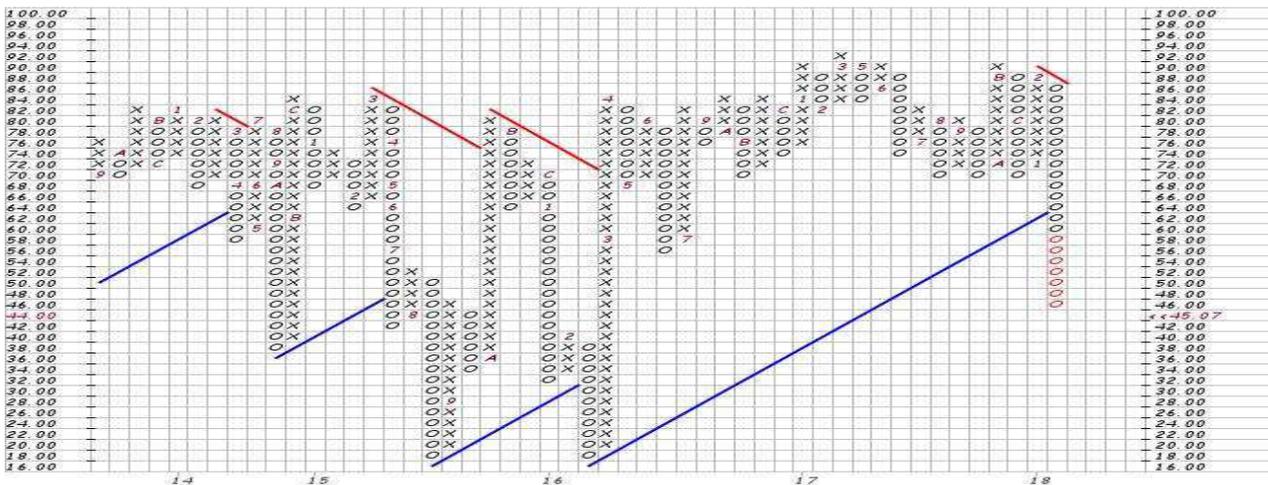


Starboard Weekly Report Ending February 9, 2018
Charts of the Week

XLK Technology Select Sector SPDR Fund NYSE
09-Feb-2018, 13:21 ET, daily, O: 63.01, H: 63.43, L: 61.20, C: 61.67, V: 19895992, Chg: -0.34 (-0.55%)
P&F Pattern Double Bottom Breakdown on 08-Feb-2018
Scaling: Traditional [Reversal: 3]



\$BPINFO S&P Technology Sector Bullish Percent Index INDX
09-Feb-2018, 13:38 ET, daily, O: 57.746, H: 57.746, L: 45.07, C: 45.07, Chg: -14.084 (-23.81%)
Status Bear Confirmed on 07-Feb-2018
Scaling: User-Defined [Reversal: 3, Box Size:2.0]



This week we show two different Point & Figure Charts (P&F) on the same sector, Technology (TECH). The top one is the TECH ETF and the bottom chart is the Bullish Percentage for the same sector.

TECHNICAL

The top chart puts me in mind of the celebrating, drunken Philadelphia football fans climbing light poles that the police had greased. This chart is a very slippery slope; especially when compared with the Bullish Percent bottom chart and please note the blue diagonal support lines on this chart. The important take away is the comparison of these two blue lines. The top chart has a long way to go to the support line while the bottom chart has broken support, indicating much lower prices in the future. P&F charts are quite foretelling because they only focus on how supply and demand is affected by price change. Another very important aspect of P&F charting is tracking bullish percentage of the markets as well as sectors. This is accomplished by plotting how many charts in a given market or sector is bullish or positive. The bottom chart is displaying how, during the last week, the TECH sector went from 88% bullish to 46% bullish. A more telling chart for the US markets is attached to your email and shows the NYSE bullish percentage and how it has given a bear market signal by dropping from 76% to 48% while issuing a double sell indication in the process.

FUNDAMENTAL

Apparently the TECH ETF owners have not received this message or maybe the Central Bank of Switzerland is holding the ETF up to protect their \$80 billion TECH portfolio. Whatever the reason, this ETF is over owned and as vulnerable to a major crash as it was in the year 2000; the last time that the NASDAQ went parabolic. This decline has taken place so fast that its ramifications have not been digested by the investing public. The sector and the markets may continue to bounce around for a while. However, the damaged price effect on supply and demand that has taken place will continue to have serious bearish consequences.

ASIDE

“In economics, things take longer to happen than you think they will, and then they happen faster than you thought they could.” Rudiger (Rudi) Dornbusch, Contemporary German Economist.

And this is the reason it pays to be very concerned with market risks.

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Please note: It is the client’s responsibility to notify Starboard of any changes that would in any way influence their financial requirements.

Starboard Asset Management, Inc. 02/09/18 Weekly Report