



The Goldman Guide

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How 'bout that Market?

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The Market is Like the NBA

As I sat in a restaurant eating a late dinner Saturday night, and watching LeBron and Company advance to the NBA Finals, it occurred to me that the NBA and the stock market are very much alike. Moreover, it says a lot about what we should expect in the future.

Hear me out. I was not drinking. Much. Let's start with the National Basketball Association. Before the season started there was labor strife, a change in ownership of a team to one owned by the league and later sold to an NFL owner of a franchise in the same city. There are structural changes in the offing for the league in general.

Fans have had a love/hate relationship with one of the leading teams, the Miami Heat. They can do no wrong, they can do no good, yet they are front and center regardless. The most aged teams, the San Antonio Spurs and Boston Celtics nearly defied all odds and made it to the NBA Finals. A venerable team (Los Angeles Lakers) with weak leadership at the top (coach) and the best player with no supporting cast (Kobe Bryant) fell apart before our very eyes. A new guard, an up-and-coming team, the Oklahoma City Thunder, has reached the Finals sooner than anyone expected, showing some real moxie.

As for the stock market, we always hear about bulls and bears. However, it is more than that nowadays, thanks in large part to the media. Like in wrestling and everything else written about in the media, the market is now led by stocks that are good and stocks (or companies) that are evil. Makes for good copy, right?

The stock market commentary has gone from analytical to new vs. old and good vs. evil, with the occasional restructuring talk. (cont'd)

Key Takeaways

- ⇒ Thanks to the media the stock market is like the NBA or wrestling
- ⇒ The NBA Finals is like Facebook vs. Twitter
- ⇒ Keep dipping your toes in the water
- ⇒ Our daily blogs are killing it.
- ⇒ We are launching a new feature this week exclusively available to our premium subscribers the

The Market is Like the NBA (cont'd)



The NBA Finals of the Heat vs. the Thunder is like Facebook vs. Twitter. The old story of good vs. evil?

The evil ones are easy to identify. They are basically divided in two groups. One group, the investment banks and banks is the source of many of our problems according to the mainstream financial media. Frankly, I don't care. If I can make money on the stocks that will be my primary motivation, not ideology, perceived or otherwise. The other is the 800 lb. gorilla. In this case it is led by Facebook (NASDAQ—FB) with Google (NASDAQ—GOOG) a close second. FB, of course, tried to screw investors, and has a cult following of massive proportions. GOOG, also with a huge following due to functionality, is derided for its practices as well, yet lauded for its basic uses and wide-reaching offerings that aid our daily productivity. Who is the good guy?

Ironically, until public, it is the private firms, unless one is crowned as such while public by the media. If I had to choose, I'd say that the good vs. evil battle that is looming in a steel cage match is Twitter vs. Facebook. And doesn't it seem like the Heat is Facebook and Twitter is the Thunder? Users love Twitter. It does business the right way. It is useful and cool, smooth. Facebook is LeBron. It anointed itself king and we all piled on until it made us puke. (Apple is in its own category.)

Key Statistics

| <u>Index</u> | <u>Close</u> | <u>YTD</u> |
|--------------|--------------|------------|
| DJIA | 12,554 | 2.8% |
| S&P 500 | 1326 | 5.4% |
| NASDAQ | 2858 | 9.7% |
| Russell 2K | 769 | 3.8% |

(figures are rounded)

The old guard in the market is represented by the venerable names we always write off in this New Economy like those that have stumbled in tech such as Yahoo (NASDAQ—YHOO), HP (NYSE—HPO), Nokia (NYSE—NOK), etc. (See San Antonio and Boston). Changes in leadership have not helped, they have one thing going for them and still can't succeed. Right, Kobe?

With changes in contracts, age limits, and other potential restructurings, it is reminiscent of the stock market's attempt to return to a greater semblance of order where the inmates are not running the asylum. Yet, others are given some greater freedoms to succeed. (See future impact of JOBS Act on the market in 2 years.)

Last week, we said don't worry, don't buy early. We were on target as the market had its best week, and it didn't start until Wednesday. It was driven by fewer European concerns, and it is possible this is, as we say in football, a false start. Still, keep dipping those toes in the water. As summer heats up, you will want to be all in.



Select Research: These Stocks Are Rocking....

I could have predicted this. Last week, we reminded you to visit our site daily or follow us on Twitter as we are blogging every day under our Market Monitor blogs between 10:30 AM and 11:30 AM. Our blogs typically include a current or soon to be hot stock on NASDAQ or NYSE and NYSE AMEX. Here is what you missed:

Parametric Sound (NASDAQ—PAMT—\$8.75) jumped 46% in 3 days. It made almost its entire move higher after we tweeted our blog post.

Reed's (NASDAQ—REED - \$3.31) almost reached our back-of-the-envelope target in 2 days, and was up 21% before dropping. Again, we were early on this. No news, just our analysis.

Tix Corporation: (NYSEAMEX—TIX—\$2.00) received a tender offer from its Chairman for an all-cash buy-out at \$2.25. If it goes through, it is only a 12.5% gain, but that is not bad from here, is it? If it is not approved, stock probably goes higher anyway.

We are certified Seeking Alpha contributors and after we put out a negative piece on Sirius XM (NASDAQ—SIRI—\$1.86) we got 10,000 page views in few hours and were attacked by its cultish followers. Hilarious. Stock dropped roughly 3%, after the post and tweet, while NASDAQ was up 3.6% for the week.

We would not recommend chasing PAMT or REED this week, but TIXC is an interesting play. Don't forget to check out the blogs daily so you don't miss these great trades. We featured 6 stocks, and the ones we were negative on dropped while the positive profiled stocks all rose.

And most importantly, you must sign up early this week for The 30-30 Report. One of our features hit a new 52-week high (3rd one in 2 weeks) and the stocks are looking great. Plus, the first edition of The Analyst Call will take place on Thursday. We will be interviewing a well-known stock market expert and make this interview, which will include his **exclusive** picks and ideas, available **only** to our premium subscribers.

Until next week...



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Rob Goldman founded Goldman Small Cap Research (GSCR) in 2009. Rob has over 20 years of investment and research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, he was a senior member of Piper Jaffray's Technology team. Prior to joining Piper, Rob led Josephthal & Co.'s Emerging Growth Research Group. Rob has also served as Chief Investment Officer of two boutique investment management firms, where he managed Small Cap Growth and Balanced portfolios and *The Blue and White Fund*. As an investment manager, Rob's model portfolio was once ranked the 4th best small cap growth performer in the U.S. by *Money Manager Review*. In addition to his work at GSCR, Rob is the editor of Penny Stock Junction (www.pennystockjunction.com.)

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