



Weekly Financial Letter

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Weekly Newsletter from 5-9 October

Emerging market currencies are bottoming out

Dear Members,

We are approaching the second week of October and according to our theory there is only one more week of uncertainty pending after this week. Last week the market performed very well, especially emerging markets and USA market. S&P held 1863 level and closed above 1923 which is giving great bullish indications for the coming time. We are sure many of you must be watching emerging market currencies and the emerging stock market closely because since the last two weeks we have been predicting a bottom out in these markets and last week these markets indicated that they are bottoming out.

Surely there is some concerns about Glencore and Petrobras. Glencore is one of the biggest companies from European base in Switzerland that invests and manages commodities supply. They are heavily involved in industrial metals and coals, they are also invested in grains and other natural resources as well as mining companies. It is a major transporter of energy and food supply in the world. Glencore was taken by Glaserberg in 1990, and took public in 2011 and a weaker trend in commodities from 2012 has brought huge loses and borrowing cost kept moving higher. This year alone insurance costs went almost 5 times higher. The company says that it has enough cash to support any adverse situation but surely at this stage the market situation and investors sentiments are not in their favor because investors have lost big money in Glencore. Last week The Wall Street Journal article was an interesting one and it clearly says that if commodity prices fall further from here then it will create a panic and many will face difficulty getting





more money to refinance their debts. At one stage the company lost 90% value and the stock touched 68.62. Here below is the image from the WSJ article.

Shifting Ground

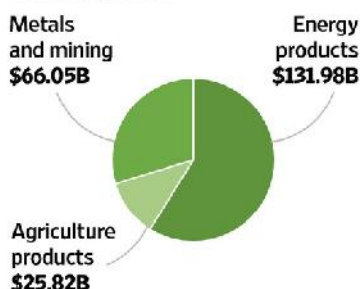
Glencore shares are dropping as investors lose confidence in the company's business model.

Glencore share price



Note: 100 pence = \$1.52

Revenue, 2014



Sources: FactSet; the company; Markit

Credit default swap



THE WALL STREET JOURNAL.

One the other hand Brazilian company “Petrobras” owes \$170 billion in debts, and the company has been in the news for some time due to major scandal. The investor community is watching Petrobras development closely. This company alone has been responsible for creating a negative outlook of Brazil, because of the huge debt of Petrobras, the Brazilian Real has been falling and rates have been moving higher and higher day by day. We are all aware that Brazilian real has fallen sharply, or in other words Dollar has moved 200% higher. Because of Real many other South American as well as emerging markets currencies remained underpressure.

Though Petrobras stock moved up almost 12% and 20% in the last week, in the last ten years it lost almost 95%. Surely many institutional investors are ready to make a deal to buy the debt and why not, when the Real is at historic low and the Yield is rising every day and has reached the point where fundamental or nose down valuations will play a some role and may attract many to make a deal here at this juncture.





Both Glencore and Petrobras have one common factor and that is that both these companies are associated with commodities. Petrobras is purely an energy company but Glencore is a combo of energy (coal), metals, material, mining and grains. China's stockpiling of commodity reserves since the last three years has put many big time commodity traders into huge debt, and if China stays on the sideline for one more year then it will surely make many commodity firms go bankrupt.



Our view: In the last three years we have been constantly recommending staying away from commodity and commodity stocks and it is still too early to play a longer term bet here. Yes, short term prices may recover as we are expecting oil prices to recover, but the higher side in most commodities will still remain limited and there is still more pain pending towards the end of the year. Many commodities are forming a bottom and this process can go on for a few months to a few years, especially in metals and energy.

Currently dollar is in sideways trend, but we are all aware that the rate rise is on the way in USA which may push USD higher. The economic outlook of USA is still very high compared to the rest of the world, so major money flow won't move out of USA. However, at this stage many are finding value in emerging markets or debt deals so some money may flow outside of USA and into the emerging markets because many emerging market currencies are close to all-time lows.

