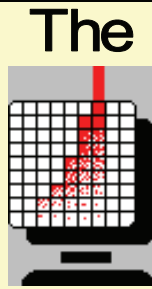


The Insider Trader

Issue 5 March 2007



Markets at a glance

Trendspotter Signals

Dow Jones (DJ)
Sell

S&P 500 (SP)
Sell

FTSE 100 (X)
Sell

DAX (DY)
Sell

£/US\$ (BP)
Sell

US Dollar Index (DX)
Sell

Crude Oil (CL)
Buy

Gold (GC)
Sell

Coffee (KC)
Sell

Orange Juice (OJ)
Buy

Sugar (SB)
Sell

Dates to watch March 2007

16th March - Futures & options expiration

Markets catch a cold or is it Flu?

Most of us suffer from a cold from time to time. Whilst not pleasant after a few days of sneezing and sniffing your normally back to normal. For the less fortunate of us that have caught a serious virus or flu you will know its much more then just a bit of a cold and it can take weeks to make a full recovery.

Readers of this column will know that I had aired my concerns of the recent market run ups and had been looking for a falls in the Dow, FTSE, DAX and others back to their 200 day moving averages. Just to re cap when a market moves way above its 200 day moving average and stays above for some months it

normally sets my alarm bells ringing. It either means the market will go sideways and allow the moving average to catch up, or the market drops down to meet the moving average. We know that the dropdown has been the case.

The levels which I expect markets to reach are Dow Jones 11,800, FTSE 6,000, DAX 6150, Hang Seng 18,000. Interesting that the FTSE100 has the least to fall, partly as it did not rise as much as the other indices but its still too early to buy it back.

Of course it does not mean that the major indices hit their 200 day moving averages and all is well, that would be far too easy. In many cases the crowd will over react so just as we went from being so far

Hong Kong giving back some of the recent gains. Still above the 200 day moving average, a move down to 18,000 should be the low for now



above the moving average we could easily stay below for at least 6 to 7 months. So we could fall another 10% below the moving average before starting to consolidate, go in to a sideways range and the move higher towards the end of 2007.

Whilst some of the media may label the recent moves as a "crash" I assure you what we have seen so far is nothing like a crash, all we have seen is some of the large recent gains being given back. Even in China which has seen massive speculation the iShares FTSE/Xinhua China 25 Index Fund is still above its 200 day moving average and is still up 30% since this time last year.

If you are looking for a way to take a view up or down on China then you can spread bet the FXI which is the China iShares tracking stock. The share is priced in US Dollars but you can bet in pounds per point. You can find charts of the index on line and its also carried within charting software such as Sharescope

From my prospective no serious damage has been done to this market yet. My call here is a trading range between \$85 to \$105 which could last for some months. Beware that after this backing and filling the next move will be a big one and I am inclined to bet that its going to be another down move but this could be in September so be careful about being too bearish.

So going back to my headline for now I would say this is cold and not the Flu, however the markets may not get away with it next time and next one could be the flu. The famous speculator Jesse Livermore once said "There is nothing new on

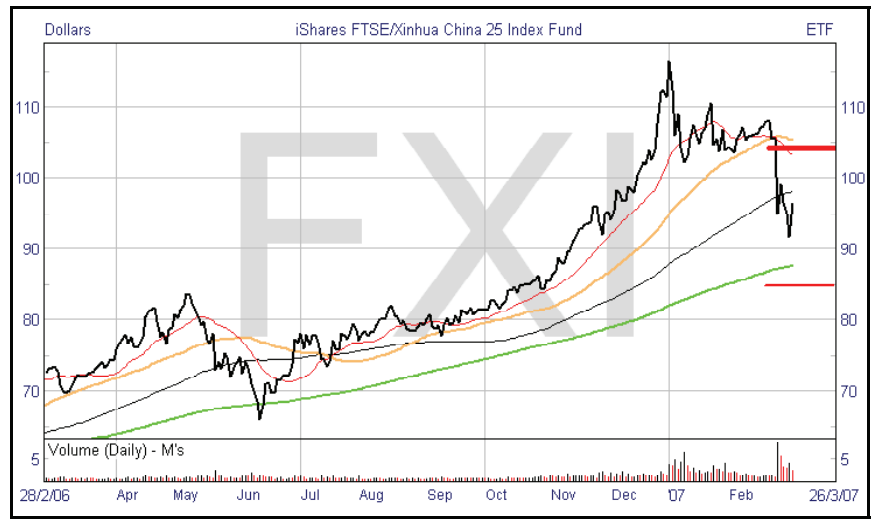
Wall Street or in stock speculation. What has happened in the past will happen again and again. This is because human nature does not change, and it is human nature, that always gets in the way of human intelligence. Of this I am sure"

Maybe all those new traders in china should take note and read a few history books.

Gold & Silver

Nothing has changed with my view on Gold, I am still bullish and see higher prices in current

months. Of course Gold has also had a strong run and a small period of consolidation is also due here but I really dont see prices going below \$600 and am looking for \$800 an oz to be reached before the end of the year. With all the recent volatility Gold has held up extremely well. Some may of expected Gold to of rallied on the recent stockmarket falls and this would have been the case some years ago as money would of moved into gold for safety. Today banks and fund managers have more sophisticated ways to manage downside risk such as futures and options so you dont see the



Above iShares China, a good way to go long or short China via a spread bet. Below: Gold still in a long term up trend. Trendspotter is currently showing a SELL after last weeks big fall.



the same big rush in to gold however it still does have a defensive nature.

Silver also continues look extremely strong and I am still looking for a \$15 to be broken in the coming months. If you look at the various sell offs the long term trend remains up and Silver quickly bounces back over its 200 day moving average.

Asian Citrus holdings (ACHL) £2.70 AIM

One share I have been following for the last few months is Asian Citrus listed in the UK on AIM. IG and City Index offer a spread bet on the share. ACHL is the leading producer of Oranges in the People Republic of China and owns 2 plantations, one is full operational and the second is expected to produce its first commercial harvest in November 2007. The company is moving to sell more of its production directly with supermarkets which gives it a higher margin. The company is also looking to move in to producing higher margin Orange Juice. Demand for Orange Juice continues to increase in China. Expect a market update with interim results out March 21st

Even with the current market jitters this share has held up very well and **I am looking for a move up to £3.50 to £4.00 in the coming months.**

Southern Cross Healthcare Group £4.00 FTSE250

SCH is the UKs largest care home provider. It currently operates 611 homes with 31,107 beds.



The company was only floated back in July 06 and has been on a steady upward patch and even with recent market volatility the share price is hitting new highs. I see this as a very defensive play. People are living longer and the demand for quality care homes is not going to change any time soon.

The market also continues to consolidate with smaller operations selling out to SCH.

Thats it for this month, and wishing you a successful month