



## **Weekly Financial Letter**

**By**  
**Mahendra Sharma**  
[www.mahendraprophecy.com](http://www.mahendraprophecy.com)



Address: P.O.BOX - 2521, Santa Barbara CA - 93120, USA  
Phone: 1-805-403-4781 / 1 805 617 3347 Email: [mahendra@mahendraprophecy.com](mailto:mahendra@mahendraprophecy.com)



Edition: 1020

25 January 2016

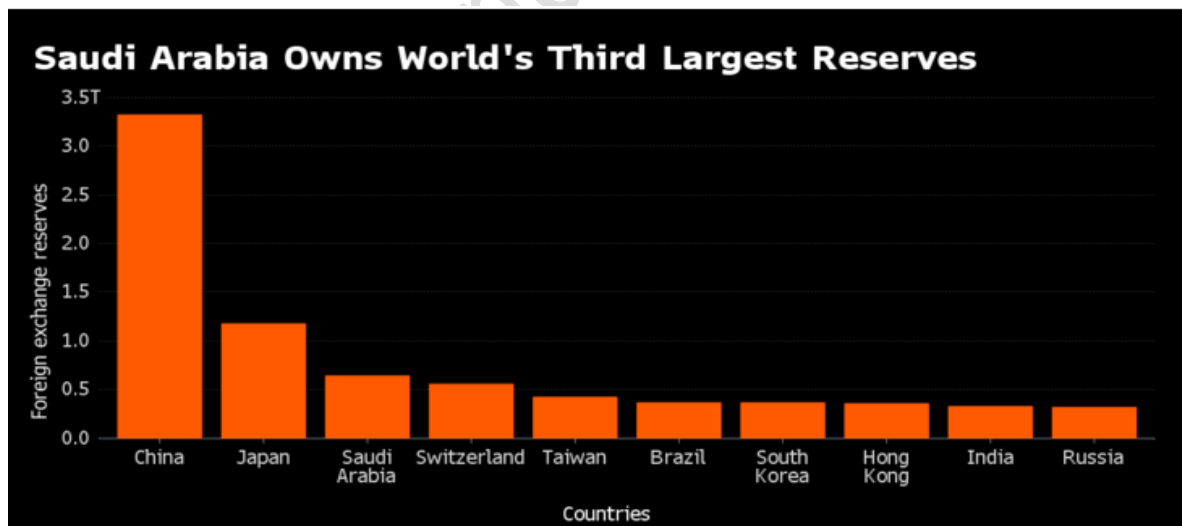
## Weekly Newsletter from 15-29 January 2016

### Emerging market currencies are too cheap and Saudi in dilemma

Dear Members,

Last week's volatility will remain in our memory for quite some time because it was not just a fall in the markets, but also falling oil prices under a stable global economy. Falling energy prices affected energy stocks and that took a huge toll on funds or large investors who were just focused on the energy market. Not only funds or big investors, but many oil producing nations like Saudi, Kuwait and UAE economic health was dented. It won't be easy for economists to put everything on paper and calculate exactly how much damage has been done to these oil producing nations by 17 months of continuous falls in oil prices.

On top of that Iran got the approval from the international community to enter the game that every oil producing nation is playing to outdo others. Iran remaining away from the oil game for decades has benefited the Middle-Eastern oil producing nations, but now that Iran is coming back it will make the game more interesting in the coming time. From Bloomberg:



Saudi, Kuwait and UAE have done amazingly well in the last three decades. They have accumulated a great amount of wealth by exporting oil, especially Saudi who is the third biggest US FX owning nation. They have now reached the stage where they have to make the correct economic decisions otherwise the Saudi economy can crumble. We are all aware that the FED never used to publish data of how



much US FX or US treasury bond is owned by Saudi, but now all that information is on the public domain. Yesterday Bloomberg published an interesting article with all the numbers.

