



Weekly Financial Letter

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Weekly Newsletter from 31 Aug to 4 Sep

Dear Members,

After July 2011, and October 2014, market went through turmoil period in the last three weeks because fear of fall, fear of losing everything which was made in bull-run and uncertainty of future dominated trading floor. Early this week it looked like the bear will control the markets trend and assets may lose value rapidly, but the market reversed after opening sharply lower on Monday. I can blame this volatility on the planet Mars because Saturn couldn't do much except give medium and longer term confidence (Saturn and north node have been responsible for this bull market since 2011). In the short term Saturn was in control of Mars because Saturn is situated in the house of Scorpio, which is the house of Mars, and Saturn was not able to give instructions to Mars when Mars decided to play a volatile role for the market. It is very interesting to understand the behaviour pattern of any planet, and a planet like Mars is very difficult to understand whenever it moved though Cancer because it can play an aggressive role on both sides.

In the first week of August's newsletter, we had a feeling that something drastic could happen in the market and we also warn to stay away from any aggressive trading until Mars in Cancer but we never expected this kind of a wild move. The current uncertainty can continue for the next 15 days so I highly recommend investors, bull or bear to trade carefully without any short term leveraged positions on either side. If Mars can take this market sharply lower, then it has the power to bring this market sharply up again. However, I would like to see Mars taking this market higher after mid-September, because that is the time Mars will play a completely supportive role for the market with Jupiter.

History is witness to the fact that any short term bear market gives a lot of pain to investors because human thoughts work in such a way that whenever the market is steady or in rising mode, people are always looking for something to buy, and no one really plans to hedge their positions. Currently there are so many tools i.e. Options, ETF's, commodities, currencies, bonds, to hedge one's portfolio. 20 years ago these tools were not available widely to investors but in current times investors have so many tools to balance their portfolios. Having said this, of course you have to know which direction these every markets are going to move in. For example, last year's prediction of the falling oil prices and energy stocks, and the rising trend of the Dollar Index played a major role in giving direction to the market. When we first recommended selling at \$98.50, and during downward journey of oil we targeted that it would go to \$44.55, and it proved to be a good bottom. Then we again recommended selling it at \$63 which proved to be a very



accurate prediction because prices came to \$38. Lastly, last week recommending covering all shorts in oil was one of the best predictions we made in oil because oil prices moved up from \$37.50 to \$45 in two trading day.



I know that many of our investors and members face difficulty to take the correct trade because they don't know which market will provide them with the best results, so from here onwards, in every

weekly newsletter, I will give a rating of what are the best trades to make in category wise for the current time, and I am sure that this will make members lives very easy.

At this stage, or during this week commodities will trade in a mixed trend. If any commodity starts trading weaker from Tuesday or Wednesday, then it will be the worst news for that particular commodity; so watch both these days carefully.

Our medium and longer term view on the market is still very positive, and we still believe that S&P will achieve 3200 before March 2017. If the market gets aggressive then there are also chances that S&P could go to 5000. Currently however, the best investment that one can make will be in the emerging markets, and these markets will rock in the coming time. Do not miss the buying opportunity in Brazil, China, Mexico, and Russia. Many Asian countries stocks will start picking up. Many markets like China and Brazil that are trading in an uncertain trend will bottom out, or their bad time cycle will end within the next two weeks, and after two weeks a new beginning, or a new bull era will start for the global equity market.

Fed: I have repeatedly stated that it doesn't matter where the market goes, but the Fed will hike the interest rates in the month of September. Yes they might not do a 0.25% hike, but surely a 0.125% hike is on the way in the month of September, so keep this in mind and take your trades accordingly. If the interest rates rise then the following financial instruments will trade in the below mentioned ways:

- Treasury bond prices will collapse.
- Precious Metals will keep trading lower.
- Stock markets may go down for few an hour or maximum one day after the initial announcement, but later on the same day or the next day the market will rally very strongly 3 to 7% with in short period of two weeks.
- Dollar index will trade mixed.
- We don't see any major damage done to the emerging market by the rate hike, so remain fearless if you have invested in the emerging market.



Let's see what this week indicates for all the major markets from the 31st of August to the 4th of September.

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GOLD/SILVER/BASE METALS



Last week metal prices traded very volatile, not only in dollar terms, but also in all other major currency terms. On Monday DUST (Mining stocks 3x leverage etf) touched \$20 and by Wednesday it moved to \$34, and by Friday it was back to \$24.50, so you can imagine how volatile metals stocks were also trading. The same thing happened with precious metals as well as base metals prices. On Thursday and Friday rise in oil prices and a sharp upwards move in energy stocks

helped mining stocks as well.

