

## 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 \(OJ\)](#)

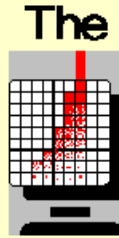
[Sugar \(SB\)](#)

[Wheat](#)

[Cotton](#)

[Rough Rice](#)

# The Insider Trader



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## The Aging Population - Why The Older Generation Is The New Big Thing To Invest In

**R**ecently the Rolling Stones played at Hyde Park in London, for a band that formed in 1962 and with the lead singer Sir Mick Jagger hitting 70 years old, this is not your typical young rock band, however, with the current demographic shifts and advances in biotechnology and medical science you should expect more O.A.Ps to be hitting the stage well into their 70's, yes the Spice Girls could be the Spice Grannies!

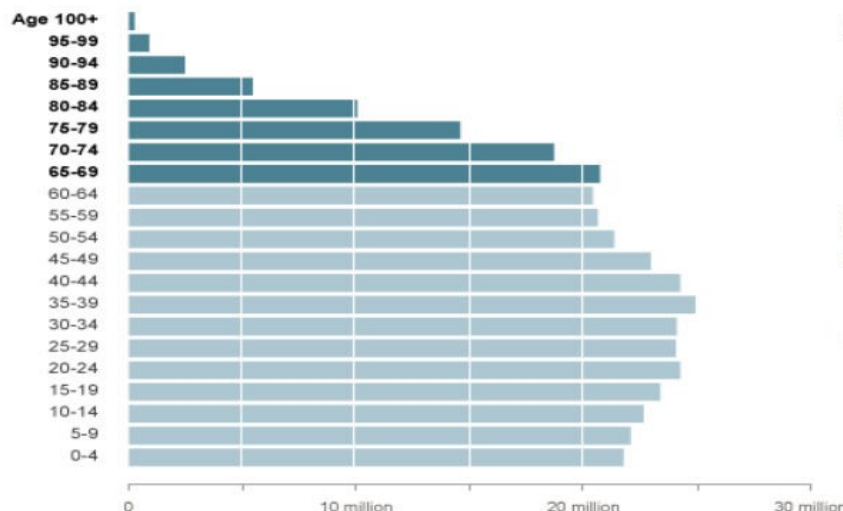
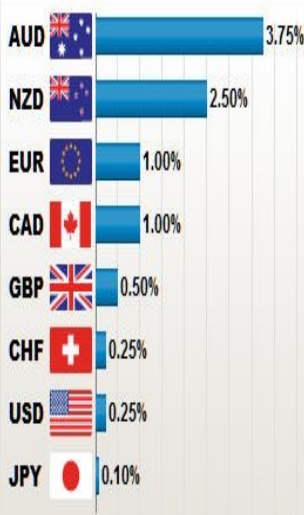


So let's look at the demographics in the USA as this is the market I primarily trade, however, the UK is not that different. A baby boomer is a person who was born during the demographic Post-World War II baby boom between the years of 1946 and 1964 so those born during

that spike in birth rates are either at or approaching retirement. The older population (persons 65 years or older) numbered 39.6 million in 2009 (the latest year for which data is available). They represented 12.9% of the U.S. population, about one in every eight Americans. By 2030, there will be about 72.1 million older persons, more than twice the number in 2000. People 65+ represented 12.4% of the population in the year 2000 but are expected to grow to be 19% of the population by 2030. Source: Administration on Aging - [aoa.gov](http://aoa.gov)

2030 may sound like light years away but think back to 17 years ago and the number one in the music charts was Wannabe by the Spice Girls and I am sure you can remember that fairly clearly.

Below: The rise of the over 65 age group and the purchasing power that they have will be a focus for our investing in the coming years. Biotech—Healthcare stand to be big beneficiaries.



**2030**  
73,111,000  
People age 65 and older

**19.8%**  
Share of the U.S. population age 65 and older



**So how do we cash in on the aging population?**

Well the obvious one is investing in pharmaceuticals and related medical devices. One stock that stands out to me is **Johnson & Johnson (JNJ)**. J&J is far more than just shampoo and mouthwash (Listerine), it's a power-house in joint replacements, implants and Orthopaedics, Depuy is owned by JNJ. It also owns leading brands in pharmaceuticals covering cardiovascular & metabolism, immunology, infectious diseases & vaccines, neuroscience & pain, and oncology.

The company is a Dow and S&P500 stock, pays 3% yield and has a forward P/E of 15. Year to date it is up 27% so short term gains could be limited, however, longer term JNJ looks great. Next earnings are July 16th 2013.

Another idea is nursing homes and assisted living. **Omega Healthcare Investors Inc (NYSE:OHI)** is a Maryland-based owner of more than 400 nursing

and assisted living facilities in 35 states. It's a real estate investment trust (REIT) and pays a good dividend yield currently around 6%. It's a steady business and revenues are up every year over the last 3 years. The stock is up 30% this year and has recently sold off in line with many REITs as interest rates have started to rise, however I don't see this as a major issue and whilst US interest rates are going up I don't see them spiralling out of control. OHI in many ways reminds me of a Tobacco stocks good dividend and steady growth in the property values.

