

Hello Fellow Traders!!

03/27/2007

**New in Mesatechtrading.com**

It has been an eventful month and there is allot to talk about. I want to start talking about an interesting feature we added to our research area and then I will talk about the nasdaq100 Q's charts and developments.

We have added a valuation section to our research area! Take a look at UNH's valuation as an example.

**UNITEDHEALTH GROUP INC Healthcare**

UNH : Days

Sym	Chan	Hight	Low	Close	Vol	Slp-255	Slp-130	Slp-65	Slp-20	Slp-10	Slp-5	Slp-MAV-Y	Slp-MAV-B	Slp-MAV-R	Filter	LevelH	Htgma	Slp-Htgma	Stctic	Rating
UNH	0.6	57.1	56.2	56.85	6.8757	0.03	0.08	0.03	0.27	0.61	1.11	0.80	0.29	0.18	0.74	0.02	0.31	0.19	1.00	Buy

UNH : Weeks

Sym	Chan	Hight	Low	Close	Vol	Slp-255	Slp-130	Slp-65	Slp-20	Slp-10	Slp-5	Slp-MAV-Y	Slp-MAV-B	Slp-MAV-R	Filter	LevelH	Htgma	Slp-Htgma	Stctic	Rating
UNH	7.0	57.1	53.3	56.85	13.7514	0.29	0.12	-0.14	0.69	0.44	1.07	0.27	0.51	-0.07	0.29	0.07	0.28	0.05	0.81	Buy

UNH : Months

Sym	Chan	Hight	Low	Close	Vol	Slp-255	Slp-130	Slp-65	Slp-20	Slp-10	Slp-5	Slp-MAV-Y	Slp-MAV-B	Slp-MAV-R	Filter	LevelH	Htgma	Slp-Htgma	Stctic	Rating
UNH	8.95	57.1	51.24	56.85	13.7514	0.32	0.75	1.22	-0.55	1.69	3.42	0.72	1.07	1.96	1.65	0.22	-0.40	0.68	0.58	Buy

UNH : Financial

Symbol	Price	_EPS_	_PE_	Div.Rate	Book	Price/B	ShrsOut	Cash	LTDbt/Eqty	Revenue	_ROE_	_ROA_	Beta	RatRet	Fundtal
UNH	53.13	2.97	17.9	0.00	15.37	3.46	1354.32	-7777.00	0.29	52.83	20.00	8.60	0.12	5.59	0.92

UNH : Valuation

Symbol	Close	# of Est	EstAv	Estmax	Estmin	Ds	EPS	Beta	Div	VlrAv	Vlrmax	Vlrmin	VlrAv/Close
UNH	56.51	18.00	16.86	20.00	15.00	1.43	2.97	0.12	0.00	75.50	86.20	69.68	1.34

[Days](#) [Weeks](#) [Months](#) [PointF](#)

The bottom row contains the valuation. Here is what each column means:

**# of Est:** Number of analysts that estimated future long-term growth for the stock

**EstAv:** Average long-term growth estimation by all analysts.

**Estmax:** Highest estimation of growth by all analysts.

**Estmin:** Lowest estimation of growth by all analysts.

**Ds:** Standard deviation of all analysts' estimations of growth.

**EPS:** Earnings per share.

**Beta:** measure of risk for the stock

**Div:** Dividends per share

**VlrAv:** Valuation for the stock calculated by mesatechtrading based on the average estimation of growth by analysts (EstAv).

**Vlrmax:** Valuation for the stock calculated by mesatechtrading based on the highest estimation of growth by analysts (Estmax).

**Vlrmin:** Valuation for the stock calculated by mesatechtrading based on the lowest estimation of growth by analysts (Estmin).

**VlrAv/close:** Ratio comparing valuation with average estimation of growth and current price for the stock.

These valuations are based on analysts' estimates for long-term growth. One has to be very careful when looking at them. If more analysts are researching the stock you are researching, the estimate for growth becomes more accurate and thus the valuation is more accurate. Also look for the standard deviation (Ds) of the estimates. If the Ds number is too high, the valuation becomes less reliable. For example, UNH has 18 estimations for long-term growth. The standard deviation for the estimations is 1.43, which means we can pretty much trust these estimations for growth and thus the valuations too. I would recommend that you use the valuations for the low and the average long-term growth estimation for every stock you are researching. In this case the valuation for UNH using the low and the average estimate are 69.68, and 75.5 respectively. Comparing current closing price for UNH of 56.51, this suggests that UNH is currently undervalued.

Never buy a stock based on this information only. Use these valuations as a starting point for your own research. Remember that the standard deviation must be small to be able to trust these valuations. Always compare the valuation result with the corresponding estimate for growth and look for reasonable estimates of growth. Remember that these estimates are for long-term growth, so be suspicious if you find estimates higher than 30%. Stocks do grow at these rates sometimes but they are unlikely to be able to continue for long periods of time. Just to give you an idea our economy grows about 6% per year. Some of our stocks will have zeros for the estimates numbers, which simply means we currently don't have estimates for these stocks.

### **Analysis of the QQQQ (Nasdaq 100)**

The Q's had pretty nice pull down on February 27 and has had a nice bounce back since. Still we are approaching an important resistance level around 44.80 and we have to be very careful here. Posting a lower high may take the Q's to its previous lows around 42.2. Remember that a chart is on a downtrend when prices are posting lower lows and lower highs. With the February 27 correction the Q's manage to post a lower low. This gives us half of the definition of a downtrend.



Ricardo Mesa