

INK Market Insider Report

Chapter 1 – Sentiment

The Market Insider Report is broken up into three sections. The first section focuses on sentiment. This is where you will find our market sentiment indicators.

These are based on the ratio of companies on the TSX and Venture exchanges with buy-only officer and director filings versus sell-only filings. These indicators are updated daily and they let us keep track of the verdict that insiders are making on the overall outlook for the market.

We will assign a reading to each sector and the market as being either *undervalued*, *fairly valued* or *overvalued*.

The general direction of insider sentiment is usually contrarian, where insiders usually go against the herd. Also keep in mind that insiders are usually early.

Below the sentiment indicator is the commentary. The commentary is important because it updates our analysis on what insiders are signalling about the market and key sectors. This analysis is updated every Monday.

Chapter 2 – Sectors

The second section of the Market Insider Report covers sectors. We provide sentiment snapshots of all 10 top level sectors on the TSX.

The snapshots capture trends in our indicators for each sector. These sectors are arranged from those most sensitive to the economy to those least sensitive to the economy, at least in a traditional sense.

The fortunes of energy, materials which includes mining, forestry and agriculture, industrials which includes airlines, airplane manufacturers, railroads and heavy industry and consumer discretionary such as cable TV providers and merchandise retailers are all closely linked with economic growth.

Meanwhile, other sectors have traditionally been seen as less reliant on economic growth. Those include consumer staples, health care, financials, info tech, telecom and utilities.

Things have changed over the years and there are lots of differences of opinion with respect to the technology sector which is now often seen as being a play on the economy.

Financials may also not serve as a defensive play in today's market environment.

You can drill down into more detail for each sector by visiting the Sector Insider Reports which we discuss in a later video.

Chapter 3 – Top 50 Lists

In the last section of the Market Insider Report you will find our top 50 lists. This is a great section for stock pickers as it provides you lists of which companies have had the most buying and selling over the past 60 days.

The top 50 lists concentrate on what officers and directors are doing. We first look at activity measured in dollar amounts. We call this our dollar bias which shows the net amount of money spent or obtained from insider buying or selling of shares.

We then look at the net volume of shares being bought or sold.

We do not look at transactions such as options exercises, warrant exercises, or private placements in these lists. We do that because we want to see who is actually putting some discretionary money into the market. Public market buying or selling tends to provide stronger signals.

On the top 50 lists you will find sector descriptions with industry descriptions of each stock.

That wraps it up for our review of the Market Insider Report. I hope you will watch our short videos on the Sector Insider Report which is up next. Thank you for watching.