

Warning: Analysts Are Still Bullish

By TONY COOKE
Dow Jones Newswires

WASHINGTON—Insider sentiment, according to one widely followed measure, has been remarkably negative for seven straight months, but during that time equity analysts have been much more optimistic.

And they have also been much more right, as stocks have continued to rise.

Despite the fact that the analysts are still positive on the prospects for the market—indeed, partly because of that—the people who make a living tracking insider transactions continue to issue warnings.



INSIDE TRACK

In November, insiders sold nearly \$43 in stock for every dollar's worth bought, according to data from Thomson Financial. November marked the seventh consecutive month in which the sell-buy ratio exceeded 20-to-1—the level that Thomson Financial labels "very bearish."

Insiders, the theory goes, act on well-informed opinions of their companies' value, while equity analysts tend to move in herds. In the long run, watchers of insiders say, value trumps momentum.

"Does that mean the market is going to turn on a dime and move downward? No, it doesn't," said George Muzea, the president of Muzea Insider Consulting Services. "Other forces (besides value) rule the market, and right now the market is being ruled by momentum."

However, Mr. Muzea said he expects the market to trade lower in the next 12 months. "And I don't just mean a little bit lower," he said, "I mean a lot lower."

Michael Painchaud, research director for Market Profile Theorems, said his firm's assessment of equity analyst sentiment shows sharp increases in bullishness that roughly correspond to the bearish turn in insider sentiment.

Mr. Painchaud said he considers the two trends, taken together, to be ominous. Insider sentiment is a valuable indicator of the market's future, but analysts "miss turning points," he said.

"Advisory sentiment feeds on itself," said Mr. Muzea. It feeds a cycle that pushes the markets up and produces positive media reports, which prompt investors to put money in the market, which in turn induces more analysts to issue positive projections, which push the market up and so on.

"It's a self-reinforcing thesis that ultimately is at the core of every bubble," said Mr. Muzea, who has published a book on insider trends.

Past bubbles, including the one that burst in 2000, were marked by positive analyst opinion and negative insider activity.

"If you canvass most value-oriented money managers," said Mr. Muzea, "they'd say they are having a hard time finding stocks to put in their portfolio."

Mr. Muzea said he isn't necessarily

recommending that all investors get out of the market. But an investor who wants to participate should "think like a trader, not like an investor."

In the absence of good value, he said, investors should recognize that

"there are other forces moving the market, and if you're smart enough to play it, play it."

Otherwise, he said, it's best to sit on the sidelines. "Use these times to build a cash reserve," 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							
InterMune	ITMN	J. Leff	DI	7,714	352	21.54-22.15	12/01-03/03
Duke Energy	DUK	G. Johnson	DI	1,817	100	18.11-18.20	12/01/03
Duke Energy	DUK	G. Johnson	DI	1,810	100	18.02-18.19	12/01/03
PIMCO Municipal Income	PMX	W. Gross	EC	1,061	77	13.76-13.78	12/03-04/03
WMS Industries	WMS	S. Redstone	B	689	26	26.68-27.24	11/26-28/03
Select Comfort	SCSS	P. Hopf	D	659	25	26.35-26.40	11/25/03
Midway Games	MWY	S. Redstone	B	623	181	3.39-3.50	11/26/03
American Financial	AFG	C. Lindner	CBI	609	25	24.36	11/26/03
Boyd's	FOB	K. Murphy	CEO	430	100	4.30	12/01/03
IBM	IBM	L. Zambrano	D	357	4	89.37	11/26/03
Sellers							
Mohawk Industries	MHK	J. Lorberbaum	CEOI	86,800	1,250	69.44	11/24/03
TTM Technologies	TTMI	F. Malek	BI	40,937	2,444	16.75	12/02/03
Primus Telecommunications	PRTL	P. Pizzani	DI	21,250	2,500	8.50	11/21/03
Encore Acquisition	EAC	A. Chavkin	DI	16,793	867	19.38	12/02/03
Dreyers Ice Cream	DRYR	T. Rogers	CEOI	13,842	179	77.30-77.43	12/01-02/03
Airtel	AT	W. Stephens	DI	13,335	297	44.92	11/25/03
Corillian Corp	CORI	O. Curme	BI	13,210	2,424	5.45-6.01	11/28/03
Corillian Corp	CORI	R. Frisbie	BI	13,208	2,423	5.45-6.01	11/28/03
Corillian Corp	CORI	K. Lawler	BI	13,208	2,423	5.45-6.01	11/28/03
Corillian Corp	CORI	T. Crotty	BI	13,204	2,423	5.45	11/28/03

