



Weekly Financial Letter

By

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Best time to invest in indexes - Weekly newsletter from 5-9 November

Dear Members,

Last week was very uncertain; for the first two days, the US markets remained closed due to super storm Sandy. After that, we saw both the sides' volatility. Sandy has done more damage than I thought it would. The Election is a few days away, so traders and investors are deciding whether to keep their distance from the markets, as no one likes to take any risks at this stage on result announcement. In 2004, investors had the experience of a legal battle between both the parties' claiming victory, and during that period, the markets kept falling. No one would like to see this happening again; as this race is too close to a call.

Anyways, we already announced our verdict, and so we will wait and watch to see the results. When we predicted Clinton's victory for the second term, we clearly mentioned that during his second term the markets and the economy would have a bubble. We also predicted that Clinton may not be able to finish his second term due to a scandal, but regardless, he completed his term. Here we were partly right about him winning the Elections, the scandal and the boom economy; but we were wrong, as Clinton completed his term.

If Obama wins this Election (we already predicted that he would), then we will see the most unique time for the equity markets. **USA stocks will move beyond anyone's expectations**, and near to the end of his term, or after his term, everything will collapse. After crash the equity markets will take many years to come back, so the easy money-making businesses will end for the world. Place yourself well with buying positions during this week, and if Obama wins then hold stocks for the next three year. The time will come after a few years when we will be taking longer term bets for the bear market.

We must keep awareness about a few important points:

- Euro as a currency will bring disasters to the world financial and the currency system. **This disaster will push gold prices \$1000 or \$2000 higher within the next few weeks (this may happen during 2015/16). That will be time when gold may reach \$5000 or even above "simply it will remind us of history of gold rush".** We should also remember that in 2001, when we created a gold Astro chart, and after reading the Astro cycles, we clearly said that gold would have **48 years of a bull cycle**, and this prediction confirms that gold is here to stay. You must read this 2003 article,
<http://www.mahendraprophecy.com/predictions.php?id=40>
<http://www.mahendraprophecy.com/predictions.php?id=41>



- In 2001, Euro was at 0.83, and during this time we predicted that it would reach 1.38, which it did. Although, we also mentioned that the dollar bear cycle would end in the next seven years. That means that the 2007 the bear cycle ended, and **we were all aware that dollar index reached 72.00, it collapsed from 120**. We never saw 72.00 again for US Dollar index after mid-2008. This creates an image of dollar getting more buyers on weaknesses because the trust of Euro as one currency of the EURO ZONE is fading away. **We won't be surprised if euro goes back to a par value in the next three years**, and 0.82 in the next five years against USD.
- Lately we have seen that money has kept following back to the US corporate, and US companies are doing great; in fact, **the era of US domination in terms of the economy is returning**. We are all aware that China is going through its own tough time. India, Brazil and other emerging markets are having a lot of problems from corruption, social issues and security issues. Europe is standing on the mountain edge, and they don't know their future path as there's no clear united vision.
- Dominating companies like **Google, Apple, Boeing, McDonald's, Microsoft, Coca Cola, Intel, Amazon, GE and many other large companies or industries are growing larger and larger**. Every single day, more numbers of customers are adding in lists as users of these companies' products. The rest of the world has failed to give something unique to the worlds' population, so the rest of world is enjoying the products that the USA offers. There was one leading brand from Japan "Sony elect" which going downhill since many years, yes in Auto industry still Japan and Germany are still dominating.
- Yes, there is no doubt that equity markets will beat all other financial instruments in terms of returns on investment in the medium term. In the longer term gold and silver will remain the best performing financial instruments. Many agri/food related commodities will be having their rise and fall as per the climatic and crop conditions.
- Don't think that we are pro-USA, we are just talking about what we see. On Wednesday we will have clear picture about the elections and you should be ready to invest your cash in companies like **Starbuck, Apple and Microsoft**. These are our three best picks at this stage. **Our view on Starbuck is very bullish, in 2013 it will become the best performing stock**. In India we recommended buying Tata Global brew, which is representing Starbucks in India. Tata Global already went up more than 60% (from Rs. 98 to Rs.160), and we still see great potential for this company. Two more of our picks in the Indian markets, Jubliant Food, and Tata Coffee also went up more than 50%.

Invest safely, have confidence in what you are doing, spend some quality time with yourself everyday in morning, talk to yourself and we are sure you will visualize a far better picture of the future and together we may be able to reveal future in coming time with more clarity.



Here below this week newsletter from 5-9 November 2012

ENERGY



Last week oil and natural gas traded weaker as predicted. Avoid any buying in both of these energy futures instrument as we see more weakness on the way. Airline stocks should be watched in the coming time especially in 2013 as Jet fuel prices will go down more than 30%. We all are aware that airline stocks are very sensitive to fuel prices because the margin is depend on fuel cost, and if in 2013 fuel cost drops, it will help airline stocks as well as the

auto industry.

This week on Monday and Tuesday oil and gas prices will move down. \$83.80 will be the support line for oil and \$3.38 for natural gas so one can cover their shorts around these prices. Selling recommendations in Natural gas around \$4.12 proven great trade.

On Thursday and Friday a positive trend in equity may support oil prices but the overall trend is to remain weaker in oil and gas. If you are covering your shorts on Wednesday then sell on Friday on rise as next week we may see a weaker trend again.

Avoid ETF's and energy stocks at this stage, energy stocks selling will be a good hedge against buying other value stocks in markets.

Monday's trading range:

OIL: \$85.88 to 83.59 (Dec)

NATURAL GAS: \$3.62 to \$3.47 (Dec)

Important note: Invest your hard money in good value stocks in your countries.

Buy longer call options in coffee and silver

Hold selling positions in Treasury bond and Yen

Thanks & God Bless

Mahendra Sharma, Sunday 2.00 PM Santa Barbara