

Markets at a glance

Trendspotter

Signals (click on links to obtain up to-date signal)

[Dow Jones \(DJ\)](#)

[S&P 500 \(SP\)](#)

[FTSE 100 \(X\)](#)

[DAX \(DY\)](#)

[£/US\\$ \(BP\)](#)

[US Dollar Index \(DX\)](#)

[Crude Oil \(CL\)](#)

[Gold \(GC\)](#)

[Coffee \(KC\)](#)

[Orange Juice \(OJ\)](#)

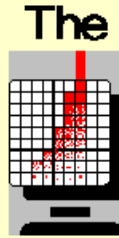
[Sugar \(SB\)](#)

[Wheat](#)

[Cotton](#)

[Rough Rice](#)

The Insider Trader



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To Make Money in 2013 - Wash - Rinse- Repeat

Wishing you a happy, healthy and prosperous 2013 and for my followers - so far so good. The world did not end on the 21st December which was lucky for me as I had non-refundable upper class airline tickets for my Christmas break on the following day and it would have been a shame for them to have been wasted! The next end of the world scenario the "Fiscal cliff" was also a non-event, so life carries on and here we are today.

For many, the New Year symbolises a time for change and New Year resolutions are made and often broken just as quickly. Personally I have always found it strange that you have to wait for a New Year to make a new start or make a change, after all why not make it any other time? Also, who says 1st January is the New Year? The financial new year in many countries starts on 1st April, under the old Julian calendar this coincided

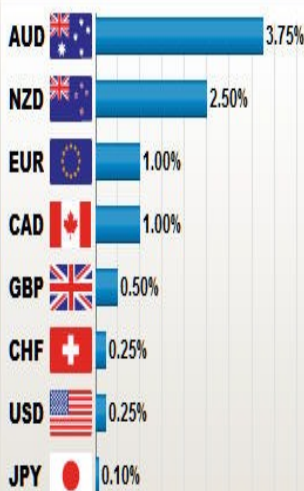
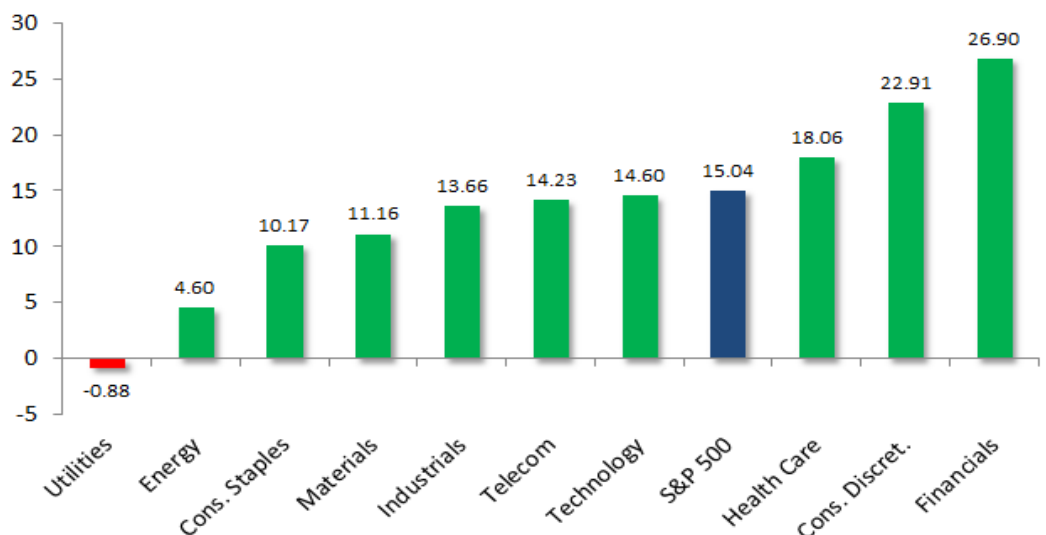
with the Hindi festival of Vaisakha - Hindi new year, the East India Company in Bengal decided to synchronise it's financial year with the Hindi calendar to ease financial transactions, I could go on but I think you get the point.

Whilst change and innovation is good and that's why I am not writing to you on an old typewriter and posting a letter out to you; it's wrong just to make changes to a trading system or portfolio just because it's a New Year and everyone else seems to be doing the same thing. The media has been full of New Year tips and what will be a "hot" market in 2013.