Commodities like Palladium traded very volatile in a 17% range. I have not seen palladium moving this aggressively on both sides. Other base metals like copper, zinc, Nickel, aluminium, also traded aggressively on both sides.

There is no doubt that the commodities are showing some signs of recovery, but we do not want you to get trapped into these moves feeling convinced, as volatility is still pending in the commodity market (specially in metals). This week the astro indicators are showing mixed signs for the metals on Monday, Tuesday and Wednesday. During these days the precious and base metals prices will move on both sides. Most of the base metals will try to follow gold and gold will trade in the range of \$1141 to \$1116. On Thursday and Friday metals will start trading weaker so one can take selling positions on Wednesday. Do not buy silver as it is ready to fall 20% in the coming time.

If gold starts trading weaker from Tuesday and closes negative on Tuesday and Wednesday then gold can move back below \$1100 during this week. Watch \$1116 support level for gold if you are a metal trader and if silver start trading below \$14, then the next support level will be at \$12.60 within the next two weeks. Metal stocks will trade mixed.

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

GOLD: \$1139.00 to \$1125.00

SILVER: \$14.70 TO \$14.31

COPPER: \$237.90 TO \$232.00

PALLADIUM: \$589.00 TO \$565.00



PLATINUM: \$1028.00 TO \$1004.00

INDEXES



Investors must be very relieved with last week's recovery in the global equity market because the way the market traded on Monday, it looked like a disaster is coming, but Saturn helped the market rebound from its lows on Monday and the market kept moving higher from the lows during the whole week. Saturn helping market indicates that all major indexes won't go back to see Mondays low in the 20 months. S&P and NASDAQ will still play a

leading role for all major markets so watch both these indexes closely. On the down side we do not see S&P going below 1933, and on the higher side it will struggle to close above 2023 during this week. For a clear indication of a bullish trend S&P has to close above 2023 for three days. If S&P trades above 2023 for three days then our yearend targets of 2375 and 2500 are very easily achievable.

I was studying the emerging markets astro cycles and at this stage Brazil, China, India, Russia and many other markets trends are looking for a big turnaround. These markets should bottom out within the next two weeks and investors will never be able to figure out why these markets are moving higher. **Shanghai won't go below 2810 and in the worst case scenario, below 2570.** Brazil has achieved a bottom and the Indian market is ready to achieve a bottom. Surely there will be a bubble in the Chinese market and Shanghai may move towards 7500 in the next two years. Is there anyone out there who is predicting Shanghai going towards 7500? In the last 20 years the investors' community has always called us crazy because our numbers always look crazy when predicting, but fortunately in the last twenty years most of our targets have been achieved. If you are new to our services then look into our major past predictions and you will understand how confident we were when in 2001/2 we predicted gold achieving \$1600, silver \$50, copper \$400, oil \$100, Euro 1.3800 when gold was at \$272, silver \$4.40, copper \$63.00, oil \$17.80 and euro was at 0.83. I still remember many people mocking our targets.

We strongly recommend to buy YINN, BRZU, INDL and buy call options USA and European markets. In the next two weeks one should keep accumulating positions in market without putting too much attentions on current happening because we don't want you to get influence by current happening. Current happening is not correct picture of future so avoid getting confuse and remain focus.

Mars will be changing its house from Cancer to Leo, and it will be joining Jupiter. On the other hand on the same date, the Sun will be changing its house from Leo to Virgo and



will be joining the north node. Some volatility always comes whenever any planet changes zodiac house or join any major planets (FED rate decision is immediately after both these major changes so anxiety, uncertainty and volatility will be there in market from 14 to 17 September). Both these astro combinations indicate that the market could make a new high with the big support of banking stocks by end of 2015, so by the 15th of September one should start building a very strong positions in banking stocks or the financial ETF's, and it is just a coincidence that the FED rate is on the 17th, and if that happens then banking stocks will rally in a big way.

This week on Monday the market will trade in a mixed trend without any clear direction so one can book profit on Monday on higher sides. On Tuesday, both side moves will come in the market so if the market opens higher then there are chances that the market can close sharply lower, so higher side profit booking is recommended on Tuesday.

