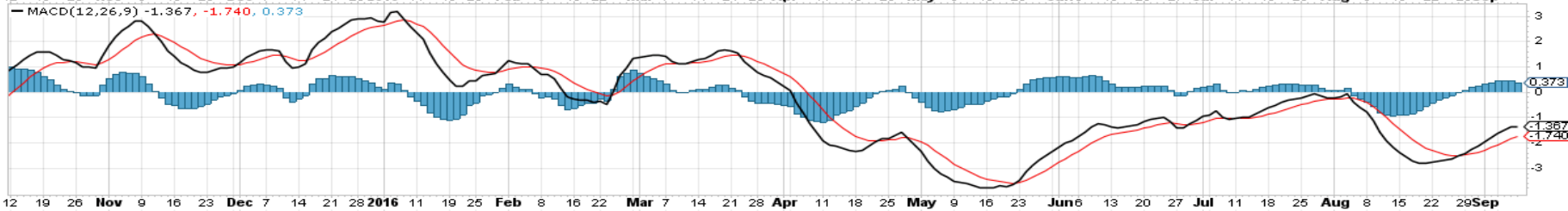
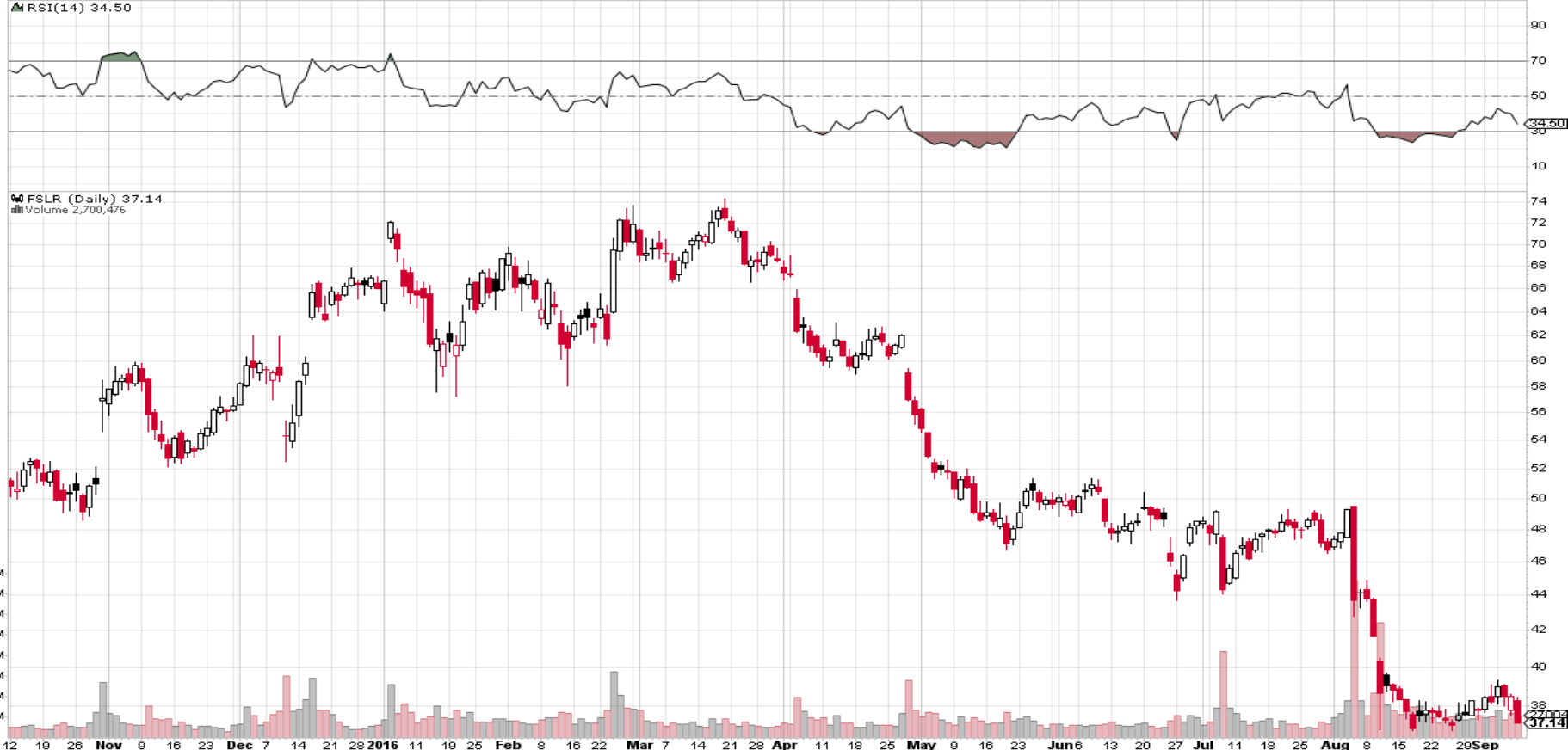
FSLR First Solar Inc. Nasdaq QM

9-Sep-2016

▲ RSI(14) 34.50

© StockCharts.com

Open 38.24 High 38.44 Low 37.13 Close 37.14 Volume 2.7M Chg -1.33 (-3.46%) ▼



## First Solar: Price & Volume Data (Yahoo Finance)

<i>Date</i>	<i>Close</i>	<i>Volume</i>	<i>+/-</i>	<i>Date</i>	<i>Close</i>	<i>Volume</i>	<i>+/-</i>	<i>Date</i>	<i>Close</i>	<i>Volume</i>	<i>+/-</i>
6/1/2016	<b>50.07</b>	<b>1,573,800</b>	<b>0.42</b>	5/9/2016	50.60	1,489,800	-1.20	4/14/2016	60.42	1,801,800	-1.23
5/31/2016	49.65	1,644,800	-0.25	5/6/2016	51.80	1,787,400	-0.16	4/13/2016	61.65	2,624,000	1.31
5/27/2016	49.90	1,059,100	0.17	5/5/2016	51.96	2,098,600	0.18	4/12/2016	60.34	1,488,300	0.38
5/26/2016	49.73	1,553,400	-0.83	5/4/2016	51.78	2,700,800	-1.07	4/11/2016	59.96	2,363,200	-0.67
5/25/2016	50.56	2,026,300	0.10	<b>5/3/2016</b>	<b>52.85</b>	<b>3,035,200</b>	<b>-2.00</b>	4/8/2016	60.63	2,147,600	-0.63
5/24/2016	50.46	2,525,500	1.42	5/2/2016	54.85	2,505,500	-0.99	4/7/2016	61.26	2,425,500	-1.50
5/23/2016	49.04	2,278,800	1.02	<b>4/29/2016</b>	<b>55.84</b>	<b>3,341,500</b>	<b>-1.18</b>	<b>4/6/2016</b>	<b>62.76</b>	<b>3,187,900</b>	<b>0.34</b>
5/20/2016	48.02	1,967,900	0.93	<b>4/28/2016</b>	<b>57.02</b>	<b>6,931,400</b>	<b>-5.01</b>	<b>4/5/2016</b>	<b>62.42</b>	<b>4,834,700</b>	<b>-4.82</b>
<b>5/19/2016</b>	<b>47.09</b>	<b>3,056,100</b>	<b>-1.62</b>	4/27/2016	62.03	2,947,600	0.79	4/4/2016	67.24	1,578,300	-0.24
5/18/2016	48.71	1,765,600	0.20	4/26/2016	61.24	1,369,700	0.85	4/1/2016	67.48	1,794,900	-0.99
5/17/2016	48.51	1,772,400	-0.56	4/25/2016	60.39	1,476,400	-1.15	3/31/2016	68.47	1,392,500	-0.50
5/16/2016	49.07	1,612,600	0.51	4/22/2016	61.54	1,475,600	-0.40	3/30/2016	68.97	1,268,200	-0.33
5/13/2016	48.56	1,982,500	-0.53	4/21/2016	61.94	1,481,600	0.22	3/29/2016	69.30	1,260,500	0.90
5/12/2016	49.09	2,457,200	-1.65	4/20/2016	61.72	1,900,800	1.20	3/28/2016	68.40	1,335,200	-0.06
5/11/2016	50.74	1,901,100	-0.53	4/19/2016	60.52	1,280,600	0.16	3/24/2016	68.46	1,512,000	0.23
5/10/2016	51.27	2,578,600	0.67	4/18/2016	60.36	1,208,900	0.77	3/23/2016	68.23	1,925,100	-3.06
6/9/2016	50.45	1,440,200	-0.15	4/15/2016	59.59	1,692,900	-0.83	3/22/2016	71.29	1,369,000	0.00

## Key Data Points & LSI Multiples

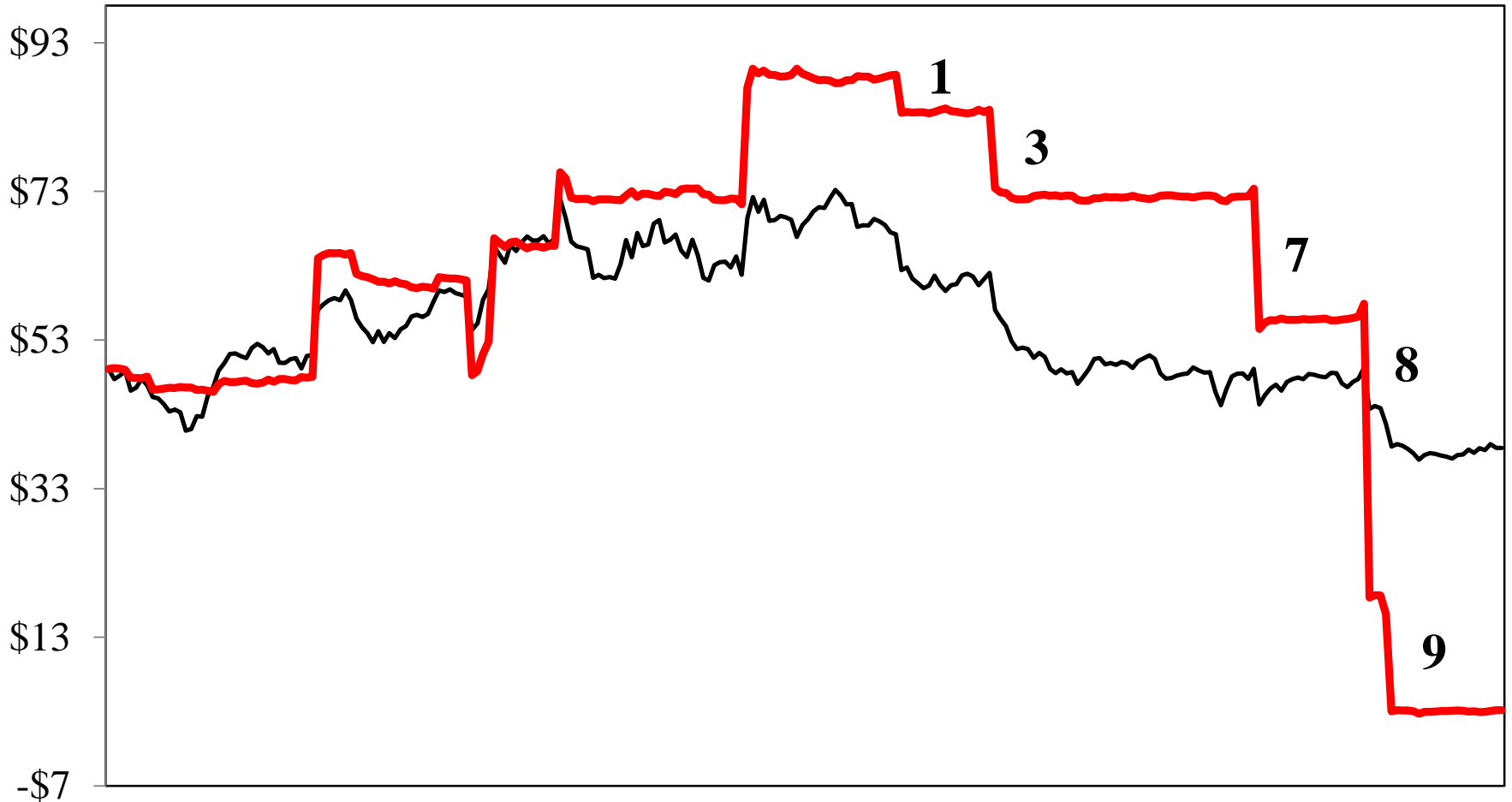
Spike	Key Trades			Average	Volume	Price	Price	LSI Multiplier
				Volume	Multiplier	Change	Multiplier	
6	5/19/2016	\$47.09	3,056,100	2,000,000	<b>1.5</b>	-1.62	1	<b>-2.5</b>
5	5/3/2016	\$52.85	3,035,200	2,000,000	<b>1.5</b>	-2.00	1	<b>-3.0</b>
4	4/29/2016	\$55.84	3,341,500	2,000,000	<b>1.7</b>	-1.18	1	<b>-2.0</b>
3	4/28/2016	\$57.02	6,931,400	2,000,000	<b>3.5</b>	-5.01	1	<b>-17.4</b>
2	4/6/2016	\$62.76	3,187,900	2,000,000	<b>1.6</b>	0.34	1	<b>0.5</b>
1	4/5/2016	\$62.42	4,834,700	2,000,000	<b>2.4</b>	-4.82	1	<b>-11.6</b>

### "Background" Trades

	4/22/2016	\$61.54	1,475,600	2,000,000	<b>0.7</b>	-0.40	1	<b>-0.2</b>
	4/21/2016	\$61.94	1,481,600	2,000,000	<b>0.7</b>	0.22	1	<b>0.2</b>
	4/20/2016	\$61.72	1,900,800	2,000,000	<b>1.0</b>	1.20	1	<b>1.1</b>
	4/19/2016	\$60.52	1,280,600	2,000,000	<b>0.6</b>	0.16	1	<b>0.1</b>
	4/18/2016	\$60.36	1,208,900	2,000,000	<b>0.6</b>	0.77	1	<b>0.5</b>
	4/15/2016	\$59.59	1,692,900	2,000,000	<b>0.8</b>	-0.83	1	<b>-0.7</b>



