Goldman SMALL CAP RESEARCH

The Goldman Guide

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INSIDE THIS ISSUE:

KEY TAKEAWAYS

- ⇒ *Was last week's NASDAQ's move misleading?*
- ⇒ *Can Apple carry stocks ahead?*
- ⇒ *Election concerns have added to market volatility and expect it to continue.*
- ⇒ *The end of institutional window dressing means a focus on GARP stocks that can make a big post-election move.*
- ⇒ *We have identified the next market driver*
- ⇒ *This stock produces sweet products and could produce sweet returns*

THE MAJOR INDICES

Index	Close	2016
DJIA	18,262	4.8%
S&P 500	2165	5.9%
NASDAQ	5306	6.0%
Russell 2000	1255	10.5%

(figures are rounded)

Who Will Be The Master Debater?

Apparently there is a Presidential Debate on Monday. I say *apparently* because its significance and far-reaching impact seem to pale in comparison with last week's news that Brangelina is/are splitting up. You know that we are in trouble when the pre-debate hype and analysis centers on Clinton requesting a stool, and the parties threatening to invite Mark Cuban (Trump hater) and Gennifer Flowers (Clinton Accuser). It's like everything has turned into the WWE. Where's Ivan Putski, the Polish Power?

I don't proclaim to be able to project what issues will be discussed or the candidates' perspectives. I can tell you that Mr. Trump will likely anoint himself the post-debate "master debater" (pun intended) and he probably will come off as more authoritative than Mrs. Clinton.

With the Washington Post suggesting that the polls indicate a "dead heat" these two abominations will work hard to be the less hated and more viable candidate. I suspect we may be surprised at some of Trump's responses and concerned over Clinton's frailty which could sway some undecideds.

What is fascinating is that both candidates are made of Teflon. Nothing sticks to them—Clinton scandals, Trump buffoonery. Incredible. We cannot predict what will knock them down let alone get them elected. That leaves one option.

Let the pandering begin.

The Stock Market Today

U.S. Stock Market Index Performance 9/23/2016								
Index	Close	52-Wk Hi	52-Wk Low	Hi Date	Low Date	% off High	% from Low	% Above 200-DMA
DJIA	18,262	18,668	15,451	8/15/16	1/20/16	2.2%	18.2%	3.8%
S&P 500	2,165	2,194	1,810	8/15/16	2/11/16	1.3%	19.6%	5.0%
NASDAQ	5,306	5,343	4,210	9/22/16	2/11/16	0.7%	26.0%	8.7%
Russell 2000	1,255	1,264	943	9/22/16	2/11/16	0.7%	33.1%	10.9%
Average						1.2%	24.2%	7.1%
Sources: www.BarChart.com, Goldman Small Cap Research								

Time to take a flier?

Say What?

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

The New York Times

http://www.nytimes.com/2016/09/24/business/media/new-snapchat-channel-to-look-at-final-leg-of-presidential-campaign.html?ref=media

Damn. Maybe I actually have to join that.

Marketwatch

http://www.marketwatch.com/story/legal-marijuana-expected-to-pose-threat-to-200-billon-alcohol-industry-2016-09-23

Huge industry affirmation and numbers from a reliable source.

USA Today

http://www.usatoday.com/story/money/business/2016/09/23/cracker-barrel-goes-trendy-lure-millennials/90886796/

Even this old-school successful company recognizes it needs to target this market.

Bloomberg

http://www.bloomberg.com/news/videos/2016-09-24/angellist-ceo-seed-stage-startups-an-attractive-asset-class

Good sign for the future. What does that say about other asset classes?

ZeroHedge:

http://www.zerohedge.com/news/2016-09-24/obamacare-death-spiral-looms-co-op-losses-mount

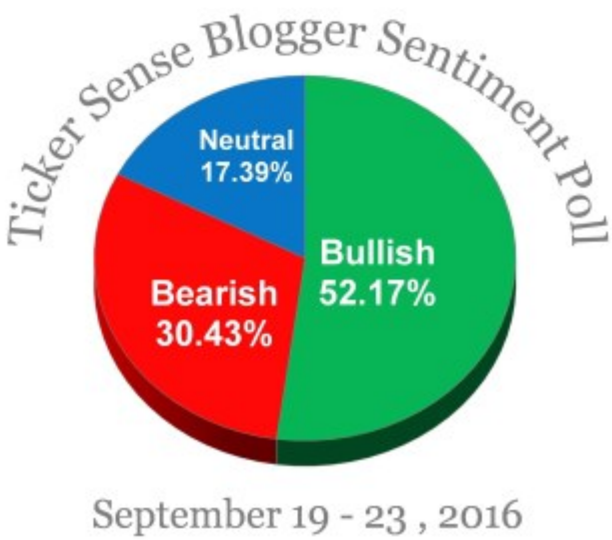
The truth hurts.

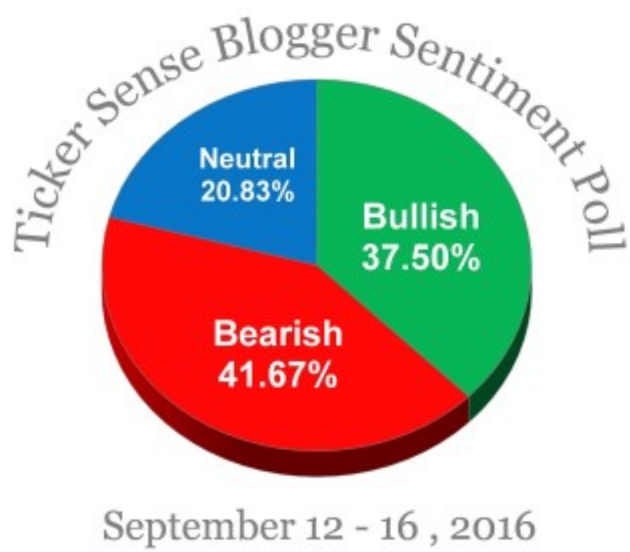
Notable Numbers

AAII Sentiment Survey (figures rounded)

	Current	Last Week	*Long Term Avg*
Bullish	25%	28%	*39%*
Neutral	37%	36%	*31%*
Bearish	38%	36%	*30%*

Boom! And just like that, Bears start to take over, with Neutrals and Bears at the same rate in the AAII survey and the percentage of Bears besting the Bulls in the Ticker Sense poll. That has not happened in a number of weeks. For the AAII survey, it has been almost exactly 90 days since we have seen this level of Bearish respondents. For that matter, I believe that since we began tracking the Investors Intelligence figures a few months ago, the percentage of bulls is under 50% for the first time. Moreover, the Bull/Bear ratio has dropped by 20% in the past 2 weeks alone. It is clear caution will dominate sentiment ahead.





1498 Reisterstown Road, Suite 286 Baltimore Maryland 21208 Phone: 410.609.7100
info@goldmanresearch.com www.goldmanresearch.com

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1498 Reisterstown Road, Suite 286 Baltimore Maryland 21208 Phone: 410.609.7100

info@goldmanresearch.com www.goldmanresearch.com

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