



Weekly Financial Letter

By
Mahendra Sharma
www.mahendraprophecy.com



Address: P.O.BOX - 2521, Santa Barbara CA - 93120, USA
Phone: 1-805-403-4781 / 1 805 617 3347 Email: mahendra@mahendraprophecy.com



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Weekly Newsletter of 18-22 May, 2015

Watch bond and currency move closely

Dear Members,

Last week the USA market performed extremely well. Shanghai stocks were holding very well; on the other hand India, Brazil and Greece were forming a bottom. Many metals traders, including myself were surprised with precious metals move on negative days which was an encouraging sign. The energy market remained directionless and Thirty year paused moving lower on Thursday and Friday. Grains finally indicated that they are bottoming out as predicted and dollar kept losing value for the short term.

In last week's weekly newsletter we mentioned a lot about the energy sector for the medium and longer term. This week I would like to talk about the overall trend of the stock markets and we are sure that the first section of this weeks letter will help you make important investment decisions.

USA stocks are moving into a very interesting era. We may have to wait for a maximum of seven weeks before the solid rally starts which can continue for many months before it takes a rest. For the last two years we have been saying that USA stocks are still undervalued but many economists are saying that the stocks are at a very fair value. Either we are making incorrect calculations or most of the economist are missing something very big. According to our theory stocks should easily double from here and in that scenario we don't know what economist who are saying that currently stocks are at a fair value will stay.

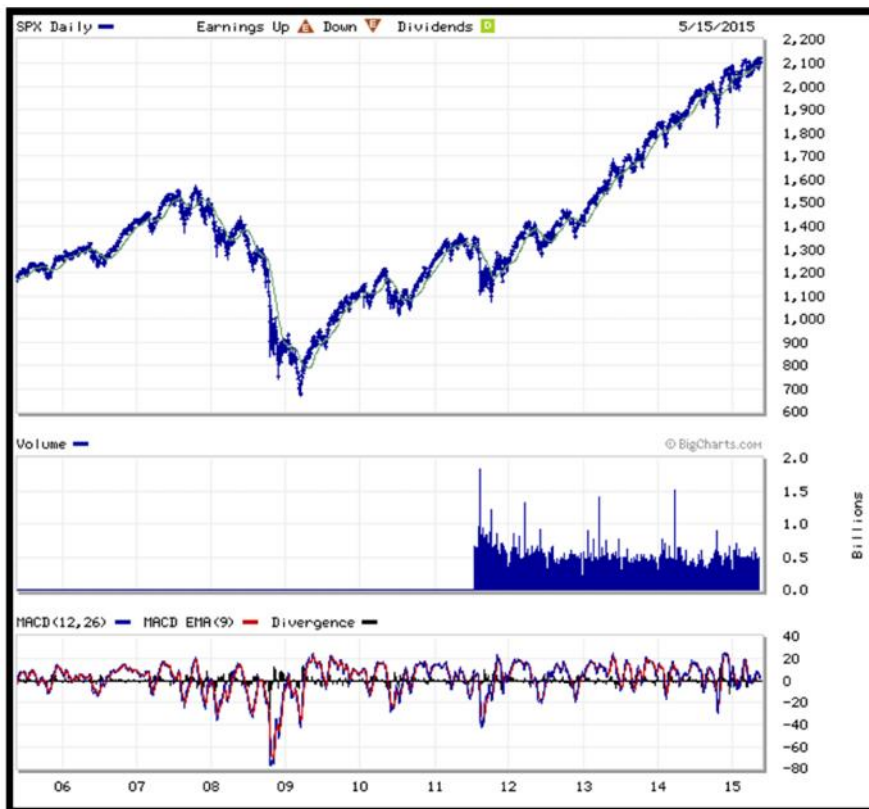
Since 26 Feb 2009, we have been constantly writing that S&P could easily touch 3200 by the end of 2016 or the early part of 2017, and there are chances that it may even move towards 3800 to 4500. Most of time our longer term indicators give us a very accurate outlook and on the same basis we see that a Bull-Run is about to begin in the USA equity market. This same theory guided us to predict the worst financial crises anytime from 2007 and we are all aware of what happened in 2008. Using the same theory we were able to predict the bottom of the market in March 2009; and because of the same theory we stated in 2011 that S&P won't go below 1100.