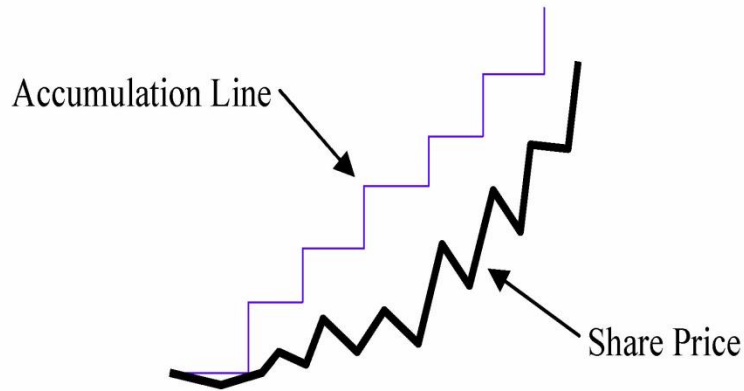
**First Solar (FSLR) \$38.47 H 74.29 L 36.75**



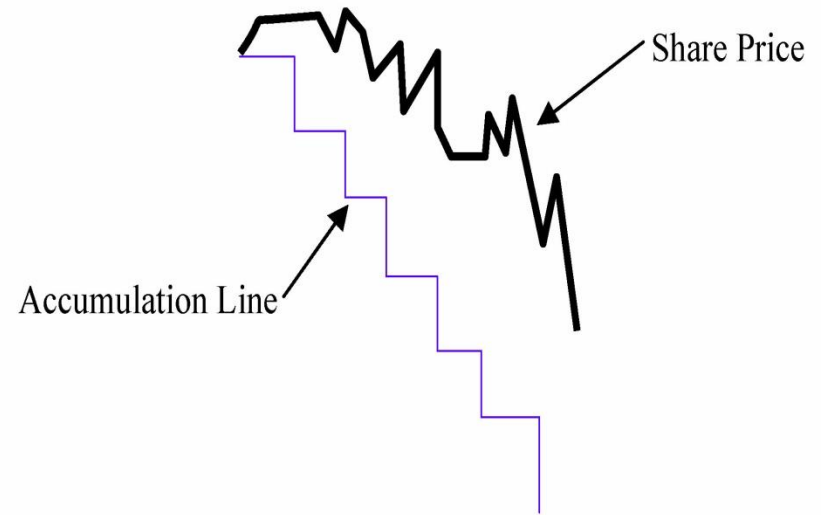
# LSI Charts

## Positive & Negative LSI Patterns

Stock Under Institutional Accumulation



Stock Under Institutional Distribution

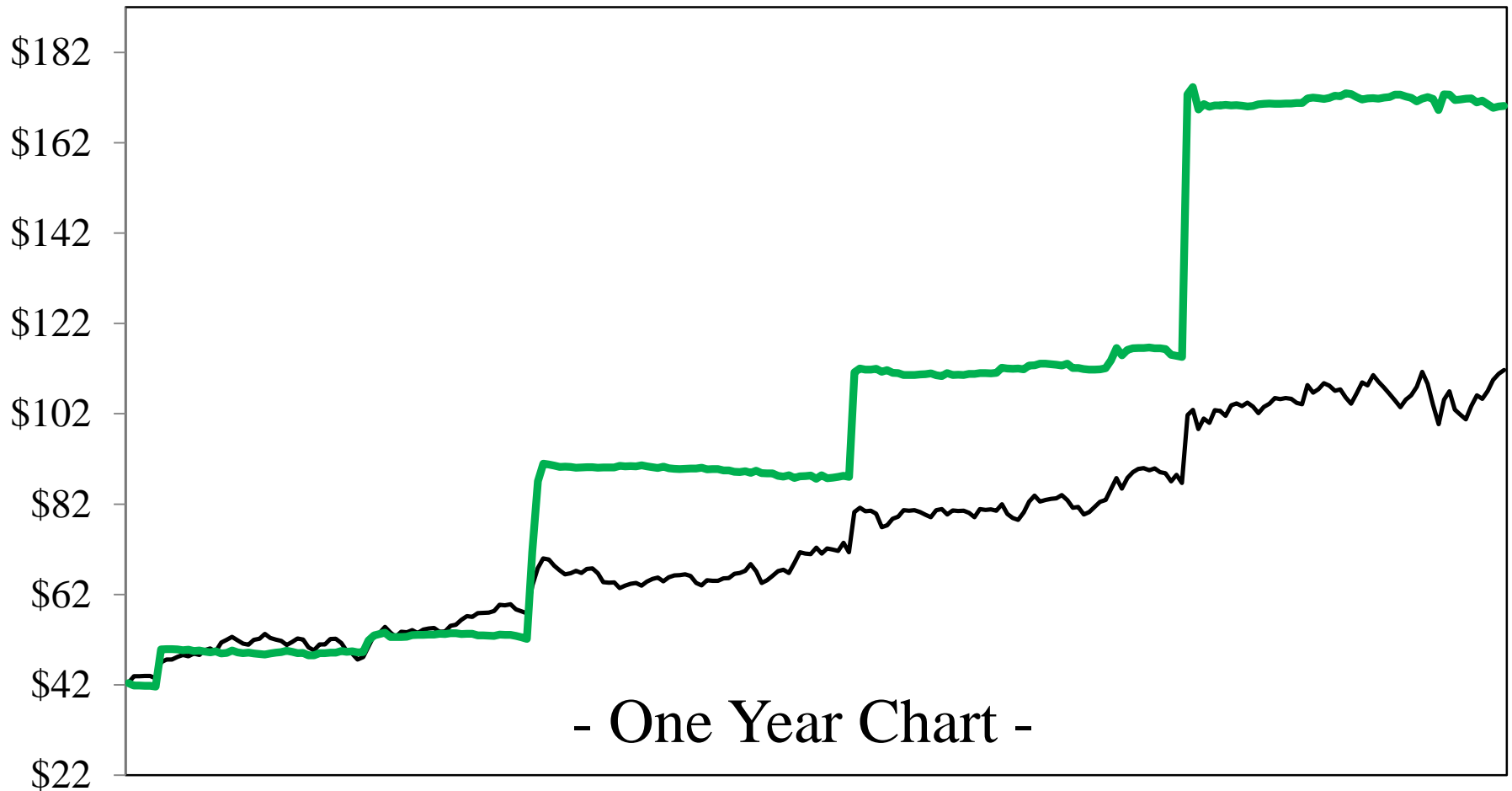


# LSI Charts

## Institutional Buying Patterns

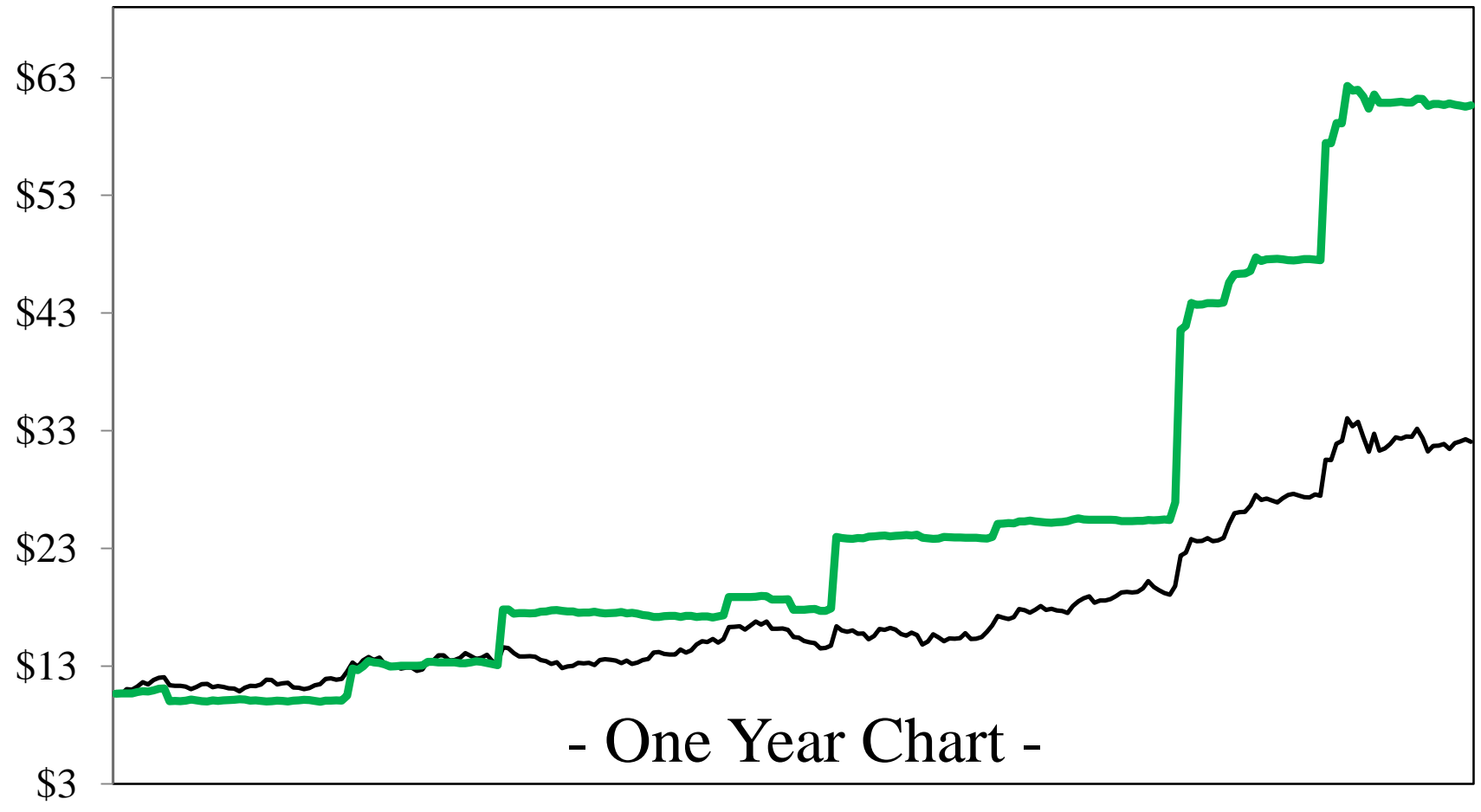
### **Conservative Stocks**

**Harman Intl. (HAR) \$111.69 H 112 L 42**



# LSI Charts

**Apple (AAPL) \$32.06 H 34.07 L 10.59**



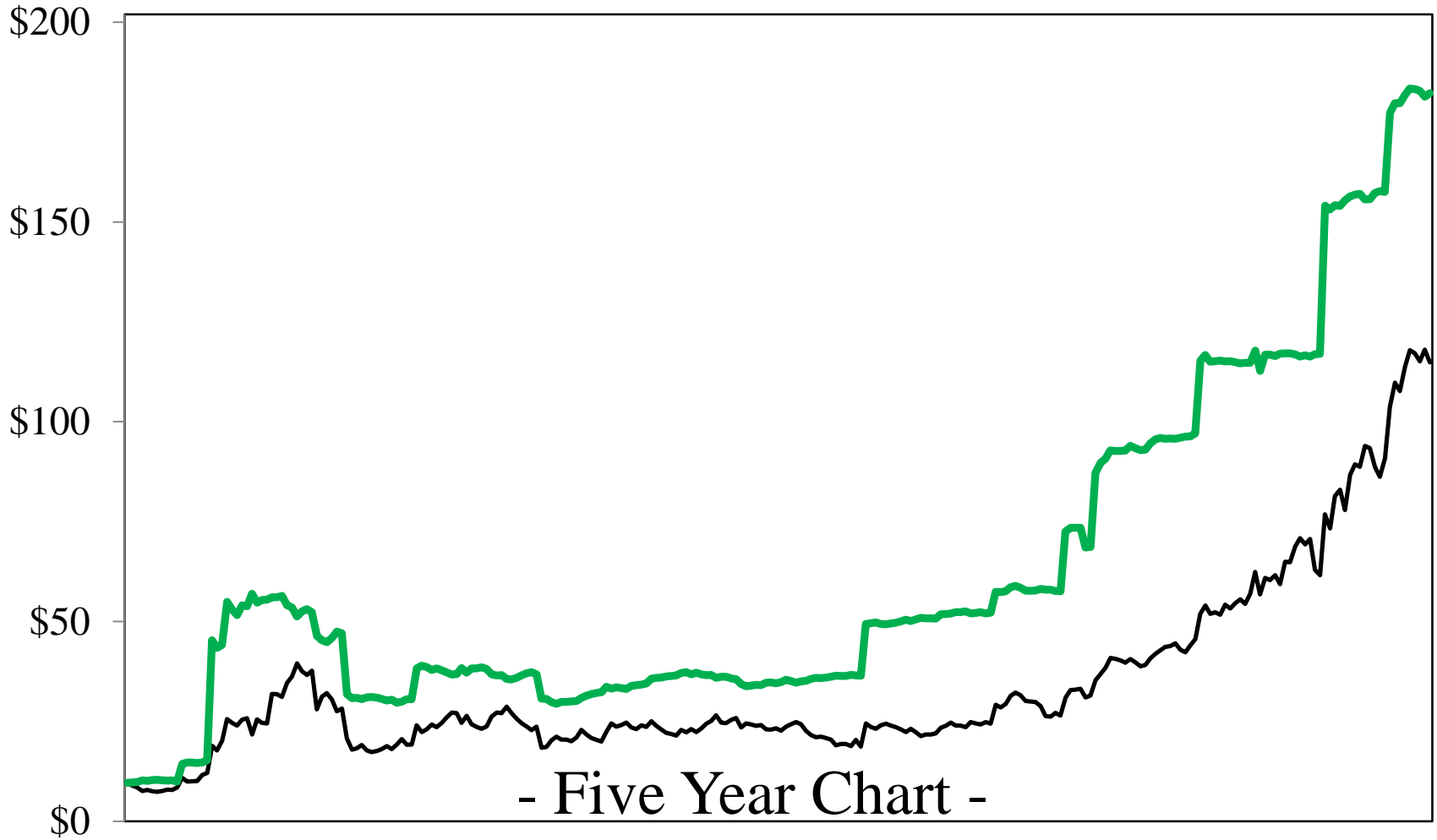