JNJ - Johnson & Johnson - Monthly OHLC Chart



Chart Above: 10 years of sideways action for JNJ now breaking out as a new decade of growth starts. Below ABC which I have owned for some years now and Walgreens have gained approval to buy up to 7% of the company. Next earnings July 24th

ABC - Amerisourcebergen Corporation - Monthly OHLC Chart



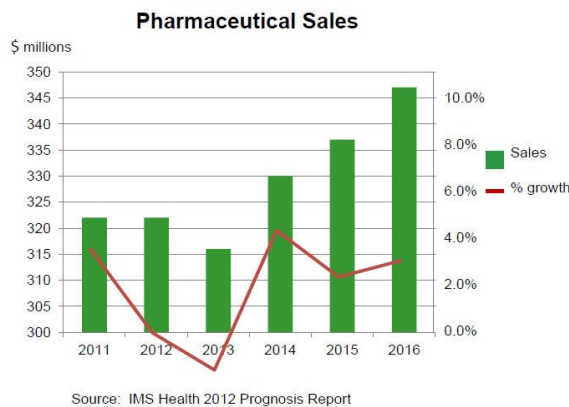
**Walgreens (WAG)** Walgreen Co. (NYSE: WAG) is the largest retail drugstore chain in the United States. Those in the UK will know them better as Boots which is wholly owned by Walgreen. They are also making an investment in **AmerisourceBergen Corporation (NYSE:ABC)**, one of North America's largest pharmaceutical services companies. Where WAG can develop into is higher margin own brands and offering extra services like drop in clinics, health screening. The

Stock is up 21% so far this year and on a forward P/E of 12 offers reasonable value.

A higher risk stock that is out of favour but starting to come back from the dead is medical devices company **Boston Scientific (NYSE:BSX)**. Their main areas are diagnostics and treatment in medical conditions, including heart, digestive, pulmonary, vascular, urological, women's health, and chronic pain conditions. The company is losing money at present, however, that seems to be turning around. Next results are due 24th July.

A name which is often associated with O.A.P.s is **Zimmer (ZMN)** inventors of the Zimmer frame, however these days ZMN do a lot more than walking frames. The main areas are now hip replacement joints, shoulders, knee and elbow replacements as well as dental implant products. And a final name which is listed in the UK and the US is **Smith & Nephew LSE:SN.) (NYSE:SNN)**. S&N has been tipped as a takeover target and at some stage this could happen but it's a FTSE100 stock and not many companies would be able to fund it. J&J could afford to make an offer and it would keep their orthopaedics reconstruction division- joint replacement systems for knees, hips and shoulders and likely look to sell off the advanced wound management business. The company is valued at 10.2 billion US\$ and sitting at a P/E of 14, it's not a crazy valuation paying a dividend yield of 2.8%, so even without a takeover the stock can still do well. **RIGHT: ZMH breakdown of sales.**

## Industry Landscape



**Trends expected in 2014 and Beyond**

- + demographics
- + expansion of coverage
- + new brand drug launches
- + new generic launches
- safety concerns & shortages
- reimbursement pressures

### Organic industry growth returns in 2014

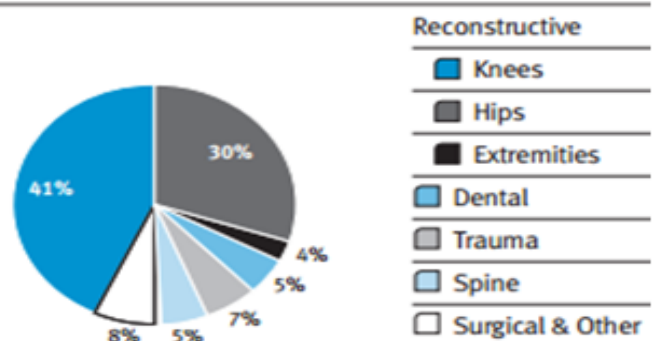


Above: AmerisourceBergen (ABC) stands to do well from the next up turn in pharmaceuticals. An other stock in same sector is McKesson (MCK) which are also doing well. Below ZMH

