

# Weekly Newsletter

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## S&P will play a leader role

### Weekly newsletter from 10-14 September 2012

Dear Members,

We are sure that most of our members must be still holding some positions in metals and indexes. We received many notes from different part of world saying that last week's move in indexes and metals were so rapid that they missed the opportunity of buying them. Yes, if investors don't pay attention to the running and coming time then they can miss many opportunities in the coming time.

The next two years price movements will be rapid, so you have to prepare yourselves for that. Take all the other indicators that can guide you and read our weekly newsletter which may help you in taking the final decision of where to put the money in the 2013/14.

In the last four weeks newsletters we have constantly been mentioning a few great trades for the next two years. If you haven't given attention to those letters then we highly recommend re-reading them and we are sure you will get the clear answer about where to put money.

**Once again we are providing a small strategy here for how to trade for the next four months;**

- ✚ Those who bought call options in Indexes and stocks should hold tight, and if you haven't bought then you should add December calls in Indexes. Asian, European and USA indexes calls can be added on weakness. **Target S&P 1600, DAX 7700, and Nifty 5690 reaching by year end.** Many USA investors may be taking cautious steps due what is coming in the next seventy days, but our theory is giving clear indications of a bullish trend during the election and after the election results so you shouldn't get worried.
- ✚ After Indexes, our theory's next best pick is **Silver**. We are sure that most of our members must be holding positions in silver (futures, call options and physical). We don't own any futures or options but we own them physical and we highly recommend those who don't like to take risks to own physical positions in silver. For the last four weeks we kept recommending silver trades,

and we stated that it may hit \$37.80, and we confirm here that we won't be surprised at all if silver even surpass \$37.80 by 29 December 2012. You must be aware that our longer term target (three years) is \$100. Keep adding longer term call options (2013 December, 2014, and 2015) in silver.

- ✚ After Indexes and silver, our next best investment recommendation is selling Yen and Treasury bonds. Hold selling positions in Treasury bond and yen, for the short, medium and longer term as we will see drastic falls in both of these financial instruments. Our medium term or December target is \$135 in thirty year bonds and 118 in Japanese Yen.
- ✚ Grains are our favorite for the longer period, yes coffee, cotton and sugar also look great. **In the year 2013 it will be interesting to watch the fight between coffee and silver**, we are betting on coffee and silver both as we don't want to miss opportunity.

- ✚ Many stocks will be on fire, unfortunately Apple will play the role of a Black-Hole, it will be sucking many companies into it. Whatever area Apple enters many companies from that business will start shivering and their stocks will fall drastically so watch Apples stock closely. Look at the onetime cell leader Nokia (came down from \$70 to \$1.50), this stocks fell drastically as soon as the Iphone came in market. Last week Apple announced that they are entering into the streaming radio business. Pandora was the first one who fell by 17%. There are possibilities that either some other company or Apple may buy Pandora.



- ✚ We have liked Apple for last two years, and we are highly recommend adding Apple on any weakness. We won't be surprised if Apples market cap reaches 1 Trillion dollar in the next one year.

**“Remain Focused & Avoid Ignorance”** is a Mantra that one should keep telling themselves and asking themselves what they feel and what they should be doing, and where they should be putting money. Take all the possibilities into account and wave of nature will surely give you an edge among all market indicators. I am sure you will be benefit in the coming time.

## Let's talk about this weeks, weekly letter from 10-14 September 2012

### **GOLD/SILVER**



Last week metals investors had a big smile on their faces after a long time. Trust and faith in metals have paid off once again but they are still far below the highs “especially silver”. Metals stocks also performed well during the last ten days.

It is now clear that what we saw for metals from September will be fulfilled. Our theory is giving very clear indications of a bull trend by the end of the year. Don't short metals as they may see new highs, specially gold and platinum. **Silver will outperform every metal in percentage gains** during the next three months but may not be able to breach previous highs of \$49.80 in 2012.

This week Monday and Tuesday we may see a mixed trend, and prices will move in both directions. Fed will be meeting on Wednesday and Thursday to discuss economic situations and stimulus. The fed will also announce rate decisions. We are all aware and we will be watching the markets very closely. We don't think that any big stimulus is coming but surely the statement will be market friendly. Any weakness in stocks and metals after Feds announcement should be taken as a buying opportunity.

On Wednesday also buy on any weakness as we see a sharp rise on Thursday and Friday. We may see new highs of 2012 on these days. You should book profit on Friday evening.

