

Weekly Newsletter

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Weekly Newsletter from 16-20 July

Dear Members,

Understanding our theory in simple words; *If any financial instrument trades negative on our predicted positive days, this should be taken as a serious indication of weakness. If any market trades positively on negative days this should be taken as a positive indication.* Friday was the most positive day for gold and all the other markets. Thank God they performed well so we didn't have to worry about the short term trend otherwise we wouldn't have been left with any choice other than the predicting worst bear cycle in stock and metals.

Somehow we are getting closer to the center point of Astro and wave of nature cycle. If we are able to get there then most this will be the most exciting news for all our members as our accuracy rate can go close to 99%. I am nervous and excited at the same time. It will be most unique theory which can guide the common investor with a definite outlook and investor's lives will become easier.

Grains performed extremely well as predicted and it is now cotton and coffee's turn to perform. 12 years ago somebody told me that Mahendra, would you like to have the most expensive coffee? I asked is it the coffee place that is expensive or the coffee beans. He said it was the coffee beans that were expensive. I asked how much he said one cup coffee can cost from \$120 to \$350. Then I asked him where it comes from, and his answer was that it came from the excrements of cats. Cats eat the coffee beans and then they excrete the beans. I laughed and said I won't have such a coffee even if they paid me to have it. After he told me that I did some research and he was saying the truth.

Research

Defecated Luwak coffee berries, [East Java](#)

Several studies have examined the process in which the animal's stomach acids and enzymes digest the beans' covering and ferment the beans. Research by food



scientist Massimo Marcone at the [University of Guelph](#) in Ontario, Canada showed that the civet's [endogenous digestive](#) secretions seep into the beans. These secretions carry [proteolytic enzymes](#) which break down the beans' proteins, yielding shorter [peptides](#) and more free [amino acids](#). Since the flavor of coffee owes much to its proteins, there is a hypothesis that this shift in the numbers and kinds of proteins in beans after being swallowed by civets brings forth their unique flavor. The proteins are also involved in non-enzymatic [Maillard browning](#) reactions brought about later by roasting. Moreover, while inside a civet the beans begin to [germinate](#) by [malting](#) which also lowers their bitterness.

At the outset of his research Marcone doubted the safety of kopi luwak. However, he found that after the thorough washing, levels of harmful organisms were insignificant. Roasting at high temperature has been cited as making the beans safer after washing.[[]

Price and availability

A window display in an upscale coffee shop showing Luwak Coffee in forms of defecated clumps (bottom), pre-roasted beans (left), and post-roasted beans (right).

Kopi luwak is the most expensive coffee in the world, selling for between US\$100 and \$600 per pound. The specialty Vietnamese *weasel coffee*, which is made by collecting coffee beans eaten by wild civets, is sold at \$6,600 per kilogram (\$3,000 per pound). Most customers are in Asia – especially Japan, Taiwan and South Korea. Sources vary widely as to annual worldwide production. Some specialty coffee shops sell cups of brewed kopi luwak for US\$35-\$80.



(The above two paragraphs have been taken from Wikipedia)

Anyways, I am not talking about this coffee, because this doesn't trade in the futures markets and also the availability and authenticity is an issue so let's forget about "Kopi Luwak" and focus on coffee's future because this can make us money if we are right and once you make money you can start buying Kopi Luwak coffee. I am however not drinking that thing.

[Here is this week newsletter from 16-20 JULY](#)

GOLD/SILVER



This week gold and silver looks mixed. We are still not that bullish in the month of July. Gold's trading range in July will remain between \$1550 and \$1630. If gold trades on either side of the predicted trading range for more than 36 hours it

will give indications of an either side breakout (There is a very small chance to trade above \$1630).

As I mentioned above that gold will trade mixed from Monday to Wednesday. On Monday we will see some positive momentum but late on Tuesday and on Wednesday prices of gold may move down from the higher range. On these three days one should trade in and out.

On Thursday and Friday we will see sharp rise in the precious metals trend, so one should take buying positions on late Wednesday or on Thursday morning.

Metal stocks will trade mixed or a bit positive during this week.

Silver may move up sharply on Thursday and Friday, and silver will outperform amongst all metals.

Here is Monday's range:

GOLD: \$1578.70 to \$1601.90

SILVER: \$27.70 TO \$27.11

BASE METALS



Last week's call of buying copper on Thursday did very well. Copper prices moved up sharply from \$338.45 to \$350.50. This week copper and palladium will trade far better than the other base metals. We highly recommend adding positions in copper and palladium on any weakness.

Platinum, zinc, nickel and aluminum will trade sideways or mixed without any clear direction.

On Monday base metals will trade positively with precious metals.

On Tuesday and Wednesday we may see a mixed trend so trade in and out.

On Thursday and Friday we may see a rising trend again. It is clear that among base metals copper will outperform.

Here is Monday's range:

COPPER: \$355.30 TO \$347.10

PALLADIUM: \$590.00 TO \$582.90

PLATINUM: \$1452 TO \$1426

INDEXES



Last week a sharp rise in indexes confirmed that we are very close to starting a second rising wave cycle of 2012 which will take S&P towards 1600.

You have to take Europe's problem into account. Also keep Iran's issue aside because positive sentiments from USA and emerging markets will rule in the coming time.

