

INSIDE THIS ISSUE:

- Stocks That Could Rock or Roll
- Say What?
- Just the Stats!
- Setting Up Nicely

KEY TAKEAWAYS

- ⇒ *Earnings season is upon us and that will be the true market barometer*
- ⇒ *Big name stocks announce this week and will tell the future tale of the tape*
- ⇒ *IPOs galore this week portend future moves*
- ⇒ *We are high on the market's future, as outlined in our recent special report*
- ⇒ *One of our 30-30 picks reports and could rock it, while this famous NASDAQ play could go*

THE MAJOR INDICES

<u>Index</u>	<u>Close</u>	<u>2015</u>
DJIA	17760	-0.5%
S&P 500	2077	0.9%
NASDAQ	4998	5.5%
Russell 2000	1252	3.9%

(figures are rounded)

THIS EVENT IS THE REAL MARKET MOVER

Man, are we all just so stupid. The pros (myself included) might be the dumbest of all. I am bringing to you now the oops moment that my peers will only remember to register later this week. The thing is that we have all been blathering on and on about Greece and China when we have completely forgotten what always has and what always will be the most important and true driver of nearly all stocks:



Earnings

Investment pros, analysts, economists, and fund managers may wish to show how smart they are by using all kinds of fancy-shmancy seemingly complicated metrics for valuing stocks to justify present or future valuations. Yes, we all know that each industry is different and therefore you must employ differing variables and formulas in models, etc. Big F***in' Deal. It's all bullshit. Because at the end of the day, stocks are pretty much valued in some way shape or form on current and future (not past in my opinion) earnings.

I am not trying to minimize the short term impact China and Greece can/will have on equities. However, this week brings us the first start of second quarter financial results. Be aware that not many companies are slated to release results this week. However, there are a handful of bellwethers announcing results starting on Tuesday which will surely impact the overall market today, and their peer group, tomorrow.

Stocks That Could Rock or Roll The Market



As is usually the case, banks open up earnings season this week with JP Morgan (NYSE—JPM) and Wells Fargo (NYSE—WFC) announcing on Tuesday with PNC (NYSE—PNC) and U.S. Bancorp (NYSE—USB) on Wednesday.

The key takeaways will be domestic growth, especially housing, exposure to Greece, Puerto Rico and China, along with preparation for future interest rate increases. There is a minority element in the market that believes the financials sector, which represents 16,6% of the S&P 500 Index, is a buy at current levels. We believe it is a tad immature and

would probably focus on small institutions as M&A targets. But, that is a discussion for another day.

On the technology side Google (NASDAQ—GOOG), eBay (NASDAQ—EBAY) and Intel (NASDAQ—INTC), among others are due to report. Other notable firms reporting include Netflix (NASDAQ—NFLX), Johnson & Johnson (NYSE—JNJ), Citigroup (NYSE—C), and Goldman Sachs (NYSE—GS). We note that JNJ, JPM, and WFC represent 3 of the top 10 holding in the S&P 500 Index so where this group goes, the market will follow.

(Rather than hitting on key issues per stock in this publication, we will tweet the key things to look for the day before each one of these companies reports.)

Separately, more than a handful of IPOs are slated to be priced this week. Meaningful oversubscription and performance of the 3 health care IPOs and a well-known discount retail chain (Ollie's) will be telling, in our view. Moreover, a China wealth management firm is on the IPO docket and for sure its performance will be a metric for the whole China situation. Keep an eye on the two cybersecurity deals as well given the government hacking event of last week.

Say What?



With all of this heavy stuff on Greece we thought we should highlight lighter stories.

NY Post

<http://nypost.com/2015/07/12/is-the-nyse-relevant-anymore/>

A good question.

The Washington Post

<http://www.washingtonpost.com/blogs/wonkblog/wp/2015/06/02/a-map-of-what-every-state-would-be-if-it-were-a-country/>

Was published last month but is very relevant today.

Marketwatch

<http://www.marketwatch.com/story/how-chinas-stock-market-muddle-may-spread-to-wider-economy-2015-07-12>

POINT.

Marketwatch

<http://www.marketwatch.com/story/why-chinas-stock-plunge-might-not-be-such-a-big-deal-2015-07-12>

COUNTER-POINT.

Investor's Business Daily

<http://news.investors.com/technology/071115-761255-ipos-initial-public-offerings-this-week.htm?ref=HPLNews>

It seems as if it is business as usual.

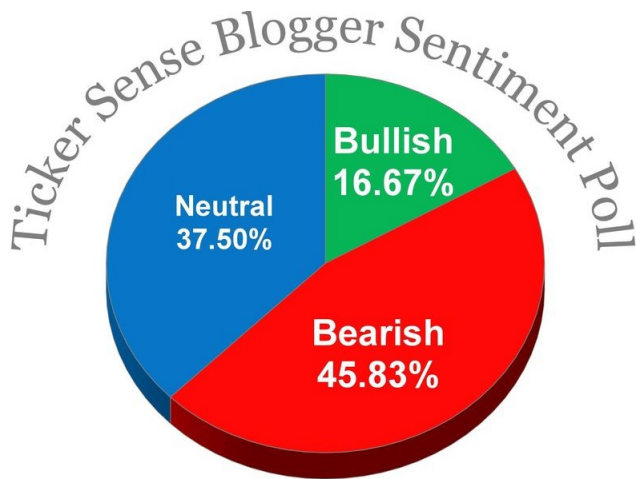
Just the Stats!

