

Insider Sentiment Heads for the Hills

By TONY COOKE

Dow Jones Newswires

WASHINGTON—No matter how the data are sliced, analysts of insider transactions agree: Insider sentiment has taken a sharp turn for the worse in recent weeks.

"I'm more bearish than at any time since the spring of last year," said Michael Painchaud of research firm Market Profile Theorems.

Mr. Painchaud measures insider sentiment using a proprietary ratio that tracks the number of buy and sell decisions of insiders at 800 companies. Lon Gerber, director of research for Thomson Financial, gauges the dollar value of overall market transactions, and he reaches roughly the same conclusion as Mr. Painchaud.

Insiders have sold more than \$1.7 billion worth of their companies' stock so far in



INSIDE TRACK

May, Mr. Gerber said, making this month—with a little more than half the data counted—already the biggest one for insider sales since last November.

"It's the highest it's been in six months, and we're just passing the halfway point of the month," said Mr.

Gerber. "It's a huge jump."

Mr. Gerber said that part of the rise in insider selling is probably the result of seasonality that is built into the statistics. Because companies often restrict insider transactions during April, when earnings reports frequently are released, some transactions are put off until May.

The past two years, he said, have been characterized by similar increases in insider transactions during May. This year, he said, that trend may have been exacerbated by the fact that the market has been rising while insiders have been restricted from selling shares. "As the market was rallying this year, there may have been some pent-up demand to sell," he said.

What's noteworthy, Mr. Gerber said, is that after months of relatively light activity on the part of buyers and sellers, pent-up demand from buyers has been absent. "The buys here have been very anemic," he said. "That hasn't changed at this point."

So far in May, about \$63 million worth of shares has been purchased by insiders—an amount roughly in line with purchases in recent months.

Other observers of insider data are reporting similar trends using their own measures.

Jonathan Moreland, research director for the weekly newsletter InsiderInsights, reported in the publication that his rolling four-week market gauge is at "the most bearish level since we started gathering these stats in the mid-1990s."

Likewise, David Coleman, editor of Vickers Weekly Insider Report, is telling his subscribers that the eight-week sell-buy ratio is at 2.37—up from a mid-March low of 1.61. Mr. Coleman, like Mr. Gerber, said that such sales are to be expected when the market is recovering.

Mr. Painchaud recommends that investors take a break from the market alto-

gether—or that they steer their money toward companies that carry smaller risk.

"Tighten down the risk characteristics of your portfolio," he said. Investors who use dollar-cost averaging could skip purchases now, he said, and buyers should pick stocks with lower risk profiles. Mr. Painchaud said that in this envi-

ronment, he favors the stocks of aerospace, defense, soft-drink and railroad companies.

Mr. Painchaud has another idea for investors looking to make a purchase. "It's a good time for investors and portfolio managers to buy a fishing boat and bait, and go out to the nearest lake," he said.

Insider Trading Spotlight

Biggest Individual Trades

(Based on reports filed with regulators last week)

COMPANY NAME	SYMBOL	INSIDER'S NAME	TITLE	\$ VALUE (000)	NO. OF SHRS IN TRANS (000)	RANGE OF SHR VALUES	TRANS DATES
Buyers							
Waste Management	WMI	R. Whitworth	DI	10,744	481	22.30-22.33	5/07-08/03
AOL Time Warner	AOL	R. Mark	D	6,547	504	12.98-12.99	5/09/03
Greater Community	GFLS	E. Knauer	O*	3,801	211	17.92-18.00	4/30/03
UICI	UCI	R. Jensen	CB	3,595	273	13.18-13.25	5/08-09/03
Ivax	IVX	P. Frost	CEOI	3,159	200	15.79	5/08/03
Murphy Oil	MUR	H. Hart	DI	1,722	38	44.96	5/09/03
Input Output	IO	J. Lapeyre	D	1,140	285	4.00	5/08/03
Chesapeake Energy	CHK	A. Mcclendon	CEO	1,008	109	9.16-9.25	5/12/03
Chesapeake Energy	CHK	T. Ward	PI	1,008	109	9.16-9.25	5/12/03
WebMD	HLTH	M. Wygod	D	885	100	8.85	5/07/03
Sellers							
AOL Time Warner	AOL	R. Turner	OD*	783,600	60,000	13.06	5/05/03
Marvel Enterprises	MVL	A. Arad	OD	35,750	2,000	17.88	5/09/03
EchoStar	DISH	J. Defranco	O	21,807	672	32.43	5/12/03
Barr Laboratories	BRL	B. Sherman	BI	19,137	367	52.00-52.80	5/13/03
ELITE Information	ELTE	A. Epker	DOI	17,224	1,230	14.00	5/08/03
EchoStar	DISH	S. Cartwright	O*	16,188	500	32.00-32.62	5/12-13/03
Barr Laboratories	BRL	B. Sherman	BI	11,467	217	52.81-53.11	5/13/03
Microsoft	MSFT	D. Marquardt	D	10,435	400	26.05-26.12	5/12-13/03
Altiris	ATRS	D. Mott	DOI	10,346	660	15.60-16.05	5/02-05/03
Expedia	EXPE	G. Stanger	CFO	10,277	162	63.32-63.57	5/08-09/03