S&P almost gained 250% from the lows of 2009, and almost moved 100% higher from 2011. So much money has been printed; quantitative easing and cheap money has to be put into value of stocks as they should be expensive compare to trading at current valuations. Once again economists have to change their method of valuing of stocks. The FED chair has to stop talking about how the market is 'expensive', why don't they talk about how much money they

have pumped into the system without any major higher interest rate; in fact the interest rate remained lower until the last quarter.

Corporates are holding historic amount of free cash on the balance sheet; and the markets are still moving smoothly up and down without rise of 500 to 1000 points. Lower interest rates are helping



companies to repay higher rate debts, and the gross margin is also improving. From all angle everything looks positive with a positive astro cycle which gives us 100% confidence of a bullish pattern.

According to our theory, from July onwards the market may keep moving higher non-stop so longer term buying call options are recommended. It looks like NASDAQ Futures from 4500 to 5000 will be our first target. S&P will also move towards the target of 2389 to 2418. We will try to keep updating you on the markets moves.

Tech and financials are moving higher and they will keep moving higher.

Thirty year bond traders will keep printing money for you in the longer term.



Here is this week newsletter from 18-22 May 2015

GOLD/SILVER/BASE METAL



Let me tell you that last week gold and silver's move surprised me as I never expected any rise from Monday to Wednesday. I was also very concerned for gold as if gold would have taken away \$1180 then it could have been a disaster for metal investors. Anyway's, I was wrong about last week's move in metals but I am still not convinced about the moves that took place last week so we still have to wait for some more time before we get a confirmation about the coming trend.

At this stage \$1180 will play the most powerful astro support point for gold; and I have been mentioning this in our letter for the last year. A crucial support point for gold is at \$1142 which gold shouldn't takeout until the astro bullish cycle doesn't starts.

On the higher side gold will struggle to remain above \$1225 and \$1246 for more than three days. Silver will follow gold and base metals will remain directionless. We are not recommending any buying in metals stock at this stage.

This week on Monday gold will trade stable to mixed without any clear directions.

On Tuesday also gold and silver will trade mixed and may bounce back from lows.

On Wednesday and Thursday gold and silver will remain in a mixed directions with weakness and on Friday a fall can occur.

Short term – Mixed; Medium term – weaker; and longer – positive but no buying recommended

Important note: Gold and silver may start losing big value in terms of Rupee, Real, Peso and Rand.

Here is Monday's range: (June/July 2015 contract):

GOLD: \$1229.90 to \$1215.00

SILVER: \$17.75 TO \$17.30

COPPER: \$295.00 TO \$289.80

PALLADIUM: \$799.00 TO \$787.00

PLATINUM: \$1181.00 TO \$1163.00



INDEXES



Last week stock prices gained in USA MARKET but the rest of the markets remained in a mixed direction. Emerging markets like India and Brazil started acting in a positive direction. We are not recommending any aggressive positions in the European market or just avoid any buying in European markets but keep adding emerging market ETF's as well as add positions in the USA

markets.

Finally, financials started giving support to the market which is a great sign for investors. Biotech's are struggling but tech stocks positive trend is compensating for weakness in the biotech sector.

This week S&P and NASDAQ should move towards a new high, with some consolidation. Some uncertainty will be observed on Monday from Greece due to the New Moon. Selling European markets and buying USA will be a great hedging trade during this week.

Interest rates rise is right at the corner and we already mentioned this in our book "2015 Financial Predictions", but we also mentioned that most economic data from USA would be every encouraging which will bring rate rise fear faster than speculated. We see that from June onwards all economic data from USA will surprise investors. GDP, retail sale's and job report will be the biggest surprise for investors from July to December.

Get ready for the USA market to move at least 10%. The down side is very limited so according to astro the combinassions - the risk reward ratio is very high.

On Monday due to the new moon, we may see the market trading on both sides. Greece will be in focus and currencies trend will be very volatile.

On Tuesday the market will start rallying so buy some positions on Monday around the lower sides or on Tuesday before the market opens.

On Wednesday once again the market will trade on both sides but on Thursday we may see a huge upside move and on Friday once again profit booking will come at the higher sides.