Last week we talked a lot about the astro cycle pattern and human or investor's behaviour pattern and we still say that we can get the best picture of the future by following the astro cycles. In the short term I can come wrong but in the longer term our theory has always provided a very accurate outlook. Also mediating, helping the needy, and being humble creates a positive energy and give awareness of the right picture of future.

Here is this week newsletter from 5-9 October 2015



GOLD/SILVER/BASE METALS

Last week metals traded negatively but on Friday after the job report gold gained \$36 from the low of \$1104 to \$1140, and eventually closed at \$1136. Silver and other base metals also followed gold and gained value, and metals stocks also moved higher. HUI has been holding the support of \$105



since the last three months after making a high of \$630 four years ago. A positive trend in metals helped Glencore as at this stage, many commodity firms are praying for some positivity in metals and energy.

Out outlook for the medium and longer term is not very positive for metals, compared to the other commodities like grains. The energy sector will also remain in 30% price moves on both sides without creating any longer term bullish pattern. Among all the commodities, metals trend still looks negative. Platinum prices lost more than 50% value, gold lost more than 40%, and silver lost more than 60% from highs, and they are still struggling.

The last two months astro combinations have been very supportive, but metals are still refusing to rally which is creating a doubt in my mind that what will happen to metals once this positive cycle ends. The only good news is that gold and silver are holding lower side value of \$1080 and \$14.00, and once these levels are taken out then we do not know where metals will stop, so remain cautious and stay away from any aggressive buying.

Emerging market currencies started turn positive, and we see a positive trend remaining in these currencies from here onwards which may put some pressure on metals against currencies like Rupee, Ruble, Rand and Real. Since the last two months Russia has been buying physical gold but if Ruble also starts getting stronger then this buying will prove to be a loss making trade.

This week on Monday metals will trade mixed, and from Tuesday to Friday we see a both side trading pattern taking place. Overall, this week metal prices will hold well due to a positive astro combination, but in the last two months, metals have fallen on many positive astro days, and this could also happen this week. On this higher side gold will struggle to hold \$1140 for more than three days, and on the down side \$1120 will be the support level so watch these numbers closely. If gold closes above \$1140 for more than three days, then expect gold to hit a maximum of \$1181. If gold trades below \$1120 for three days, then it will not take long for gold to reach \$830. Metals stocks will trade in a mixed to positive trend from Monday to Wednesday. On Thursday and Friday one should get out as we do not see HUI trading above \$125.

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

GOLD: \$1144.00 to \$1127.30

SILVER: \$15.50 TO \$14.82

COPPER: \$237.30 TO \$228.60

PALLADIUM: \$709.00 TO \$691.00

PLATINUM: \$925.00 TO \$905.00



INDEXES



I am sure you must have read the last two weeks newsletter very carefully because what we mentioned there was a core fundamental of my theory, and the markets behavior pattern also goes according to the astro cycle so a maximum ten to twelve days are pending before the most powerful rally takes place on wall street, as well as in many international markets. Sometimes it is very easy to predict the future coming trend using the past as a tool. If a similar kind of planetary

position takes place in the past then you can know with some level of certainty what is going to happen, for example in 2011 mid-October the market bottomed out during a similar trend to the one that is there now.

Except for Brazilian Petrobras and Glencore, there are not really any serious issues, but the global markets are overreacting. Everyone is talking about the Chinese slowdown, but there is not 100% evidence that proves that China is slowing down. Surely, some data is negative. In USA things are improving on a yearly basis and by the end of the year we see the unemployment rates dropping below 5%, which will be a great achievement. I am just waiting for the negative astro combination to end so that we can confidently guide investors or recommend strong buying.

Emerging market and emerging market currencies are in the process of bottoming out, and another ten days are pending for the uncertain time to end, so this is a great time to acquire ETF's of this market. During last week all major international index ETF's rallied sharply higher, and we still recommend adding more positions in the emerging market ETF's.