Thank God, June is over as our most negative view on China and India ended with June. If you remember the end of last year and early this year our outlooks on the Indian and Chinese economies were very negative and our theory clearly predicted a fall in the emerging market currencies. Europe's problem and the underperforming emerging markets brought huge negativity into the world financial markets but without collapsing all markets survived under the most uncertain scenario. The overall picture we saw for the first half of 2012 unfolded very accurately and it confirmed that what we predicted came true so what we are predicting now should also come true.

Start building up positions in the markets; housing, utility and pharmaceutical stocks will rise so add positions in your portfolio.

On Monday and Tuesday markets will remain positive.

On Wednesday stock markets will remain mixed.

From mid Thursday markets will start moving up and the rising trend will continue on Friday.

Monday's trading range (September 2012 contract):

AUSTRALIAN (Cash) – 4165 to 4128

NIKKEI – 8890 TO 8778

NIFTY S&P (Spot) – 5212 TO 5265 (buy nifty)

SINGAPORE (cash) – 3002.7 TO 3028.00

HONG KONG (cash) – 19371 to 19175

CAC – 3216 TO 3168

DAX – 6609 TO 6510

FTSE – 5687 TO 5618

S&P – 1361.75 TO 1344.75

NASDAQ – 2601.5 TO 2565

RUSSELL – 806.50 TO 793.25

DOW – 12779 TO 12630

COFFEE/COTTON



Last week cotton and coffee performed extremely well. We highly recommend members to keep adding positions on any weakness. Our next target for coffee is \$198, and cotton is \$78.80 during this next two weeks.

On Monday and Tuesday soft commodities will remain positive.

On Wednesday and mid Thursday both these soft commodities will trade mixed or a bit weaker.

Late on Thursday and on Friday soft commodities will remain positive.

Monday's trading range:

COFFEE: \$188.10 TO \$184.30

COTTON: \$72.81 TO \$71.05

COCOA/SUGAR/ORANGE JUICE



Avoid all these soft commodities at this stage. It would be better to put your money in coffee and cotton as cocoa/sugar/orange juice will trade weaker. Trade in and out in these soft commodities.

Monday's trading range:

COCOA: \$2252 TO \$2190

SUGAR: \$23.01 TO \$22.57

ORNAGE JUICE: \$125.1 TO \$121.60

TREASURY BOND

We recommend staying away from thirty year bonds. The higher side is very limited, and on the lower side it can reach 146; so this is a good time to make money by shorting thirty year bonds.



On the higher side it can reach 152 and by the end of this week it may reach to 138 so this is a great time to build selling positions.

On Monday sell treasury bonds. On Wednesday and Thursday bond prices will gain but again on Friday prices will move down.

Monday's trading range:

TREASURY BOND – 152-00 TO 150-21 (Sep contracts)

GRAINS



The weather is creating panic in the grains markets. Commercials and farmers are very confused whether or not to take or give any commitments for the medium and longer term at this stage as no one has a clear idea about how the weather will behave in the coming time.

If you ask me, my answer will be the same as what we mentioned five, two months and even last week, and that is the uncertain weather and shortage of supply. Once again our statement for our grains is what we used to say about metals in 2001.

From here onwards any weakness in grains should be taken as a longer term buying opportunity. Keep adding call options of 2013.

The medium and longer term outlook is very bullish but for the shorter term the trend looks like grains prices will come down any time from Tuesday this week.

Monday's trading range (September contracts):

CORN: \$753.75 TO \$758.00

WHEAT: \$866.25 TO \$830.5

RICE: \$15.41 TO \$15.10

SOY: \$1586.25 TO \$1555.75

SOY MEAL: \$471.25 TO \$461.00

SOY OIL: 54.48 TO \$53.65

ENERGY



This week oil looks mixed but there will be a sudden rise from late Wednesday. On Thursday and Friday we may see oil crossing \$90 by the weekend. From Monday to Wednesday you can trade in and out as per the daily predicted range and any weakness should be taken as a buying opportunity.

On Thursday and Friday hold your long trades in oil.

Avoid natural gas, and any rise should be taken as a selling opportunity. Prices may rise in gas will be \$3.09 so avoid any short term positions.

Monday's trading range:

OIL: \$88.72 to 86.23 September contract

NATURAL GAS: \$2.98 to \$2.81 August contract

CURRENCIES



Last week emerging markets currencies gained nice value from lower prices, and our favorite is still emerging market currencies even for this week. Euro is still struggling to gain against emerging market currencies and key frontline currencies. Only a few years remain before Euro becomes history so avoid any longer term position.

Canadian and Pound will gain against all major currencies. On Monday dollar will remain in a tight trading range, but it will start losing some strength from late Wednesday. On Thursday and Friday US Dollar may trade a bit weaker.

Japanese Yen will trade in a tight range before it starts giving up gains.

Australian dollar and Swiss Franc will trade mixed.

I don't want to say much during this week, so please follow our daily flashnews for in and out's for short term trading as we are not recommending any position trading.

Monday's trading range (September contract).

DOLLAR INDEX – 83.68 to 83.15

AUSTRALIAN DOLLAR – 1.0235 to 1.0117

CANADIAN DOLLAR – 0.9893 to 0.9818

BRITISH POUND – 1.5623 to 1.5501

EURO – 1.2319 to 1.2198

JAPANESE YEN – 1.2678 to 1.2579

SWISS FRANC – 1.0215 to 1.0137

RAND – 8.26 to 8.15

RUPPEE – 55.39 TO 54.73

Thanks & God Bless

Mahendra Sharma

Sunday 10.30 PM