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Published every other Monday, the *TopStockAnalysts Digest* is loaded with stock picks, trading ideas, market commentary, and educational guidance designed to help you become a better investor. To ensure uninterrupted delivery of this newsletter, please follow [these simple instructions](#).



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Today's Top Stock Picks



Profit from the Gaining Momentum of e-Commerce with LivePerson (LPSN)

Why try to guess which retailers come out on top in cyberspace? Instead, back the company that over 6,000 firms rely on to get the most out of their marketing dollars and optimize their e-commerce. [Read More...](#)



Teekay LNG (TGP) is Expected to Boost Cash Distributions +12.5% Annually

Teekay LNG (TGP) is an established firm in the liquefied natural gas (LNG) shipping business. With long-term contracts on all its carriers and plans to double its fleet size, TGP is an excellent long-term play.

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Analysts' Brain Cramp Could Set Up Your Big-Time Payoff

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Market Outlook

Call it an extended New Year's hangover, or just a slow start. However you want to characterize it, the market has definitely looked sluggish thus far in 2008.

How bad has it been? Well, the Dow Jones Industrial Average has suffered its worst start on record, tumbling more than 675 points in the first five trading days of the year. Meanwhile, the Nasdaq hasn't fared any better. In fact, tech stocks didn't see their first winning day of the year until January 9th, which snapped a streak of eight consecutive losing sessions.

The same concerns that have been plaguing market sentiment for months continue to weigh heavily on many traders' minds. Last Friday's dismal read on the labor market set the tone for what would be a dour week on the economic front. On Tuesday, the National Association of Realtors announced a sharper-than-expected decline in pending home sales. And a day later, Goldman Sachs (NYSE: GS) ruffled a few feathers by predicting a -1% decline in GDP over the next two quarters.

Even more alarming, the latest data from the retail world all point to a mild slowdown in consumer spending. Reports from the National Retail Federation (NRF) and the International Council of Shopping Centers (ICSC) both showed the softest uptick in holiday spending in the past five years. A closer look at the nation's 43 largest retail chains revealed that only 14 firms topped their December sales goals, while twice as many came up short.

Nevertheless, fourth-quarter earnings season swings into high gear next week, and there is always the hope that better-than-expected corporate profits could help lift spirits and trigger a rebound in the market. Quarterly figures from financial giants Citigroup (NYSE: C) and Merrill Lynch (NYSE: MER) will be scrutinized particularly close for clues as to whether the subprime implosion is winding down or likely to pose further problems down the road.

Fortunately, while dark clouds may be gathering on the economic horizon, the long-term outlook remains sunny for some companies, like Teekay LNG (NYSE: TGP, \$31.29). Below, [StreetAuthority Market Advisor](#) editor Paul Tracy explains why investors may want to climb aboard this liquefied natural gas (LNG) tanker operator. Thanks to its MLP structure, the company pays no corporate tax and floods shareholders with generous annual payments of \$2.12 per share -- a total that is on course for double-digit increases in the years ahead.

But first, I chat a little about LivePerson (Nasdaq: LPSN, \$4.48), a software firm that helps e-commerce operators engage their visitors and get the most out of their websites. The up-and-coming company has already signed up more than 6,000 clients, and its revenues have exploded some +300% in recent years. Yet, after shedding one-third of their value in recent months, the shares are now trading at a steep discount to the company's expected +27% long-term earnings growth rate.

Good Investing!

Nathan Slaughter

-- Nathan Slaughter
Co-Editor
TopStockAnalysts Digest

Secrets of the Alpha Traders

I just came from a private meeting with seven of the most profitable hedge fund traders the industry has ever seen -- a meeting that could change your life.

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Profit from the Gaining Momentum of e-Commerce with LivePerson (LPSN)

by Nathan Slaughter, Editor -- [Half-Priced Stocks](#)

As the name implies, LivePerson (Nasdaq: LPSN, \$4.48) designs software that gives e-commerce companies a much more personal touch to their websites.

For one reason or another, you have probably left items abandoned in a cyber shopping cart just short of the checkout counter. Perhaps you found a digital camera at just the right price, but had questions about certain advanced features and couldn't find any answers. Or maybe you were set to buy the hottest toy as a birthday present, but ran into problems with gift-wrapping or shipping options.

We all have questions about certain products and want them answered before we even think of entering a credit card number. That's where LivePerson comes in. The firm's Timpani software connects shoppers with live customer service personnel, so that any and all questions can be answered in a friendly, interactive webchat.

While this description is an oversimplification, think of LivePerson's platform as providing a personalized, knowledgeable sales assistant to help customers complete their purchases. So instead of losing shoppers to frustration, online retailers can approach them proactively and guide them every step of the way.

