

>: Are the Utilities getting ready for a move?

Friday, October 13, 2006 / Teeka Tiwari

What a difference a week makes! Not so much as the record movements in the DOW (I really take that with a pinch of salt. Thirty stocks do not a market make.) What has been of note, though, is that we are starting to see signs of a broadening of the overall rally. The New York Stock Exchange Bullish Percent numbers have risen 2% over the last week indicating that more stocks are beginning to move to uptrends.

Caution is still the watchword here because the DOW, S&P and NASDAQ are very, very overbought. Again, if you're going to play this rally, buy on pullbacks and initiate half positions. Remember, the longer term trend looks good. I just hate going long in a big way when everything's stretched to its upper trading bands, and that's what the charts are showing right now.

One group that is starting to make a bit of a stealth move is the utilities sector. This is a group that was getting really beaten up as it looked like commodity-led inflation was going to force the Fed to jack up interest rates to sky high levels. As the inflation story has abated the utilities have started to heat up.

As many of you probably know, utilities are very cash-intensive businesses that are at the mercy of interest rates. The other side of their business is that they are also huge generators of cash and very good dividend payers. At pointandprofit.com and in my own hedge fund, we do not focus on income plays, but I wanted to bring this move to your attention because I realize that you may be a yield player.

Depending on the movement in prevailing interest rates, some of these staid income stocks can turn into pretty robust growth plays, but you've got to look at that as a nice bonus and not the primary reason for buying them.

As you gear up for retirement, good dividend paying stocks can really help you stay ahead of inflation because the good dividend payers typically increase their dividends at a rate in excess of inflation. Matched with the capital appreciation potential inherent in all equities, a basket of good income-producing stocks can go a long way in keeping your retirement income safe from the savagery of long-term inflation.

Now this is not my forte; I'm no retirement planner, but I saw some interesting technical moves in the space and wanted to bring it to your attention.

In point and figure charting, we track weekly momentum. Weekly momentum measures the one-week moving average of a stock's price compared to its five-week moving average and can be applied to an individual stock or even an entire sector. It's a great indicator for changes in trend. When the one-week average crosses above the five-week average, momentum is said to have gone positive. When the five-week average crosses above the one-week, momentum is said to have gone negative.

These moves will last, generally, between eight to ten weeks (BTW, weekly momentum has been positive on the DOW & S&P for 13 weeks, a classic overbought sign,) with momentum rotating between positive and negative. The utility sector is now starting to show signs of momentum gradually swinging to the positive after being negative for eight weeks, and I had a few names of some stocks for you that look good in the group.

DISCLAIMER: This is not my main focus; I'm bringing these names to your attention so that you can do some more homework on the fundamentals with your own personal advisor. On a technical perspective they look good and are good dividend payers.

Hawaiian Electric (HE) (\$27.40) serves more than 429,000 customers as the sole public electricity provider on the islands of Hawaii, Lanai, Maui, Molokai, and Oahu. Stock is exhibiting a strong uptrend, little overbought short term, but with a great 4.57% yield, it just may be the kind of dividend payer you've been looking for.

PPL Corporation (PPL) (\$33.18) serves my neck of the woods in Pennsylvania. Not only do they sell electricity to 1.4 million Pennsylvanians but serve another 3 million plus through investments in various other utilities. Stock currently yields 3.3% and the stock looks good technically.

Unisource (UNS:) (\$34.06) These guys are a utility holding company that serves customers throughout Arizona. Technically speaking, the chart just showed a bullish triangle, typically a very bullish sign. Current yield on the stock is a shade under 2.5%, and this is one that definitely deserves a second look if you're interested in an income play with an equity growth component.

I realize that this is a little off the beaten path of my typical commentary, so I'd love to hear from you if this is the kind of stuff you'd like to read about.

Remember, this company Tycoon Publishing is founded on the crazy idea of leveling the investment playing field. Our sole mission here is to help

you, the average investor, become a better investor, so contact us and let us know what you want to know!

Enjoy your weekend!

A handwritten signature in black ink, appearing to read 'Teeka Tiwari', with a stylized, cursive script.

Teeka Tiwari
Chief Investment Officer

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