On Wednesday we see the market trading in a narrow range so trading in and out strategy will be the right one. On Thursday we highly recommend buying indexes and stocks around the lower side and the market will trade in a tight range. On Friday the market will have a rally with both sides' moves, so any rise should be taken as a selling opportunity, and any sharp fall should be taken as a buying opportunity, with the underlying trend being buying. One can book profit in S&P around 2023, or buy some aggressive positions around 1933 if it goes there.

Keep adding international market ETF's like Japan, China, India, Brazil or Latin America. European markets will trade far more stable than the other markets. I will send an update if it is required.

Here are Monday's ranges: (September contracts)

HONG KONG (cash) – 22230 to 21700

NIKKEI – 19289 TO 18950

NIFTY S&P (Spot) – 8078 to 7950

CAC – 4680 TO 4628

DAX – 10389 TO 10200

DEX EURO STOXX – 3288 – 3340

FTSE – 6265 TO 6155

FTSE/JSE (Cash) – 43529 to 44079

S&P e-mini – 1997.25 TO 1973.00 Buy

NASDAQ 100 e-mini – 4350.50 TO 4280.25 Buy

RUSSELL e-mini – 1172 TO 1151.00 Buy



DOW e-mini – 16750 TO 16488 Buy

TREASURY BOND



Last week on Monday Thirty year bond prices touched 163 level but after that prices came down sharply lower and it closed around 156.00, it was 7 point move which is huge. Our astro indicators are constantly showing negative sign so keep adding medium and longer term sell positions in Bond. Last week was one of the best week to acquire positions in TMV, TTT, and TBT, all these three etf's moved over around 18% and we strongly recommend to keep acquiring these etfs. In two year time these three etf's should minimum double.



This week mix trend will continue in Thirty year so acquiring trading in and out strategy. Monday thirty year bond will trade mix, and Tuesday we see some positive trend developing. Late Wednesday onward we may see Thirty year bond prices coming and weakness will continue until Friday.

Our target for next year is 129, which is 30 point lower from current prices. By the end of this year thirty may move toward 142.00 levels.

Monday's trading range (Sep 2015 contract):

TREASURY BOND – 156-29 TO 155-20

SOFT COMMODITIES



Last week softs commodities traded negative expect sugar. Since last one year softs prices are trading directionless within 10% percent move but now softs are in bottoming process. Buy March call options in coffee, cotton and sugar.

One can buy options of March 2016 with strike price of \$12.00 call in sugar, \$140 in coffee and \$65.00 in cotton. If cotton trades three days above \$66.00 then it will move to \$75.00 in short period. Keep acquiring sugar at \$10.55 with target of \$11.55.



This week Monday softs prices will trade in positive directions and positivity will continue on Tuesday and Wednesday. Thursday and Friday softs will trade mix to negative.

Short term traders can buy some positions on Monday and book profit on Wednesday.

Monday's trading range: (September 2015 Contract)

COFFEE: \$126.00 TO \$123.00

COTTON: \$63.41 TO \$62.70 Buy

SUGAR: \$11.15 TO \$10.83 Buy

GRAINS



Last week grains prices traded mix to bit negative. We are still recommending buying corn and wheat on any weakness but no aggressive buying in wheat. Corn can be added aggressively. Soy prices will trade mix or both sides.

In commodities grains and softs looks far better bet for longer term, short term energy and metals have achieved top but still chances that oil prices could easily

move toward \$48.80 in coming few weeks.

Corn should move up sharply higher in the month of September, we are expecting at least 10% move in corn in the September so hold buying positions tightly. Trading in and out in Wheat and soy but not new short is recommended as we predicting end of bear trend in grains so if you are holding any shorts then get out on Monday.

In the last 30 months we enjoyed predicting grain market trend because our selling recommendations in Soy at \$1700 with target of \$900 have done very well, corn and wheat selling recommendations also performed very well.



Monday's trading range (September 2015 contracts):

CORN: \$380.00 TO \$370.00



WHEAT: \$495.00 TO \$477.00

SOY: \$893.00 TO \$877.00

SOY MEAL: \$319.00 TO \$313.00

SOY OIL: \$28.20 TO \$27.45

ENERGY



Last week Schlumberger Ltd. Taking over Cameron opened everybody's eyes, because investors feel that many more deals and mergers will be taking place at current low market valuations. Many quality companies in the energy sector are trading at reasonable valuations and are looking good for energy giants to acquire them. We still believe that energy stocks are in a longer term bear market which can continue for at least seven to eight years, and during this process many mid-size quality energy companies will be taken over, so longer term investors may gain when these kind of deals.

