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TOP 15 PREDICTIONS FOR 2015

Introduction

Since December 2011, we have published our top predictions for the coming year. These predictions tend to be pretty spot on as you can see from our 2013 projections below. Plus, they are not just related to the stock market and investments but include politics, sports, and popular culture.

But before we list our new predictions, let's see how we did with each of our original 14 predictions for 2014 this time last year....

2014 Predictions

Prediction #1: The Dow Jones and S&P 500 will end 2014 up 6% and 7%, respectively. **With half of the month to go we are certainly in the ballpark, and pretty damn close, especially if we have the usual year-end bounce. As of December 12th, the DJIA is up 4.2% year-to-date and the S&P 500 Index is up 8.3%.**

Prediction #2: The NASDAQ Composite and Russell 2000 Index will rise 8% and 4%. **Clearly we underestimated the NASDAQ performance and overestimated the Russell 2000 performance. The NASDAQ is up over 11% while the Russell 2000 Index is down 1%.**

Prediction #3: Unlike 2013, the Sell in May and Go Away mantra will be spot on and could start earlier if GDP growth falls flat. It will be a volatile and mostly depressing year, with the exception of the very beginning and the very end. **This prediction more wrong than right. If you sold in May and went away until November you would have missed out on a 10% rise. Still, there was volatility at times making trading and timing of trades difficult.**

Prediction #4: More freak-outs over health care occur in the latter third of the year throwing stocks into another tizzy before recovering strongly at year-end. **Not correct here.**

Prediction #5: Oil will be virtually unchanged year-over-year. **Could this be any more wrong? "Nuff said.**

Prediction #6: Gold will drop by another 5% or more during the year and end down 2%. **At the risk of a bad pun we were "spot on". The low for the year was 4.9% and although the recent close has the price of gold up 1%, look for it to likely drop incrementally from here before year-end.**

Prediction #7: Bitcoin starts to get traction and volatility declines as more vendors accept the online currency. Other, competing currencies emerge but do not have similar traction. (Bonus: The value rises 20% for the year.) **We were totally on target on the first part but way off on the bonus. In fact, the price of bitcoin is down more than 50% since the end of 2013.**

Prediction #8: The Seahawks finally win the Super Bowl, defeating the Broncos. **Bingo. But do they repeat?**

Prediction #9: Medical marijuana enjoys considerable positive press and edges closer to losing that Class 1 felony status. *While the story fizzled as the year wore on the Feds seems to be turning more of a blind eye than ever---except in Washington DC.*

Prediction #10: Vladimir Putin finds a new pastime: mocking the U.S on a regular basis. *I forgot to add other despots to the list but our leadership made this an easy call.*

Prediction #11: Residential phone lines are dinosaurs. Real-time offerings and archived entertainment via over the top television smack cable and satellite hard. *Right idea that is not yet ready for prime time, so we whiffed on this one.*

Prediction# 12: The popularity of the life and times of the Kardashians and the Real Housewives series are displaced—by even more vile programming. *Granted this is a bit arbitrary but it certainly feels right, doesn't it?*

Prediction# 13: The Spotify IPO sounds good and performs better than Twitter and Facebook, comparatively peaking. *Still waiting...*

Prediction #14: The market may see a flurry of M&A early on, including the financial sector which has been relatively quiet the past few years. *M&A was strong all year but financials weren't the booming sector we had forecasted.*

And now for 2015...

Prediction #1: The Dow Jones and S&P 500 will reach a peak return of 4% and 5%, respectively but we expect a lot of pain throughout the year and could even end the year down.

Prediction #2: The NASDAQ Composite and Russell 2000 Index will peak at an increase of 8% and 10%, respectively.

Prediction #3: Oil will start to turn up in 2Q15 and end the year higher than it began.

Prediction #4: Gold ends the year up 5% from 2014.

Prediction #6: The use of video in communication enjoys a big rise next year---even more than in 2014. This includes the likes of Snapchat and all forms of social media communications as well.

Prediction #7: Outwardly, the nation doesn't bat an eyelash over the recently announced immigration reform. Inwardly, the divisive nature of the country continues to fracture based more on economics rather than race in 2015.

Prediction #8: The long-awaited buyer's remorse over Obamacare finally arrives and is exemplified by the stances of Democratic Presidential hopefuls for 2016.

Prediction #9: The list of candidates on both sides is tired, boring, and does not elicit much enthusiasm. However, an outlier or two helps impact talking points and perspectives which carry over into real issues in 2016.

Prediction #10: States will be under the biggest budgetary burdens they have experienced in several years which affect voter and citizen morale.

Prediction #9: The winner of the NFC will be the Super Bowl Champion in February.

Prediction #10: Ray Rice signs a one-year deal with the Indianapolis Colts that includes option years and loads of incentives.

Prediction #11: Sales of hybrids and alternative energy vehicles record a hiccup in their less growth with the advent of lower oil prices.

Prediction #12: Our "frenemies" and friends alike abroad take a hostile approach toward our policies and apathy while global GDP growth is challenged in every corner of the globe, further stoking these fires.

Prediction #13: With the commercial availability of virtual reality headsets, young men across the country give a new meaning to the term "virtual porn." (Bonus: Frequent use of the headsets will leave marks prompting ridicule amid denials of use for anything but the Assassin's Creed video game.)

Prediction #14: Someone will come up with a model whereby anyone can produce and make money off of their own reality TV show. As dumb as these things are on the various cable channels, 7 second vines will be replaced by 7 minute episodic (and idiotic) segments.

Prediction #15: While I personally believe that the 2015 movie release of Jurassic World will not exactly be cat's meow, Chris Pratt's huge likeability factor will play a big role in its success.

Bonus: We will bat over .500 on these forecasts.

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Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

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