



Weekly Financial Letter

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Weekly Newsletter from 22-26 July 2013

Dear Members,

Apple changed the whole music and cell phone industry, it was a great revolution. Many of the leading hand set device companies underestimated Apple's entry into the Phone and music industry and they never thought that Apple could hurt them. Anyways, Apple not only hurt them but it threw many of the leading players from market. Our point is that currently the world is changing so fast that if anyone ignores any small revolution, it could be the biggest mistake of their life time.

Look at the second example of Tesla, this company is rising so fast that it will not only be a threat to the automobile Industry but it will also change the face of the whole automobile industry. Tesla will also be the biggest threat to the oil and gasoline industry. Yes, this revolutions needs, in fact it should have taken place long back. In 2004, in one of my weekly newsletter I was talking about this change in the automobile industry, I liked Tesla and since long ago I always supported Tesla. In fact we mentioned that within the next twenty years most new cars will be running on electric and a new kind of battery system. It looks like our dream will fulfill soon. In 1990 I was talking about the wireless industry and computers changing the world. Many never agreed with the technological revolution at that time but now many are saying to me what I saw at that time I saw right. Anyways, it is not about right or wrong here, what we are trying to say is that you have to be open enough to accept what you or someone else sees, because the world is changing so fast and if you remain ignorant then you will be left behind.

We can see now that every automobile company is rushing make electric cars. Yes, a small company like Tesla become the biggest threat to the automobile industry, I don't take this as a threat... this is a revolution. Today GM CEO said that they can't ignore what Tesla is doing, and they have to rush quickly otherwise the same can happen to them what happen to others in the handset device industry.

Kodak was first company to create a digital camera, and they had patent for that, they never brought camera into market because they knew that they are leader and controlling the market but what happened, many electronic makers came out with digital cameras once Kodak patent expired. Now Kodak is finished, Kodak has become history, and they are fighting for survival.

Writing all this above has meaning. Investors also have to change because many new changes are also taking place in the financial industry. S&P and dollar move is truly the biggest threat to the rest of the world's financial market. You have to be very innovative investor otherwise you will just remain in old theories and that won't take you far.



Fifteen years ago when we came out with our services and website, many were saying Mahendra who will buy these kind of services, and we said if we are unique and if our services kept providing the right path to investors then they will buy our services because investors want to make money and it doesn't matter what theory they follow. Now we see many technical chartists and economists subscribing our services because they don't want to miss what they don't see so subscribe to see what we are seeing. It is difficult for people to understand financial astrology because they take this subject as a cult science or like a myth so it is difficult to digest. We spent almost 33 years with this subject, I tell you that this is most exciting science because this science is directly related to everyone who exists on this planet, and it gives the overall picture about what masses will be doing, what will be their approach or actions. Basically astrology/wave of nature is a subject above the level of psychology, through this subject you can visualize what is on the way.

Anyways, let's come back to the financial market and weekly predictions because that is what you like to know.

[Here is this week newsletter from 22-26 July 2013](#)

GOLD/SILVER/BASE METALS



Last week we expected a mixed trend in gold and other metals, this week our astro indicators are giving negative indications so we highly recommend getting out from any buying positions if you are holding. Both precious metals came down almost over 40% from highs, and silver remained worst performer, as it is down more than 65% from its high of \$49.93.

Many metals investors are giving all different reasons. One thing I saw that metal investors do is that they never remain satisfied during 2002 to 2011 bull era because they always wanted higher prices and that took a big chunk from what they made in the bull era in the recent bear cycle. Many are sitting with huge loses because metals stocks performed horribly in the last two years.

As per our theory, gold and silver has to move down a lot from current levels in the coming time. Yes these metals may remain sideways or in both side directions until 15 September but after that they will just crash towards new lows. We won't be surprised at all if gold move to three digit by the end of the year.

Just buy puts of \$1100 and hold it tightly and this can play as a hedging trade against any physical gold or stocks holding.

This week on Monday gold will come down after USA opening so one can sell on any rise on Monday in Asian and European market. On Tuesday will also be a negative day but gold will trade on both sides so trade in and out in gold. On Wednesday gold, silver and other metals will fall so you can either sell on Tuesday around higher sides or those who are selling on Monday can hold positions.



On Thursday weakness will continue but there will be a small recovery in the last hour of trading. On Friday trend of metals will remain mixed to weaker.

