

**INSIDE THIS ISSUE:**

- Financial Info Changes
- Watch ORBK Earnings

**KEY TAKEAWAYS**

- ⇒ *Weather could crush GDP for the first quarter of 2014*
- ⇒ *Manufacturing and retail could be the hardest hit*
- ⇒ *Soros is betting the market will drop while retail investors are bullish*
- ⇒ *Investment info and delivery is set to change this year*
- ⇒ *ORBK results could be strong which could drive the stock 30% higher*
- ⇒ *New 30-30 Report out this week*

**KEY STATISTICS**

Index	Close	2014
DJIA	16514	-0.4%
S&P 500	1839	-0.5%
NASDAQ	4244	1.6%
Russell 2000	1149	-1.3%

(figures are rounded)

**IT'S COMING DOWN**

**A**nother week, another rally. Still, I am not prepared to be so bullish and in fact I think that we will test recent lows sooner rather than later.

Exactly a week ago in a blog for TheStockJunction.com, I made the case that weather has hit across the U.S. hard this quarter which will result in lower than forecast GDP growth for 1Q14.

<http://thestockjunction.com/blog/how-mother-nature-has-stymied-growth/30785>.

It may not be until April when the lost productivity and growth is fully quantified, but some preliminary figures have been introduced in recent days. However, in a survey conducted by CNBC, the consensus expectation is that GDP was impacted by 0.3 percentage points and nearly 100,000 jobs were lost. All of this translates into a loss of \$50 billion worth of business nationwide with manufacturing dropping by 0.8 percent and retail by 0.4 percent.

This points to near-term weak retail stocks along with those tied directly to economic growth. Therefore, we recommend avoiding these sectors for the interim.

Separately, it has been reported that billionaire hedge fund investor George Soros has doubled his bearish bet on the market to \$1.3 billion. I have rarely agreed with some of the Soros bets and prognostications although in the mid-1990's I was a high profile analyst for one of the Quantum Fund holdings. Nonetheless, this combination of the Soros bearish call and the weather related economic bad news likely means we are in for some trouble.

Of course it doesn't help that retail investors are still overwhelmingly bullish. To be a contrarian now may prove to be lucrative down the road.

## ***Financial Info Changes***

Much like the technology industry, the financial information segment undergoes frequent changes. As we near the very end of the year-end reporting season and the due diligence process for new ideas occurs, the time is right to highlight recent and potential changes in the landscape for sources of trusted financial and investment information.

Older investors and even some investment pros have long used what used to be referred to as Standard and Poor's tear sheets, produced by Standard and Poor's, one of the largest and most important independent research and ratings services in the industry. These tear sheets, or briefs, would be long on statistics on a given company and often included comparable peer analysis but short on text overviews and opinions. Still, these were great tools for the "buy and hold set". In a move that is telling but not completely surprising Standard and Poor's recently announced that it is laying off 75% of the equity research staff in its S&P Capital IQ division. Management cited the need to innovate its offerings as the primary reason for the move.

Translation: The division's approach is outdated and of no use to anyone as there are many other sources providing similar data.

In our view, these layoffs and the objective of greater innovation in its offerings are indicative of the myriad changes in the current landscape of the financial and investment information market. Investors are as fickle as ever and while some wish to perform their own research or due diligence, most would rather be spoon-fed actionable information from sources that speak directly to the retail investor. This is why sources such as Seeking Alpha and TheStreet.com (NASDAQ – TST) are the real movers of stocks these days. Seeking Alpha has over 3 million members and 7,000 authors, with nearly half of these contributors cited as investment professionals and TheStreet.com has great personalities people can relate to. This is why the real drivers of the bus are found on the sites listed above, as well as other bloggers and authors that produce actionable ideas whose headlines alone move stocks.

These services may be provided by the current info leaders or they could be from new upstarts. Regardless, I believe that these changes will begin to appear in greater numbers, later this year starting a new shift in the financial information arena.

(cont'd)



# *The Goldman Guide*

## ***Info Changes (cont'd) & ORBK***

Today, the information that is provided to investors by these blogging and news sites is via RSS feeds and emails. However, much like the S&P Capital IQ product has become outdated, so too will this delivery method of actionable information. The company or companies that will win this information battle will be those that provide actionable research the fastest and to the largest audience. This is why the next round of "news feeds" will be focused on mobile devices, with text messaging and the availability of apps providing notifications of relevant, new information.

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We hope you enjoyed the abridged version of The Goldman Guide. Be on the lookout for the next edition of our premium newsletter The 30-30 Report, which will be released pre-market on Thursday February 20th.

Speaking of The 30-30, Orbotech Ltd (NASDAQ—ORBK - \$13.99—NR), a pick in November 2013, is slated to release 4Q13 results pre-market on Tuesday. For the uninitiated, Orbotech Ltd. has been at the cutting edge of the electronics industry supply chain, as an innovator of enabling technologies used in the manufacture of the world's most sophisticated consumer and industrial products, for over 30 years, with dominant market share. The Company is a leading provider of yield-enhancing and production solutions, primarily for manufacturers of printed circuit boards, flat panel displays and other electronic components. Today, virtually every electronic device is produced using Orbotech technology. The Company also applies its core expertise and resources in other advanced technology areas, including character recognition for check and forms processing and solar photovoltaic manufacturing.

At current levels, the stock trades under 12x FY14E EPS and it has been our experience of over 15 years that the stock can support a 15x multiple. If the quarterly results are solid, as expected, and forecasts favorable ORBK is primed to run from around \$14 to \$18. Risj is limited and 1/3 of the market cap is in cash. Watch developments closely.

Have a great week!



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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)

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