Of course, the software is far more advanced than a simple pop-up chat window or

click-to-talk function. The latest version analyzes online visitor behavior and can actually predict which shoppers are most likely to buy something, so that agents can engage them in real time.

In a world dominated by click-thrus and conversion rates, the ability to turn wishy-washy visitors into paying customers is vital. Between 2002 and 2005, companies boosted their traffic by doubling Internet ad spending from \$6 billion to \$12 billion. Meanwhile, conversion rates (the percentage of visitors who complete a purchase) barely budged, inching up from 2% to around 3%. Translation: increased web traffic doesn't necessarily lead to increased sales -- but teaming up with LivePerson does.

It's hard to argue with the results. By some estimates, roughly 20% of these webchats eventually lead to a completed purchase. And the good news doesn't end there. Those who chat with an agent also spend about +35% more per order -- and satisfied customers often come back again and again.

So it's not surprising that over 6,000 companies rely on LivePerson to get the most out of their marketing dollars and optimize their e-commerce operations. Top clients include well-known firms like Apple (Nasdaq: AAPL), Intel (Nasdaq: INTC), Home Depot (NYSE: HD), Microsoft (Nasdaq: MSFT), Orbitz (NYSE: OWW) and Verizon (NYSE: VZ). Last year, the company hosted more than 4 million chats per month.

And as the company's client roster has expanded, its revenues have soared. LivePerson was just named one of New York's fastest-growing tech firms -- thanks to its torrid +307% revenue growth between 2002 and 2006.

Over the past 12 months, the company has raked in \$42 million in sales and produced \$3 million in operating cash flow. While those figures might be modest, keep in mind that the firm only has about 40 million shares outstanding. We should also point out that LivePerson has a pristine balance sheet with over \$25 million in cash and zero long-term debt.

In short, e-commerce is going to continue gaining momentum. Rather than peering into the crystal ball and trying to predict which retailers come out on top, why not back the one company that has already teamed up with more than 6,000 of them?

Action To Take --- > At one point or another, nearly all of us have said, "I just want to talk to a live person."

LivePerson is enabling companies to do just that, and the inviting click-to-chat icons are becoming increasingly mainstream. Ultimately, we expect most online retailers (as well as service providers like AT&T (NYSE: T) and Qwest (NYSE: Q)) to adopt the technology as the e-commerce landscape continues to evolve.

With thousands of companies pumping billions into their e-commerce operations, we see steady demand for LivePerson's products to enhance conversion rates and reduce call center costs.

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Teekay LNG (TGP) is Expected to Boost Cash Distributions +12.5% A Year

by Paul Tracy, Editor -- [StreetAuthority Market Advisor](#)

Teekay LNG (NYSE: TGP, \$31.29) owns a fleet of seven liquefied natural gas (LNG) tanker ships, some fully owned and some in which TGP owns a significant stake. All of the company's ships are contracted to major energy firms under long 15 to 20-year contracts at fixed rates. LNG tankers are specialized ships designed to carry gas in liquid form to where it is needed.

Competitive Advantages: TGP's main competitive advantage is simple: it has long-term contracts covering all of its LNG carrier ships. These contracts are typically signed with major international oil companies such as ExxonMobil (NYSE: XOM) and include provisions to adjust rates higher to keep pace with inflation.

Companies with major LNG projects want to make sure that they have access to plenty of tankers to handle all their production. Thus, rather than trying to contract tankers on an as-needed basis, these producers sign long-term deals to guarantee capacity. These are exactly the sort of deals Teekay targets, and it already has deals covering major LNG developments such as those in Angola and Qatar.

Even better for TGP, it actually signs these contracts before it buys a new ship. That means that TGP isn't speculating on demand but building to meet a known market. In this sense, TGP doesn't really have to compete with other firms at all -- it already has its existing fleet committed and has a full slate of tankers under construction that are also already committed.

Growth Drivers: TGP's main growth driver is the scheduled delivery of new ships. From its current fleet of seven LNG ships, four new 40%-owned LNG tankers are scheduled for delivery this year, an additional two 70%-owned ships are scheduled for 2009, and a further four 33%-owned carriers in 2011.

As these new ships come into service, TGP's long-term contracts will kick in and the firm will start earning revenues. And Teekay is always looking for ways to add to its tanker construction schedule.

Valuation and Outlook: TGP is organized as an MLP, meaning that it pays no corporate tax and offers a high yield for investors. The MLP currently pays an annualized \$2.12 per share, divided into quarterly payments. That equates to a current yield of around 6.8%. In addition, TGP is expected to be able to boost its cash distributions at

an annualized rate of around +12.5% over the coming three years.

Typically, MLPs are not valued based on earnings and price-to-earnings ratios. For master limited partnerships, we calculate ratios using *distributable cash flow* rather than earnings. The reason is that non-cash charges like depreciation and amortization are included in the earnings measure. These can be significant for MLPs because their assets typically throw off large non-cash depreciation charges.