**Here is Monday's range (All December contract):**

**GOLD: \$1751.90 to \$1727.90**

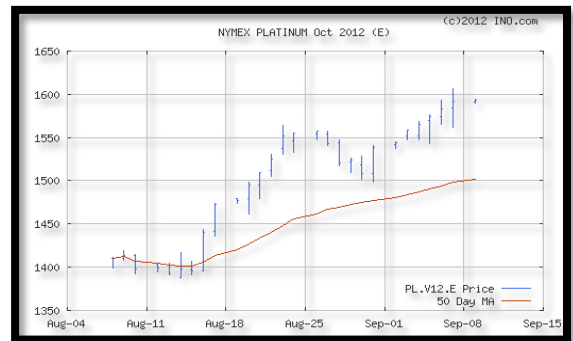
**SILVER: \$33.98 TO \$33.17**

### **BASE METALS**



This week base metals will make a new high, so keep adding buying position on any weakness. Platinum's trend should be watched closely as it may move up sharply in the next three

weeks. By September end we will see prices moving towards \$1800. Among metals, **Platinum will be the best performing and our medium term target is \$2000.**



Last week copper prices went up sharply, and will remain positive during this week as well. Palladium will trade slowly so avoid putting any big money in Palladium at this stage.

On Monday and Tuesday platinum and copper will trade in a tight trading range but from late Wednesday you can add some more positions. On Friday I see that short sellers or those who are against the market will be bleeding, and the bull will be roaring. Stocks and metals will move up sharply on Friday.

**Here is Monday's range (All December contract):**

**COPPER: \$368.00 TO \$360.00**

**PALLADIUM: \$663.00 TO \$648.70**

**PLATINUM: \$1615 TO \$1586**

## INDEXES



Don't short markets at any stage during this week, in fact one should keep adding positions on any weakness as we will see sharp up moves by Friday. We won't be surprised if USA markets make new highs, and there is no doubt that S&P will be breaking all previous highs "In 2000 it made a high of 1552 and in Oct 2007 it made a high of 1577".

So far 2012 has proven to be a great year for S&P under most uncertain economic and political scenarios. Many experts are still are not able to digest 2012's upward trend in stocks, and we have simple answer and that is why they were not able to digest the up move because they don't know the hidden wave of nature power which creates sentiments.

We don't have any doubts of S&P reaching 1600, and many are saying that it is a touch call because it will be difficult for S&P to break the two previous highs which are very close to each other "1552 to 1577". We see that history will not only be created but time will make a platform for indexes to a hit all time high and keep moving higher and higher.

Asian markets will remain sideways but the undertone will be positive. European and USA markets may make new highs of 2012 by Friday so one can hold positions in them.

From Monday to Wednesday one can keep building call option positions on any weaker trend. Globally markets may trade mixed from Monday, and this mixed trend will continue until Thursday morning. Traders can get in and out on daily basis but they can also start buying on any weakness. On Friday stocks will open sharply and by the end of the day we may see some profit booking coming in.

On the lower side the maximum S&P can reach 1425 to 1418, and these are great levels to buy and also to get into buying in other world indexes or whatever country you are in when S&P reaches these above levels.

**Monday trading range (September 2012 contract):**

**AUSTRALIAN (Cash) – 4403 to 4359**

**DAX – 7257 TO 7159**

**NIKKEI – 8929 TO 8825**

**FTSE – 5821 TO 5773**

**NIFTY S&P (Spot) – 5333 to 5379**

**S&P – 1445.75 TO 1432.75**

**SINGAPORE (cash) – 3029.7 TO 3019.00**

**NASDAQ – 2839.5 TO 2809**

**HONG KONG (cash) – 19959 to 19751**

**RUSSELL – 850.10 TO 838.25**

**CAC – 3561 TO 3501**

**DOW – 13377 TO 13252**

### **TREASURY BOND**



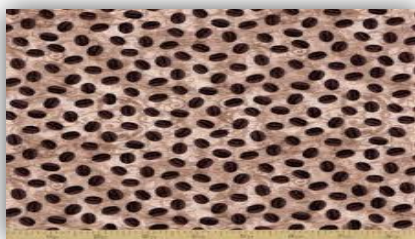
This week from Monday to Wednesday bond prices will move in both directions but from Thursday we may see rapid moves in both directions and finally the fall will start and weakness will continue on Friday as well.

Thursday build short, medium and longer term selling positions in bond.