Buying and Selling By Sector

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

SECTOR	BUYING	SELLING	SECTOR	BUYING	SELLING
Basic Industries	344,956	17,043,106	Finance	5,560,505	95,948,398
Business Services	167,287	15,575,171	Health Care	9,695,213	81,330,459
Capital Goods	0	0	Industrial	62,990	77,123,183
Consumer Durables	759,810	47,534,519	Media	9,000	17,366,909
Consumer Non Durables	124,945	43,669,574	Utilities	4,456,315	14,398,905
Consumer Services	1,057,546	110,924,693	Technology	10,751,551	293,080,427
Energy	70,094	44,333,438	Transportation	611	8,515,008

Biggest Individual Trades

(Based on reports received by Thomson Financial on December 8)

COMPANY NAME	SYMBOL	INSIDER'S NAME	TITLE	\$ VALUE (000)	NO. OF SHRS IN TRANS (000)	RANGE OF SHR VALUES	TRANS DATES
Buyers							
Coach	COH	M. Tucci	O	1,076	30	35.86	12/04/03
Santander Bancorp	SBP	F. Maldonado	OD	286	12	24.50-24.72	12/03-04/03
Preformed Line	PLPC	J. Drinko	D	147	5	27.09-29.55	12/04-05/03
Sylvan Learning	SLVN	J. Miller	D	141	5	28.25	12/04/03
Bull Run	BULL	J. Robinson	CB*	135	90	1.50	12/01/03
Target	TGT	W. George	D	117	3	39.05	12/08/03
Great American Financial	GFR	C. Lindner	CBI	93	6	15.43-15.47	12/04-05/03
NE Realty	NEN	H. Brown	OT	57	1	56.50	12/02/03
EnPro	NPO	W. Holland	D	56	5	11.06-11.20	12/05/03
Aaron Rents	RNT	R. Allen	D	52	3	20.73-20.90	12/05/03
Sellers							
Home Depot	HD	B. Cox	D*	12,301	358	33.65-35.18	12/04/03
CBRL Group	CBRL	D. Evans	CB	6,122	150	40.38-41.03	12/04-05/03
Ingram Micro	IM	J. Ingram	DO	5,027	331	14.95-15.30	12/05/03
Nike	NKE	P. Knight	CEOI	4,286	66	65.12-65.34	12/04/03
Nike	NKE	P. Knight	CEOI	4,246	65	64.89-65.11	12/04/03
ACE Ltd	ACE	D. Kramer	OD	3,901	101	38.80-38.81	12/05-08/03
American Power Conversion	APCC	A. Davis	O	3,743	168	22.30-22.42	12/03/03
Post Properties	PPS	J. Williams	DI	3,484	125	27.92-27.96	12/04-08/03
American Power Conversion	APCC	R. Dowdell	CEO	3,349	150	21.99-22.65	12/04/03
Viacom	VIAB	P. Dauman	D	3,190	83	38.33-38.52	12/05/03

*-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. EC-member of the executive committee. H-officer, director and beneficial owner. Hndirect transaction filed through a trust, insider spouse, minor child or other. O-officer and director. OT-officer and treasurer. P-president. UT-unknown. VP-vice president. Includes transactions related to stock option exercises.

Source: Thomson Financial

BANKRATE.COM® Money Markets and CDs

Tuesday, December 9, 2003

Average Yields of Major Banks

Type	MMA	1-MO	2-MO	3-MO	6-MO	1-YR	2-YR	2.5-YR	5-YR
NEW YORK									
Savings	0.51	0.91	0.93	0.81	0.91	1.12	1.68	1.88	3.19
Jumbos	0.86	0.83	0.87	0.88	0.99	1.23	1.72	1.92	3.24
CALIFORNIA									