Short term – positive, medium term – bullish, longer term – very bullish

Here are Mondays' ranges: (June contracts)

HONG KONG (cash) – 27950 to 27530



NIKKEI – 19900 TO 19600

NIFTY S&P (Spot) – 8330 to 8231 **Buy**

CAC – 5021 TO 4925

DAX – 11633 TO 11430

DEX EURO STOXX – 3605 – 3531

FTSE – 7005 TO 6920

FTSE/JSE (Cash) – 48099 to 47755

S&P e-mini – 2127.75 TO 2109.00 **Buy**

NASDAQ 100 e-mini – 4515.50 TO 4470.25 **Buy**

RUSSELL e-mini – 1251.50 TO 1235.00 **Buy**

DOW e-mini – 18300 TO 18125 **Buy**

THIRTY YEAR BOND



Many traders who are new to bond trading must have experienced a fun ride if they were on the right side of the trade. Last month many of our members those who were in Thirty year trade were worrying about it, but now it seems like that they are happy with this recommendation as I haven't received any emails expressing concern.

June's contract fell from the high of 172 to 152, and ETFs also moved more 25%. Call options provided great returns.

Last week thirty year bond bounced back from Thursday as expected and closed around 155.59. One should start adding put options on every rising point in Thirty year. We don't see Thirty year going above 162, and on down side we shall see 142 by the end of this year so this will a great time make money but trade carefully. We are not recommending any short term trades because volatility can throw out traders.

On Monday and Tuesday Thirty year will traded mixed or on both sides.

On Wednesday and Thursday prices will lose value due to positive data and on Friday a mixed kind of trend will continue.



Short term – mix, medium term – bearish, longer term – very bearish

Monday trading range (June 2015 contract):

TREASURY BOND – 156-00 TO 154.08 (June contract)

SOFT COMMODITIES



Last week softs traded negatively. Overall the negative trend ended in softs but no aggressive buying is recommended. It is time accumulate small positions in sugar, cotton and coffee. Orange juice and lumber should be avoided. Cocoa may trade volatile and we are not recommending any shorts.

This week the astro combinations will favor cotton and sugar. Coffee will trade on both sides. One can add more sugar around \$12.61, cotton at \$64.90 and coffee will be a great buy at \$133. One percent maximum the down side is expected in the worst case scenario.

After reading detailed combinations we believe that sugar may move towards \$15.20; coffee \$163; and cotton \$74.50. These targets should achieve in the next three months. Cotton is our favorite out of these three softs for the next month.

On Monday softs will trade stable and on Tuesday we may see a positive trend. On Wednesday once again some profit booking will come.

On Thursday and Friday we see a positive trend continuing in cotton.

Short term – mix, medium term – positive, longer term – Positive

Monday trading range: (July 2015 Contract)

COFFEE: \$139.95 TO \$135.95

COTTON: \$67.38 TO \$66.28

SUGAR: \$13.15 TO \$12.69

GRAINS



Selling recommendations in grains has done very well in the last 18 months and last week we recommended closing all short and looks like that was the right decision. As mentioned last week our focus will be on corn and wheat for the next two months as we don't see soy products performing that well so ignore soy until the astro cycle turns positive.

Last week wheat rallied 7% on Thursday and corn also moved higher which is confirming that our predictions of grains bottoming out on 15 May looks good so far. Last week we still recommended to avoid soy products and soy acted very badly during last week.

Corn and wheat prices can move at least 25% from current levels and the down side from here is 3 to 5% so the risk reward ratio is very high on the higher side. Soy and meal will also start moving higher but wait for July before you aggressively put any money there.

On Monday grains prices will trade mixed without any major move but on the lower side one can add small positions in wheat on the lower side ranges. On Tuesday we see grains trading a bit weaker. On Wednesday the astro indicators are showing positivity so one can buy more positions in wheat.

On Thursday and Friday corn, wheat and soy will trade positively so short term traders should trade accordingly.

Important note: One can start accumulating call options in grains; except for wheat so don't invest money aggressively for the next few weeks. If you like to put \$1000 then invest \$250 in term of put options. Those who like to trade futures can buy on a positive day around the mentioned lower ranges.

