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KEY TAKEAWAYS

- ⇒ *Twitter seems to be in trouble even as it heads into a big usage season*
- ⇒ *This week's market action will be all about a potential rate hike by the Fed*
- ⇒ *Staying on the sidelines may make the most sense for the interim*
- ⇒ *Stocks may need a breather after its recent bounces, ahead of bigger gains ahead*
- ⇒ *Check out our NFL picks*

THE MAJOR INDICES

Index	Close	2015
DJIA	16433	-7.8%
S&P 500	1961	-4.8%
NASDAQ	4822	1.8%
Russell 2000	1158	-3.9%

(figures are rounded)

CAN THE NFL HELP TWITTER?

Pro football is unquestionably the most popular sport in America. All you have to do is see the Nielsen numbers on viewers for each week's



slate of games. **Twitter (NYSE-TWTR)**, which is battling leadership questions and business model concerns, may get a boost in activity now that the NFL season begins in earnest tonight but will that translate to more business?

During the NFL season, fans and reporters are glued to their Twitter feeds reading and posting the good, the bad, and the ugly. While the Deflategate scandal dominated the offseason, it is no substitute for the in-season and in-game settings which seem to mirror the WWE each year. It is ironic that this social media tool may actually benefit from users being anti-social toward each other regarding their favorite teams, fantasy players/teams, etc., which is what the underlying use of the 140 characters is nowadays?

Facebook (NASDAQ-FB) and Twitter are kings of mobile but Facebook, which is more social than anti-social seems to have figured out the mobile advertising revenue model.

While a rise in Twitter activity over the next few months is in the cards, the Street seems to think that the magnitude of revenue growth from Twitter Business and advertising campaigns will remain unclear until the leadership situation comes to a resolution. Clearly, the \$64,000 question for the Twitter stock is: Can Twitter capitalize on a rise in usage activity?

The Stock Market Today

U.S. Stock Market Index Performance as of 9/4/15									
Index	Close	52-Wk Hi	52-Wk Low	Hi Date	Low Date	% off High	% from Low	Bounce*	% Below 200-DMA
DJIA	16,433	18,351	15,370	5/19/15	8/24/15	10.5%	6.9%	16.2%	-7.3%
S&P 500	1,961	2,135	1,821	5/20/15	10/15/14	8.1%	7.7%	12.6%	-5.3%
NASDAQ	4,822	5,232	4,118	7/20/15	10/15/14	7.8%	17.1%	18.0%	-1.9%
Russell 2000	1,158	1,296	1,040	6/23/15	10/15/14	10.6%	11.3%	14.8%	-5.2%
Average						9.3%	10.8%	15.4%	-6.3%
* denotes the percentage index is up from recent low									
Source: www.StockCharts.com, Goldman Small Cap Research									

We are in the danger zone of the stock market right now. The Federal Reserve meets on September 16-17 and after saying it intends to raise rates this year, the Street economists' consensus opinion on whether it makes good on its threat after the recent stock market correction, is evenly split. Will stocks rise if it raises rates or will it fall? Likewise, will it rise if it does nothing or does it fall? I really don't know but I have some ideas.

My gut tells me that the most important thing coming out of the Fed will be its outlook for future rate moves rather than its current stance on rates. Since we bounced sharply off the lows, and stocks did well last week in the face of lower consumer confidence and some poor consumer stock performance, I think that there is a 1 in 3 chance a rate hike happens now with no more changes until certain economic metrics are met in 2016. If no move occurs this week, I'd say there is a 50/50 chance it happens in October.

With that in mind, I think that as long as we have an understanding that they will essentially be one-and-done for a while, stocks could enjoy a modest uptick at week's end. But, since they are usually pretty vague and we have a few variables here, I would sit on the sidelines on all stocks except for undervalued small caps, pending further clarity. Lower volume early in the week could signal the market's wait-and-see approach. Frankly, following this nice run of late, stocks probably need a breather, and we could have some negative preannouncements soon too, as we alluded to last week.

