

## Corporate Insiders Rush to Sell Into Market Rally: Taking Stock

By Drew Singer / Bloomberg News

One notable group is missing from the list of buyers amid the stock market's relentless advance: corporate executives.

Earlier this year they timed the March market trough, scooping up shares of their own companies at the fastest pace since 2009. Come December however, with institutional and retail traders pumping record cash into exchange traded funds that track equities, insiders are still selling shares and in levels that have preceded prior market corrections.

The ratio of companies where insiders are buying relative to selling fell to 0.29 this month, tied for the lowest level since January 2018, data compiled by the Washington Service show. That echoes figures from the Edge Consulting Group, which found a 30-day sell-versus-buy ratio among corporate insiders has spiked to almost twice the 25-year average.

"Insiders are value buyers, primarily looking at book value or their own assessment of intrinsic value," said George Muzea, an insider trading analyst at the Edge Consulting Group, a special situations research firm. "They take profits when stocks move far above the value levels and add to them when they drop at or below these levels."

With stocks sitting near a record, corporate executives are taking profits from what's already been an extraordinary run. While the buying frenzy among mom-and-pop investors is near records, the increase in corporate selling relative to buying could raise concerns; similar reading appeared ahead of market dips in January and July 2018, the Edge Consulting Group said.

If investors are noticing that corporate insiders are selling their shares, they don't seem as concerned as they normally would. The S&P 500 has notched four records so far in December before a short-term breather. S&P 500 futures are up 0.1% ahead of the Federal Reserve's rate decision later Wednesday.

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