Buying and Selling By Sector

(Based on actual transaction dates in reports received through Friday)

SECTOR	BUYING	SELLING	SECTOR	BUYING	SELLING
Basic Industries	158,881	12,204,977	Finance	12,236,339	98,029,732
Capital Goods	0	0	Health Care	6,236,716	113,049,996
Consumer Durables	74,600	25,545,507	Miscellaneous	0	0
Consumer Non-Durables	531,380	82,466,920	Public Utilities	518,779	16,249,727
Consumer Services	1,266,883	86,024,612	Technology	2,105,508	150,846,048
Energy	3,956,657	66,164,956	Transportation	44,057	4,130,919

Biggest Individual Trades

(Based on reports received by Thomson Financial on May 19)

COMPANY NAME	SYMBOL	INSIDER'S NAME	TITLE	\$ VALUE (000)	NO. OF SHRS IN TRANS (000)	RANGE OF SHR VALUES	TRANS DATES
Buyers							
AOL Time Warner	AOL	R. Mark	D	6,672	496	13.42-13.46	5/14/03
Bottomline	EPAY	W. Grabe	DI	1,593	270	5.87-5.97	5/14-15/03
Entergy	ETR	D. Hintz	P	1,085	22	48.65	5/14-15/03
Entergy	ETR	D. Hintz	P	975	20	48.74	5/13/03
Electronic Data Systems	EDS	M. Jordan	CEO	463	25	18.50-18.54	5/15/03
MediaBay	MBAY	N. Herrick	DO	358	447	0.80	5/13/03
One Liberty	OLP	M. Rose	DI	204	12	17.50	5/14/03
One Liberty	OLP	F. Gould	CBI	204	12	17.50	5/14/03
SBS Technologies	SBSE	C. Amenson	CB*	191	23	8.29-8.35	5/14/03
InterVoice	INTV	G. Montry	D	87	31	2.80	5/14/03
Sellers							
VistaCare	VSTA	B. Smith	DOI	16,377	819	20.00	5/13/03
eBay	EBAY	M. Whitman	CEOI	13,788	145	94.81-95.71	5/13/03
Broadcom	BRM	H. Samuelli	CBI	13,504	675	20.01	5/13/03
EchoStar	DISH	M. Jackson	O*	8,777	272	32.08-32.46	5/12/03
EchoStar	DISH	C. Ergen	CEO*	8,008	250	31.83-32.08	5/13-15/03
Mid Atlantic Medical	MME	M. Groban	CB	7,408	164	44.95-45.58	5/13-14/03
Altiris	ATRS	R. Varro	DOI	6,049	348	17.35-18.63	5/12/03
Altiris	ATRS	D. Mott	DOI	6,022	347	17.35-18.61	5/12/03
Lions Gate Entertainment	LGF	F. Giustra	DI	5,499	2,500	2.20	5/14/03
Health Management	HMA	J. Vumbacco	CEO	5,446	303	17.97	5/13/03

*Half of the transactions were indirect. B-beneficial owner of more than 10% of a security class. CB-chairman. CEO-chief executive officer. CFO-chief financial officer. CO-chief operating officer. D-director. DO-director and beneficial owner. H-officer, director and beneficial owner. I-indirect transaction filed through a trust. Insider spouse, minor child or other. O-officer. OD-officer and director. P-president. UT-unknown. VP-vice president. Includes transactions related to stock option exercises. Source: Thomson Financial