

Figure 1: Stock graph shows the up-trend

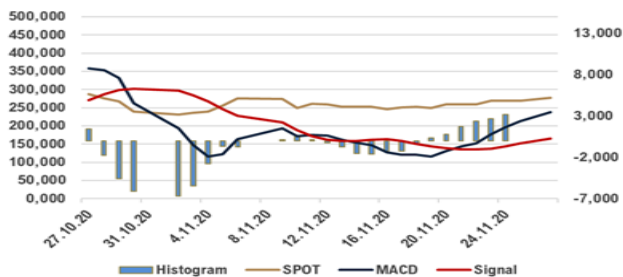


Figure 2: MACD moving above the zero barrier

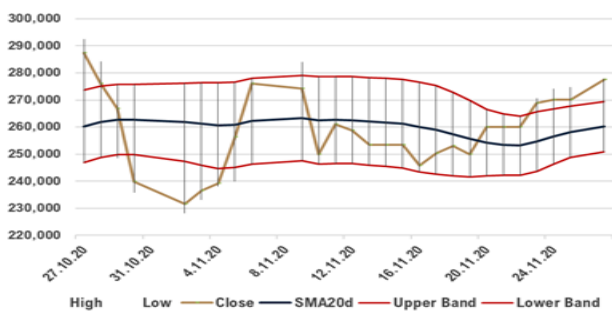


Figure 3: BolBands show that prices are moving above the Upper Band

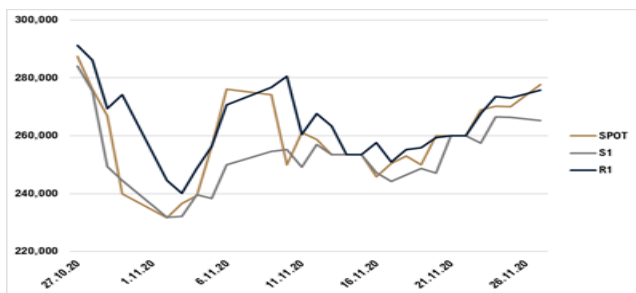


Figure 4: Shows the resistance and support levels

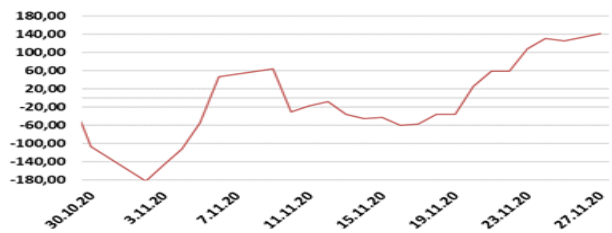


Figure 5: CCI is well above +100

Firm's Brief Description

Spotify Technology SA a Luxembourg-based company, which offers digital music-streaming services. The Company enables users to discover new releases, which includes the latest singles and albums; playlists, which includes ready-made playlists put together by music fans and experts, and over millions of songs so that users can play their favorites, discover new tracks and build a personalized collection. Users can either select Spotify Free, which includes only shuffle play or Spotify Premium, which encompasses a range of features, such as shuffle play, advertisement free, unlimited skips, listen offline, play any track and high quality audio. The Company operates through a number of subsidiaries, including Spotify LTD and is present in over 20 countries. (Source Reuters)

Fundamental Approach

- SPOT has a Return On Assets of -10.96%. This is below the industry average of -1.28%. 80% of the industry peers outperform SPOT.
- SPOT has a Profit Margin of -8.70%. This is below the industry average of -6.05%.
- With a price book ratio of 17.26, SPOT is valued rather expensively.

Technical Analysis

According to the examined period, a bullish trend arose with an average price of 257.42 and a St. Dev. around 12.75. Figure 1 depicts the close prices of the last month along with MA10 and MA20. There were 4 secondary movements, namely 2 uptrends and 2 downtrends respectively. Figure 2 illustrates MACD indicator moving incrementally above the zero barrier. It is important to be mentioned that according to Figure 3 closing prices are moving incrementally above the Upper Band depicting an overbought stock. The support level was formed at 265.26 and the resistance was formed at 275.71 respectively (Figure 4). According to Figure 5, CCI is well above +100, indicating a potential buy signal.

Prediction

Considering the bullish trend of the market and the positive momentum of the stock, our research team suggests, a potential buy signal in the short run, appropriate for daily trading. Conversely, our fundamental approach indicates an overheated equity with an approaching correction in the longer run. The above prediction was derived by the aforementioned technical analysis and fundamental approach.

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