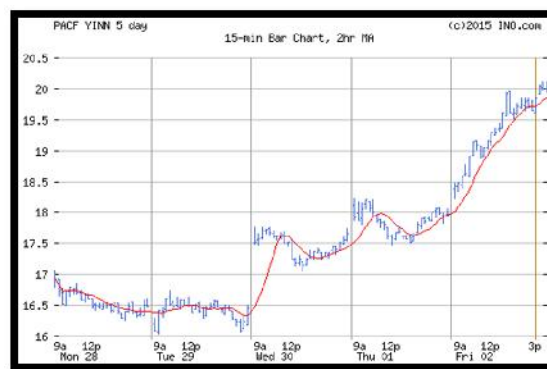
Since the last five years we have been predicting that there will be a historic bull market in equities, and since then the market has been rising gradually, but still the last era of bubble and euphoria is pending so get ready for that. We are very aware that when the current situation is uncertain, it is very difficult for investors to believe, and that is what has always happened with me, because whenever I initially made a prediction, the larger crowd never believed as they were not normal predictions and they were not in line with the current situation.

Last week the US stock market proved that the valuation is come to quite reasonable lows, and investors have started getting greedier, waiting for the market to fall another 10-15% before they start buying, but the market made a U-turn on bad job data, and this was one of the best reversals wince 2011. S&P held 1863 level very well as predicted, and out buying recommendation at 1863 and 1888 proved to be very accurate and on Friday S&P closed above 1923, which clearly indicates that S&P is ready to go towards 1928.



Tech stocks are ready for a big rally, housing related stocks are ready for a historic move, and biotech stocks may take two to three months before they stabilize, but surely many biotech stocks are great buys at current levels.

Chinese market is on a holiday during most of this week, but on Friday it will open and we may see a huge gap opening. During this week keep accumulating "YINN" and Chinese ADR's. Brazilian "BRZU" market is also looking for a bottom, and the Indian market has been acting well, so this means that panic from around the globe will go away this week. European and USA equity market will perform very steadily and any weakness should be taken as a buying opportunity during this week.



As there are still 10 uncertain days remaining, any negative news can scare the global markets one more time, and this negative news can be from Glencore or Petrobras, so make sure that you hold cash on the side to buying aggressive positions on any weakness as S&P won't see 1863 again in 2015/16/17 after these 10 days. At this stage 1923 is buying level in S&P.

Last week energy stocks also rebounded strongly as predicted so hold positions in energy stocks and the ETF ERX. Overall the market looks positive during this week so if anyone is trying to sell you the idea of shorting the market, just ignore that advice because S&P is getting ready for 2500 and then 3200. We are sure you must have bought a lot of call options in indexes during last week, and if not then do not miss the opportunity to buy on any weakness.

This week Monday we see most of markets trading positive, and late Tuesday some profit booking coming. Wednesday markets will trade mix but Thursday and Friday markets will move higher. Most of emerging markets will try to put best performance during this week.



Here are Monday's ranges: (December contracts)

HONG KONG (cash) – 21680 to 21420

NIKKEI – 18110 TO 17700

NIFTY S&P (Spot) – 8028 to 7908 **Buy**

CAC – 4539 TO 4459

DAX – 9798 TO 9598

DEX EURO STOXX – 3138 – 3090

FTSE – 6198 TO 6145

FTSE/JSE (Cash) – 46100 to 45398

S&P e-mini – 1955.00 TO 1927.00 **Buy**

NASDAQ 100 e-mini – 4297.00 TO 4218.00 **Buy**

RUSSELL e-mini – 1125 TO 1105.00 **Buy**

DOW e-mini – 16518 TO 16302 **Buy**

THIRTY YEAR BOND



Last week thirty year traded sharply higher. At one point on Friday thirty year bond crossed 160 level on weak jobs reports, but then it came down as soon as the market started recovering. Most of you are aware that our view is very bearing on 30 year for the medium and longer term, so keep adding **Put options of March 2016** around or above current price. TMV is a great buy for the longer term.

Interest rate rise is coming and it can be a surprise move, but the fed will be in a difficult situation to raise rates in December, because everyone one will argue about how the Fed can raise rates after getting such a negative job report. We still believe that there are quite high chances that the fed may hike rates in the month of October, and there are 100% possibility that a December hike will take place. This week on Monday thirty year will trade mixed, on Tuesday some positive might come, on Wednesday again thirty year will trade mixed, but on Thursday and Friday bond prices will trade negatively.

