



# The Goldman Guide

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## KEY TAKEAWAYS

- ⇒ Scared investors helped Friday's selloff
- ⇒ Buyers were everywhere last week and trend should continue
- ⇒ January Effect in full swing
- ⇒ Cash in your unwanted or partially used gift cards on December 26th
- ⇒ New website launching on 12/26/12 to buy gift cards: [www.CashForMyGiftCards.com](http://www.CashForMyGiftCards.com)

## KEY STATISTICS

Index	Close	YTD
DJIA	13,191	8.0%
S&P 500	1430	13.7%
NASDAQ	2971	16.0%
Russell 2K	848	14.4%

(figures are rounded)

## Sellers Be Gone

It looks to us like the sellers in the market "be gone". If not, then I humbly request for them to be gone. The market rocked and roared last week, with the Dow up 1.6% and the Russell 2000 Index up over 3%, despite the big drop on Friday.

Frankly, in our view, the drop was way overdone. It may have been prompted by some negative news in Europe and the latest concern regarding the fiscal cliff. However, the drop was exacerbated by investors' desire to just sell stocks and not take a chance with having long positions heading into the last week of the year, just in case. Therefore, the strength we saw for most of the week is still in force.

Trading on Monday will likely be light which presents opportunities in small caps and micro caps (see last week's ideas). The daring may even wish to use options to play the January Effect. As we noted last week, the stars are aligned and with more up days expected this week, seek out new positions.

December 26th has become a very interesting day on the calendar in the U.S. Not only is the day known for post-holiday bargains, but it is noted for its role as a major day for gift returns.

Of late, however it has become a day for the exchange of unwanted gift cards on certain web sites. A new website is launching on the 26th whose purpose is to buy used and unwanted gift cards that everyone seems to receive this time of year. These cards are bought for a discount to face value, but since \$30 billion worth of cards sits unused every day, it is a great way to get cash for them and then use the cash for other purchases. Check it out on Tues: [www.CashForMyGiftCards.com](http://www.CashForMyGiftCards.com).

From all of us at Goldman Small Cap Research, have a safe holiday season!

## Our Previous Top 12 Predictions

Now that we are reaching the end of the year it is time to provide our top 13 predictions for 2013. First, let's see how we did with our original predictions for 2012....

Prediction #1: The Dow Jones Industrial Average and S&P 500 Index will end the year up 9%, with much of the gains in the early and latter part of the year. **As of December 21<sup>st</sup>, the DJIA and S&P 500 are up 8.0% and 13.7%, respectively. We still may meet our mark on the Dow and the S&P has been a big surprise.**

Prediction #2: The NASDAQ Composite and Russell 2000 Index will bounce back strongly, with the NASDAQ rising 12% and the Russell 2000 jumping 14%. **NASDAQ is up 16.0% and the Russell is up 14.4%, which is right on target. We were aggressive relative to most prognosticators and even we fell a tad short.**

Prediction #3: ....We predict that Gold will end 2012 7% higher than when it began. **Gold is up 8.4%. Again, we are close but a little light.**

Prediction #4: President Obama will win re-election in November 2012.....**nailed it.**

Prediction #5: The Republicans will completely blow it. Mitt Romney wins the nomination but watching grass grow becomes more exciting than listening to him speak.....**really nailed it.**

Prediction #6: Next year, we will witness a series of pockets of tension abroad, but no large-scale conflicts...**Check.**

Prediction #7: Although things aren't getting better, they do not appear to be getting worse, financially. **As if on cue, financials lead the pack beginning in Q2, and have a strong 2H12. Seems about right and financials, especially the big money center banks, had big returns in 2H12, such as Bank of America (BAC – NYSE).**

Prediction #8: The power and reach of Google (NASDAQ – GOOG) and Facebook (NASDAQ – FB) (especially after the IPO) are readily apparent...**Pretty accurate although Apple stole the show...**

Prediction # 9: The Super Bowl winner will be the defending champion Green Bay Packers.....**Wrong.**

Prediction #10: The Groupon model breaks down. **Bingo.**

Prediction #11: Howard Stern takes the world by storm, now that he is a judge on a hit reality show...**Wrong on this one and I am surprised by it.**

Prediction #12: By mid-year, we don't care much for or about the Kardashians and Lilo. Unfortunately, we are treated to unending pics, videos and stories of a new "diva", Miley Cyrus. **Half right. Miley is a train wreck but the Kardashians and Lilo are still front page news.**

And now for 2013....

## Our Top 13 Predictions for 2013

Prediction #1: The Dow and S&P 500 will rise by 7%.

Prediction #2: The NASDAQ and Russell will rise by 9 and 11%, respectively.

Prediction #3: Oil will end 2013 at \$95.00 per barrel.

Prediction #4: Gold will rise by at least 6% and could approach 10% intra-year.

Prediction #5: The best sectors will be financials, home builders and technology. Health care will start off strong but end weak.



Prediction #6: Americans will continue to freak out about health care.

Prediction #7: The ticking time bomb that is the Middle East finally goes off.

Prediction #8: Europe is back in favor as evidenced by the performance of its bourses. However, domestic policy decisions across the pond baffle us.

Prediction #9: Twitter goes public and does very well. Facebook's mobile initiatives remain brisk but a new form of web communication or app that takes us by storm.

Prediction#10: In a western showdown, it is the Broncos vs. the 49ers in the Super Bowl. Manning shines in a win.

Prediction #11: Political correctness eats away at the fabric of society as causes driven by tragedy and fear crop up repeatedly. We are viewed as pariahs if we do not support all of them. Bills for tighter gun control laws are proposed and pass. Easily.

Prediction #12: Tablets are as ubiquitous as mobile phones. Manufacturers try to meld the 2 together. What in the world is a PC?

Prediction #13: Television ratings, including reality shows and news channels plummet. We choose to get our info and entertainment how we want it, where we want it, and when we want it.

Bonus: It is a longshot but we predict a sex scandal in the White House.

Until next week...



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## Analyst Certification

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