

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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That's All Folks! – Markets likely to take a summer holiday

Shortly after the November 2012 US elections when president Obama was re-elected markets fell sharply and I released an update stating it was a good time to buy, The Dow at that time was 12480 and the general sentiment was very negative as the fiscal cliff issue was dominating the headlines. I stated “You can always count on Americans to do the right thing, after they’ve tried everything else. And believes that a compromise deal will be done before the deadline and this will most likely some sort of 12 month extension.” Just search “Obama Vince Stanzone” and you can still read the story.

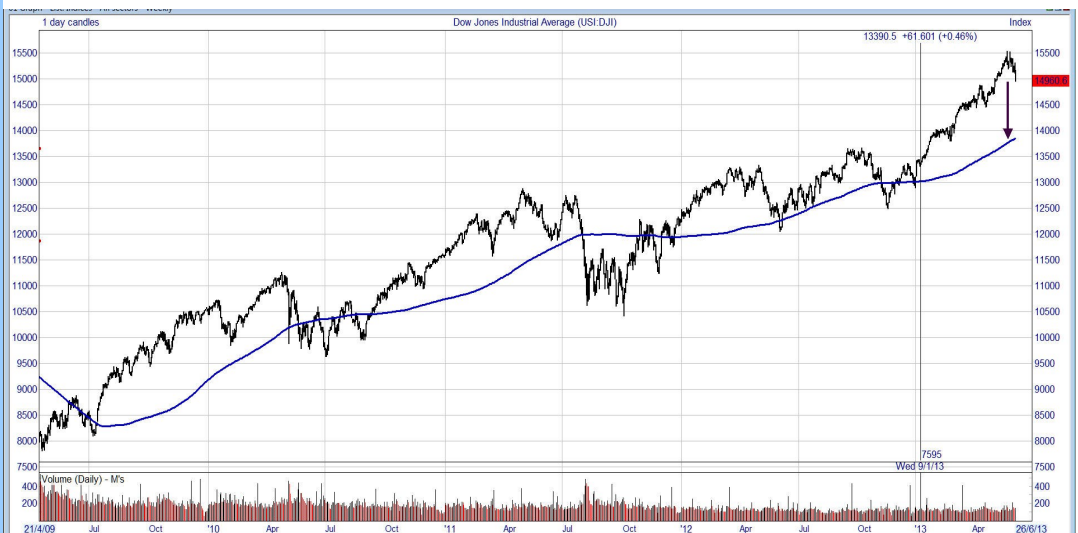
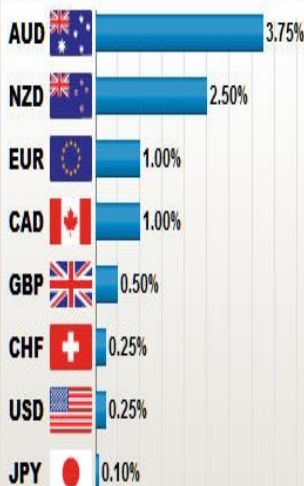
The Dow was recently trading at 15400 so a near 3000 point gain, anyone just placing a £10 a point Financial Spread bet would be sitting on a nice £30,000 tax free profit for around 7 months’ work.

But just as trees don’t grow to the sky markets don’t go up evenly in a nice orderly straight line, so in the words of Bugs Bunny for now I would say “That’s All Folks!” for financial markets and we will enter into a choppy, sideways market which will likely last until October and then I would look for the traditional year-end rally.

Of course even if markets go sideways over the next few months there are still plenty of opportunities in individual companies, the whole financial world will not stop. Also the advantage of Financial Spread Betting is that it is as easy to go short and profit from down moves as it is to buy.

Now please do not take this as I have gone bearish on financial markets, I have not and still see higher prices especially for US stocks in the coming years but over the next 3 to 4 months I doubt

Below: The Dow Jones Index with a simple 200 day moving average. The gap is larger than normal so some short term caution is warranted but longer term the up trend looks great.



(and I may wrong) we will not go much higher than the recent highs. The recent highs were Dow 15400 and S&P500 1655 which are likely to be the resistance levels and act as a top.

One of the basic tools that all traders can use is a simple moving average. Just taking a 200 day SMA and overlying it on the Dow we can see that the price of the index and the SMA have developed a large gap as they say at Embankment tube station “mind the gap”. (see chart on page 1)

The SMA is sitting at 13800 or around 8% below the current market level. There are two ways that this gap can contract and come back in to line, scenario 1 is that the index goes sideways in a range which allows the SMA to catch up or scenario 2 the index falls and moves down to catch up the SMA.

Now one index which is currently correcting is the Nikkei 225, its 200 day SMA is sitting at 11,000 against a market that was sitting near 16,000, this is what happens when you drink 5 cans of Red bull energy drink! I do think Japan has some value but when an index gets pumped up in such a short period of time it never ends well.

Short ideas?

Using a program like sharescope or a site such as www.finviz.com you can filter through some of the recent high flying stocks and look for opportunities to place small short trades as some of the recent froth evaporates, look at stocks that have really soared above there 50 day and 200 day should give you some good candidates. I suggest looking in the Technology, Biotech and Solar areas for some possible short candidates, however don't be greedy, if stocks start moving up again then so will these stocks.

One stock which I have traded both long and short in the last few years is **Netflix (NFLX)** and you really have to be disciplined, if you short and your wrong you have got to get out, also keep the bet size very small. I had been long this stock until a few days ago but now have a very small short.

