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5 Stocks Insiders Love Right Now

Roberto Pedone

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WINDERMERE, Fla. (Stockpickr) -- Corporate [insiders sell their own companies' stock](#) for a number of reasons.

They might need the cash for a big personal purchase such as a new house or yacht, or they might need the cash to fund a charity. Sometimes they sell as part of a planned selling program that they have put in place for diversification purposes, which allows them to sell stock in stages instead of selling all at one price.

Other times they sell because they think their stock is overvalued and the risk/reward is no longer attractive. Some even dump their own stock because they have inside knowledge that a competitor is eating their lunch and stealing market share.

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But insiders usually [buy their own shares](#) for one reason: They think the stock is a bargain and has tremendous upside.

The key word in that last statement is "think." Just because a corporate insider thinks his or her stock is going to trade higher, that doesn't mean it will play out that way. Insiders can have all the conviction in the world that their stock is a buy, but if the market doesn't agree with them, the stock could end up going nowhere. Also, I say "usually" because sometimes insiders are loaned money by the company to buy their own stock. Those loans are often sweetheart deals and shouldn't be viewed as organic insider buying.

At the end of the day, its [large institutional money managers running big mutual funds and hedge funds](#) that drive stock prices, not insiders. That said, many of these savvy stock operators will follow insider buying activity when they agree with the insider that the stock is undervalued and has upside potential. This is why it's so important to always be monitoring insider activity, but it's twice as important to make sure the trend of the stock coincides with the insider buying.

Recently, a number of companies' corporate insiders have bought large amounts of stock. These insiders are finding some value in the market, which warrants a closer look at these stocks. Here's a look at several [stocks whose insiders have been doing some big buying](#) per SEC filings.



NuStar Energy

One stock with huge insider buying is **NuStar Energy(NS)**, which is engaged in the terminalling and storage of petroleum products, the transportation of petroleum products and anhydrous ammonia, and asphalt refining and fuels marketing. Insiders are finding some value here since the stock is down over 20% in 2011.

NuStar Energy has a market cap of \$3.48 billion and an enterprise value of \$6 billion. This stock trades at a reasonable valuation, with a trailing price-to-earnings ratio of 17.13 and a forward price-to-earnings of 16.76. Its estimated growth rate for this year is 1.7%, and for next year it's pegged at 9.9%. This is far from a cash-rich company, since the total cash position on its balance sheet is \$59.21 million and its total debt is a whopping \$2.57 billion. This stock sports a hefty dividend yield of 8.1%.

A director just [bought 187,000 shares, or almost \\$10 million worth of stock](#), at \$53.45 per share.

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From a [technical standpoint](#), NS is currently trading below both its 50-day and 200-day [moving average](#), which is bearish. This stock has been trending lower since it hit its November high of \$58.96, and its current price is just under \$54 a share. The stock also recently gapped down from \$56 to \$53 a share on monster volume. That said, shares of NS have a ton of previous support that sits right around \$53 to \$52 a share.

If you're bullish on NS, I would look to get long once it trades back above its 50-day moving average of \$54.66 on high volume. Look for volume that's tracking in close to or above its three-month average action of 112,698 shares. One could also buy off weakness and get long near \$53 to \$52 a share, and simply use a mental stop just below \$52.

If you buy off strength on a move above the 50-day, then I would use a mental stop a few percentage points below that level. Target a run back towards \$56 or \$58.82 (the 200-day) if we see a move back above the 50-day on solid volume. **Kennedy-Wilson**

Another stock that insiders are loading up on is **Kennedy-Wilson(KW)**, a diversified, international real estate company that provides investment and real estate services. Insiders are paying up big to own shares of KW since the stock is up over 7% so far in 2011.

Kennedy-Wilson has a market cap of \$479.87 million and an enterprise value of \$654.40 million. This stock trades at a price-to-sales of 9.81 and a price-to-book of 1.42. This is far from a cash-rich company; the total cash position on its balance sheet is \$153.07 million, and its total debt is \$327.59 million. The stock also sports a dividend yield of 1.5%.

A director just [bought 65,000 shares, or \\$689,494 worth of stock](#), at \$10.50 to \$10.73 per share. This same director also just bought another 10,000 shares, or \$106,800 worth of stock, at \$10.68 per share.

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From a technical standpoint, KW is currently trading below both its 50-day moving and 200-day moving averages, which is bearish. This stock recently sold off hard from its October high of \$12.85 to a recent low of \$10.42 a share. Basically, shares of KW have a pattern of finding big buying support anytime the stock moves near \$10 to \$10.50 a share and its sells off and hits resistance when it trades over \$12 a share.

If you're bullish on KW, I would look to get long whenever the stock is trading under \$11 a share. I would simply use a mental stop just below \$10 in case that range low is ever broken. I would then add to any long positions once the stock takes out \$11.17 (50-day) and \$11.24 (200-day) a share with high-volume. Look for volume that's tracking in near or above its three-month average action of 145,833 shares. **NII Holdings**

One communications services player where insiders are buying up a solid amount of stock in is **NII Holdings(NIHD)**, which provides wireless communication services under the Nextel brand through operating companies located in selected Latin American markets. Insiders have clearly spotted some deep value here since this stock is down by over 50% in 2011.

