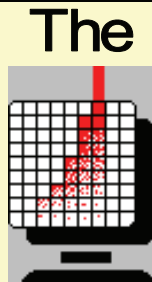


The Insider Trader

Issue 6 April 2007



Markets at a glance

Trendspotter Signals

Dow Jones (DJ)
Sell

S&P 500 (SP)
Sell

FTSE 100 (X)
Buy

DAX (DY)
Buy

£/US\$ (BP)
Sell

US Dollar Index (DX)
Sell

Crude Oil (CL)
Buy

Gold (GC)
Buy

Coffee (KC)
Sell

Orange Juice (OJ)
Sell

Sugar (SB)
Sell

Dates to watch April 2007

14th April- Start of Nigerian elections (watch Oil)

Is Oil a bargain?

Over the next 5 to 10 years do you think that A) Oil will be cheaper? B) about the same? C) Higher

Another question is how much oil do you actually own and I dont mean oil shares? Chances are that apart from whats in your car and maybe a bit of spare oil in your garage thats your total holding unless youre some oil baron.

As with all markets you will have those that are bullish and those that are bearish and the Oil market has plenty of mixed views with some calling for lows of \$40 a barrel within months and others calling for over \$100 a barrel, both camps make compelling arguments.

As I write Oil prices have been moving back up again from the January 2007 lows and US crude is trading around \$65 a barrel. A barrel contains just under 159 litres or 35 UK gallons. So at current exchange rates US\$/£ 1.96 a barrel costs £33.16 making a litre of oil just over 20p. So when you think that a litre of Oil is cheaper than a litre of milk, bottled water and cola you have to question why many think that oil is expensive.

Short term Oil will fluctuate but over the coming years I can see no reason why oil should not be higher than it is now and \$100+ per barrel should become the normal.

If we put global tensions, weather factors aside the basic fundamentals are demand and supply. The truth is that the

Monthly WTI Oil with 40 month Simple Moving Average. \$56 is long term support. No sign of cheap oil and move back to \$70 should be the avergag price in 2007.



world is using more oil and will continue to do so, even if the USA goes in to a slow down other parts of the world will continue to use more oil. All those new cars in Indian and China are using petrol not bio fuels or Ethanol. On the point of alternative fuels whilst it may make good headlines and it keeps the farmers happy, its still early days and if you look at the amount of energy used in farming the maths just dont stack up.

As for new oil discoveries there have been no major oil discoveries anywhere in the world in over 35 years. And all those great oil discoveries from the past are in decline many are now 50 years old. Have a look at what Matt Simmons had to say about \$300 a barrel oil: <http://www.youtube.com/watch?v=4lwtAQzrfiw>

So unless someone is keeping a massive oilfield discovery undercover or the world will reduce its consumption of oil then I really cannot see how oil prices can go back down to \$30 or \$40 a barrel, as for Oil at \$15 as we had in the mid 1990s, keep dreaming.

How to own Oil

One of easiest ways to get a pure play exposure to oil without worrying about day to day fluctuations and without having to stash barrels in your garage is to buy shares in an Oil Exchange Traded Fund or a tracker. The ETF buys oil futures contracts and rolls them over. As the price of oil goes up and down the share price reflects this. A management fee of 0.49% per annum is taken. You can buy these tracking shares via any stockbroker and no stamp duty is payable. You can even buy the shares in a SIPP/ISA. May advice would be

to buy a set amount each month. The ticker is OILW for WTI Oil or CRUD for the Brent Crude.

Another way is to use spread bets on oil, the problem here is that you will need to make sure you have enough margin to withstand the market swings.

Market Update

A volatile first quarter for major stockmarkets but in the end major markets ended flat. The Chinese market which sparked the large sell off soon found plenty of new private investors that did not want to miss out on these "bargains" and have since hit a new all time highs. Its without doubt that China in a stockmarket bubble however it does not mean that this could not carry on for at least another year. In March the Chinese opened 100,000 new share trading accounts per day and I can see now reason for a slow down.

Lots of new small Chinese investors want to join the party and will use any sell off as a buying opportunity.

For the US and Europe the uptrend is still intact. The DOW, FTSE, S&P, DAX and

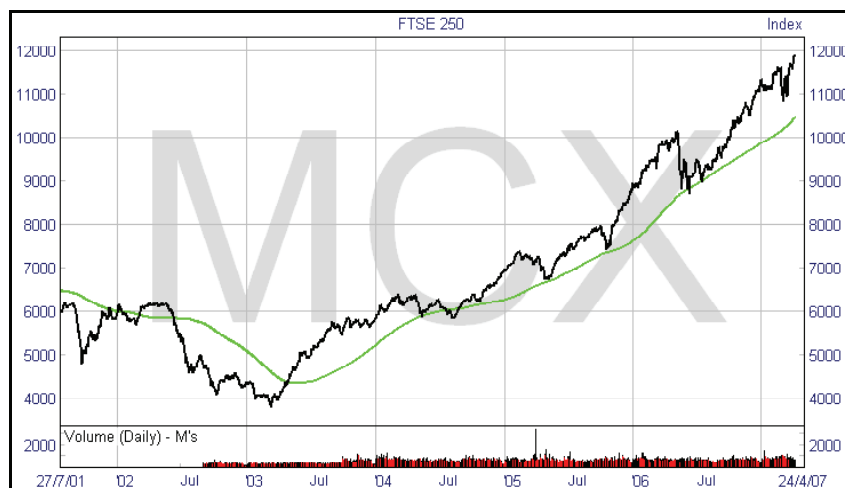
other majors have held above their 200 day moving averages. For the next 6 to 8 weeks I really thing that we will have a trading range, sideways market. I am still looking for another sharp fall which could come in June/July.