ZMH - Zimmer Holdings - Monthly OHLC Chart



### Sales by Product Category



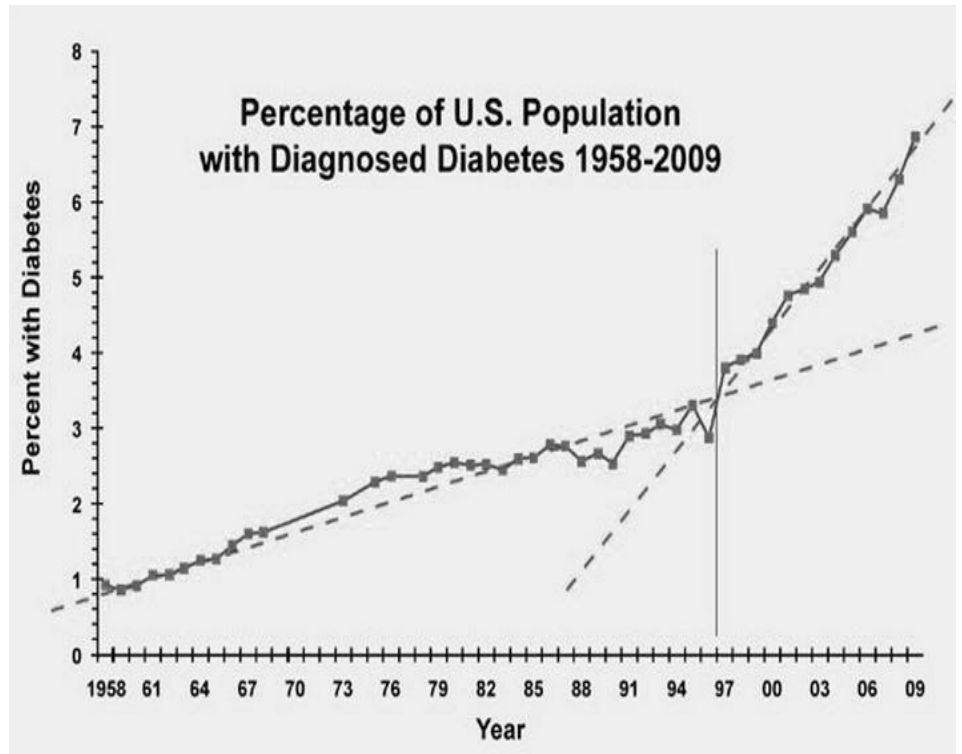
**Nutrisystem (NAS:NTRI)**

Nutrisystem has been out of favour for some years, however as the chart shows it's turning around with a new CEO in Dawn Zier who joined late last year. The recent big news is their 5 day kick start program is now sold in Wal mart and over 60% of America shops at Walmart with a good percentage of those being overweight. Nutrisystem have specific plans for those that are diabetic and as many of you will know type 2 diabetes is on the increase both in US and UK as obesity rates soar. The chart shown here on the right is a shocking trend. More than one-third of U.S. adults (35.7%) are obese. In 2008, medical costs associated with obesity were estimated at \$147 billion; the medical costs for people who are obese were \$1,429 higher than those of normal weight

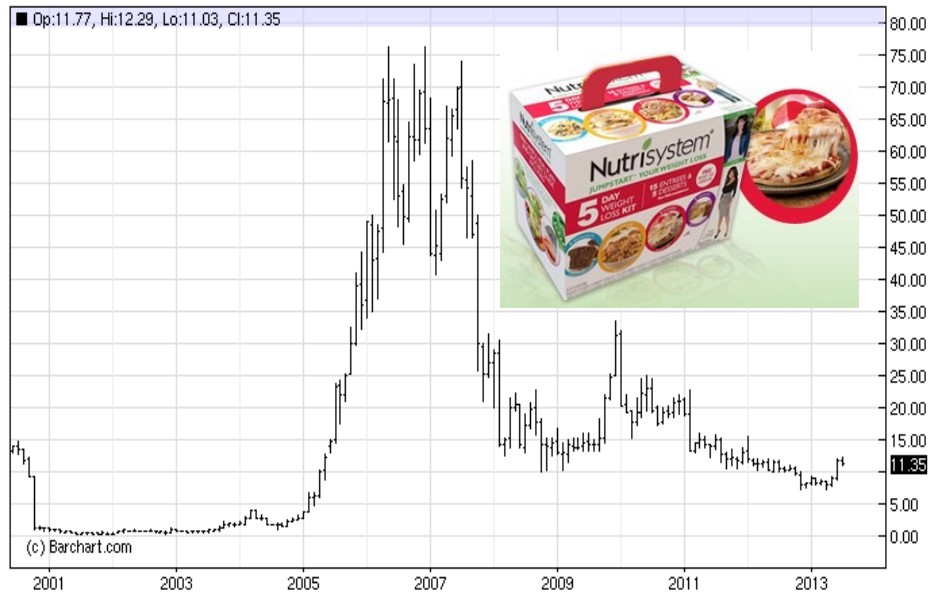
They have also been selling on TV shopping channel QVC and I am told by a contact that they have been doing very well.

[Here is a recent clip from CNBC with the CEO](#)

Whilst the stock has come back the last few months this stock could double from here up to around \$20 in the next 12 to 18 months if they can keep doing deals to get the product out and keep decent margins, build up on Walmart, QVC and Costco sales its certainly achievable.



NTRI - Nutrisystem Inc - Monthly OHLC Chart



Next earnings are 26th July 2013. The current dividend gives a yield of 6% however I think that may be cut going forward but for now worth having.

**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.