

Seeking Alpha α

Primed For Gains: 5 Stocks To Watch On Friday

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December 16, 2011 | includes: [COOL](#), [EBIX](#), [GLUU](#), [ROYL](#), [SPPI](#)

During the last few weeks I've been attempting to find stocks that are near resistance or that are trading above resistance and are presenting a likelihood for gains. The stocks that I've listed below each trade with a market cap below \$1 billion and have a significant amount of investor optimism surrounding the future. Investors should pay close attention to these stocks on Friday, and beyond, because it's possible that each stock could trend substantially higher.

Spectrum Pharmaceuticals, Inc.



As you can see from the chart above, Spectrum Pharmaceuticals ([SPPI](#)) has posted large gains during the last year, especially during the last month. Yet, since December 8, the stock's lost more than 6% of its value after a report that its fast growing drug would soon be facing a generic. However, the company immediately issued a [response](#) to the article assuring investors that its drug was patent protected until 2019. Since the company responded and dismissed the likelihood of a generic, the stock's regained more than 5% of its initial loss, yet it's still down 6% since the generic rumors began to circulate.

The market's traded with loss during the last few days, which has probably kept the stock from regaining all of its loss. In fact, SPPI gained 3.24% on Thursday as the market traded higher for the first time since the announcement regarding a potential generic. The stock trades very close to the market, and is 62% more volatile, which may have kept the stock from regaining its entire loss. The stock's gaining momentum, and after its first day of substantial gains during the last week, investors should watch the stock closely. SPPI was on an uptrend before news of a generic was announced, but now that investors have been reassured that a generic is not a possibility, I expect strong buying pressure and for SPPI to begin trending higher very soon.

Royale Energy, Inc.

Royale Energy ([ROYL](#)) has been one of the better performing small cap stocks within the market over the last month. On November 22 I wrote an [article](#) and called a trend that appeared to be replicating its February trend that resulted in gains of more than 200%. And since the article, the stock's gained nearly 50% and from looking at the chart it appears to be trending higher. The difference between now and February is there are market moving [developments](#) pushing the stock higher and creating optimism among investors.

The company's made several natural gas discoveries as of late; the company's producing natural gas at rapid rate, and is now selling its gas after a much anticipated waiting period. There has been some profit taking during the last three days with a 14% loss, with one reason being the slump in commodity prices. However, the stock's been reluctant to fall during the last few weeks and I'm anticipating decent gains in the next couple days if commodities can stabilize.

Ebix Inc

I am very anxious to see what happens with shares of Ebix ([EBIX](#)) over the next few days since it's already gained 40% during the last month. EBIX has been one of the better performing stocks over the last 10 years, and posted a 6.5% gain on Thursday after strong insider buying pushed the stock higher. The stock only trades at 12x earnings and is still far from reaching any level of resistance at \$25. As a short-term trade I believe it could gain another \$1 and trade to \$21.50, potentially on Friday, but has much larger upside over the next year. EBIX is a small-cap stock that investors should watch because it has the ability to trend very high in a short period of time.

The last two stocks that should be watched, and have the potential for gains on Friday, are Majestic Entertainment ([COOL](#)) and Glu Mobile ([GLUU](#)). Both companies are fast growing and have significant upside potential. I believe that both stocks could trade higher with the momentum from social gaming giant Zynga's ([ZNGA](#)) IPO on Friday. A large portion of GLUU's gaming is operated through smartphones and other web devices. And although COOL has games such as the best selling Zumba which is played through a traditional console it also has a presence on Facebook with its Parking War games. Zynga is already being priced very high above its earnings therefore investors may view these two stocks as a way to capitalize on the growing market

with two stocks that are priced much lower compared to earnings.

Disclosure: I am long [SPPI](#), [ROYL](#).