AAll Sentiment Survey (courtesy of AAll.com, figures rounded)

<u>Last Week</u>	<u>Long Term Avg</u>
Bullish 28%	39%
Neutral 43%	31%
Bearish 29%	30%



It appears as if we are trying to find a bottom here, sentiment-wise. The Bullish percentage is not quite as low as the 20% achieved exactly a month ago but the percentage of Bulls jumped from to 28% from the 23% a week ago while the number of Bears declined. It will be interesting to see changes during earnings season...



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While the AAll polls vacillate the pro blogger polls have generally stayed in the same direction or range for weeks: less and less bullish. The percentage of Bullish bloggers has declined from 23% last week to 17% this week—huge on a percentage basis. Much of the difference went to the Neutral camp. I do not expect much change this week although we could start to see the Neutral figure rise.

Surprisingly, we saw fund inflows rather than outflows for Domestic and Non-

Domestic Equity funds for the week ended 7.8.15, according to Lipper. Conventional wisdom would suggest some outflows. However, the inflow figures were on the low side and will probably stay that way for a time. Later, bigger inflows could help drive stocks.

Our Take: Setting Up Nicely

In the middle of last week, we issued a Special Report in response to the crazy movements in the market in response to China and Greece, as well as the temporary shutdown of the NYSE. Although technically Select (non-sponsored) Research, it is a must-read and a link to the short report can be found here:

<http://www.goldmanresearch.com/201507091004/Opportunity-Research/history-is-repeating-itself.html>



Recent events have reminded us that history repeats itself and the concerns of the day actually confirm a pending uptrend in the market. An affirmation of this higher move, and an inherent rise in value (especially in small caps) is presented when taking the market as a

U.S. Stock Market Index Performance								
as of 7/8/15								
Index	Close	52-Wk Hi	52-Wk Low	Hi Date	Low Date	% from Hi	% from Low	% Below 100-DMA
DJIA	17,515	18,351	15,855	5/19/15	10/15/14	-4.6%	10.5%	-2.6%
S&P 500	2,047	2,135	1,822	5/20/15	10/15/14	-4.1%	12.4%	-2.3%
NASDAQ	4,910	5,165	4,118	6/24/15	10/15/14	-4.9%	19.2%	-1.8%
Russell 2000	1,229	1,296	1,040	6/23/15	10/15/14	-5.2%	18.2%	-1.7%
Average						-4.7%	15.1%	-2.1%
Source: www.BarChart.com, Goldman Small Cap Research								

whole, in proper perspective. Below is a chart from the special report.

As you can see, as of mid-week, we were halfway to a correction. By week's end, things were looking much brighter.

Potential Small Caps Movers This Week

U.S. Stock Market Index Performance								
as of 7/12/15								
Index	Close	52-Wk Hi	52-Wk Low	Hi Date	Low Date	% from Hi	% from Low	% Below 100-DMA
DJIA	17,760	18,351	15,855	5/19/15	10/15/14	-3.2%	12.2%	-1.2%
S&P 500	2,077	2,135	1,822	5/20/15	10/15/14	-2.7%	14.0%	-0.9%
NASDAQ	4,998	5,165	4,118	6/24/15	10/15/14	-3.2%	21.4%	N/A
Russell 2000	1,252	1,296	1,040	6/23/15	10/15/14	-3.4%	20.3%	(ABOVE)
Average						-3.1%	17.0%	-1.1%
Source: www.BarChart.com, Goldman Small Cap Research								

The table above illustrates higher moves by week's end. It should be noted that despite the wild swings, the Russell 2000 actually ended higher for the week!

Potential Movers

One of our April 2015 30-30 picks is slated to report financials on Thursday and if it only meets EPS expectations, it will be trading under 6x FY15 EPS despite the nearly 15% year-over-year expected EPS growth rate. We think the stock runs higher in the near term. Take advantage of our Summer Special to find out what stock this is, see the three 30% winners we have had in recent weeks, and ensure you get our next issue, due to be published in about 10 days.

<http://www.goldmanresearch.com/plan/subscribe.html>

It seems as if television commercials are dominated by car insurance companies and travel websites. One of these travel websites, **Travelzoo (NASDAQ—TZOO—\$11.95—NR)**, is reporting on Thursday, July 16th. It trades near the middle of its 52-week range and above its 50 and 200 DMAs, but we are not advocating purchase. Instead, we encourage you to watch how earnings and the stock trading unfolds. Street estimates suggest EPS of \$0.10. However, with only 3 analysts covering it and with a range of \$0.03 - \$0.18, the real EPS is anyone's guess, and so is the type of move based on results. It could go either way. See what happens and sock the experience/information away for other stocks you may seek to trade in the future.



The Goldman Guide

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