NII Holdings has a market cap of \$3.43 billion and an enterprise value of \$5.19 billion. This stock trades at a cheap valuation, with a trailing price-to-earnings ratio of 11.31 and a forward price-to-earnings of 10.02. Its estimated growth rate for this year is -17.6%, and for next year it's pegged at 22%. This is far from a cash-rich company; the total cash position on its balance sheet is \$2.64 billion, and its total debt is \$4.46 billion.

The president just [bought 38,770 shares, or \\$815,056 worth of stock](#), at \$20.48 to \$21.03 per share.

From a technical standpoint, NIHD is currently trading well below both its 50-day and 200-day moving averages, which is bearish. This stock has been stuck in a nasty downtrend since August, where the stock has been consistently making lower highs and lower lows, which is also bearish. The stock has had some decent trading bounces during that period, but ultimately, the stock has done nothing but trend lower.

If you're interested in NIHD from the long side, then I would look to buy some shares for a trade if the stock can breakout above some near-term overhead resistance at \$20.47 on high-volume. Look for volume on any move above that level that registers near or above 3,160,320 shares. If we see that move, then this stock could be good for a trade back towards its 50-day moving average of \$24.28 a share. Use a mental stop just below \$20.47 if you're looking to play this potential breakout.

NII Holdings, one of [Lone Pine Capital's top holdings](#), shows up on a recent list of [5 Telecom Picks for 2012](#). **United Therapeutics**

A stock in the biotechnology and drugs complex whose insiders are snapping up a decent amount of shares is **United Therapeutics(UTHR)**, a biotechnology company focused on the development and commercialization of products to address the unmet medical needs of patients. Insiders are buying into weakness here since the stock is off by over 30% in 2011.

United Therapeutics has a market cap of \$2.42 billion and an enterprise value of \$2.01 billion. This stock trades at a cheap valuation; its trailing price-to-earnings is 13.87, and its forward price-to-earnings is 10.44. This is a cash-rich company, with a total cash position of \$694.60 million and total debt of \$317.47 million. After you back out the debt, United Therapeutics has \$377.23 million in cash on their books.

The CEO and director just [bought 12,994 shares, or \\$539,178 worth of stock](#), at \$40.98 to \$42.19 per share. The same CEO also bought over \$2 million worth of stock since the start of December.

From a technical standpoint, UTHR is currently trading above both its 50-day and 200-day moving averages, which is bullish. This stock hit a low in October of \$36.55 a share and since then it has rallied strong to its current price of just over \$41.40 a share. As long as UTHR can hold above its 50-day moving average of \$41.10, then the stock sets up to test a near-term breakout.

If you're bullish on UTHR, I would get long [once it breaks out](#) above some overhead resistance at \$42.68 and \$44.96 on high-volume. Look for a high-volume move above those levels that hits near or above its three-month average action of 1,364,600 shares. If we get that action, then this stock could setup to make a run towards \$50 to \$52.95 (the 200-day) a share. I would simply use a mental stop that's a few percentage points below the 50-day if you get long UTHR in the near future.

United Therapeutics shows up on a recent list of [5 Biotech Stocks for 2012](#) and was featured recently in "[5 Low-Risk Stocks to Buy for 2012.](#)" **Ebix**

In the software and programming complex, insiders have bought a decent amount of stock in **Ebix(EBIX)**, an international supplier of software and e-commerce solutions to the insurance industry. This is yet another name whose insiders are doing some buying after a big decline. This stock is off by just 10% so far in 2011, so insiders are buying into a modest amount of weakness.

Ebix has a market cap of \$761.97 million and an enterprise value of \$713.64 million. This stock trades at a cheap valuation, with a trailing price-to-earnings of 12.14 and a forward price-to-earnings of 12.55. Its estimated growth rate for this year is 13.2%, and for next year it's pegged at -2.3%. This is not a cash-rich company; the total cash position on its balance sheet is \$15.60 million, and its total debt is \$27.23 million.

A director just [bought 24,500 shares, or \\$494,900 worth of stock](#), at \$20.20 per share.

From a technical standpoint, EBIX is currently trading above both its 50-day and 200-day moving averages, which is bullish. This stock hit a recent low in October at \$12.99 a share, and since then it has soared and uptrended strong to its current price of over \$21 a share. During that uptrend, shares of EBIX have been consistently making higher lows and higher highs, which is bullish price action. The stock is now setting up for a big breakout if it can manage to clear some near-term overhead resistance.

If you're bullish on EBIX, you can look to be a buyer once the stock takes out \$21.89 a share on high-volume. Look for volume on any move above that level that registers near or above its three-month average of 467,158 shares. A high-volume move above that level should setup EBIX to trade back towards \$25 a share, or possibly even higher. Use a mental stop a few percentage points below the breakout point if we see that move in the near future.

To see more stocks with notable insider buying, including **Incyte(incy)**, **Primo Water(PRMW)** and **Inergy(NRGY)**, check out the [Stocks With Big Insider Buying](#) portfolio on Stockpickr.

-- *Written by Roberto Pedone in Winderemere, Fla.*

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