Here is Monday's range: **(August/September 2013 contract):**

GOLD: \$1302.90 to \$1282.90

SILVER: \$19.65 TO \$19.35

COPPER: \$316.50 TO \$310.10

PALLADIUM: \$756.10 TO \$741.20

PLATINUM: \$1445.10 TO \$1421.50

INDEXES



Last week USA market traded positively again and S&P and Russell traded around all-time high. Most of the other markets traded mixed to positive. It was a big surprise for us to see that USA market closed positive on Friday even though Google and Microsoft closed sharply lower and this confirms that USA market is all set for a major breakout from current level.

Last month we predicted that after 14 July the world market would start performing positively and we saw that during last week. I was doing a study of astro chart and current planetary combinations and got surprised that market can move up beyond our expectations. In our book "2013 Financial Predictions" we mentioned that S&P would touch 1700 to 1750, and in one of chapter we also mentioned that we won't be surprised if S&P moves toward 1800. Since last two year we have been repeating one mantra continuously of S&P moving toward 2800 to 3200. We are still holding that predictions and we won't be surprised at all S&P move toward 1900 to 2000 to achieve next target 2800 to 3200.

We posted yesterday a small part from our year book "2013 Financial Predictions", we highly recommend reading one more time:

We are bit concerned about all major currencies because these currencies can spoil the trend of their country's stock markets, like Indian Rupee did for the India stock market. Only exporting countries like Japan can benefit from weaker trends of Yen but not all countries could benefit from weaker trends of their currencies.

Countries like Brazil and India export some food grains, especially Sugar and coffee, and unfortunately weaker currencies is not benefiting both these countries because both these commodities are trading lower. The same way weakness in Australian dollar is helping the mining industry because metals are trading sharply lower. Corporates and central banks in these countries are a bit confused because they don't know which path or policy to adopt. After reviewing in detail, USA policy makers are in a more relaxed mood because the housing



market is improving, the stock market is at a historic high, and fund managers are not worried because PE ratios are still at a comfortable level and the dollar is gaining value. We have been very positive about the USA equity market, housing market and USD. This is USA's era so don't miss out on putting your investment in USA market.

This week the USA equity market will move higher and we won't be surprised if it crosses 1700 in the early part of week. On Monday we see a positive opening in Asia, Europe and emerging markets, USA opening will be mixed but closing will be positive.

On Tuesday once again a positive trend will dominate the world equity market. On Wednesday we may see some profit booking coming in all major markets. On Thursday all major markets will open mixed but USA market will close sharply higher after opening mixed.

On Friday we won't be surprised at all if the world equity market gets tag of "bubble" due to constantly moving higher, however we don't recommend shorting or hedging any positions in any market.

The best sector will be the Housing and home builder stocks in USA. Realty stocks will do amazingly well during this week, in fact they will be on fire so grab the opportunity of buying housing ETF's, housing stocks and home builder stocks. Banking stocks will do amazingly as well during this week.

In short enjoy your time with the rising trend of the market, and hold your buying position tightly. Indian IT stocks will do amazingly well, they have been doing well as recommended. In Europe Bio-tech and Pharma stocks will do well, housing stocks will also move sharply higher.

Monday's trading range (September Price):

AUSTRALIAN (Cash) – 4989 to 4950

NIKKEI (Sep) – 15039 TO 14759

NIFTY S&P (Spot) – 6080 to 6023

SINGAPORE (cash) – 3229 TO 3219

HONG KONG (cash) – 21509 to 21325

CAC – 3948 TO 3897

DAX – 8386 TO 8281

DEX EURO STOXX – 2729.75 - 2702

FTSE – 6638 TO 6578

S&P – 1695.25 TO 1680.75

NASDAQ – 3055.25 TO 3023.25

RUSSELL – 1055.00 TO 1044.80

DOW – 15555 TO 15437



TREASURY BOND



Thirty year bond traded mixed. 138 will be the right price to sell but we have doubts that they will reach there. According to this week's astro chart thirty year bonds will start trading weaker from Monday and this weakness will continue during the whole of this week. We won't be surprised at all if we see thirty year bonds touching recent multiyear lows again.

In short hold selling positions in bond during this week.

