

INSIDE THIS ISSUE:

Stock I Want to Own

KEY TAKEAWAYS

- ⇒ *Based on the calendar this may be the last week of gains for while and even that is in doubt*
- ⇒ *Back to school stocks could be in play this week*
- ⇒ *New geopolitical and economic issues could drag down stocks*
- ⇒ *Gold and mining stocks rocked last week as we predicted. This week there are 3 stocks we want to own*
- ⇒ *This little known microcap is a great back to school play*
- ⇒ *This big name coal stock is smoking!*
- ⇒ *The Iraq bombings means own*

KEY STATISTICS

Index	Close	2014
DJIA	16554	-0.1%
S&P 500	1932	4.5%
NASDAQ	4371	4.6%
Russell 2000	1132	-2.7%

(figures are rounded)

THIS IS THE LAST WEEK



This week is shaping up the last week on a number of levels. This is basically the last week for second quarter financials. That likely means that there won't be a whole lot of news after August 15th to drive stocks higher. We could see a "dead time" until right after Labor Day.

This is also the last week for many European investors who tend to go on holiday for the last two weeks of the month, along with many of their American counterparts. While there will be additional results next week, for the most part, this is likely the last week that back to school retailers will see big gains.

According to the Stock Trader's Almanac, stocks peak mid - month in August prior to big declines at the end. Therefore, while this week could see more gains, you better enjoy it while it lasts, if it occurs at all.

The same stories, as in inflation, valuation, and a tired market do not bode well for extending last week's gains which occurred mostly on Friday's low volume rise. President Obama seems to have checked out early and his laissez faire attitude toward foreign policy has placed the U.S. and stocks in a precarious state. With no real leadership and direction, stocks are vulnerable to the conflict-laden regions of Russia/Ukraine and the untenable Iraq/Syria situation which could quickly spiral out of control. Sprinkle in the divisive immigration policy fiasco along with this week's economic figures, and the market appears confused at best.

Stocks I Want to Own

In last week's edition of *The Goldman Guide* we noted that gold and mining stocks would have a good week and they certainly did as more market players hopped on board our thesis. While the S&P 500 Index somehow managed to eke out a 0.36% gain, our targeted industries enjoyed some of the market's best returns.

Index	Weekly Return
Dow Jones U.S. Platinum & Precious Metals Index	4.6%
Dow Jones U.S. Gold Mining Index	4.5%
Dow Jones U.S. Coal Index	4.2%
Dow Jones U.S. Mining Index	4.0%

If I were establishing new stock positions this week, I know exactly what I would want to own both for the short and intermediate term. First, I would want exposure to the one area that seems totally illogical, even though it did well last week: coal. We profiled **Peabody Energy Corporation (NYSE – BTU - \$15.83)** again recently and the stock appears primed to rise with the aid of increased guidance. Check out our recent Market Monitor blog here: <http://www.goldmanresearch.com/20140724817/Daily-Blogs/the-ultimate-contrarian-small-cap-stock.html>.

A stock I owned as a money manager was also profiled last week. In my view, **Cherokee Cor. (NASDAQ—CHKE—\$18.43)**, which hit a new 52-week last week, is the best back-to-school stock play. Here is why: <http://www.goldmanresearch.com/20140805823/Daily-Blogs/back-to-school-special-to-counter-beat-down.html>.

With the expectation that it could be airstrikes galore in Iraq going forward, a defense stock is probably a good component these days. Again we are not trying to reinvent the wheel. **Innovative Solutions & Support (NASDAQ—ISSC—\$5.96)** is a favorite written up by us before and the stock is trading around its newly achieved year low. This has occurred despite a strong quarter great guidance, high profit margins and no debt. I see a bounce very soon. Read more here: <http://www.goldmanresearch.com/20140709806/Daily-Blogs/playing-the-political-pandemonium.html>.



The Goldman Guide

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