# LSI Charts

## Institutional Buying Patterns

### **Growth Stocks**

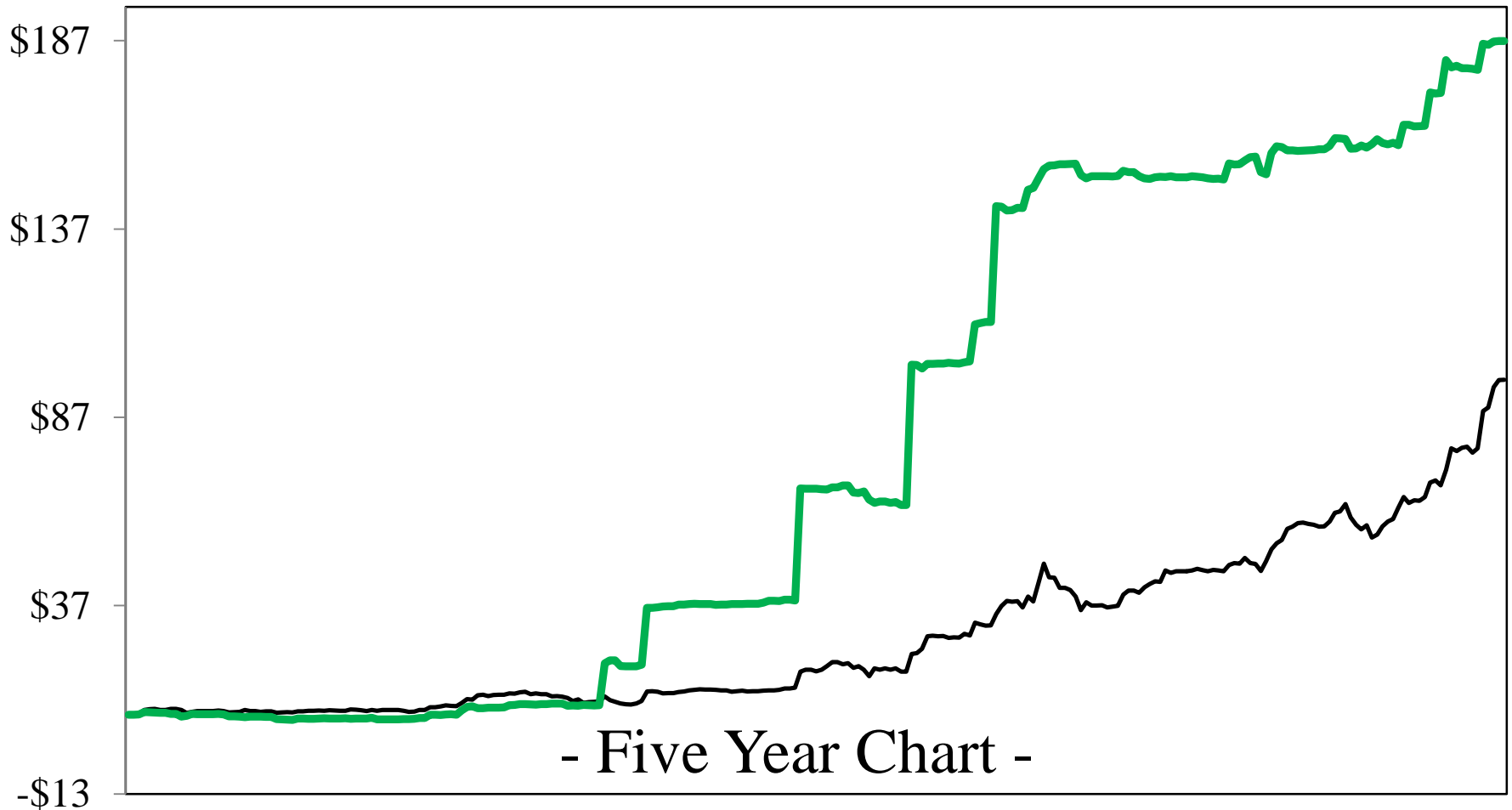
# LSI Charts

**Priceline (PCLN) \$114.86 H 118 L 7**



# LSI Charts

**Taro Pharm. (TARO) \$96.97 H 98.25 L 7.87**





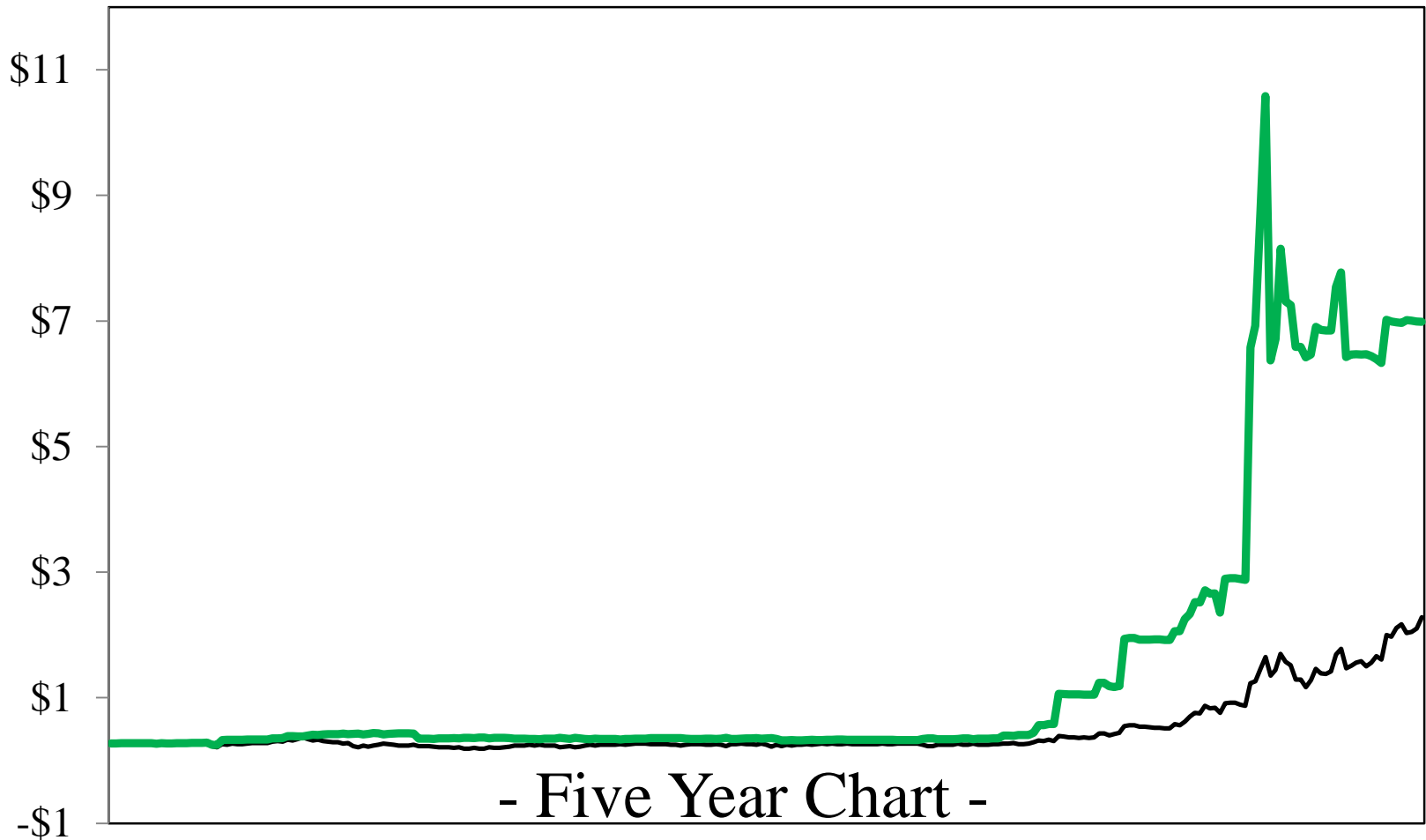
# LSI Charts

## Institutional Buying Patterns

**Small Cap/Speculative**

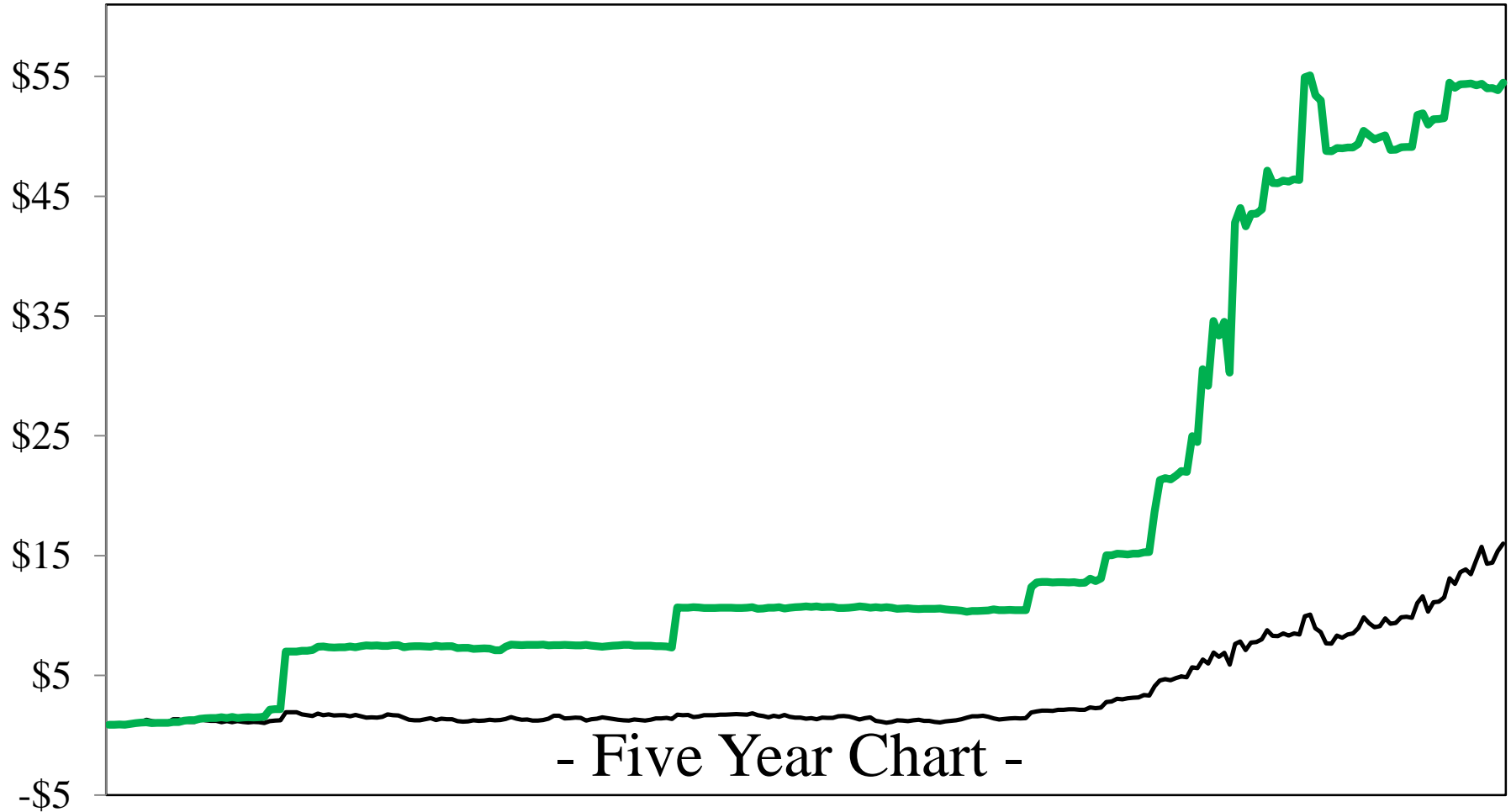
# LSI Charts

**Monster Beverage (MNST) \$2.28 H 2.28 L 0.2**



# LSI Charts

**Deckers (DECK) \$16.01 H 16.01 L 0.88**



# LSI Charts

## **Increase the Effectiveness of Our Investing**

Use Institutional Imbalances To:

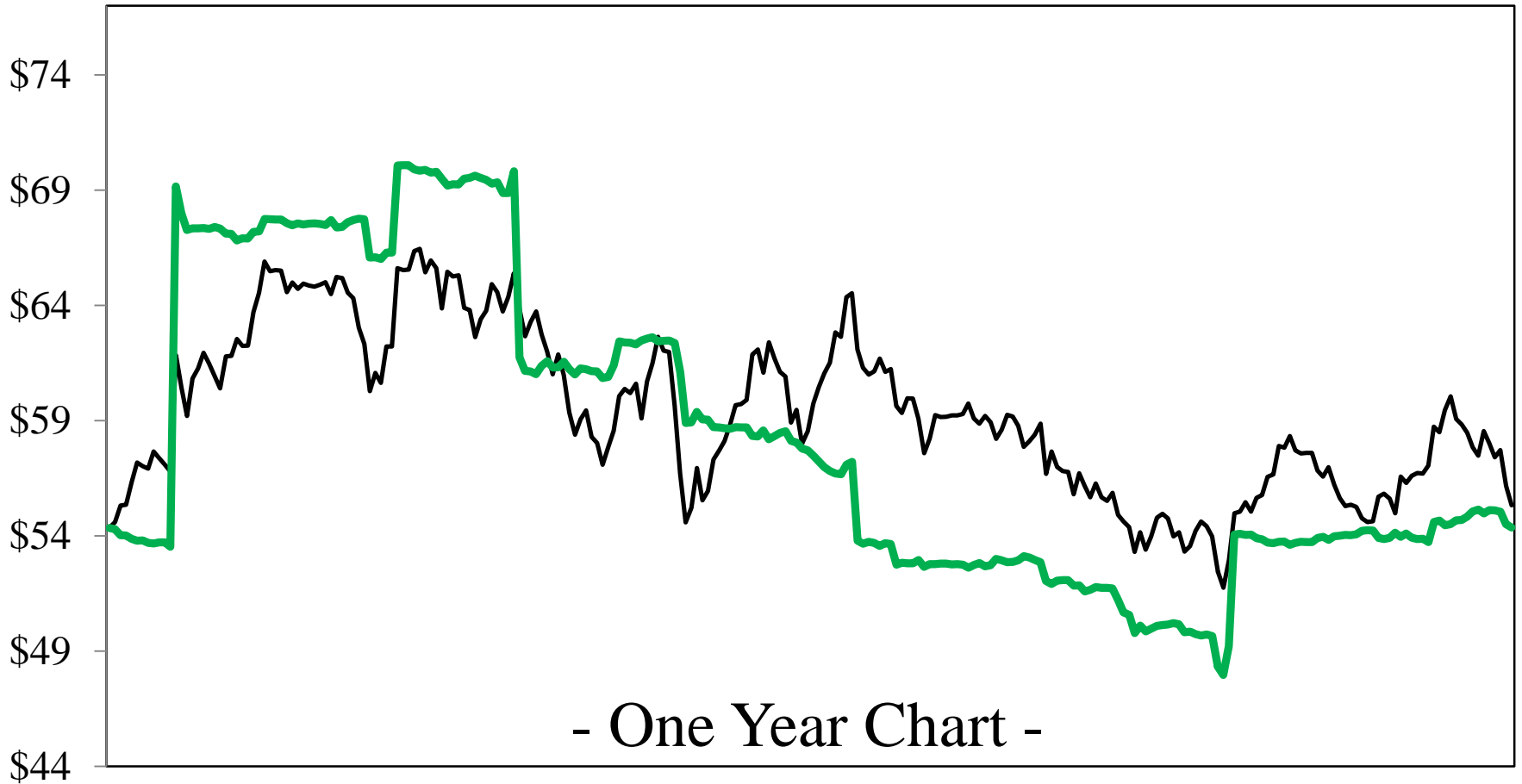
- 1) Find Stocks
- 2) Improve Timing of Trades
- 3) Increase Effectiveness of Investment Strategies

LSI Charts

# **Selected LSI Chart Stock Review**

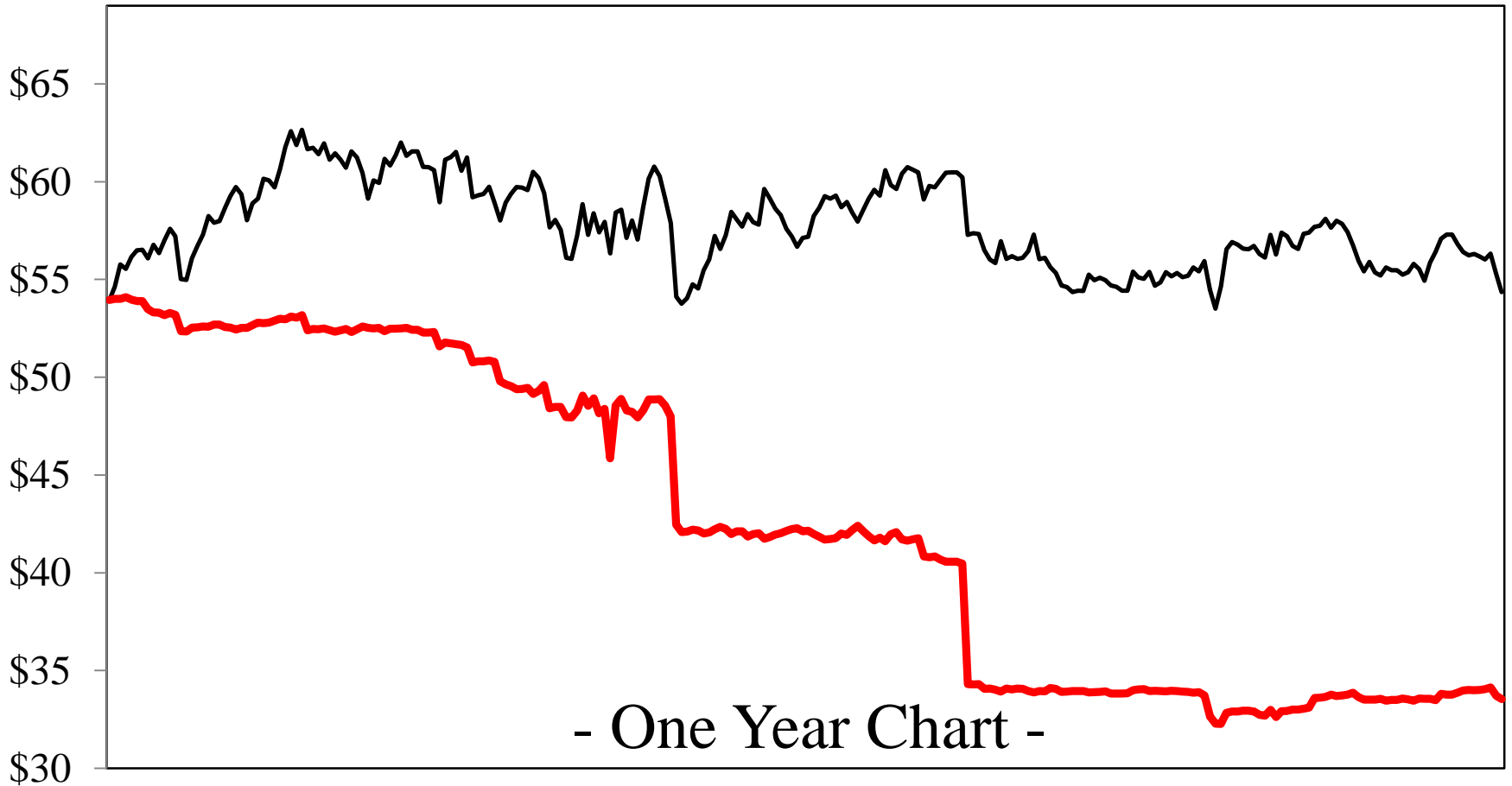
*Let's Have A Little Fun!*

**Nike (NKE) \$55.33 H 66.45 L 51.75**



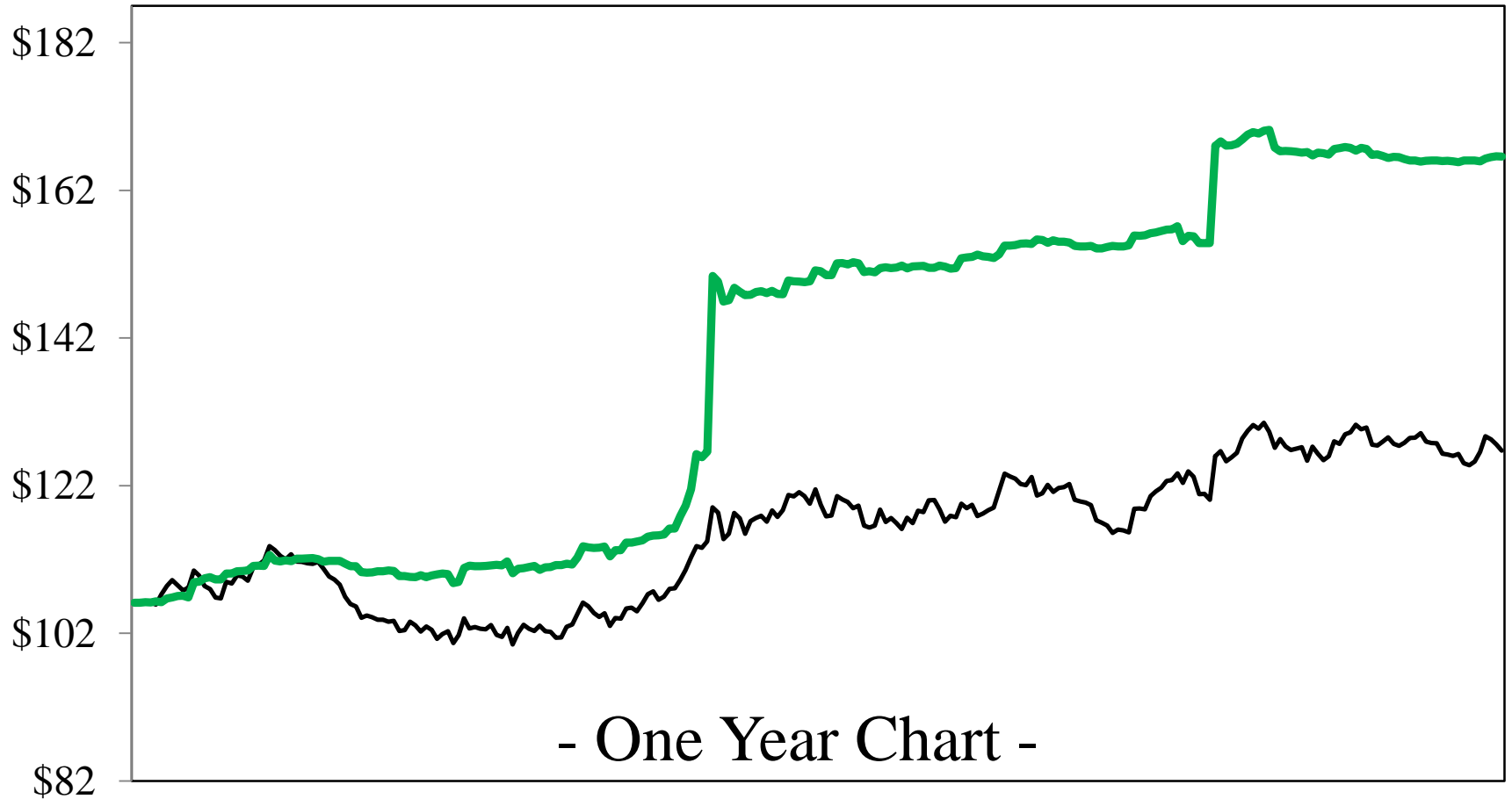
Next Up: Starbucks (SBUX)

**Starbucks (SBUX) \$54.35 H 62.66 L 53.5**



Next Up: Gold (GLD)

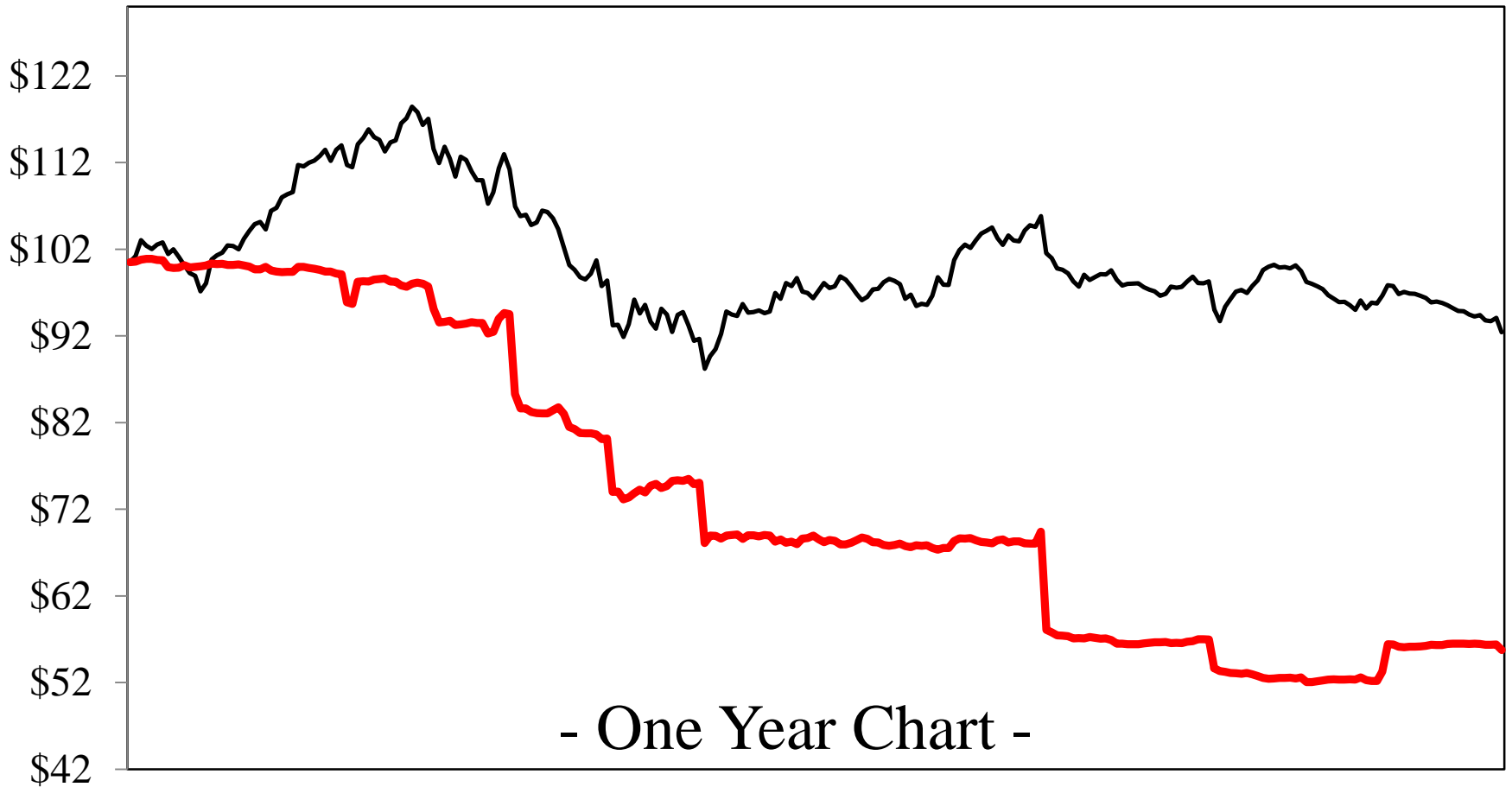
**Gold ETF (GLD) \$126.75 H 131.15 L 100.23**