Say What?



Solid info in these links that highlight divergent views on the Fed moves this week and the direction of oil prices. Plus, we included the dumbest crimes of the week!

New York Times

<http://nyti.ms/1QwDSGB>

Good internet delivery news for us all.

Zero Hedge

<http://bit.ly/1K3LHil>

Great story on bank using fake gold in its reserves to prop itself up.

Bloomberg

<http://bloom.bg/1O52eIV>

Which way the will the Fed winds blow this week?

CNBC

<http://cnb.cx/1gitvJo>

This guy says oil is heading to \$65.

<http://cnb.cx/1ERCz3K>

Goldman Sachs says it is going to \$20...you decide!

The Smoking Gun

<http://bit.ly/1VQnjlp>

<http://bit.ly/1OD5it4>

These guys duke it out for the dumbest crime of the week.

Just the Stats

AAll Sentiment Survey (figures rounded)

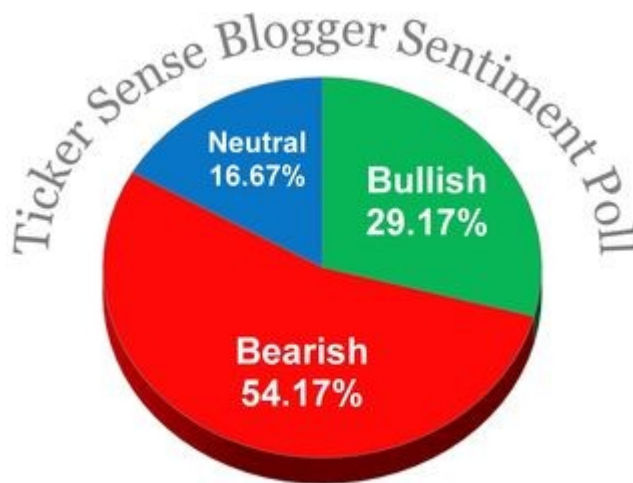
	<u>Current</u>	<u>Last Week</u>	<u>Long Term Avg</u>
Bullish	35%	32%	39%
Neutral	30%	36%	31%
Bearish	35%	32%	30%



How are these AAll figures for the epitome of completely differing opinions? The same percentage bullish and bearish? This tells us that some investors feel the correction bounce is done for the moment and that the Fed moves could dictate future market direction. Lipper reported net outflows of all funds of \$5.5 billion. Again, it's all eyes on the Fed. Major changes with the pro bloggers—on the negative side, which I understand. I suspect it may stay fairly negative (though maybe not to this degree) 2 months from now unless the Fed scares the crap out of everyone.



September 8 - 11, 2015



August 31 - September 4, 2015

Predictions, Picks, Forecasts



Well, we were on target about the market last week, but our stock samples were mixed. **Apple (NASDAQ—AAPL)** was up about 5%, **Liberator Medical (NASDAQ—LBMH)** up incrementally, and **Mobileye (NASDAQ—MBLY)** was smacked 10% after a report was issued by a notorious short seller. Oops.

I have concerns over valuations for the NASDAQ 100 growth stocks as they now trade above 20x forward 12-month EPS again. But, growth stocks seem to have driven the market versus blue chips and

small caps and that may continue in the near term. Small caps look best in the long run fundamentally, and even now they trade 12% below the NASDAQ 100, and only 8% above the S&P 500 Index P/E.

NFL Picks

We'd be remiss if we didn't provide our NFL picks for the season in this abridged version of the Guide due to the Jewish New Year beginning early this week. FYI, we were really torn on the wild card between the two we selected and the Dolphins and Ravens.

Enjoy!

AFC Playoffs: Pats, Colts, Bengals, Broncos, Steelers, Chiefs (last 2 wild card)

AFC Champion: Colts

NFC Playoffs: Eagles, Falcons, Packers, Seahawks, Vikings, Cowboys

NFC Champion: Packers

Super Bowl Champion: Packers



The Goldman Guide

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