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Wall Street's Buy List

http://www.fool.com/investing/general/2009/10/27/wall-streets-buy-list.aspx

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Actions speak louder than words, as the old saying goes. So why does the media focus so much attention on what Wall Street says about companies, instead of what it *does* with them?

Luckily for Wall Street watchers, the Internet brings us MSN Money's list of which companies the institutions are buying. True, we should be as skeptical of Wall Street's actions as we are of its words. But when the 140,000-plus lay and professional investors on Motley Fool CAPS agree with Wall Street's opinions, it just might be time for some buying.

Here's the latest edition of Wall Street's Buy List, alongside our investors' opinions of the companies involved:

Stock	Recent Price	CAPS Rating (out of 5)
Holly Corp. (NYSE: HOC)	$31.51	*****
Ebix (Nasdaq: EBIX)	$65.75	****
China Information Security (Nasdaq: CPBY)	$7.30	****
Venoco (NYSE: VQ)	$14.51	**
US Energy (Nasdaq: USEG)	$6.27	*

Companies are selected from the "Institutional Ownership Up Last Month" list published on MSN Money on the Saturday following close of trading last week. Recent price provided by Yahoo! Finance. CAPS ratings from Motley Fool CAPS.

Two-way Street
The Dow just hit 10,000, and the traders are back in "buy" mode. And while Main Street investors don't agree with *all* their picks, there are a few here that we agree with. As for the stock we like best ... well, it's a little early for Christmas, but Holly it is!

The bull case for Holly Corp
CAPS member golfDoug gets us off to a strong start, arguing that "Holly sports a profitable base; ambitious, forward growth plans; a solid management team; and a decent balance sheet."

Manutius points out that this "[i]ndependent refiner just purchased, upgraded and integrated another refinery into their operation. Combination of cyclic growth, increased revenue, and better crack spread should make them a triple whammy this business cycle."

And CAPS All-Star gweech agrees: "Energy is cyclical. The world economy is picking up." Holly should go up with it.

Why are Fools so hot on Holly's prospects? Why does the Street love it? First and foremost, consider the case for growth. Roughly a dozen analysts track Holly on Wall Street, and by and large, they expect this company to grow its earnings 28% per year over the next five years.

That's simply a *huge* number, folks -- perhaps too huge. Analysts predict earnings at rival refiner **Valero Energy** (NYSE: VLO) will actually *decline* over the next five years, while even the ultra-diversified oil major **ExxonMobil** (NYSE: XOM) is expected to post no more than 5% long-term growth.

But if the analysts are right, then Holly's low stock price and a forward P/E of around 10 based on 2010 estimates make this stock look like a real bargain in the oil patch. Alternatively, Holly's small size and relatively light debt load could make it a target for acquisition, as tough market conditions in the industry lead to consolidation among rival refiners.

Time to chime in

Now, before you all go dancing 'round the Holly tree, it's worth noting that this stock *is* a bit prickly in some respects. For one thing, Holly sells for nearly three times its own book value -- a significant premium to other players in the industry. For another, Holly has reported negative free cash flow over the past year -- even as it reports net "profit" under GAAP.

These facts don't seem to worry Wall Street, however. Nor have they kept our CAPS members from giving Holly a green thumb. But perhaps you disagree? If so, then we've got a place where you can make your case. Click on over to Motley Fool CAPS now, and sound off.

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