Here is a filter idea

http://finviz.com/screener.ashx?v=111&f=cap_midover.ta_sma200_pa50.ta_sma50_pa20&ft=3

So its stocks over 2bn in market cap that are 20% above their 50 day moving average and 50% above their 200 day moving average.

No.	▲ Ticker	Company
1	AEGR	Aegerion Pharmaceuticals, Inc.
2	CLWR	Clearwire Corporation
3	CTRP	Ctrip.com International Ltd.
4	ET	ExactTarget, Inc.
5	FSLR	First Solar, Inc.
6	GMCR	Green Mountain Coffee Roasters Inc.
7	MNKD	MannKind Corp.
8	MU	Micron Technology Inc.
9	PPC	Pilgrim's Corp.
10	QIHU	Qihoo 360 Technology Co. Ltd
11	RAD	Rite Aid Corp.
12	SCTY	SolarCity Corporation
13	SPWR	SunPower Corporation
14	TSLA	Tesla Motors, Inc.
15	VSAT	ViaSat Inc.

Filters: cap:midover ta_sma200:pa50 ta_sma50:pa20

The above are all stocks that have done very well the last few months but what could happen is that you see a short term correction in these names especially if the overall indices correct.

Buy Coviden (NYSE:COV) ahead of the spin off

Regular readers will know I like spin offs. The basic theory is that value can be extracted by listing one or more parts of a company, for example Fortune Brands spun off their home security division and the parent company was renamed to BEAM to reflect the remaining alcoholic beverages business. Expedia spun off the faster growing Tripadvisor, Philip Morris separated its US business Altria (MO) from its international business. What also can happen when a company splits is that one part is take-over, for example when Sara Lee spun off its coffee side it was taken over around 12 months after.

Coviden which it's self was a spin off out of Tyco is due to spin off part of its business which will be called Mallinckrodt. (MNK)

If you are on the share register before June 19th you will receive 1 Mallinckrodt share for every 8 Coviden

you own. The shares will be distributed on the 28th June and start trading on the Monday 1st July on the NYSE at MNK and Covidien will carry on as COV. I think it's the COV business which will be the most interesting part to hold but initially I will hold both.

Covidien operates in the medical device and supply segments. MNK is a pharmaceuticals business. Of course this makes MNK more vulnerable to a take-over but that is good for us.

On the subject of Spin offs there is one ETF that covers this strategy **Claymore Spin Off (CSD)** so far up 28% beating the S&P500.

Here are the major holdings in the CSD ETF

Ticker	Name	Shares / Par Value	Market Value	Weighting
FRGI	FIESTA RESTAURANT GROUP	387,323	\$14,164,402	9.10 %
FENG	PHOENIX NEW MEDIA LTD -ADR	1,687,284	\$8,385,801	5.39 %
TRIP	TRIPADVISOR INC	131,978	\$8,190,555	5.26 %
FBHS	FORTUNE BRANDS HOME & SECURITY INC.	187,736	\$7,834,223	5.03 %
HHC	HOWARD HUGHES CORP	73,957	\$7,406,794	4.76 %
MPC	MARATHON PETROLEUM CORP	87,912	\$7,210,542	4.63 %
HII	HUNTINGTON INGALLS INDUSTRIES	131,560	\$7,164,758	4.60 %
RSE	ROUSE PROPERTIES INC	349,020	\$7,109,537	4.57 %
WPX	WPX ENERGY INC-WI	346,544	\$6,847,709	4.40 %
LMOS	LUMOS NETWORKS CORP	469,229	\$6,761,590	4.35 %
PSX	PHILLIPS 66	101,799	\$6,726,878	4.32 %
POST	POST HOLDINGS INC	155,955	\$6,620,290	4.25 %
AMCX	AMC NETWORKS INC-A	102,339	\$6,533,322	4.20 %
BWC	BABCOCK & WILCOX COMPANY	212,656	\$6,330,769	4.07 %
VAC	MARRIOTT VACATIONS WORLDWIDE CORP	134,123	\$5,997,981	3.85 %
XYL	XYLEM INC	202,752	\$5,727,744	3.68 %
XLS	EXELIS INC	467,874	\$5,684,669	3.65 %
SXC	SUNCOKE ENERGY INC	359,240	\$5,636,476	3.62 %
ARP	ATLAS RESOURCES PARTNERS LP	245,534	\$5,595,720	3.60 %
QEP	QEP RESOURCES INC	181,798	\$5,204,877	3.34 %
VPG	VISHAY PRECISION GROUP WHEN ISSUED	291,197	\$4,402,899	2.83 %
GNE	GENIE ENERGY LTD-B	501,493	\$4,347,944	2.79 %
PAMT	PARAMETRIC SOUND CORP	135,922	\$2,237,956	1.44 %
NOQ	NOVACOPPER INC	952,470	\$1,723,971	1.11 %
LPR	LONE PINE RESOURCES INC	1,870,875	\$991,190	0.64 %
OSH	ORCHARD SUPPLY HARDWARE - CLA	136,610	\$509,555	0.33 %
VO	VANGUARD MID-CAP ETF	2,800	\$269,276	0.17 %

COV - Covidien Plc. - Weekly OHLC Chart



Above COV which spun out of Tyco (TYC) below the spin off ETF which beating the S&P500 so far by a large margin.

CSD - Spin-Off Guggenheim - Weekly 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.