Monday's trading range (December 2015 contract):



TREASURY BOND – 159-21 TO 157-21

SOFT COMMODITIES



In the last three weeks sugar prices gained 20%, and another 3% rise is pending before you get out from all buying positions, so book profit in sugar around 14% so wait for some correction, so that you can buy in back.

Coffee's trend looks positive for this week. We strongly recommend buying positions around \$122, and booking profit around \$128. Coffee has to trade above \$128 for three days to give a bullish indication. If coffee closes above \$128 for three days then it will surely hit \$143 in a non-stop pattern.

Cocoa and Orange juice are trading negatively, and they will keep trading negatively so avoid any buying.

Cotton and Lumber will bottom out during this week. One can take some positions in cotton and lumber on Wednesday.

This week, Tuesday and Wednesday look like negative days for softs but Thursday and Friday will be positive. On Monday softs will act positively.

Monday's trading range: (December 2015 Contract)

COFFEE: \$126.65 TO \$122.00

COTTON: \$60.65 TO \$59.60

SUGAR: \$13.66 TO \$13.30



GRAINS

Corn and wheat prices are trading positively as predicted and both these grains will keep trading positively in the coming time, but short term traders can book some profit in wheat around \$525 and corn around \$395. If corn and wheat trade above these levels for three days, then both these grains can rally 10-12% immediately, so watch both these levels closely.



Last week soy oil moved sharply higher on Friday as expected. We still recommend buying soy oil, or if you have buying positions in soy oil then hold it, because a 7% upside move can come at any time.

Soymeal prices will trade negatively so we are not recommending any buying positions in soy oil during this week.

Soy bean will trade in a mixed trading pattern, but one can buy around \$955 level. This week on Tuesday, Wednesday, and the first half of Thursday looks positive for wheat and corn, and soy bean can also trade positively; but late Thursday and Friday profit booking can come in soy bean. We still recommend holding positions in corn and wheat, and do not get aggressively involved in soy bean. At the same time we are not recommending any short positions in soy bean.

Monday's trading range (December 2015 contracts):

CORN: \$396.50 TO \$385.00

WHEAT: \$521.00 TO \$508.50

SOY: \$893.00 TO \$868.00

SOY MEAL: \$303.00 TO \$297.00

SOY OIL: \$28.68 TO \$27.75

ENERGY



Last week oil prices held \$43 level very tightly which gives us the confidence to predict a bullish trend in oil. From Monday to Thursday the astro indicators are very positive for oil and oil should trade positive under this exciting combination. Late Thursday and Friday some profit booking is indicating. Last week energy stocks traded sharply higher and surprised many, and

this positive momentum will continue during this week as well. Those who bought ERX around \$24 can book some profit at \$33 and \$35. Heating oil and RB gas will trade in a mixed pattern but surely they will follow oil.

Our higher side target for oil is \$47, and if oil trades above \$47 for two days then our net target is \$52, so buyers can watch prices closely, and take





complete advantage of this short term positive cycle.

Natural gas traded negatively and we do not recommend any new positions in natural gas because, last week we advised that if gas traded below \$2.62 then get out from gas.

IMPORTANT NOTE: If oil fails to trade positively on Tuesday and Wednesday then we predict not to buy any medium or longer term positions; but we are confident that oil will trade positively.

Monday's trading range (November 2015 contracts):

OIL: \$46.50 to \$44.70

NATURAL GAS: \$2.52 to \$2.44

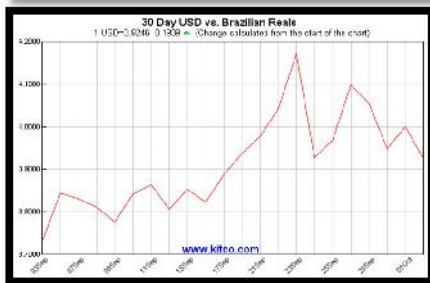
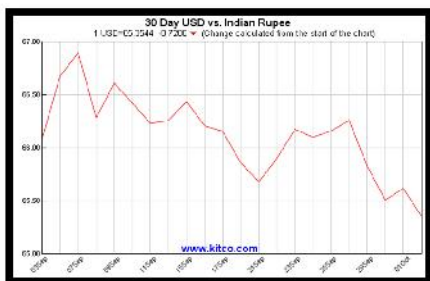
HEATING OIL: \$1.5520 TO 1.4955