Next Up: Disney (DIS)

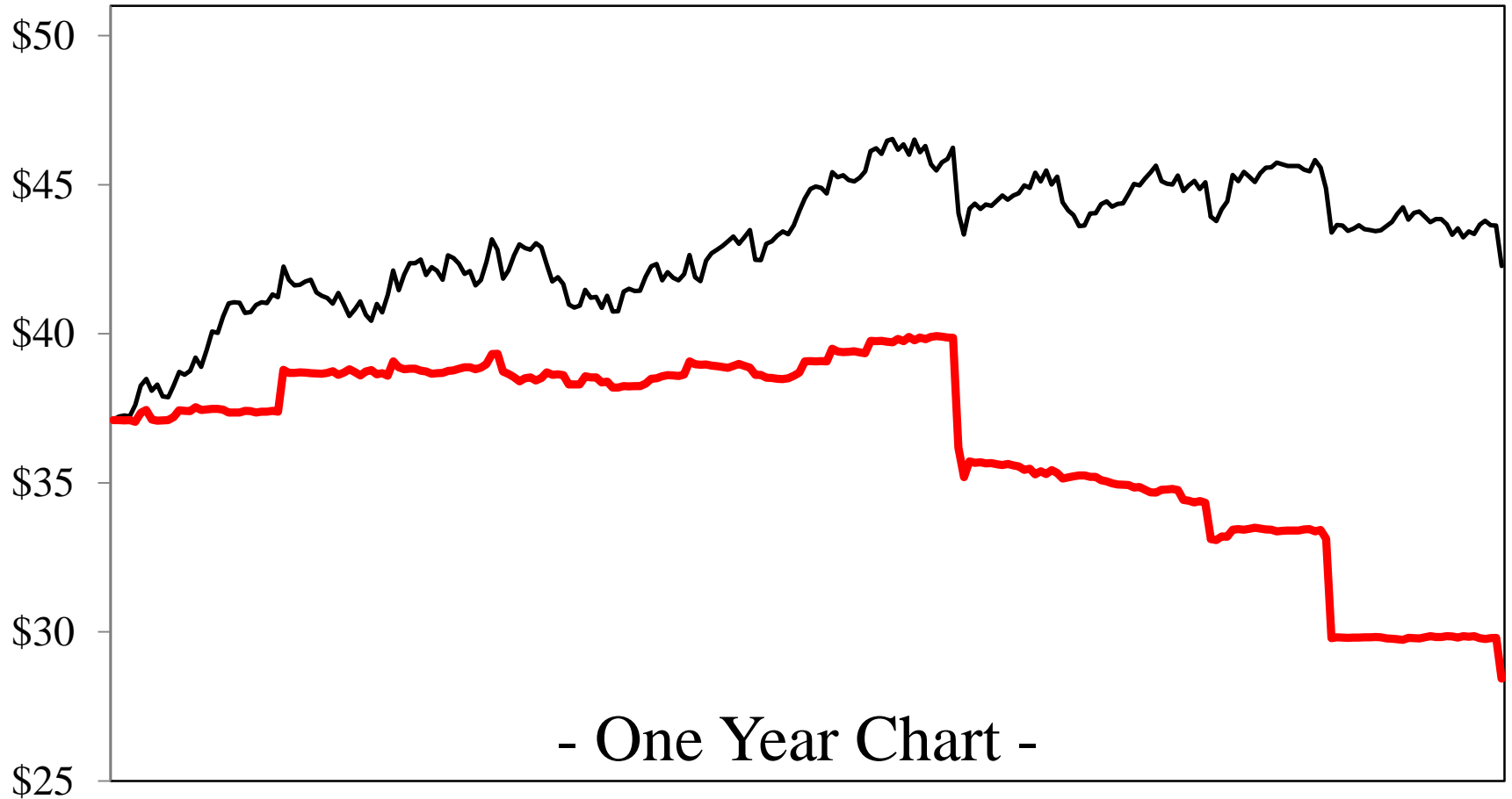


**Disney (DIS) \$92.42 H 118.44 L 88.21**



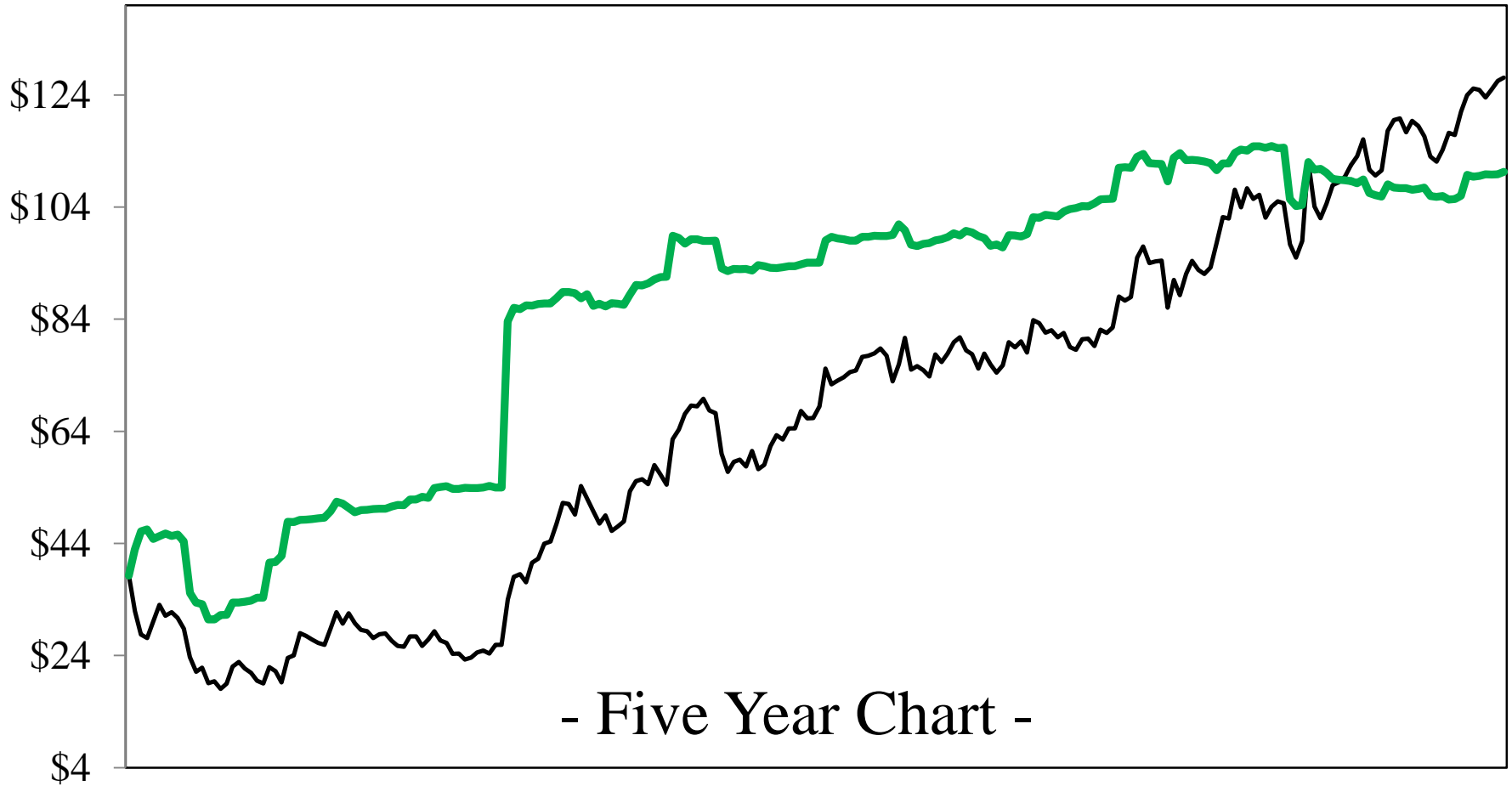
Next Up: Coca Cola (KO)

**Coca Cola (KO) \$42.27 H 46.53 L 37.11**



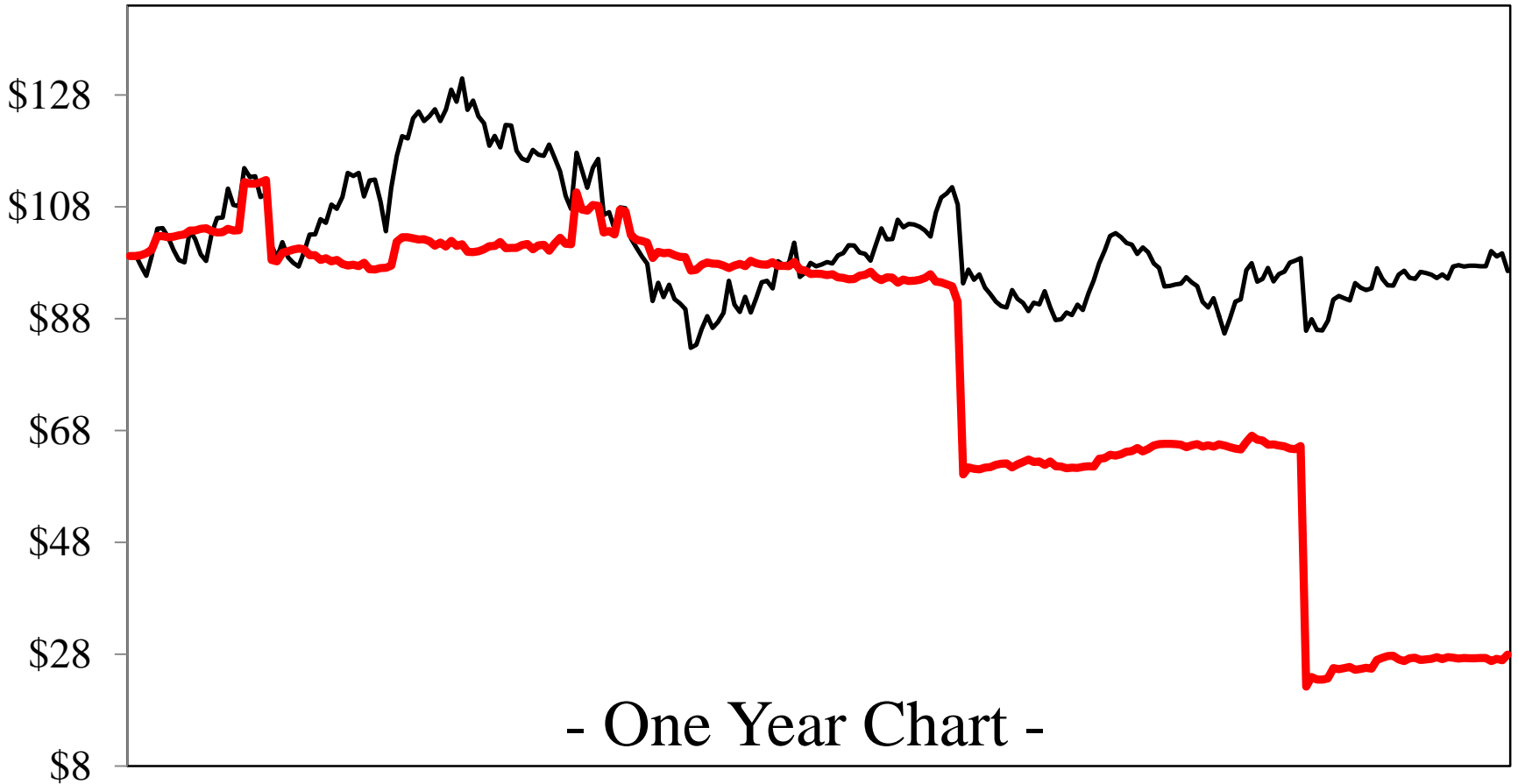
Next Up: Facebook (FB)

**FaceBook (FB) \$127.10 H 131.98 L 17.55**



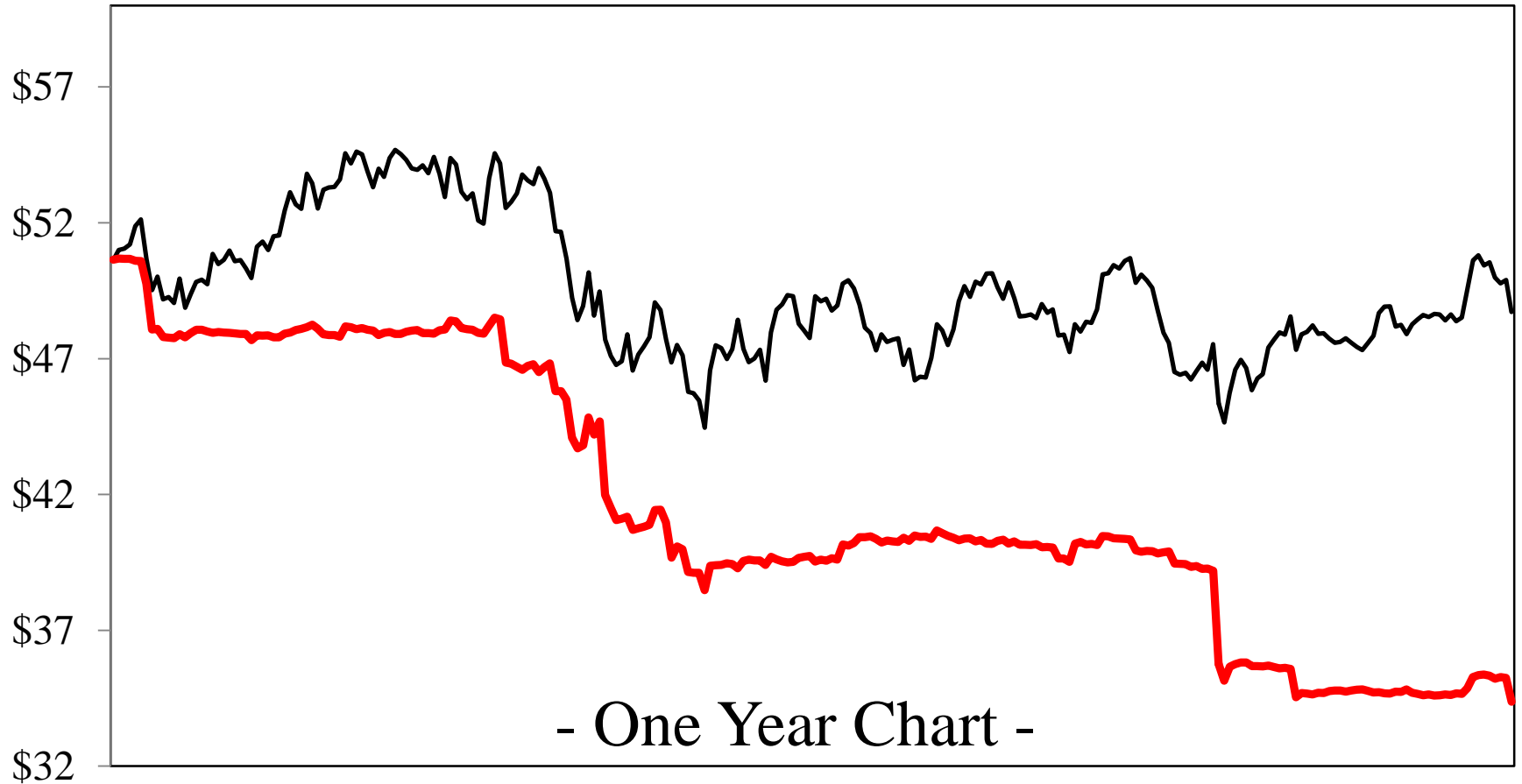
Next Up: Netflix (NFLX)