Distributable cash flow is basically the net income figure with non-cash charges added back. From this adjusted figure we subtract maintenance capital expenditures (CAPEX), which is a measure of how much money it costs annually to keep up, repair and maintain existing infrastructure so that it remains usable. The final figure is a close approximation of how much cash an MLP actually has on hand to pay distributions.

With distributable cash flow for 2007 totaling \$2.20, TGP trades at a multiple of about 15 -- a relatively attractive valuation.

Additional Investing Ideas



[This Latin American Telecom has Risen +999% in the Last Three Years and Still has Room to Run](#)

Latin America has been one of the best places to stash your money lately. America Movil (AMX) has been a true standout in the region, but at its current prices, it remains a steal.



[Double Your Dividends by Investing in Foreign Companies](#)

Imagine going to a supermarket and shopping in just half of the aisles. This is essentially what investors with no foreign exposure are doing with their portfolios.



[Housing Bust: There's a way to Profit in Any Situation](#)

The real estate market is on track to have its worst showing in 40 years in 2008, but there's a way to hedge yourself against this correction.

[Visit this link](#) to read additional articles from today's leading market experts!

Investor Trivia -- International Dividend Yields

With the average stock in the S&P 500 yielding a puny 2%, it's a crime not to investigate international markets in search of income investments. After all, yields abroad are much higher than those in the United States. Which country boasts the world's highest average yields, coming in at 7.3%?

A.) [Canada](#)

- B.) [Brazil](#)
- C.) [Japan](#)
- D.) [New Zealand](#)
- E.) [Germany](#)

(Please click on one the links above. After you make your choice, we'll show you the correct answer on our web site.)

Featured Topic -- Australia

Australia is a conundrum to most Americans. We feel a connection to the English-speaking, individualistic and informal Australians, and to their sprawling country, with its modern coastal cities and rugged, sparsely-populated frontier. But most Americans know little about Australia's financial markets and rarely think to invest in them.

What's So Great about Australia?

Australia has a lot to offer investors. For one thing, it's an economic center for the Pacific Rim, particularly Southeast Asia--one of the most vibrant and fastest-growing economic regions on Earth. About 60% of Australia's exports go to Asia, so its economy is less vulnerable to slowing economic growth in the U.S. than many others around the world.

Australia is also rich in natural resources -- including raw materials such as copper, nickel, and zinc, and agricultural commodities such as wheat. With inflation picking up in the U.S. and elsewhere around the world, shares of companies that own or produce agricultural or industrial commodities could be among the world's top performers.

Another plus: the Australian dollar has been rising versus the U.S. dollar, boosting the value of Australian investments held by Americans. In 2007, the Aussie dollar rose +10.9% vs. the U.S. dollar. So an investment with a pre-currency total return of 10% would actually have delivered an effective total return of +20.9% thanks to the currency boost.

Encompassing an entire island continent, Australia could be crippled by dependence on far-away energy sources to fuel its growing economy -- but it isn't. Fortunately for the Aussies, they're sitting on one of the world's largest supplies of natural gas. It's enough to supply their energy needs for the rest of this century. So while the U.S., Europe and Japan struggle to keep up with rising oil prices in a world in which demand is rising while supplies are falling, Australia will have a competitive advantage in the years to come.

How Can Australia Benefit My Portfolio?

Now is a particularly auspicious time for Australian stocks. The economy is growing robustly and has significantly stronger GDP growth than in the U.S., Europe, or Japan. Unemployment is low, and inflation seems under control. And income investors are particularly well-served because Australian companies tend to pay enticing dividend yields and there are plenty from which to choose.

Fortunately, Australian stocks are easily purchasable by U.S. investors. Some trade in

the U.S. in the form of [American Depositary Receipts](#) (ADRs). Meanwhile, others trade only on the Australian Stock Exchange. When it comes to these securities, the good news is that every Australian stock can be bought by a U.S. investor with an account at Interactive Brokers or NobleTrading or full-service broker Euro Pacific Capital. The only problem? It's difficult -- and extremely time-consuming -- to locate, identify, and research Australian companies. For 95% of foreign companies, in-depth research and information simply isn't available to U.S. investors.

That's where Nick Lanyi and his [High-Yield International](#) newsletter come in. Nick recently joined forces with the experienced research staff at StreetAuthority in a quest to bring the entire world of high-yield securities to you. Nick's newsletter is designed to bring you several fresh investment ideas each and every month -- such as the three powerhouse Australian stocks in the January issue -- one of which yields a whopping 13%. To learn the names of these stocks and to learn more about [High-Yield International](#), please [visit this link](#).

Free Investing Resources



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Good investing in the coming weeks!



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