**Inside Trading: 3 Hot Ideas**

With the Thanksgiving holiday upon us, market volume is likely to be very light.

So we wanted to take the opportunity to share some exciting news to look forward to for 2018. Not only are we looking to launch a daily version of Inside Trading full of options, stocks and ETF recommendations, we’re also looking to introduce a new letter on crypto-currency trading.

We also wanted to talk about one of the most controversial trading opportunities, and share some information on why it may be time to short oil.

**Hot Idea No. 1 – The Crypto Currency Boom**

It’s the hottest trade of the decade.

It’s already outperformed stocks, bonds, gold and real estate. And to be perfectly honest with you, there’s no end in sight.

In January 2013, it priced at just $13.36.

Four and a half years later, it was up to $7,858 with sights set on $10,000.

I’m talking about Bitcoin – the cryptocurrency that’s taken the world by storm, creating overnight multi-millionaires along the way.

Even billionaires are jumping on board with one predicting that cryptocurrencies could be valued at more than $5 trillion by 2021, such as billionaire Michael Novogratz.

> “Ten percent of my net worth is in this space. It’s the ‘best investment of my life,’” he says, as quoted by Coin Telegraph. “The Nasdaq got to $5.4 trillion in 1999, why couldn’t it be as big? There’s so much human capital and real money being poured into the space and we’re at a takeoff point.”

Former PayPal COO David Sacks recently tweeted that such currency is the “best candidate we’ve had in awhile for Web 3.0.”

> “Bitcoin in 2017 is as real as Amazon or Priceline was in 1999,” says CNBC.

**Cryptocurrency in Plain English**

In its simplest terms, crypto currency is an encrypted decentralized digit currency transferred between peers and confirmed in a ledger, a process referred to as mining. As a peer-to-peer system, transactions are carried out between other users, eliminating any cost incurred by the
In short, transactions are made with no middlemen. There is no bank or government involvement. There are no transaction fees and no real reason to give your actual name. Better yet, merchants around the world are just beginning to accept them, including web hosting to pizza and manicures.

It’s just about revolutionized transactions.

So much so that the number of businesses accepting cryptocurrency is growing by leaps and bounces. Microsoft, Intuit, PayPay, Dish Network, and Overstock.com are some of the biggest. At Microsoft for example, you can buy content in the Windows and Xbox stories. The company was even behind the launch of Azure Block Chain as a platform that allowed larger-scale businesses to use block chain to facilitate settlements.

Even Fidelity Investments rolled out a program in August 2017 that allows investors to track their cryptocurrency holdings right alongside traditional assets.

At this pace, there’s a good chance that such currency could become a global digital reserve. It’s even getting support from the likes of Japan and Russia.

Japan for example just legalized cryptocurrency as a payment method. In fact, Japan began accepting Bitcoin as legal currency with major retailers backing the law. Russia is seeking to recognize it, too as a legal financial instrument in 2018, as a way to tackle money laundering.

Canada, the United Kingdom and the U.S. are on board, too.

Clearly, it’s popular. We’re even just beginning to see Bitcoin ATMs popping up.

That’s why we’re so excited about the trading possibilities.

**Hot Idea No. 2 – The Marijuana Boom**

Controversial or not, one of the hottest investments of 2018 could very well be the marijuana story. In fact, even after some monster moves in the sector, there’s still further upside remaining.

Look at Canopy Growth (TWMJF), for example to see how real the boom has been.
The stock more than doubled in November 2017 on excitement surrounding the issue of legalization and news of a major investor. Constellation Brands just took a 10% stake in that stock. It also acquired warrants that will allow it to buy even more shares in the future. It’s an interesting move as alcohol use declines, the use of marijuana increases.

Even more interesting, according to Marijuana Business Daily, we could see marijuana sales growth of 45% just in 2018 in the U.S., as well as a 300% aggregate push higher in sales between 2016 and 2021 to $17 billion. At the same time, a recent Gallup poll showed that 64% of Americans want to see marijuana legalized nationally.

Another big catalyst is Canada, which could legalize it recreationally in July 2018.

No wonder related stocks and ETFs have been racing higher.

The Horizons Medical Marijuana Life Sciences ETF (HMMJ.T) for example rocketed from $9 to nearly $13.50 by November 2017, too.

Talk of legalizing marijuana across the U.S. is growing like a – well, you get it.

As controversial as it may be, it’s also one of the most explosive.

Multiple states have already legalized its recreational use (Colorado, Washington, Alaska and Oregon) expanding the cannabis market 17% to $5.4 billion in the last year. In Colorado alone, marijuana sales skyrocketed to $996.18 million in 2015 – a record setting finish for the year. It allowed the state to collect more than $135 million in taxes and fees that year – more than $35 million of which went to school construction projects.

By 2018, the total state market for the drug could reach $6.6 billion.

When it comes to medical marijuana, the $2.9 billion market could also more than double if other states begin to legalize the use of cannabis in medications. In fact, this November, voters in Arkansas, Florida, Montana and North Dakota will vote.

All told, it really doesn’t matter what you think of this controversial topic.

**You’d be hard pressed to find an industry with faster growth than this one.**

Investors are pouring into the marijuana market at an incredible pace.

"The best way to estimate the potential size of the legal market for cannabis begins with the illegal market — which is somewhere north of $18 billion a year in pot Americans consume already", said Harvard economist Jeffrey Miron. The trade journal *Medical Marijuana Business Daily* says the $1.5 billion legal market could reach $6 billion by 2018," notes USA Today.

While individual stocks are still attractive, one of the best ways to diversify is with an ETF such as the HMMJ mentioned above. It holds giant stocks such as Insys Therapeutics (INSY), GW Pharmaceuticals (GWP), Aphria Inc. (APHQF), Emblem Corporation (EMMBF) and 22nd Century Group (XXII). The best part – an ETF like the EMMF allows you to own all of these stocks for just $12.50, as of November 2017.
Hot Idea No. 3 – Oil is Overbought

Since bottoming out at $42 a barrel in June 2017, oil prices ran to a high of $58 in recent weeks. It’s now at its highest point since the middle of 2015.

Part of the reason for the run was the political shakeup in Saudi Arabia in November. In fact, after prominent leaders were arrested, including billionaire Prince Alaweed bin Talal, oil prices pushed even higher.

The very idea of destabilization in the oil-rich region has lit quite a fire under oil prices.

The question now is—can higher oil prices last?

To be honest, it’s a wait-and-see at this point. Oil could always pull back once the latest news of Saudi upheaval begins to die down. Plus, we have to understand that rising oil prices could open the door for even more U.S. production and the potential for less compliance from other OPEC members, including Russia.

Once all of that begins to happen, oil prices could begin to slip.

Other signs of a potential top are recent ETF withdrawals. According to Bloomberg, “At a time when hedge funds expressed an uber-bullish stance on crude and have been piling on long
positions, U.S. Oil Fund investors are taking their money and exiting. The biggest exchange-traded fund tracking oil prices saw withdrawals for four straight weeks.”

Even analysts at Bank of America Merrill Lynch are warning that the oil rally may be nearing a top, with “possibly another $4 or $5 left in the rally,” according to Bloomberg.

That’s something we must be very well aware of, as energy investors. Any one looking for a potential contrarian trade on potential over-extensions in oil prices may want to look at the ProShares Ultra Short Bloomberg Crude Oil ETF (SCO), for example. It’s one of the more popular ways to short oil, tracking the Dow Jones-UBS Crude Oil Sub-Index.

This is just a taste of what we’re looking at between now and 2018.

Stay tuned for many more opportunities after the Thanksgiving holiday.