



The Goldman Guide

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KEY TAKEAWAYS

- ⇒ *As we near 5000 and the 15th anniversary of that achievement, is the beginning of the end or the start of the next phase?*
- ⇒ *A ton of economic data will shape stocks' direction this week*
- ⇒ *Millennials' habits, goals, makeup and sheer size will be a force and play a big role in our economic, social agendas and capital markets direction*
- ⇒ *LPSN likely has a lot of appeal to millennials*

KEY STATISTICS

Index	Close	2015
DJIA	18133	1.8%
S&P 500	2105	2.2%
NASDAQ	4964	4.8%
Russell 2000	1234	2.4W%

(figures are rounded)

THE MARCH OF THE MILLENNIALS

Where were you fifteen years ago this month? Do you remember when the NASDAQ Composite hit an all-time high of over 5,000? I sure do. It was the beginning of the end. During the first week of March I was abroad leading a one week tour of companies with 15 of the leading international mutual fund managers in the U.S. and Europe. It was during my Piper Jaffray days and everyone was as bullish as you can imagine. Oops. Oh well.

It may seem hard to fathom, but the S&P 500 Index rose 9.67% that month, following two straight monthly declines of 5% and over 2%, respectively. The consensus was that the drops were needed to weed out weaker stocks and to give the market breathing room to move higher. Of course the ensuing months were brutal by and large as valuations were unsustainable as were the dollars allocated to stocks.

Today, we are in a very different state. We are not enjoying strong GDP growth. Financial markets and sovereign governments are not in as solid a shape. Valuations are not too high on a relative or historical basis, but we are getting close. All of the major indices are trading between 17-19x forward twelve-month estimated earnings. We remain bullish in the aggregate and look forward to NASDAQ 5000 again, this month. Still, this week's economic data and current trends may have more to do with market direction than anything else.

This week alone there are 12 economic data reports ranging from January personal income and spending, to manufacturing, to international trade, to employment. Thus, we could have a herky-jerky week of trading, although with an upward bias.

More on Millennials

Beyond this month, stocks could get the proverbial **Apple (NASDAQ—AAPL)** boost from the introduction of the Apple watch. Still, I think that a change in overall expectations really needs to be taken into account from the big picture perspective in order to accurately forecast sector and market trends.

Ever since the Millennials report was released by the Pew Research Center, with a follow-up by the White House in October 2014, marketing and other experts have been digesting and pontificating on the data attempting to make heads or tails of what it really means.

The bottom line is that millennials (those born from 1980-1999) make up more than 28% of the U.S. population and these 92 million people of (what is also called) Generation Y are very different from the Generation X and baby boomer segments. That means that the direction of the economy, governmental and social agendas are being turned on their collective ears, thus making prognostications difficult, going forward.

For example, when our economy has been under pressure, the housing market has been a big driver of growth as part of the rebound given its reach in so many consumer purchases and service-related businesses. Today, with high college debt levels, marrying later, and no burning desire for home ownership after witnessing a housing price collapse, the housing engine is not going to come to the rescue anytime soon.

There is a great deal of material on the topic of millennials but the most concise I have found is an article in this weekend's Washington Post, which references a recent Goldman Sachs report. It is a good, quick, and recommended read.

http://www.washingtonpost.com/blogs/wonkblog/wp/2015/02/28/8-things-millennials-want-and-dont-want-basically-anything-their-parents-wanted/?tid=HP_more?tid=HP_more

A Stock a Millennial Can Appreciate

LivePerson, Inc. (NASDAQ—LPSN—\$11.54) is a stock that has been around 20 years, but given its model, appears to be right in the sweet spot for millennials and is a familiar feature to anyone on the Web today.

LivePerson, Inc. provides digital engagement solutions that facilitate real-time assistance and expert advice in the United States, Canada, Latin America, Europe, and the Asia-Pacific region. It operates in two segments, Business and Consumer. The company facilitates real-time online interactions, such as chat, voice, and content delivery across various channels and screens for corporations of various sizes; and facilitates online transactions between independent service providers and individual consumers seeking information and knowledge for a fee via real-time chat. It sells its products through direct and indirect sales channels to Fortune 500 companies, Internet businesses, online merchants, government agencies, and organizations in the financial services, retail, telecommunications, technology, and travel/hospitality industries.

You would be hard pressed to find someone that hasn't used the service (via pop-up windows on websites) at least once and that explains its historical and projected success. The Company is projected to increase sales by 26% to \$266M in 2015, up from \$210M in 2014. EPS is also forecast to rise dramatically, from \$0.20 last year to \$0.29 this year, and \$0.36 in 2016. LPSN has no debt, \$44M in cash and its float is over 60% owned by institutions. While the stock is not cheap, a 20% or more rise is not out of the question in the coming months.

Have a great week!



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