



1 Trick to Stock Trading Riches?

I used to lose money hand over fist trading the stock market until I found this 1 "weird" and unusual trick. Here it is. Step 1 is to plot

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INVESTING

Will Ebix Offer Investors Another Buying Opportunity During The Next Rally?

By Christina Wise, Investor's Business Daily
Posted 12:54 PM ET

Today we're going to look at Ebix (EBIX).

The firm makes software for insurance companies. And that seems to be a profitable line of business.

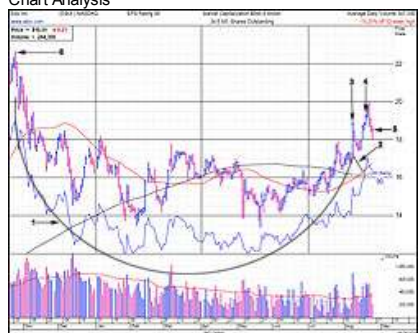


Will Insurance Software Maker Ebix Offer Investors Another Buying Opportunity During The Next Rally?

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- Sales growth has come in at 44% or higher during the past three quarters.
- Earnings growth has been accelerating, hitting 50% last quarter.
- Going forward, analysts see earnings rising 37% in 2010, then cooling to just 5% in 2011.
- Cash flow per share is an interesting ratio because unlike earnings, which can be manipulated, cash flow is harder to massage. Look for cash flow that's at least 20% higher than the firm's earnings per share during the same fiscal year. Ebix's cash flow last year was \$3.48. That's more than three times its 95 cents a share earnings in 2009, so it more than passes that test.
- Return on equity is 30%, which is above the 17% minimum historically seen in many leading stocks.
- Management owns about 13% of the firm's shares, so it's in their interest that the company does well.
- Mutual funds own about 30% of the shares not owned by management. Also, the number of funds owning the stock inched up last quarter, which is also positive.

Chart Analysis



- As you can see on this daily chart, last fall the stock started forming a long base pattern (**Point 1**). Bases are important because historically they've served as the foundations for the big runs of many winning stocks.
- Ebix's base became a cup-with-handle base. The midpoint in the handle (**Point 2**) was just above the mid-point of the base, so it formed correctly.
- The 19.04 buy point was calculated by adding 10 cents to the peak in the handle (**Point 3**).
- The stock broke out past that buy point last week (**Point 4**), climbed a little, then fell back near its buy point (**Point 5**).
- The Big Picture's Market Pulse switched to "Market In Correction" in today's paper. That means it's not the time to be buying stocks because many will have a tough time fighting the undertow of the broader market. But it is a good time to be looking for stocks for your Watch List. That way you'll be ready to go when the next market uptrend gets underway.
- Stocks sometimes offer additional buy points.
- And although the stock did break out past its buy point last week, it still has some climbing to do before it gets near the top of the base (**Point 6**). It could form another handle as it makes its way up this side of the base.
- And the next buy point may form within 15% of the prior high. Last week's breakout was below that. So the stock may be one to keep

an eye on.

Stock Checkup

IBD Stock Checkup for EBIX:

Composite Rating: 99

About EBIX: PROVIDES INTERNET BASED IT SOFTWARE APPLICATIONS AND RELATED SERVICES TO INSURANCE AGENTS AND BROKERS.

General Market: Fundamental Overall: Technical Overall: Year Over

Rate A Stock:

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PERFORMANCE WITHIN GROUP (EBIX)

EBIX INC RANK WITHIN THE COMPUTER SFTWR-ENTERPRISE GROUP (56 STOCKS)

Composite Rating: **99** Rank within Group: **1st** Best in Group: **100%**

Composite - Group Leaders

CRM

- Ebix carries a 99 Composite Rating, one of the best in its industry group.
- Its EPS Rating is also among the group's leaders.
- Its Relative Strength Rating is No. 5 in the group.

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