



# The Goldman Guide

VOLUME 5 | ISSUE 34 | AUGUST 24, 2014

## INSIDE THIS ISSUE:

Playing Events as They Happen

### KEY TAKEAWAYS

- ⇒ *Stocks may have risen but the move is actually weak*
- ⇒ *Don't follow the herd*
- ⇒ *Volume is anemic and the mass investor market is very bullish. That is a scary combination*
- ⇒ *Risk is being thrown aside and inflows into stocks may have made their run. Without new money coming in how will the market move higher?*
- ⇒ *There are way to play major economic, weather, political and military events and generate a quick return as they happen*
- ⇒ *Be aware of what to do ahead of time and you could be rewarded*

### KEY STATISTICS

Index	Close	2014
DJIA	17001	2.6%
S&P 500	1988	7.6%
NASDAQ	4539	8.7%
Russell 2000	1160	-0.3%

(figures are rounded)

## FOUR DOWNS, THEN TURNOVER

For the second straight week, we provided a number of reasons why the market was going to have a good week, and as if on cue, it certainly did, with NASDAQ reaching a 14 year high. Interestingly, some of the drivers (which we highlighted) could be the market's downfall sooner than you think, so don't follow the herd.

With the start of the college football season officially underway and the end of summer a week away, the market's current four-down drive to the end zone looks like it will end on a turnover, come September.

**1st and 10:** Yes, stocks had a great time last week but do not believe the hype. We predicted that the lower the volume the greater the gain and that is what happened. Volume was down 23% for the week and is down 40% from just 3 weeks ago. In fact, volume reached its lowest point since the 2013 winter holiday season. Once the rest of the major market participants return, things will likely begin to turn lower.

**2nd and 10:** According to the latest AAll Investment Sentiment Survey, the percentage of investors surveyed that were bullish leaped to 46% while those bearish dropped to 23%, versus the 39% and 30% historical averages. When the mass market is this bullish it is a negative.

**3rd and 10:** IPOs have been postponed recently and have not had broad success, indicating that the market is actually tired and no new money is being allocated.

**4th and 10:** Individual investors are throwing caution to the wind, which is dangerous. The \$9.9B worth of inflows into stock funds last week was the biggest since June and the \$2.2B allocated to junk bonds was the largest since September 2013. Where will the new money come from?

## ***Playing Events As They Happen***

It is a morbid concept. Buying stocks in anticipation of or in direct response to, tragedies. Twenty-two years ago today, the worst hurricane to hit South Florida, Hurricane Andrew, left 5000 homeless and caused billions in damage. Although it has been many years since a major hurricane hit South Florida, we are in the throes of hurricane season. Just like residents need to prepare for the worst you should prepare your portfolio ahead of time. For example, big winners in these tragedies tend to be regional and national home improvement, construction and other related chains, while losers tend to be property and casualty and electric utility stocks.

Last week, we noted that **Taser International (NASDAQ—TASR)** was primed to take advantage of the Ferguson, MO incident and sure enough the stock reached a peak gain of 18% last week. Investors now know that when these events occur, TASR could be a beneficiary and thus the stock could be ripe for another quick trade.

Obviously, any military actions or terrorist acts abroad that involve the U.S. as victims or respondents usually results in jumps in security and defense stocks, especially bomb, aviation and intrusion security.

On the plus side, if the Argentina economic and monetary situation turns, those stocks, some of which trade as ADRs here, could see a quick spike higher. Even the ETF **Global X MSCI Argentina ETF (NYSE—ARGT—\$20.92)** could make a modest move.

The bottom line remains that if you are armed with event-driven knowledge and concepts they can prove to be surprisingly lucrative, regardless of the market's direction.

Have a great week!



# The Goldman Guide

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

[info@goldmanresearch.com](mailto:info@goldmanresearch.com) [www.goldmanresearch.com](http://www.goldmanresearch.com)

Launched in May 2010, *The Goldman Guide* is a free weekly publication of Goldman Small Cap Research and is written by Founder Rob Goldman with contributions from the GSCR contributor team. This non-sponsored investment newsletter seeks to provide investors with market, economic, political and equity-specific insights via an action-oriented, straight to the point approach. No companies mentioned in this newsletter are current sponsored research clients of the Company or its parent, unless noted. With rare exceptions, all companies or investment ideas mentioned in this publication are publicly traded stocks listed either on the NYSE or the NASDAQ. Goldman Small Cap Research members and contributors' bios, certifications, and experience can be found on our website: [www.goldmanresearch.com](http://www.goldmanresearch.com).

## **Disclaimer**

This newsletter was prepared for informational purposes only. *Goldman Small Cap Research*, (a division of Two Triangle Consulting Group, LLC) produces non-sponsored and sponsored (paid) investment research. Goldman Small Cap Research is not affiliated in any way with Goldman Sachs & Co.

The Firm's non-sponsored research publications category, **Select Research**, reflects the Firm's internally generated stock ideas, along with economic, industry and market outlooks. In virtually all cases, stocks mentioned in **Select Research** offerings are listed on the NYSE or the NASDAQ. Publications in this category include the weekly newsletter *The Goldman Guide*, daily Market Monitor blogs, Special Reports, and premium products such as *The 30-30 Report*. Goldman Small Cap Research analysts are neither long nor short stocks mentioned in this newsletter.

**Opportunity Research** reports, updates and Microcap Hot Topics articles reflect sponsored (paid) research but can also include non-sponsored micro cap research ideas that typically carry greater risks than those stocks covered in Select Research category. It is important to note that while we may track performance separately, we utilize many of the same coverage criteria in determining coverage of all stocks in both research formats. Please view the company's individual disclosures for each engagement, which can be found in company-specific **Opportunity Research** reports, updates and articles.

Goldman Small Cap Research has not been compensated for any content in this issue.

All information contained in this newsletter and in our reports were provided by the companies mentioned via news releases, filings, and their websites or generated from our own due diligence. Economic, market data and charts are provided by a variety of sources and are cited upon publication. Stock performance data is derived from Yahoo! Finance. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an independent investigation or inquiry as to the accuracy of any information provided by the Company, other firms, or other financial news outlets. *Goldman Small Cap Research* relied solely upon information provided by companies through filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research* report, update, article, blog, note, or newsletter is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed. This newsletter does not take into account the investment objectives, financial situation, or particular needs of any particular person. This newsletter does not provide all information material to an investor's decision about whether or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered as a securities broker-dealer or an investment adviser with the FINRA or with any state securities regulatory authority.

ALL INFORMATION IN THIS REPORT OR NEWSLETTER IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: [www.goldmanresearch.com](http://www.goldmanresearch.com)