In my own investing and trading I have often in the past sold out of very profitable positions in the search for something "new" whereas I would have been far better off just staying in the positions I already had. Fortunately 28 years in the

S&P Sectors—Financials (XLF) had a stellar year and I expect this to be another good year for XLF

S&P 500 Sector Performance (%) YTD



business and a few grey hairs have given me a bit of wisdom and I just don't have to do what everyone else is doing now and really nor should you.

If you have followed my updates in 2011 and 2012 you should now be sitting on substantial profits and whilst I am always on the lookout for new opportunities, I'm not just going to close out winning trades for the sake of it. Back in September 2011 I stated that the Dow Jones would make a new all-time high in the first half of 2013, just search "Dow 14200" and you will see it was reported by many sources and equally ridiculed.

At that time the Dow was 10700 and the media was extremely bearish. Today, we stand much closer to 14200 and still take the view that 14200+ will be reached likely before May of the year or certainly before the year end. On a side note the smaller companies index the **Russell 2000 (IWM)** has already made an all-time high, in the UK the FTSE250 is also at an all time high.

Overall the public are still sceptical of the recent up move in stocks and are underinvested; this is a good sign as markets tend to "climb a wall of worry" and new money will flow in to the stock market. With global interest rates at near zero, corporate bonds paying around 3% it's hard to find anything that can compare with returns from equities.

The best S&P sector last year was one of the most hated and that was **Financials (XLF)** putting in a stellar 26% (see page 1) return and beating the overall

IWM - Russell 2000 ETF - Monthly OHLC Chart



Above: Russell 2000 breaks out to new all time highs, SPY and DIA will follow at some stage in 2013. Below: Financials the best sector in 2012 and still under owned, look for a break out.

XLF - Financial Select Sector SPDR - Monthly OHLC Chart



S&P500 by 100%, past does not equal the future but I am staying with the XLF and this could be a case of "Wash-Rinse-Repeat" The XLF has been in a large sideways consolidation (as above) and it would not be that outrageous to see another 20 to 25% return by this time next year. **AIG (NYSE:AIG)** which I have featured in the past continues to recover and with the US Government now completely out of the stock and the bailout money paid back we could see a run up to the \$50 level which is over 40% from the current price in the next 12 to 18 months.

American Express (NYSE:AXP)

which I have also featured here, ended up 20% in 2012 plus a small dividend. AXP stands a very good chance to make at least another 20%+ this year. Bank of America (BAC) which after an awful 2011 was the best stock in the Dow Index for 2012 with a gain of 100%. Whilst another 100% in 2013 may be pushing it another 25% gain is not out of the question and well worth having. Next earnings 17th Jan after market closes (AMC)

Hartford Financial Services (NYSE:HIG)

which I have featured here before and was up 34% in 2012 admittedly it was a volatile one but in the end the stock showed a great gain and I still see more to come in 2013 and we are up another 9% so far in the first few days of the year. Management are heavily under pressure from billionaire and major shareholder John Paulson to turn the Insurance business around and become more focused. The next earnings are scheduled for the 4th February and it will be interesting hear the company update. I am staying with my shares and really \$30 should be on the cards in the next 12 months.

AIG - American International Group - Monthly OHLC Chart



Above: AIG a disaster for long term shareholders but its been profitable for the US Government they have made money from the bailout and have now been paid back completely. I see good value at these levels and your buying a cleaned up business at 50% of the book value. A very smart investor called Bruce Berkowitz (Fairholm Fund) is now the biggest shareholder in AIG.

HIG - Hartford Financial Services Group - Monthly OHLC Chart



Risk Warning All trading and investing involves risk and you should only invest what risk capital that you can afford to lose. These trading ideas are based on buying Exchange Trading Funds or stocks outright, should you decide to spread bet then other risks will be present. Only speculate with money you can afford to lose. Spread betting may not be suitable for all readers, therefore ensure you fully understand the risks involved. Past performance is not necessarily a guide to future performance. Ultimately all investment decisions are made by you. Insider Trader does not advise when to open or close a transaction. If you choose to open a transaction it is based on your own judgement and research and at your own risk. It is the responsibility of visitors to this Site to ascertain the terms of and comply with any local law or regulation to which they are subject.