**Netflix (NFLX) \$96.50 H 133.27 L 79.95**



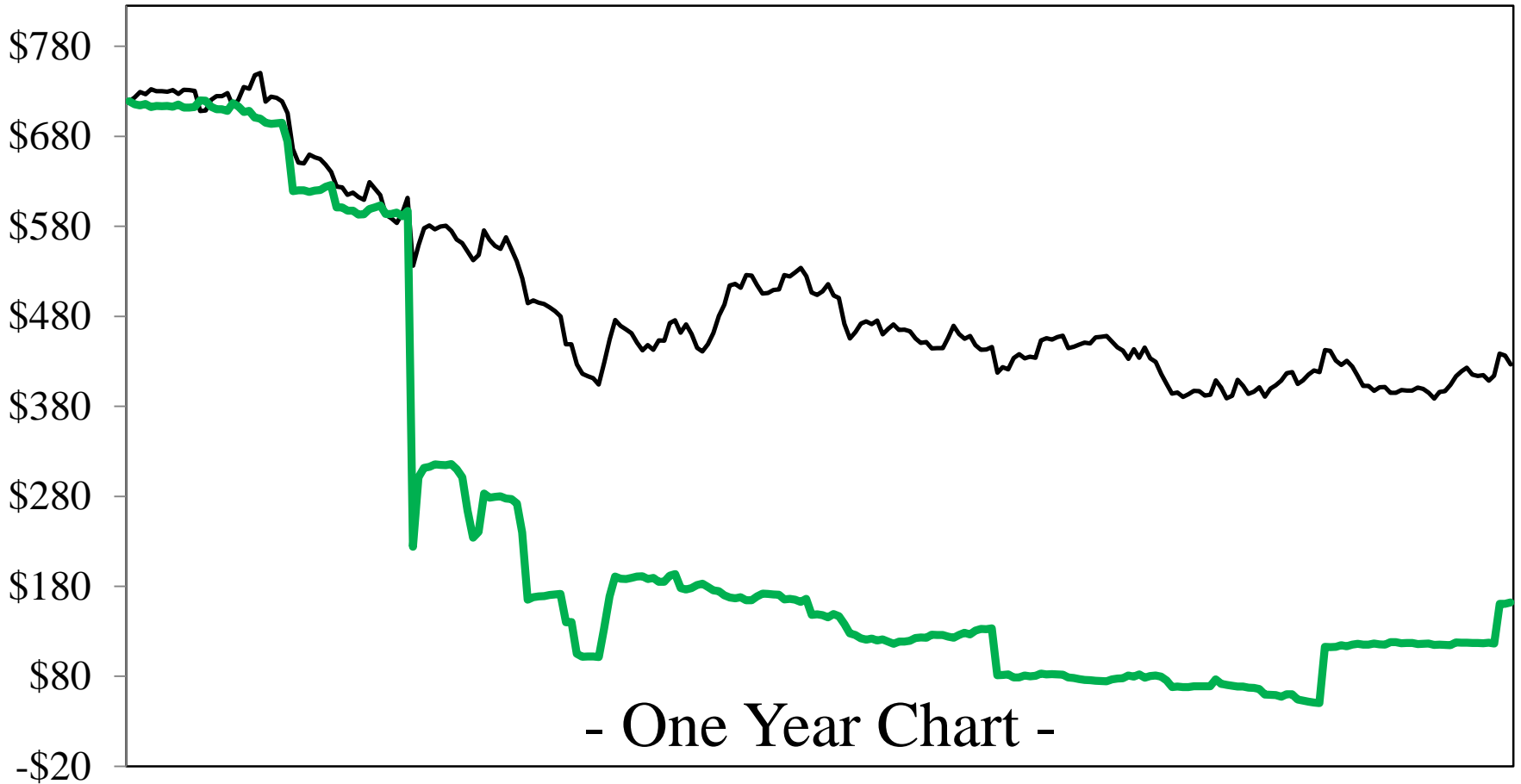
Next Up: Wells Fargo (WFC)

**Wells Fargo (WFC) \$48.72 H 54.68 L 44.46**



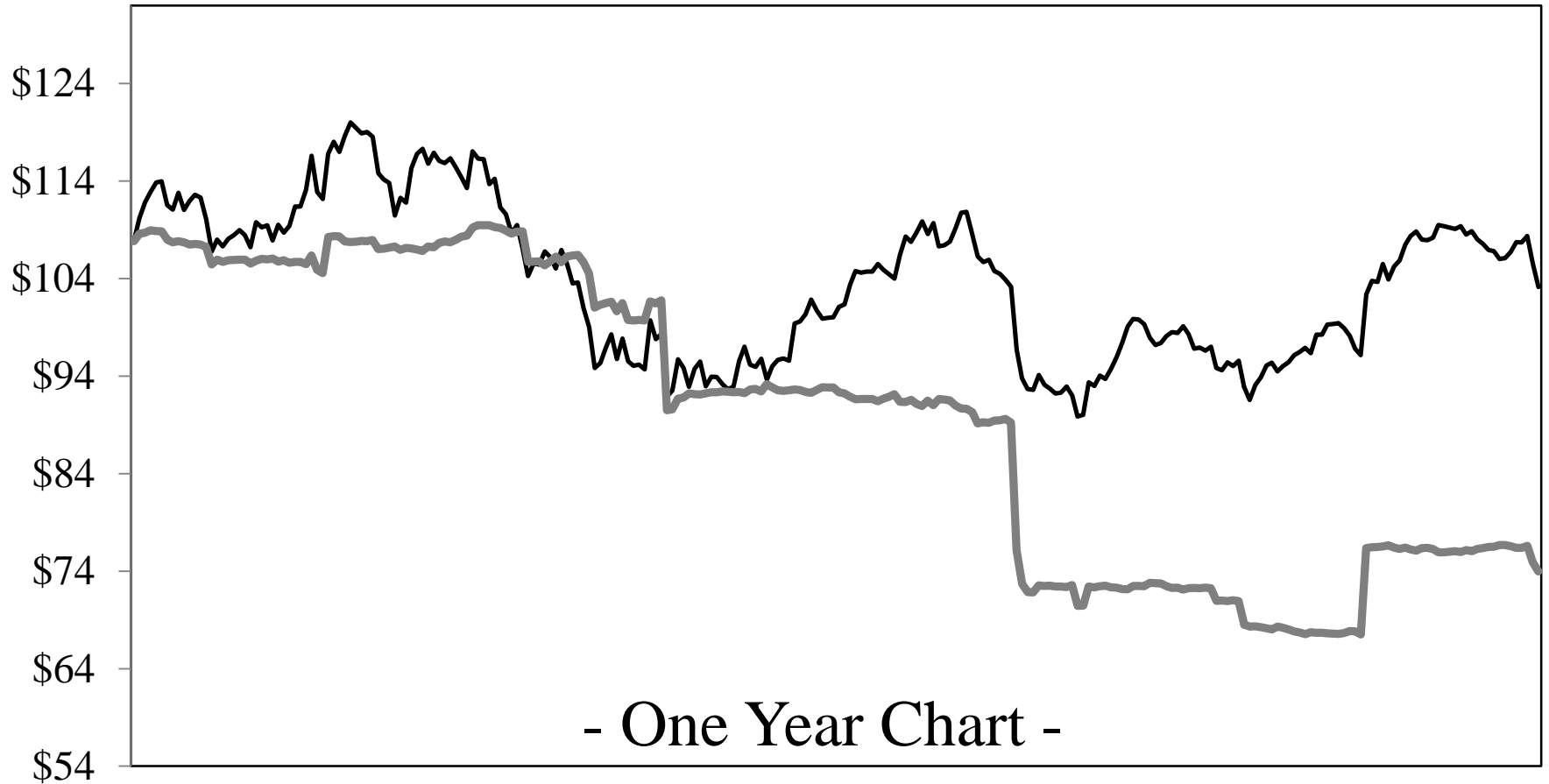
Next Up: Chipotle (CMG)

# Chipotle (CMG) \$426.55 H 757. L 384.77



Next Up: Apple (AAPL)

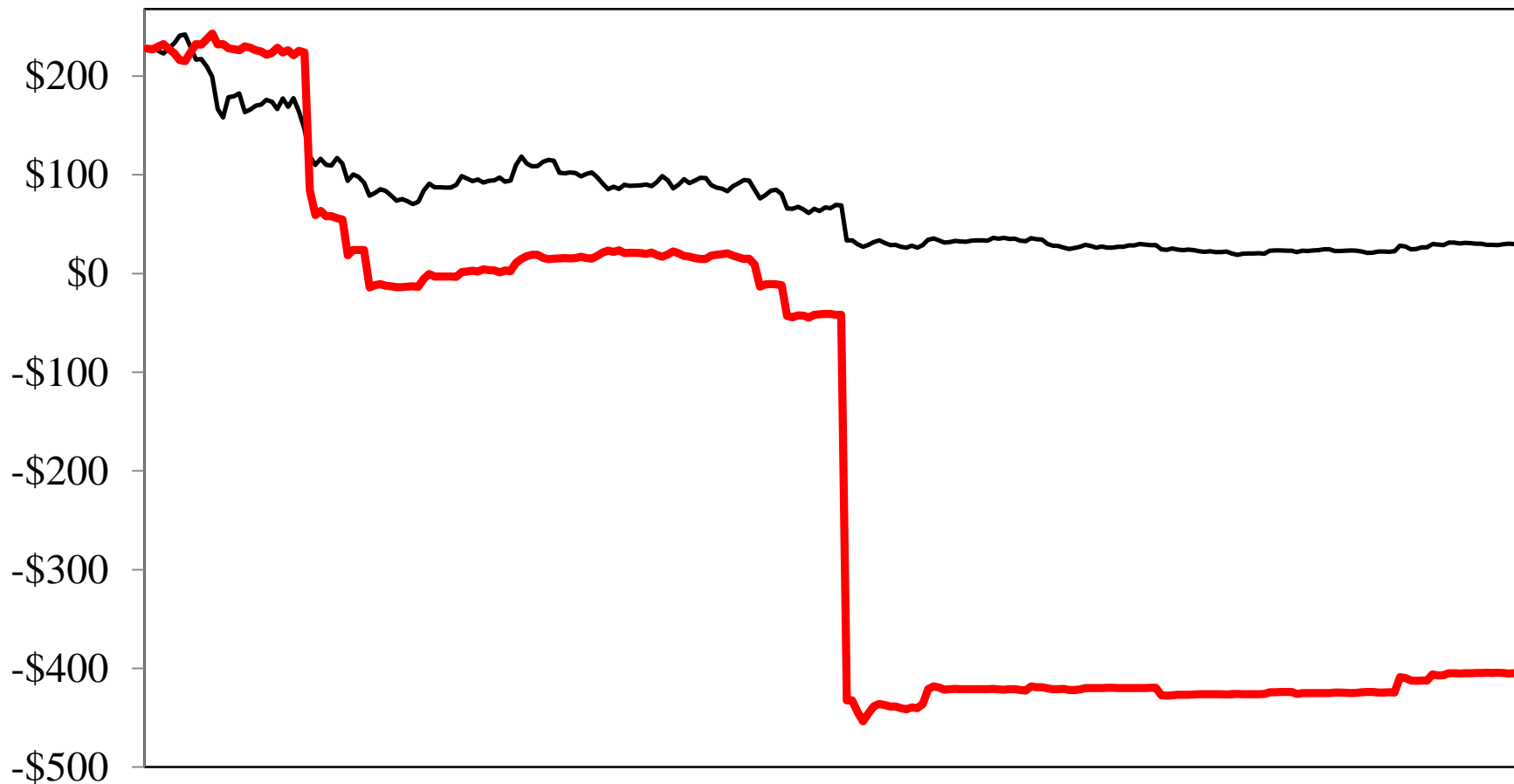
**Apple (AAPL) \$103.13 H 120. L 89.85**



- One Year Chart -

Next Up: Valeant Pharmaceutical (VRX)

