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## TOP 16 PREDICTIONS FOR 2016

### 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 2015 projections below—especially as they relate to the stock market. 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 15 predictions for 2015 this time last year....

### 2015 Predictions

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. **As of 12/22/15, the peak return of the DJIA was 3% and with just a few trading days left, it appears as if we were just a tad below the peak. Just like the DJIA, we were practically dead on target with our S&P 500 Index prediction, as the index peaked at 3.7% this past year.**

Prediction #2: The NASDAQ Composite and Russell 2000 Index will peak at an increase of 8% and 10%, respectively. **Close but no cigar on the NASDAQ side as we underestimated the power of the mega-cap growth stocks, as the NASDAQ Composite peaked at 10.4% while the Russell 2000 peaked at 7.6%. Now, if we had these flip-flopped it could have been scary....**

Prediction #3: Oil will start to turn up in 2Q15 and end the year higher than it began. **I will make it simple. Epic fail. Way too optimistic.**

Prediction #4: Gold ends the year up 5% from 2014. **Although gold started 2015 with a bang (at least through March) it got caught up on the whole commodities mess.**

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. **This was an easy call.**

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. **This was tricky, given the attacks here at home and the very vocal comments by presidential hopeful Donald Trump. I would have to give myself a thumbs-down here.**

Prediction #8: The long-awaited buyer's remorse over Obamacare finally arrives and is exemplified by the stances of Democratic Presidential hopefuls for 2016. **With prices skyrocketing, carriers fleeing exchanges, and no one touting this as a winner, it is clear this was largely on target.**

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. **Bam! Can you say Donald Trump? Without him it would be a snooze-fest.**

Prediction #10: States will be under the biggest budgetary burdens they have experienced in several years which affect voter and citizen morale. **Certainly continues to be a problem, even today.**

Prediction #9: The winner of the NFC will be the Super Bowl Champion in February. **I am still pissed about that Seahawks play call. I am not willing to concede I was entirely wrong here because the Patriots did not win—the Seahawks lost.**

Prediction #10: Ray Rice signs a one-year deal with the Indianapolis Colts that includes option years and loads of incentives. **How is Greg Hardy in the game and Rice gets nary a shot?**

Prediction #11: Sales of hybrids and alternative energy vehicles record a hiccup in their les growth with the advent of lower oil prices. **Bingo and sales of low gas mileage vehicles are on the rise.**

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. **Sadly, correct.**

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’ Creed video game.) **Look like I may have been a year early on this one.**

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. **Wrong, but the stupidity knows no bounds.**

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. **I confess I am surprised I was right on this one.**

Bonus: We will bat over .500 on these forecasts. **Right on the border which in my book isn’t necessarily a bad thing.**

## 2016 Predictions

Prediction #1: The DJIA and S&P 500 Index will peak at 5% and 7%, respectively and the tail end of the year may be more difficult than in most election years.

Prediction #2: The NASDAQ Composite and Russell 2000 Index peak returns will be achieved twice, signalling volatility throughout the year. These returns will be 9% and 11, respectively.

Prediction #3: Financials will enjoy resurgence and M&A activity will return, in spurts, especially in the lower end of the market.

Prediction #4: Tech and health care will continue to find fans and deliver winners while consumer stocks hit a rough patch next year.

Prediction #5: Oil will start to turn just in time for American consumers to buy lots of gas for the summer.

Prediction #6: Slowing Asian growth hits stocks again in Q2/Q3.

Prediction #7: In the Hillary versus Donald steel cage match, Hillary wins as Americans go with their heads, suppressing their true feelings that are actually in sympathy with much of Trump's bluster.

Prediction #8: The winner of the Super Bowl will be from the NFC (as it should have been last year.)

Prediction #9: Immigration and attacks here at home will continue to be firebrand issues. However, like everything else, we will become immune to them.

Prediction #10: A new revenue model to save media companies and those with a major online presence will be introduced and welcomed by all.

Prediction #11: The sharing economy companies (Uber, Lyft, Airbnb, and the like) will peak after major funding and suffer losses in interest, trust issues, government interference, etc.

Prediction #12: The NCAA gets their wish: Alabama/Oklahoma football national championship game, with Alabama winning. This ends up being the end of the run for the Crimson Tide.

Prediction #13: Next year's top movies are pure fiction, escapism, and fun. Drama and even comedies take a back seat to adventure.

Prediction #14: Long live the PC---political correctness that is, which continues to spiral out of control where everyone under 40 is offended by everything and castigate the well-intentioned.

Prediction #15: What the hell is a PC? Or even a tablet? Multi-functionality devices and services are the rage, even in the workplace.

Prediction #16: Cannabis stocks get respect and major progress on the business and legal front lift industry risks.

**Senior Analyst: Robert Goldman**

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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