

Street Insight

Editor's Picks

10 Things That I Will Not Miss About 2006

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Another year has passed. I hope that you are all a year healthier, wealthier and wiser. As I have done for each of the past four years, and back by popular demand, I would like to share with you the 10 Things That I Will Not Miss About 2006 (and do not want to see or hear ever again). In no particular order:

1. Long-running network classics. I hate to say this but **General Electric's** (GE) NBC Universal has to pull the plug on "Saturday Night Live." The show is simply unwatchable. I don't know if it's the feeble writing, weak cast or both, but the show has overstayed its welcome. It hit an all-time low this season when guest star Hugh Laurie was written into a fart sketch. On a personal note, when I worked in the garment district during my summers in college, I used to sell fabric to the "SNL" costume designers. **NBC** is not alone in needing to jettison an enduring show born in the 1970s. If Howard Cosell were still alive, "Monday Night Football" would send him to his grave. The [broadcast team](#) in the booth is just plain awful. We don't need some Hollywood or rock and roll star joining in for a quarter's worth of banter as well. No wonder the ratings for this weekly sporting event hit an all-time low this season. By the way, **Disney's** (DIS) **ABC** [moved](#) "MNF" from **ABC** to **ESPN** in case you did not notice. I will be egalitarian in my desire to never again see an oldie but goodie network show. **CBS's** (CBS) "60 Minutes" has also run its course. With deference to the late Ed Bradley and Morley Safer, **CBS** needs to put this show to rest. I understand that the network needs a time slot for "CSI: Sheboygan."

2. Microsoft (MSFT) Vista. The coming of Vista has been as overhyped as the coming of [Comet Kohoutek](#) in 1973. Of course, as soon as Vista does get released -- wake me up when it happens -- then we will have to listen to the never ending coverage and hype for the **Yahoo!** (YHOO) release of its Panama advertising system. I have the solution for all of this hype: **Apple Computer** (AAPL) and **Google** (GOOG).

3. Celebrity Babies. I could care less about Brad and Angelina's baby. Or Tom and Katie's baby. Or Kevin and Britney's baby. Or Peter and Mariska's baby. Once they give a darn about my wife and five kids, then maybe I will pick up one of **Time Warner's** (TWX) *People* magazines.

4. Soft Landing. I did not know that the economy had hemorrhoids.

5. Dire Consequences of an Inverted Yield Curve. Anyone who believes that an inverted yield curve at low levels of nominal interest rates is a sign of impending recession must still believe in the [Phillips Curve](#). I believe that the Phillips curve is a flawed concept. We need to understand how the yield curve is constructed. Earlier this year, I [wrote](#) the following:

"The yield curve does not worry me. The **FOMC** controls the short end of the curve; the marketplace controls the longer end. Now more than ever, the more expansive holding of U.S. dollars by foreign central banks is creating increasing demand on the longer maturity U.S. Government debt instruments. Thus, the yield curve is flattening out and to some extent inverting. The shape of the yield curve will no longer only be reflective of perceived economic conditions but will also include the impact of central banks on the U.S. dollar and their appetite for Treasury securities. While I hate to use the term 'new paradigm' and will not, I will say that we are going from a single variable yield curve to a multivariable model. We need to understand and respect that."

6. Monthly Same-Store Sales Comps. This is without a doubt the most overexposed metric of the year. See No. 8 in [last year's list](#) of 10 Things That I Will Not Miss About 2005 for my rant on the subject of overused metrics. My research indicates that while same-store sales are a factor in retail and restaurant earnings, it is not the sole

determinant. Furthermore, margins are more important than same store sales in determining profitability. Take **Sears Holdings** (SHLD), for example: Same-store sales were engineered to decline while the company focused on selling more profitable products. Shareholders are better off for that effort. We also need to wean the market off of monthly sales data and move to quarterly sales reporting as several companies, including **Men's Wearhouse** (MW) and **Yum! Brands** (YUM) have done recently.

7. Body Art. I think that's an oxymoron. I am just disgusted whenever I see tattoos and body piercing. What really gets my goat is seeing it glorified by athletes and movie stars. This stuff is ugly and permanent. If you want to adorn your body, might I suggest a few shirts from **Ralph Lauren** (RL) or some jewelry from **Blue Nile** (NILE)? It is far more attractive than tattoos and body piercing. An added benefit is that you can change it as often as you want.

8. Bad Starbucks (SBUX) Jokes. It seems that every two-bit stand-up wannabe comedian has some bad SBUX joke. You know like: Why is there a SBUX on all four corners? So that people with Alzheimer's can find one. I don't want to hear another comedian say, "I will have a grande mocha latte capudrinko." That said, if you own SBUX, this is great. Free advertising! So if I may suggest some new targets for comics' material in 2007, how about some **McDonald's** (MCD), **Ruth's Chris Steak House** (RUTH) or Taco Bell (a division of YUM) jokes? Something like: I will have a taco, hold the *E. coli*.

9. OTC Bulletin Board Solicitations. My email and fax machines are increasingly being stuffed with stupid OTC BB ideas. The emails manage to get through spam filters, and you can't have your address taken off of the distribution list. Cagey mongrels, these folks. Maybe some smart software vendor can find a solution to that problem. Pick one from the stocks in the **Software HOLDRs** (SWH). If you have your fax number removed from distribution, then these sham artists just send it to you from a different fax number. Where is the **SEC** when we need them? How many people are losing hard-earned money by falling for the OTC BB rags-to-riches pitch? I bet many more than are being hurt by hedge funds. Instead of raising the minimum net worth level for investment in hedge funds, how about if the SEC raises the minimum net worth requirement for investing in OTC BB stocks? That would send those purveyors of [drek](#) right back to the caves from which they came.

10. OPEC. This group of nations cheats on each other more often than [Tony Soprano](#) cheats on his wife, Carmela. OPEC lies with the same alacrity as [Tommy Flanagan](#) back when "SNL" was quality entertainment and the show to be seen (see No. 1). Yeah, that's the ticket.

My best wishes for a happy and healthy holiday and New Year season to all of you and your families. Thank you for your personal notes and professional advice during the past year. I hope our *Street Insight* team has made this year a profitable and enlightening one for our subscribers. Last but not least, thanks to our tireless contributors and editors who work so hard every day to produce this fine product.

At the time of publication, Rothbort was long AAPL, GOOG, SHLD, MW, YUM, RL, MCD, RUTH and SWH, although positions can change at any time.

Scott Rothbort has over 20 years of experience in the financial services industry. In 2002, Rothbort founded LakeView Asset Management, LLC, a registered investment advisor based in Millburn, N.J., which offers customized individually managed separate accounts, including proprietary long/short strategies to its high net worth clientele.

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