After the taking over of Cameron, it marked the beginning of a perfect day for oil as prices started moving up. It was just coincidence that our prediction of oil bottoming out around \$38 was at the same time, and we expected oil move higher from \$38.00 during last week.

Many analysts were talking about oil going to \$30. These are the same people who never predicted that oil could go below \$50 when it was trading above \$95. Sometimes it is so disgusting to see these big name analysts coming out and trying to prove their point right, or trying to guide the market. According to me this is all bullshit. We always focus on the longer term picture because you can't predict the markets trend without knowing the longer term trend. In my career we made three major predictions for oil and if energy traders simply followed these three predictions then they could have made a fortune. The first was in 2001/2 when we recommended buying oil at \$18.00 with the target of \$100. We recommended investors to buy energy stocks and oil futures. In 2008 when oil reached \$145, we predicted that oil could fall below \$50 and may touch \$30 which surprisingly happened within five months. Last year once again we came out with the recommendation of selling at \$98.00 with the target of \$50 and \$30.00 in the longer term. It shows that if you simply follow our longer term trend then no one can stop you from making money in the market.

At this stage there are chances that oil may move towards \$48.80, and on the lower side it will hold \$41 level. Oil gained almost 18% in the last two trading days which was a rare move. Heating oil and RB gas also moved higher but avoid any new buying positions in both these energy products.



This week our recommendation is of buying natural gas and booking profit in oil around the higher side on Tuesday. Let oil consolidate because volatility will still continue in oil prices as long as Mars is in Cancer. On the higher side \$47.50 will be a good selling price for oil. Energy stocks will trade mixed. No new buying in energy stocks after Tuesday.

Monday's trading range (August 2015 contracts):

OIL: \$46.10 to \$42.71

NATURAL GAS: \$2.75 to \$2.68

HEATING OIL: \$1.6100 TO 1.5320

RB GAS: \$1.4190 TO \$1.3390

CURRENCIES



Last week Dollar prices gained handsome value against frontline currencies like Euro, Pound, Franc and Japanese Yen after making lows on Monday. On the other hand emerging market currencies also gained from lower levels on Monday against most currencies. Dollar index has been trading between 98.50 and 93.00 level and it will still struggle to move above 98.50 level. We don't know how many people are watching all the major financial instruments closely, but those who are, are trying to learn from this volatility and must have seen that since Mars moved into the house of Cancer, most currencies, commodities, indexes and bonds have started moving on both sides aggressively.

There are still chances that emerging market currencies can trade very volatile for the next two weeks. There are chances that emerging market currencies may move lower before they stabilized after Mars transits from 15 September.

This week from Tuesday USD may start getting a bit weaker. Last week Euro failing to move above 1.1745 gives the indication that a top has been achieved in Euro as predicted. We have been predicting that euro won't be able to move above 1.1745 level. On the lower side it has already started trading below 1.1278 which is indicating that the Euro may once again go below 1.10 and may achieve 1.0810. Last month's recommendation of buying in euro around 1.0810 with a target of 1.1278, 1.1478 and 1.1745 proved correct as all these levels were achieved and we are sure many of you must have made handsome returns. Now in the next two weeks all major currencies will trade mixed without any clear direction.

This week from Tuesday we see an aggressive move in emerging market currencies on both sides. Trade in and out or traders who like to take medium and longer term bets



should only buy positions in emerging market currencies at the end of the week. Buy Rupee, Real, Peso, Rubble, Rand for the medium and longer term.

The higher side in Euro, Swiss franc, Pound and Yen will not be more than 120 pips, and it will be the same story on the lower side, so this week the currency trading ranged will be quite tight. Watch out daily flash news closely for trading currencies.

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

DOLLAR INDEX – 96.11 to 95.33

AUSTRALIAN DOLLAR – 0.7199 to 0.7102

CANADIAN DOLLAR – 0.7608 to 0.7545

BRITISH POUND – 1.5438 to 1.5307

EURO – 1.1228 to 1.1088

JAPANESE YEN – 0.8251 to 0.8180

SWISS FRANC – 1.0430 to 1.0311

RUPPEE – 66.40 to 65.90 (Spot)

RAND – 13.35 to 13.17 (Spot)

Thanks & God Bless

Mahendra Sharma

30 August 2015, 3.00 PM Santa Barbara

Wish you good luck and safe trading.



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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