Monday's trading range (Sep contract):

TREASURY BOND – 136-06 TO 134-28

SOFT COMMODITIES



Last week cocoa bounced back strongly, orange juice also moved higher. Sugar traded mixed to positive, and held value on the lower side and that is positive news for sugar. Cocoa underperformed, From Monday to Wednesday coffee prices moved higher, and on Thursday it touched multi months high and then it crashed back to where it started on Monday. Thursdays fall was on the news of there being less chances of frost, and weather conditions improving Cold mass air which

coming from Argentina which was causing this frost may stay longer over Argentina and by the time the cold hits the Southern part of Brazil it will reduce the chill factor. Early last week the weather channel predicted temperature dropping to zero in Parana and Sao Paulo but now the weather channel is predicting between 7 to 12 degrees. Moderate weather but constant rain is worrying many coffee farmer because quality of coffee will be affected.

We know that many short term traders are a bit upset with last week's coffee movement, our advice is not to panic, just buy call options positions, buy small futures positions as a fortune could be made if we come right on what we see.

Anyways, buy Sugar and coffee on Monday without fear. Sugar won't fall below \$15.90 and coffee \$119.50.

Monday trading range: (September/Oct 2013 Contract)

COFFEE: \$126.95 TO \$121.25

COTTON: \$87.50 TO \$85.75 (Oct contract)

COCOA: \$2395 TO \$2351

SUGAR: \$16.48 TO \$16.19



ORANGE JUICE: \$146.27 TO \$142.50

GRAINS



We don't have much to say about grains, prices are moving in both directions. There is no clear trend in grains. Yes, this week's astro chart is supporting grains prices on Monday and Tuesday. If grains fail to rise on Monday and Tuesday then we may see weakness continuing for the next three weeks.

Soy, Soy meal and corn will rise on Monday or will trade in positive directions from late Monday. On Tuesday there will also be a positive trend in grains. From late Wednesday weakness will hit grains prices during the last three trading hours so take selling positions in grains on Wednesday.

On Wednesday weakness shall continue in grains as well as on Thursday and Friday.

Monday's trading range (September 2013 contracts):

CORN: \$550.25 TO \$539.50

WHEAT: \$675.00 TO \$660.25

SOY: \$1341.75 TO \$1317.25

SOY MEAL: \$428.30 TO \$419.20

SOY OIL: \$45.90 TO \$45.30

RICE: \$15.68 TO 15.47

ENERGY



Last week oil touched multiyear high, we strongly recommend avoiding any aggressive trading in oil but surely some weakness will be there from late Monday. One should start selling oil around the predicted higher range mentioned here below because on Tuesday oil prices will come down. On Wednesday weakness will dominate in oil. All these three heating oils and RB gas will follow oil and they

will come down after touching the high on Monday.

One can make short term good money by selling heating oil, RB gas and oil on Monday. Cover all short positions on Wednesday as on Thursday and Friday oil prices will move up sharply without any reason.



Natural gas will trade positive but the higher side will remain limited, stay away from any trading positions in Gas. One can sell gas as the overall trend for the next two months looks negative.

We would like to remind you one more time that oil prices will fall sharply after 2014, by in 2016 we see oil prices falling back to \$30 to \$20's levels. Yes this may surprise many but we predicted this long back. In 2001 we predicted oil moving towards \$100 to \$150 when it was at \$16.80, in 2008 we predicted oil falling towards \$30 when it was \$145 and in the 2012 we predicted that the bear trend in oil would start after 2015 and oil would move towards \$20. Importance of oil will get over, like Kerosene in the next ten years. Nuclear energy, Electric cars and many other energy sources will reduce drastically the demand of oil.

Compared to energy companies many other energy sector stocks will start outperforming, we feel deep in our heart that many oil nations must be hating Tesla but that is the future and era of oil nations and oil nations currencies are ending after a few years.

Monday's trading range (Oil September contracts and rest August):

OIL: \$109.30 to \$106.81

NATURAL GAS: \$3.88 to \$3.70

HEATING OIL: \$3.1315 TO \$3.0650

RB GAS: \$3.1600 TO \$3.0950

CURRENCIES



We don't think you want to know more about currencies because we have mentioned enough about USD and all major currencies. In fact in each weekly newsletter we try to explain in detail that why USD would move higher towards a historic high, and why US Dollar's era is coming.

We still keep doing our own research on currencies because we are a bit concerned about the future of the currency market as we see rapid speculations taking place, many currencies will be losing 90% value from where they are currently. Most of you are aware about what happened to Zimbabwe Dollar. We are not saying that other currencies will go down crazily in multi folds but surely we will see huge movement coming in the currency market. We are a bit scared and nervous at this stage, because our members are from all different parts of the world and if their currency loses value then it will be sad for us.