**Valeant Pharm. (VRX) \$28.06 H 245.82 L 18.55**



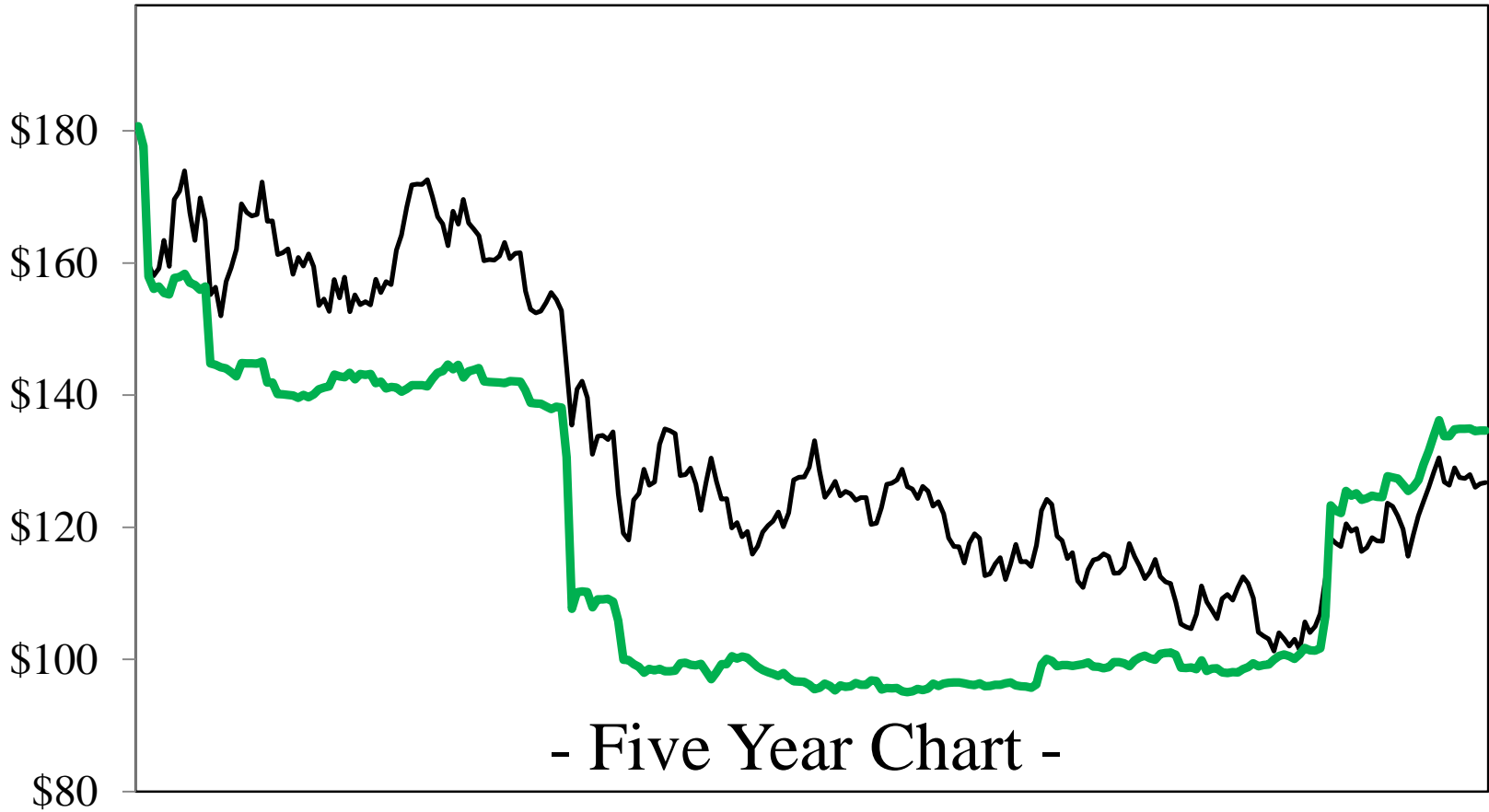
- One Year Chart -



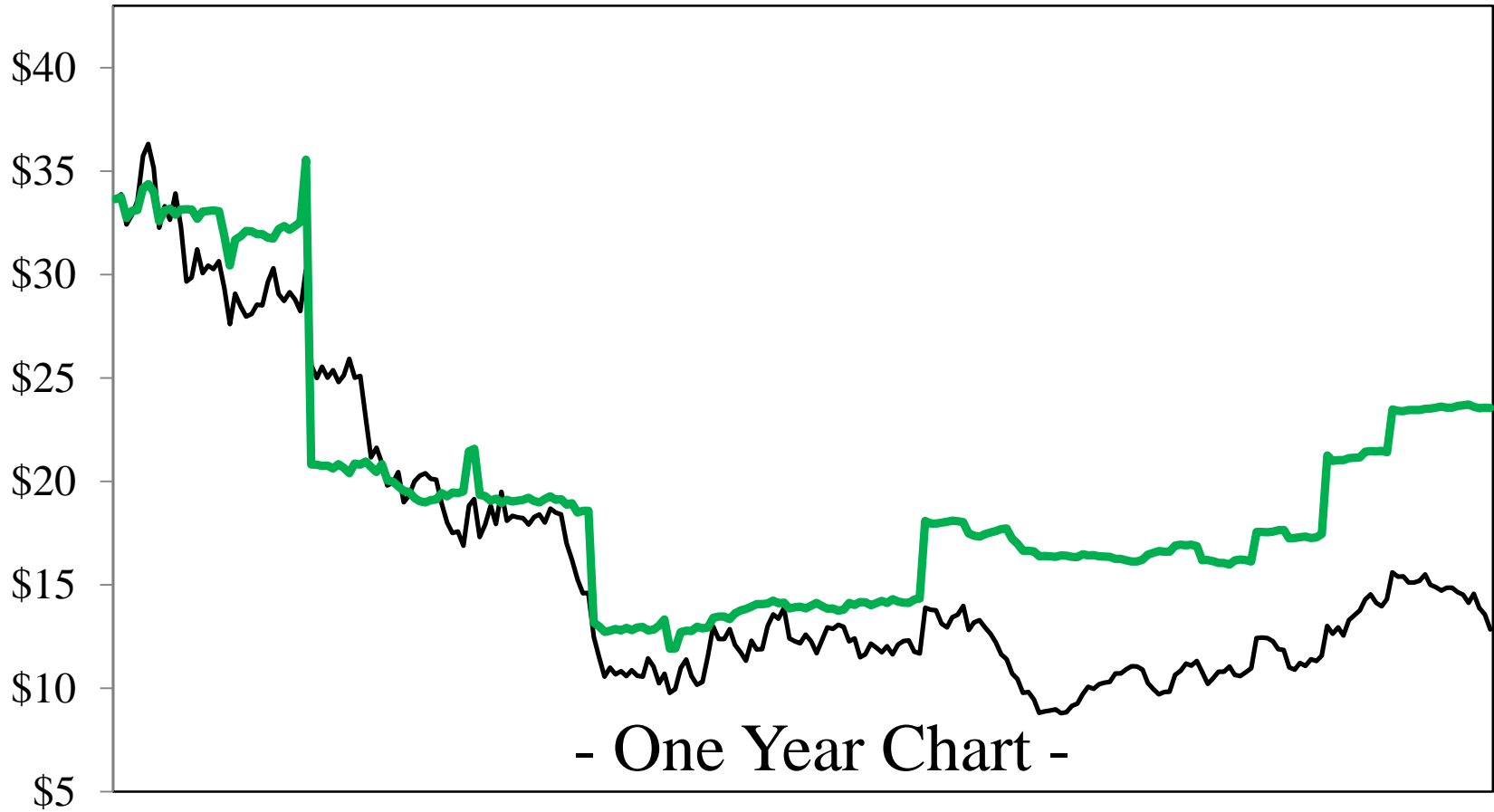
# Spotting Imbalances

## **Timely Stocks**

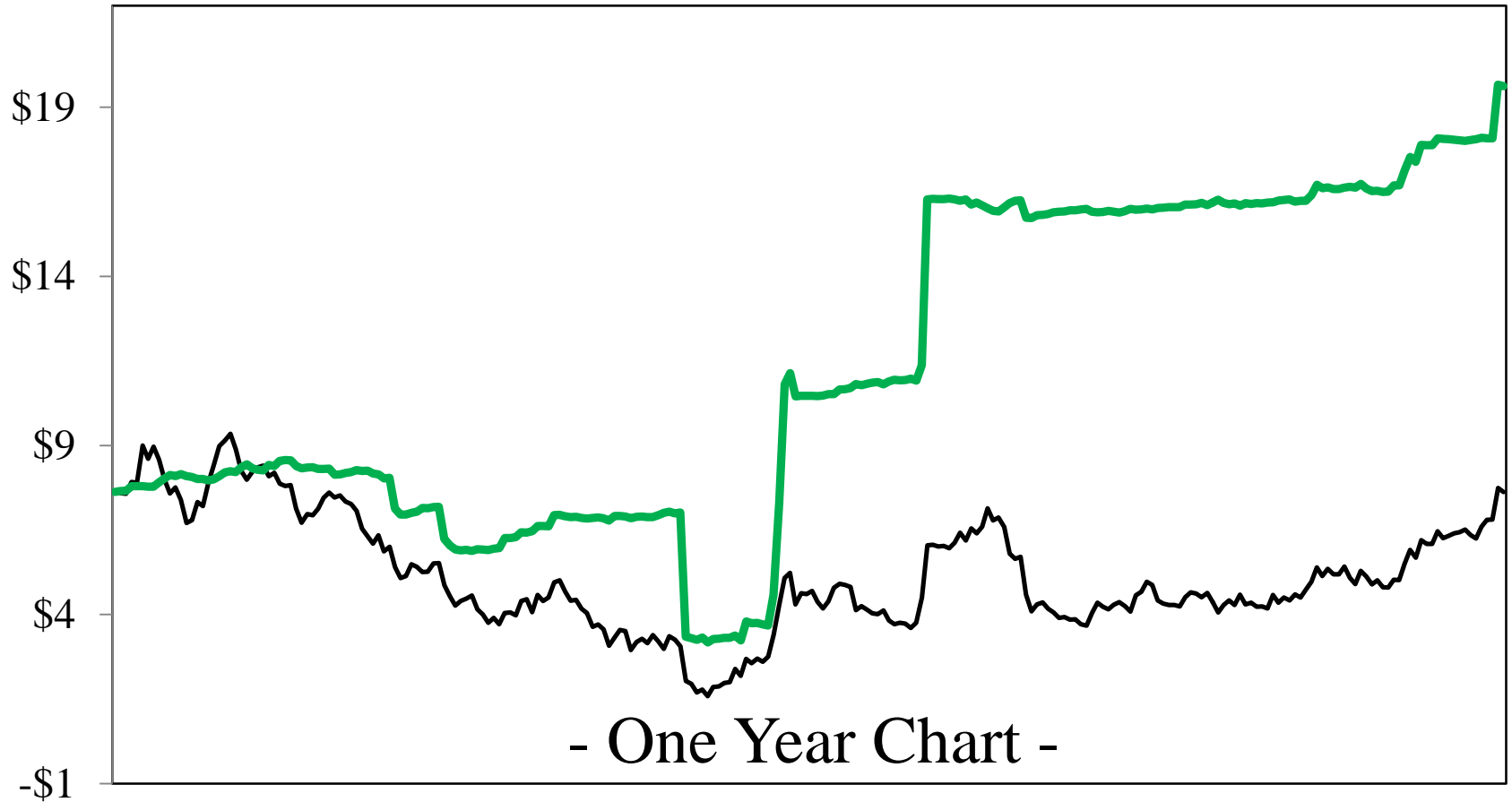
**Gold ETF (GLD) \$126.75 H 181.95 L 100.23**



**GoPro (GPRO) \$12.85 H 38.15 L 8.62**



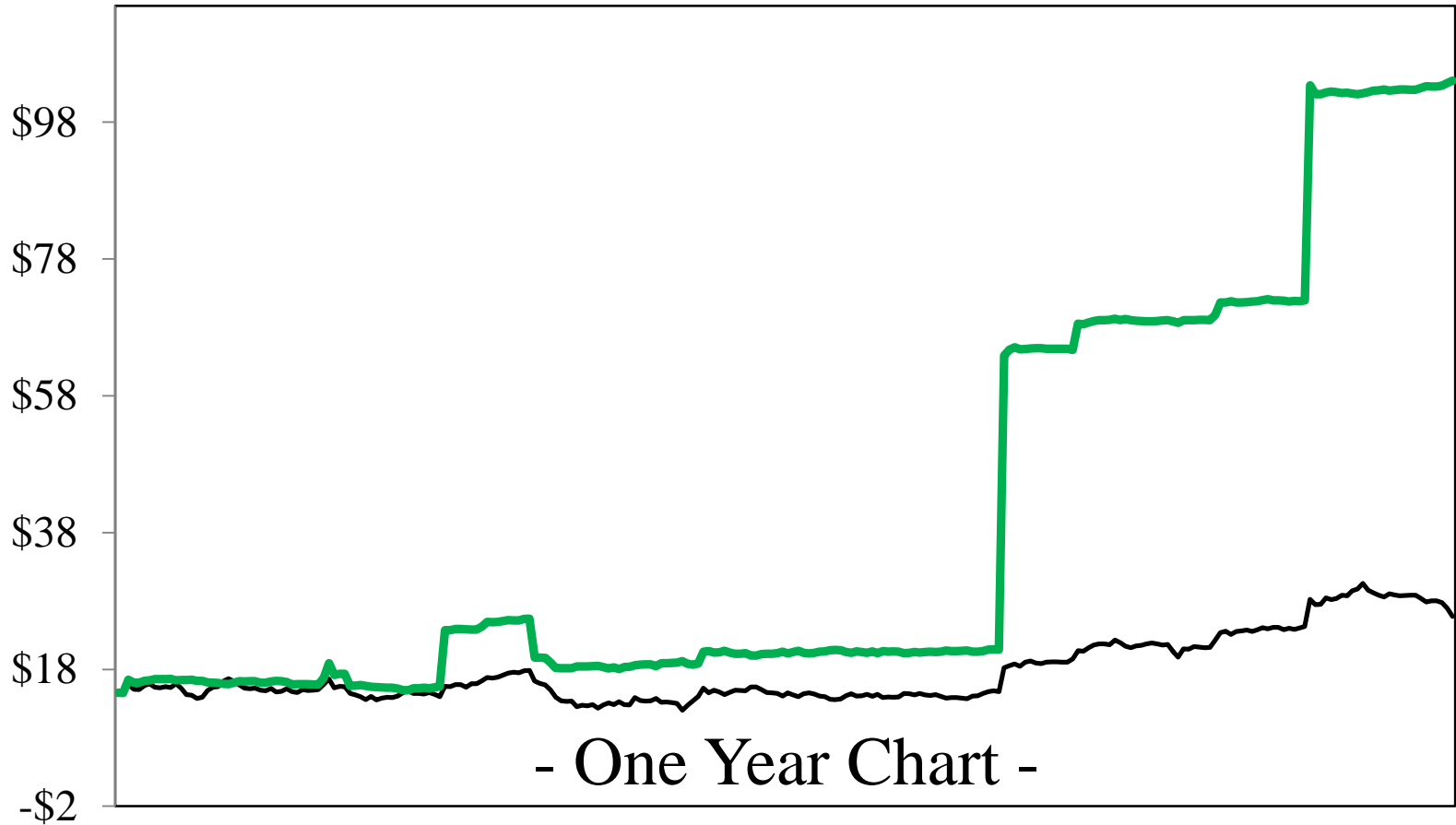
**Chesapeake Energy (CHK) \$7.62 H 9.55 L 1.5**