RB GAS: \$1.3850 TO \$1.3110

CURRENCIES



Since the last two to three weeks we have constantly writing about emerging market currencies without giving much importance to other currencies because we are aware that the oncoming move in the emerging market currencies will be a huge one, and investors can make a fortune. This is the reason we have been recommending buying these currencies very strongly.



Last week most emerging market currencies gained value. This week the positive trend in emerging market currencies will continue and some profit booking may come in emerging market currencies on late Thursday or Friday. Indian Rupee has gained from the low of \$67.10 to \$65.20, and most of the other emerging market currencies also followed Rupee's trend. Institutional investors and fund managers should start taking serious bets on emerging market currencies for the medium and longer term because these currencies won't follow Euro, Japanese Yen, or British Pounds trend.

Frontline currencies will remain in a mixed trading pattern, and dollar will trade without any clear direction so we are not recommending taking any aggressive bets in frontline

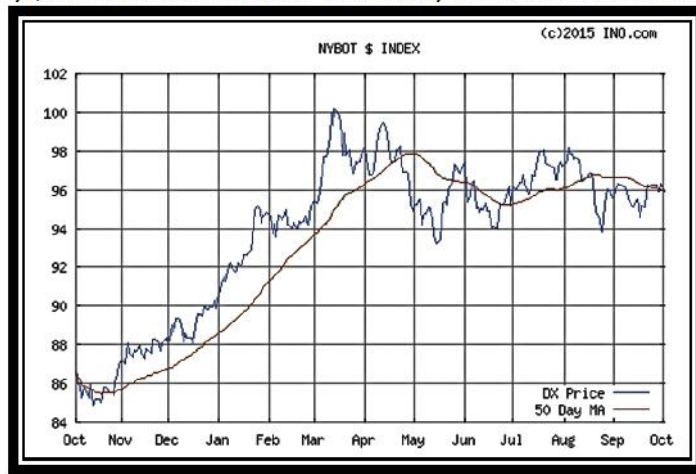


currencies as well as USD. Remain a short term trader, as that may provide you good profit on a daily trading basis. The best way to trade is on a daily basis, and for that you should subscribe to the daily flashnews so that you can get in and out. Weakness in British pound will continue, and Japanese Yen will trade in a narrow trading range, so avoid any trades in Japanese Yen.

Commodity currencies will struggle, but this week some buying momentum will come in Australian and Canadian dollar but again on Thursday and Friday both these currencies will lose value.

If Euro closes above 1.1255 for two days, then there are chances that it may move towards 1.1455.

Swiss Franc will follow Euro. Dollar can only be bought aggressively if it reaches 93.50, until then remain a short term trader, in fact, in the last six months, dollar or any other frontline currency has not done anything aggressive on either side for six months, and these currencies will trade like that for another month. Look at this chart, dollar have been trading sideways since Jan 2015 from 94 to 98 level.



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

DOLLAR INDEX – 96.35 to 95.59

AUSTRALIAN DOLLAR – 0.7068 to 0.6973

CANADIAN DOLLAR – 0.7630 to 0.7559

BRITISH POUND – 1.5239 to 1.5124

EURO – 1.1298 to 1.1175

JAPANESE YEN – 0.8380 to 0.8292

SWISS FRANC – 1.0382 to 1.0245

RUPPEE – 65.28 to 64.88 (Spot)

RAND – 13.80 to 13.60 (Spot)

Thanks & God Bless, Mahendra Sharma

4 August 2015, 3.00 PM Santa Barbara



2015 Financial Predictions

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Make wave of nature/astronomical cycle an integral part of your
trading/Investment strategies!

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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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