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KEY TAKEAWAYS

- ⇒ *We are in the early innings of two huge markets coming into their own. Their growth will be exponential.*
- ⇒ *Crowdfunding took a major leap last week and marijuana could also make a big step this week.*
- ⇒ *Earnings performance has been stellar and these 3 growth stocks could be very interesting this week*
- ⇒ *It is November and that means the Halloween Indicator is in full swing.*

THE MAJOR INDICES

Index	Close	2015
DJIA	17664	-1.0%
S&P 500	2079	0.9%
NASDAQ	5054	6.7%
Russell 2000	1162	-3.6%

(figures are rounded)

BIG CHANGES CREATE BIG MARKETS

When Benjamin Franklin signed the Declaration of Independence, he famously said:

"If we do not hang together, we shall all hang separately."

In an era where most people seem to lack an independent thought or a move made by themselves, two things have happened/are about to happen that could change all of our lives for years to come.

If you were to take a poll of millennials asking if they currently invest in stocks or own homes he answers will surprise you. Remembering what their parents went through and with not a lot of opportunity to get rich quick, the response is usually no, they do not invest in stocks because they don't like the risks or trust the system. As to homes, buying a home is on their bucket list but not a priority today so they do not mind paying rent.

As older baby boomers retire, their places as investors or homeowners are not being replaced by the younger set, which prefers to follow the herd or do things in packs.

What makes all of this amusing is that while they appear to be risk-averse, they actually throw caution to the wind and do not realize it. For example, many were and are engaged in crowdfunding. It is a cool concept whereby an entity raises money from multiple donors/investors via a platform to execute a project or build a business. Considering how these type of ventures are at the earliest of stages, isn't this riskiest of ventures?

I love the concept and it is huge! Crowdfunding platforms have raised billions for entities large and small with only accredited investors able to participate in equity programs.

Now, that has all changed. After years of waiting, the SEC last week finally adopted rules that allow the average Joe to invest in private companies. And that will make this space grow exponentially, aiding the economy and investors.

The Crowds...

According to a recent article in The New York Times:

"The new rules allow companies to raise up to \$1 million in a 12-month period through a crowdfunding campaign. Companies will need to provide their potential investors with financial statements, but some first-time issuers and those seeking less than \$500,000 will not be required to have the statements audited. The amount of money backers will be allowed to invest depends on their income. Those with an annual income or net worth of less than \$100,000 will be allowed to invest up to \$2,000 in a 12-month period, or 5 percent of the lesser of their income or net worth, whichever is greater. Those with an income and net worth of more than \$100,000 will be permitted to invest up to 10 percent of the lesser of their annual income or net worth."

These new regulations take effect sometime early next year and in my view, could change revolutionize the small business market—especially start-ups. Again, the risk is great—greater than the liquidity provided in the capital markets today. But, with the concept of referrals-based marketing and others, new and existing platforms will be quite busy. After all, people tend to share and do so many things together online; hence, the success of crowdfunding to begin with.

The bottom line is that this event could be the shot in the arm for existing small businesses, entrepreneurs currently not working full-time, and others. It is likely to change many aspects of our economy.

Speaking of how new regulations and crowds come together to build a new market, we released the first edition of Cannabis Stock Report last week, a new premium, bi-weekly newsletter. If smoking pot isn't the prototypical thing to do in a group I don't know what is, and we are not alone in this line of thinking, but I digress.

We elected to release it now because of the convergence of a number of events: political, economic, and market-related. One of the next major potential milestones occurs on Tuesday, November 3rd. Citizens of the state of Ohio, the 7th most populous state in the U.S., with a population above the combined number of residents in Oregon and Colorado (where medical and recreational marijuana is legal), will consider a constitutional amendment to allow marijuana for both medical and personal use.

The Votes...

What is unusual is how this has come about so fast...it took on a life of its own in recent months, as many industry pundits assumed this critical swing state would not have any measure on the ballot this year. Well, the odds are looking 50/50 right now and if the proposal passes, Ohio will be the first state to approve marijuana for personal use without first legalizing medicinal marijuana use.

We aren't talking the trendy/liberal/progressive West Coast states. We are talking Main Street, the heartland! As 'ol blue eyes might say: "If we can pass it there, we can pass it any-where..."