Rather than just looking at the major indices I suggest looking at individual shares. If you look back at the trades I have suggested over the last few months you will see we have done every well.

FTSE 250

Readers will know I am a fan of the spread betting the FTSE250. Its the index you dont hear about on the TV or radio yet it is at an all time high and getting close to 12,000. For now I remain long, when I change my position I will let you know. It is starting to look a bit rich as the 200 day moving average is at 10,500, so we could see a pull back over the summer to this level but I really dont see the long term up trend being broken. What puts many off spread betting the 250 is the spread, currently around 70 points on the June contract compared to 7 points on the FTSE100 June contract. If you are taking a longer term trend trading view then you can live with the spread.

FTSE250 at all time high - much smoother than the FTSE100



Gold, Silver and base metals

As stated in the trading day I am a big fan of exchange traded funds which allow you to buy and hold commodities in the same way that you would own shares. All you need is a cheap on line stockbroker to trade them with. I current use barclaysstockbrokers.co.uk and they charge £7.50 per trade regardless of size. If you want to know more about ETFS then you can get fact sheets on each market from www.etfsecurities.com

Sharescope also lists them under the Exchange Traded Funds tab.

Umbro (UBM) £1.69

UMBRO is a well established football related brand with international recognition. Based in the UK, where the UMBRO business was founded in 1924, the Group designs, sources and markets football related products which are sold in over 90 countries.

UMBRO's product range comprises apparel, footwear and equipment. All products are sourced from independent manufacturers, principally located in the Far East.

The biggest area of growth is in the Peoples Republic of China, Honk Kong and Taiwan. The company has a Joint venture with Team & Sports and the recently increased their stake in the venture to 40%. Hong Kong listed Win Hanverky Group owns the rest.

Team & Sports distributes Umbro branded sportswear, footwear, accessories and

sports equipment in the Peoples Republic of China, Hong Kong and Taiwan on an exclusive basis. As at 31st December 2006 there were over 90 distributors operating over 1,000 Umbro retail outlets in these territories.

The shares have recently had a strong run with some major fund buying. Also the Chairman bought 2.3 million shares at 1.68p which is a chunky investment.

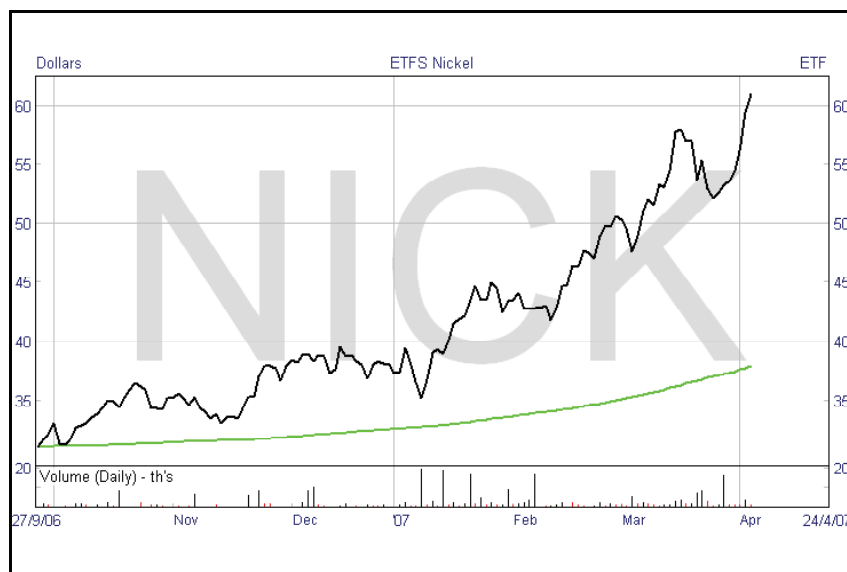
You can spread bet the shares through most bookmakers and are currently around 1.70 for September.

Harley Davison (HOG) short

Many of you will know the American icon brand Harley Davidson motorbike brand. The share had been in a strong up run until the start of the year, since then we have see a break down and all is not well at HD. Sales are slowing and defaults of motorbike credit are increasing.

The chart points to a low down to the \$45.00 level so its worth a short trade. Expect a sales update around the 19th April 2007 which will cover the important March selling month.

Golden Port Holdings (GPRT) £3.47



long term clients that fix shipping rates which means they dont suffer from big shipping.

Overall shipping of freight remains strong with the underinvestment in new ships for many years and the higher demand coming from the Far East. Dry bulk cargoes consist of major bulk commodities which include iron ore, coal and grain and minor bulk cargoes which include steel products, forest products, agricultural products, cement, sugar, salt, minerals, scrap metal and pig iron.

The shares have had a good run up in the last month and are currently around £3.50 however they are still fair value and are on a P/E of 10. The report is US\$ but profits were 22.9 million for 2006

This more of a longer term 6 to 12 month buy and hold rather than a spread bet but I think you could see £5+ by this time next year.

Thats it for this month. Wishing you a successful month.