We clearly see that slowly dollar is gaining supremacy, and now the question is how rapidly dollar gains from here. In the next two months - If the rest of the world's stock markets underperform and commodities underperform against USD and USA markets, it will be the first indications of one of the biggest wave starting for USD. There is no doubt that dollar is



moving higher and we have been predicting this since last one year but how high it moves is what we should watch closely.

We are predicting US Dollar Index to hit 120, meaning Euro has to go back to 0.83 level against USD and other currencies like Swiss Franc, Canadian and Australian dollar will also lose value.

If you gave me \$100 to manage then we will put \$50 USD or sell some currencies, we will be put \$40 into USA stocks and dollar 10 into our favorite trades like coffee etc.

Slowly our concern is growing. We see huge upward momentum developing in USD, so we highly recommend buying positions in USD and selling in other currencies. Last week's weaker trend in USD was the final sign of weakness before a one side rally starts.

This week we see US Dollar start gaining value from middle of Monday and this rising trend will continue on Tuesday, Thursday and Friday. On Wednesday USD will trade mixed.

The best trade of this week will be selling Swiss Franc and Euro. Stay away from British Pound or you can trade in and out as mentioned in the daily trading ranges.

Australian dollar will underperform during this week and the same will happen with Canadian dollar.

Canadian dollar will outperform all major currencies except dollar so Canadian Investors should hold buying positions against other currencies.

British Pound will outperform Euro and Swiss Franc but not USD, so you can buy Pound against Euro and Franc.

Emerging market currencies will remain directionless. We are not recommending any buying in these currencies. On Monday we see positive trend in these currencies but from Tuesday these currencies will start losing value once again.

Monday's trading range: (September)

DOLLAR INDEX – 83.03 to 82.43

AUSTRALIAN DOLLAR – 0.9198 to 0.9098

CANADIAN DOLLAR – 0.9670 to 0.9601

BRITISH POUND – 1.5314 to 1.5209

EURO – 1.3187 to 1.3080

JAPANESE YEN – 1.0029 to 0.9923

NEW ZEALAND DOLLAR: 0.7997 to 7895

SWISS FRANC – 1.0673 to 1.0572

RUPPEE – 59.63 to 59.15 (Spot)

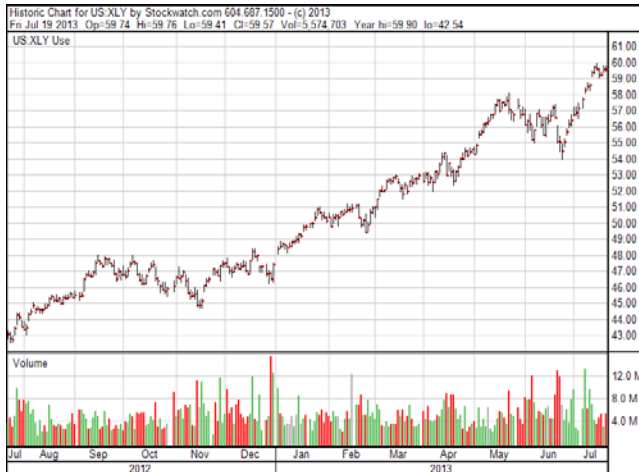
RAND – 10.05 to 09.85 (Spot)



Today we would like to analyze few sector how they are doing in USA and which are walking with S&P and which are lagging behind.

Few sectors are outperforming:

Consumer Discretionary – XLY and Financial sector XLF



Health care and Bio-tech looks very strong in current time (IBB and XLV)



Next best buy are from home builder, realty are (ICF, IYR and PKB), these sector will outperform so time to buy stocks from these sectors, also you can buy these ETF's if you don't want to find individual stocks. You can search these companies holding on yahoo/finance.com.

Industrial sector is also doing fine (XLI), if era of USA manufacturing comes back then this sector will do amazing well. Keep adding XLI.



Consumer goods and small cap ETFs are also doing fine (IYK and IJR).

Best trade of this week:

Buy Sugar/Coffee (Our buying recommendations remains intact in coffee)

Buy dollar against Swiss Franc and Euro, as the rest of the currencies will also trade weaker against USD

Keep holding investment in US Stock market

Commodities will remain weaker during this week

Thanks & God Bless

Mahendra Sharma

Sunday 11.50 AM Santa Barbara

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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