Whether it does or not I am not smart enough to say, especially when the circumstances and proposed structure varies from state to state. However, there is such a groundswell of support nationwide, even if it does not pass, it will surely pass in the next "go-around." If it does pass, wow...talk about a big turning point...

Not to be outdone, rival Pennsylvania, the 6th largest state in the Union appears to be getting closer to medical marijuana legalization, which would join 23 other states that have approved it for use.

The ability for small investors to invest in small private companies...the ability to buy marijuana for medical or recreational use...talk about a true market economy. If this is what the people want, the people will get it. We cannot speak to how to best take advantage of crowdfunding at this juncture, but we can on the cannabis side. Check out this link below...we are offering a special 6-month introductory subscription for just \$99. It is an incredible deal for a bi-weekly publication that provides a unique viewpoint and of the current and future market forces, key publicly traded stocks, and even features on stocks soon to be traded in the U.S.

<http://www.goldmanresearch.com/the-cannabis-stock-report.html>

The Stock Market Today

U.S. Stock Market Index Performance as 10/30/15									
Index	Close	52-Wk Hi	52-Wk Low	Hi Date	Low Date	% off High	% from Low	Bounce*	% Above 200-DMA
DJIA	17,664	18,351	15,370	5/19/15	8/24/15	3.7%	14.9%	16.2%	0.5%
S&P 500	2,079	2,135	1,867	5/20/15	10/17/14	2.6%	11.4%	12.6%	0.8%
NASDAQ	5,054	5,232	4,242	7/20/15	10/17/14	3.4%	19.1%	18.0%	2.4%
Russell 2000	1,162	1,296	1,079	6/23/15	10/20/14	10.3%	7.7%	14.8%	-4.4%
Average						5.0%	13.3%	15.4%	0.7%
* denotes the percentage index is up from recent low									
Source: www.StockCharts.com, Goldman Small Cap Research									

Two themes seem primed to dominate this week.

First, the Halloween Indicator is no in full effect. For the uninitiated, this indicator refers to a six month period (from November—May) where stocks tend to enjoy the greatest gains. The second theme is the current quarterly earnings performance, which has about two more weeks to go. Thus far, stocks are soundly beating Wall Street estimates and they are moving higher as a result, sometimes sharply so.

Here are my top 3 stocks to watch this week. All 5 report quarterly financials sometime during the week.

Facebook (NASDAQ—FB): Trading near its all-time high I am looing to see how the Street and the company respond to the 3 M's: metrics, M&A, and model.

Tesla (NASDAQ—TSLA): Which way will it go? Still a darling or has it hit a speed bump?

Say What?



Great info, insights, and hard-hitting stories make up this week's *Say What?* feature...

The New York Post

<http://nypost.com/2015/10/31/a-look-at-the-major-casualties-of-hedge-fund-downturn/>

If your returns have kept you up at night, imagine these guys.

The New York Times

http://www.nytimes.com/2015/10/31/business/dealbook/sec-gives-small-investors-access-to-equity-crowdfunding.html?_r=0

Big news, as we outlined earlier.

CNBC

<http://www.cnbc.com/2015/11/01/earnings-help-make-beating-wall-street-that-much-sweeter.html>

Another piece of evidence that small caps should do well.

Zero Hedge

<http://www.zerohedge.com/news/2015-11-01/homicide-rates-cut-half-over-past-20-years-while-new-gun-ownership-soared>

Are you listening America? (Note: I do not own any guns.)

Investor's Business Daily

<http://ibdtv.investors.com/video/earnings-watch-facebook-tesla-disney-visa-taser-fitbit-mobileye-papa-johns-shake-shack-fitbit/?ref=HPLNews>

Big week for earnings of some of the most popular growth stocks.

Just the Stats

AAll Sentiment Survey (figures rounded)

	<u>Current</u>	<u>Last Week</u>	<u>Long Term Avg</u>
Bullish	40%	35%	39%
Neutral	39%	41%	31%
Bearish	21%	24%	30%



Hooray! For the first time in 35 weeks, the AAll Bullish category is over 40%. It is about time. With AAll over 40%, and Ticker Sense at 50% with declining Neutral and Bearish categories, the future is bright.



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The Goldman Guide

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