**Monday's trading range:**

**TREASURY BOND – 149-11 TO 147-23**

### **COFFEE/COTTON**



Last week was a very disappointing week for coffee and cotton, as prices never moved up. Yes our predictions of rise on Thursday and Friday came true but the prices actually closed at the same level from where they started on Monday.

This week will be a positive plus a mixed week for both these soft commodities. The Medium and longer term traders should be adding more positions as the down side is very limited from

current prices in coffee and cotton.

This week prices of coffee and cotton will remain in a positive direction but major upwards moves will come from the middle of next week.

This week coffee and cotton will move up from Tuesday and this positive trend will remain until Thursday morning.

**Monday's trading range (November & December contracts):**

**COFFEE: \$165.30 TO \$161.35**

**COTTON: \$77.02 TO \$75.81 (buy at lower levels)**

**COCOA/SUGAR/ORANGE JUICE**



This week cocoa and sugar will move in both directions but orange juice will move sharply higher so hold your positions in orange juice and add more on weakness.

Last week we mentioned that sugars trend looks very bullish for the medium and longer term, but short term prices will remain mixed and we still hold that prediction. Wait for our buying

recommendations in sugar, which may come any time.

This week we will still be focusing on S&P and Metals, avoid other areas of investment.

**Monday's trading range (November & December contracts):**

**COCOA: \$2723 TO \$2655**

**SUGAR: \$19.62 TO \$19.14**

**ORANGE JUICE: \$129.50 TO \$125.80 (hold your buy)**

**GRAINS**



Monday is the grains report, and we always see a huge amount of volatility on grains report so avoid trading on Monday. There is still some weakness pending in grains. Corn and wheat may try to gain or will hold nearer to their highs but surely soy, soy meal and soy oil will struggle.

Any sharp rise should be taken as a selling opportunity in soy products but avoid any selling in corn and wheat.

Sell Soy on Monday on any rise as from late Monday or from Tuesday weakness will come and this weaker trend will continue on Wednesday and until mid Thursday. On Friday we will see huge fluctuations in the prices.

**Monday's trading range (December contracts):**

**CORN: \$808.75 TO \$791.00**

**WHEAT: \$921.25 TO \$891.5**

**RICE: \$15.14 TO \$14.72**

**SOY: \$1748 TO \$1721.75 (November)**

**SOY MEAL: \$531.75 TO \$521.50**

**SOY OIL: 57.29 TO \$57.21**

## **OIL**



This week oil prices will may try to gain but the higher side is very limited, so be aware about it. On the higher side way may see \$99.10 so book profit or sell oil around this level. S&P has been creating a positive momentum among all major markets (commodities & other world market) so watch S&P trend closely.

On Monday and Tuesday prices will move in both directions, and on Wednesday we see some recovery but by late Thursday weakness will come. On Friday prices will come down after opening higher.

Natural gas will struggle so stay away from gas for the short period. On Monday and Tuesday gas will remain weaker but late Tuesday prices will stabilize and from Wednesday onwards we may see some recovery coming in and the positive trend will continue.

### **Monday's trading range:**

**OIL: \$97.79 to 95.42**

**NATURAL GAS: \$2.77 to \$2.59**

## **CURRENCIES**



This week currencies will trade mixed, and emerging market currencies will move sharply higher. We don't recommend taking any big positions in currencies at this stage. This week emerging market currencies will move up.

On Monday evening we may see currencies coming down against USD, so it clear that USD will gain against all currencies.

On Tuesday dollar will still trade positive against all major currencies.

On Wednesday we will see both side momentums.

On Thursday we will see a rapid move in currencies on both sides, and dollar will lose value once again.

On Friday dollar will lose value in Asian and European markets but will gain in USA markets.

Keep building selling positions in Yen on any rise, and yen is ready to collapse any time after this week.

**Monday's trading range (September contract).**

**DOLLAR INDEX – 80.65 to 80.01**

**JAPANESE YEN – 1.2828 to 1.2712**

**AUSTRALIAN DOLLAR – 1.0428 to 1.0333**

**SWISS FRANC – 1.0618 to 1.0502**

**CANADIAN DOLLAR – 1.0268 to 1.0188**

**RUPPEE – 55.51 TO 55.00**

**BRITISH POUND – 1.6069 to 1.5951**

**RAND – 8.21 to 8.07**

**EURO – 1.2861 to 1.2519**

This letter was ready today morning, but we are trying to track few people (we already caught two people) from India those who are coping our work. Beware of these kinds of astrologer from India.

Thanks & God Bless

Mahendra Sharma

Monday 3.30 PM