Short term – mix, medium term – positive, longer term – Positive

Monday's trading range (July 2015 contracts):

CORN: \$369.00 TO \$362.00

WHEAT: \$519.00 TO \$500.00

SOY: \$960.00 TO \$945.00

SOY MEAL: \$304.70 TO \$300.80

SOY OIL: \$33.53 TO \$32.81



ENERGY



Last week oil prices traded directionless and at this stage it looks like oil will have a difficult time to cross \$63.88 in the coming time. Most of you are aware that even in longer term we don't see oil moving above \$74.00 so it is clear that the exciting era of oil is over. Now it is important to watch how the oil industry consolidates from here onwards, and what technology and efficiency they bring to compete with large companies and big producer countries. It is clear that a very touching time is coming for the oil industry and other industries related to oil. Now the margin will tighten and everyone will ask for a bargain.

Natural gas producers are also having the same issue but the down side in gas will remain limited so this gas will support many companies who are well placed; but before you buy any stocks you must see how well they are placed.

We strongly recommend not to put your hard earned money in the energy sector at this stage because this sector has entered into longer term weakness. Those who invested in this sector may not receive great returns this year and the coming years which will keep them away from new investments.

Important note: Energy stocks will trade negatively compared to oil. Surely in 2015 and 2016 energy stocks will slowly start giving up gains and oil may hang around here.

From Monday to Wednesday oil prices will trade mixed to on both sides so trading in and out should be your strategy.

On Thursday and Friday oil and other energy products will move higher.

Short term – mix, medium term – negative, longer term – negative

Monday's trading range (June 2015 contracts):

OIL: \$61.50 to \$59.80 July

NATURAL GAS: \$3.08 to \$2.93

HEATING OIL: \$2.0340 TO 1.9800

RB GAS: \$2.0850 TO \$2.0305

CURRENCIES



Last week dollar lost big value but for longer term traders we are not recommending any short in USD; or don't buy Euro and Australian dollar. Avoid these trade's as USD's bull market has just started last July, and this bull market is here to stay for the longer period, so be careful selling or shorting USD.

We recommended getting out from USD at 100 level and from there it lost almost 7 points after a monster rally. We were very lucky that we were able to call this bull market in USD from last years level of 79.50. It was the perfect prediction with great timing and right at the bottom. I believe that the 2014 dollar rise prediction was better than the Oil fall prediction, even though both these markets surprised the investor community equally.

This week we strongly recommend accumulating USD index slowly, and don't take any aggressive positions. Medium term traders can take some call options of June, September and December in Dollar index or put options in Euro and Australian dollar. Canadian dollar will follow Australian dollar, and Swiss Franc will follow Euro.

British Pound will trade positively. We are neither recommending any buying nor selling in Pound. Trading in and out will remain the best strategy so day trading will be a better strategy for those who like to trade on a daily basis. Follow our day trading ranges of the Flashnews closely.

This week on Monday we strongly recommend selling Euro, Australian and Canadian on the higher side metals ranges. On Tuesday Dollar will gain value so book profit as on Wednesday dollar may give away some gains.

Late Thursday USD will start gaining value and by Friday USD will close sharply higher so plan your trades according.

Important note: As previously we mentioned that our astro indicators are not showing any chances of USD index going below 89.00 level in any case. On the higher side we see USD index touching 120 so this is a great opportunity to make money in the medium and longer term.

Emerging market currencies will have a different trend then frontline currencies. These currencies will detached from EURO so their trend will be completely independent. We strongly recommending buying most emerging market currencies except Russian Rubble at current levels against USD and Euro. Rupee, Real and Peso are great trades for the short, medium and longer term.

Monday's trading range: (June 2015 future contract)



DOLLAR INDEX – 93.65 to 92.95

AUSTRALIAN DOLLAR – 0.8065 to 0.7959

CANADIAN DOLLAR – 0.8341 to 0.8277

BRITISH POUND – 1.5810 to 1.5665

EURO – 1.1498 to 1.1354

JAPANESE YEN – 0.8417 to 0.8347

SWISS FRANC – 1.1000 to 1.0879

RUPPEE – 63.50 to 63.05 (Spot)

RAND – 11.84 to 11.72 (Spot)

Thanks & God Bless

Mahendra Sharma

Sunday 3.00 PM Santa Barbara, 17 May 2015.

BOOK RELEASED WORLD WIDE
9th Book by Mahendra Sharma

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2015 Financial Predictions

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Reading daily range: When we predict a **weaker trend** it means prices can break lower side and they can trade below predicted lows. (You can cover short but don't buy extra at lower levels until our indicators give buy signal).

When we predict a **positive trend**, means daily price can break upside and they can trade higher than predicted price (you can book profit but don't short that market).

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