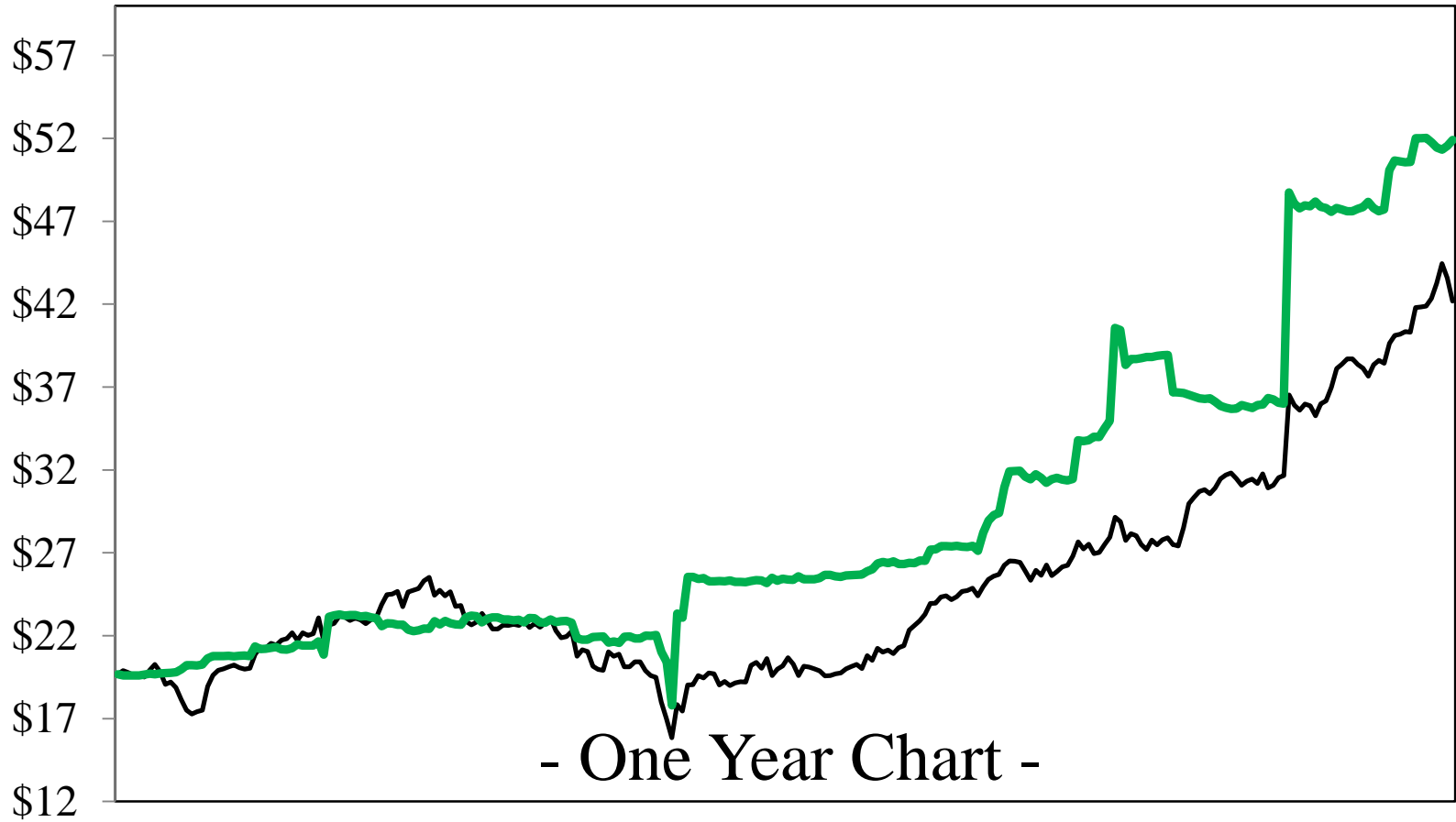
**Targa Resources (TRGP) \$46.52 H 58.94 L 14.7**



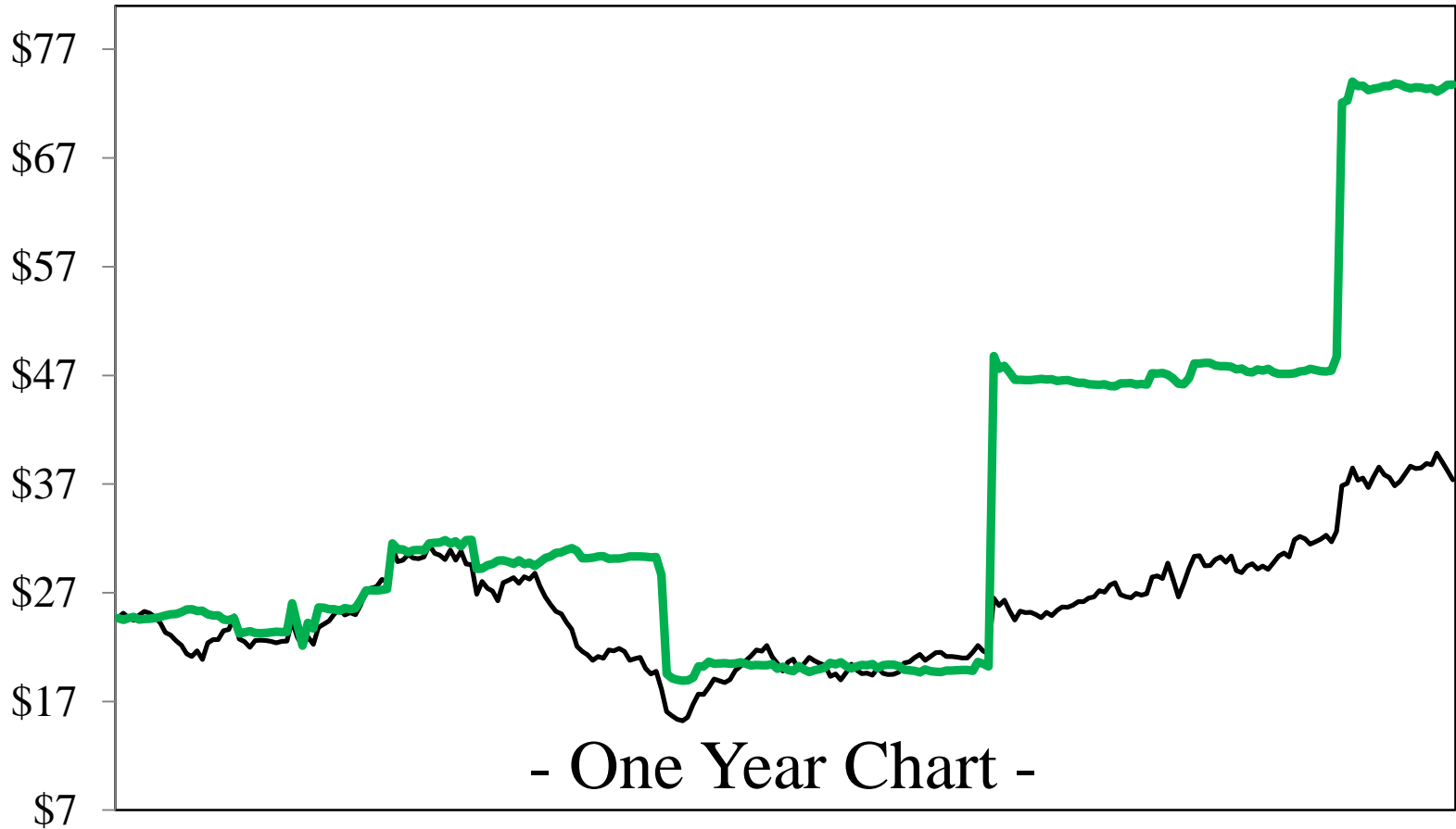
**SodaStream (SODA) \$25.76 H 30.7 L 11.66**



**Wix.com (WIX) \$42.18 H 44.57 L 14.79**

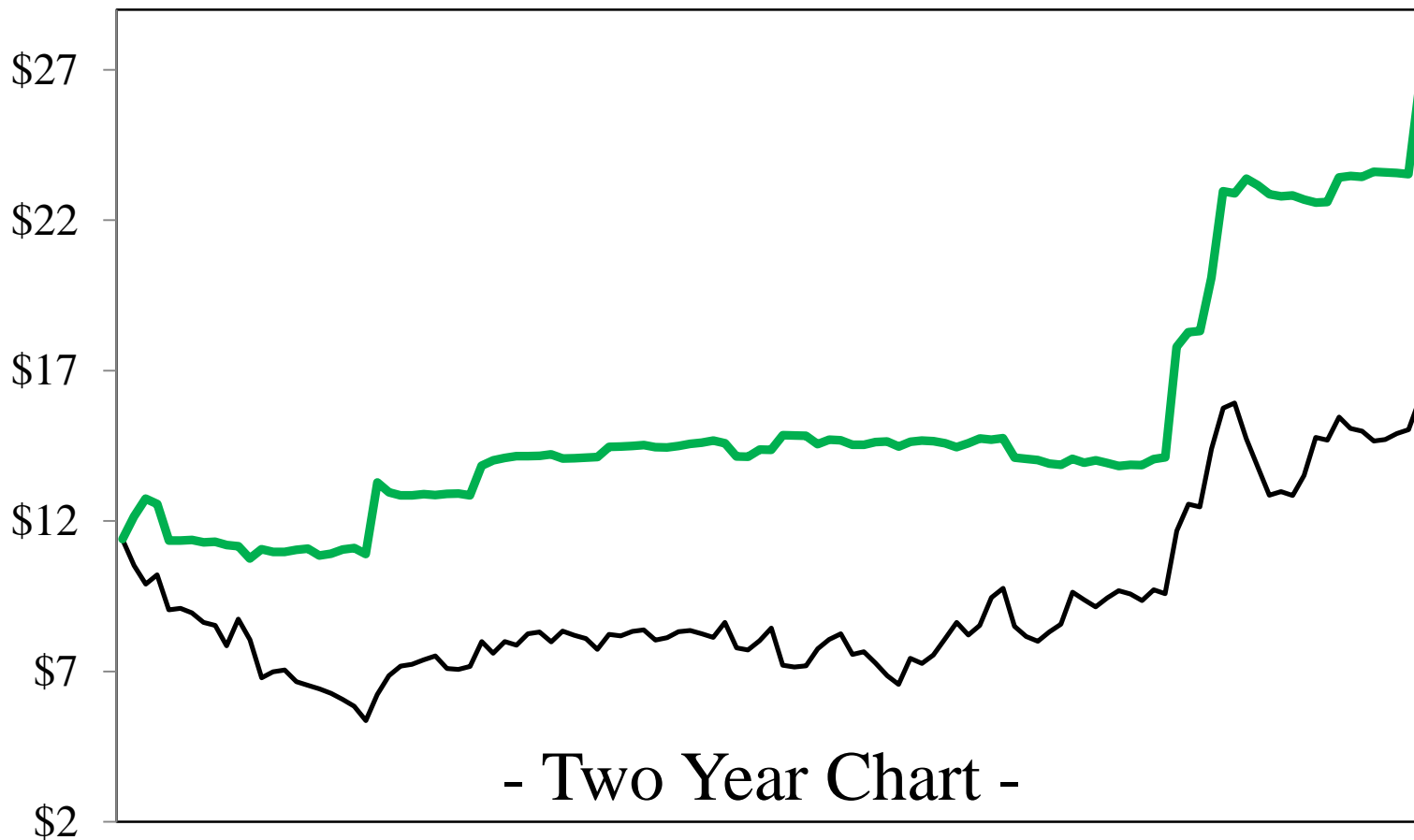


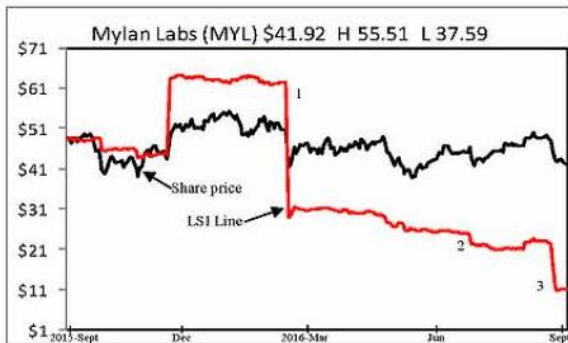
**Yelp (YELP) \$37.39 H 39.96 L 14.53**





**Trupanion (TRUP) \$16.07 H 16.88 L 5.21**





## Mylan Labs (MYL)

1 September

Mylan Labs stock fell after becoming the latest drug company to draw the ire of lawmakers following a significant price increase of its popular EpiPen. Mylan's latest woes come as no surprise to institutional investors, however, who have been aggressive sellers of Mylan since February (spike 1) and a peak above \$75 last year.

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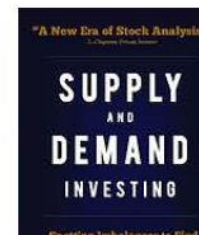
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