If you are an energy investor and if oil prices move more than ten or twenty percent then you shouldn't be getting excited, you shouldn't be saying that the short traders are trapped, or that oil is going back to \$50.00, \$70.00 or \$90.00 because this era will be remembered as the one where the world witnessed the "Death of Oil". We predicted this right when oil was hanging around at \$98.00, with target of \$30.00 or even lower when no one on this planet predicted.

There has to be a reason behind why we predicted that, otherwise who predicts oil going to \$30.00 or even below that when the world economy is growing and the world's population is at its peak. Yes, there was a reason and there has to be a reason behind each and every longer term prediction we made in the last twenty-five years. Always we hear financial media news channel guests saying that no one can predict the future prices, or that we don't have a crystal ball. We would like to tell them that we have a crystal ball which is represented by science or nature, and you have to just decode the behaviour pattern of the scientific geo-cosmic phenomena.

If what we see comes true than surely Middle-Eastern countries have something to worry about. Oil has started going down and that will have a toll on these nations, especially Saudi as since 1980 they have been giving free health care, gas subsidies, and constantly increasing the pay for their citizen's. The time has now come that they have to cut all this spending and the citizens of Saudi Arabia have to accept that by looking at falling oil prices. It will be a great time for Saudi to cut spending because they won't find a better time or reason that the current fall in oil prices. Many privately owned companies may go public. For example, one of the crown jewels of Saudi Arabia, 'Aramco' is going public and this is the right decision as they want the Dollar to fund their future projects.

Anyways, oil is a very complex area and we are not recommending anyone to invest in oil or the energy sector. Energy stocks will remain very volatile and prices will slowly keep dragging down so any rise in oil and energy stocks should be taken as an exit strategy.

Countries like China, India and other importers must be having one of the best times economically, as China is saving almost over \$495 billion on crude oil imports due to the fall in oil price's. India also hit a windfall but they are not publishing the numbers yet. Soon you will see the Indian market going through the roof along with China. Both these countries equity markets will create history (we are expecting Shanghai 7500 and Nifty 12500 – currently Shanghai is around 2950 and Nifty around 7430) and you will be witness to this. Save this article and we are sure you will love to reread this one more time after 18 months. We are not recommending any sizable investment in energy and the Middle-East at this stage. There has to be some consolidation in the energy sector.

Investors have to keep searching for opportunities. There are always short, medium, and longer term opportunities and no one can stop you from succeeding once you identify them. Last week was one of the best week to buy stocks, indexes and energy. Stocks and indexes can be held for the longer



term, but energy investments should be treated as short term trades. There was another opportunity during last week and that was in emerging market currencies. I am sure you must have watched these currencies trend closely.

**Here is this week newsletter from 25 - 29 January 2015 for commodities, Indexes and currencies:**

### **GOLD/SILVER/BASE METALS**



Last week metals and base metals prices traded mixed without going in any clear direction. We saw prices moving on both sides on a daily basis, and metals stocks were unable to participate in the equity markets rally. This week we may witness some buying in metals late during the US trading session on Monday. On Tuesday and Wednesday precious metals prices may hold value. On late Thursday a sharp correction will start and we may witness a weaker closing on Friday. During this week base metals and silver will follow gold, but you have to remember that the higher side from here is 1-1.5% in gold and the lower side is still wide open.

The most important astro resistance level will be \$1108, and in silver \$14.39. If gold and silver prices fail to close above these levels on Tuesday and Wednesday, then expect \$1000 in gold and \$12.75 in silver by the 9<sup>th</sup> of February 2016. Astro indicators are not showing any sign of gold going above \$1123 in the medium term or gold won't be able to close above this level for more than three days. We strongly recommend medium and longer term traders to stay away.

In the last three years gold has traded negatively in Dollar terms, and now gold will start losing value in other currency terms (i.e. Rupee, Real, Ruble, Rand etc.) because we see a turnaround in all these currencies. Among all these currencies Rupee is the most important one for gold because India buyers play the most crucial role in the movement of gold prices. We do not recommend investors in these countries to buy gold in their local currency terms. If you are an Indian investor, sell gold in Rupee terms, and to hedge this position then you can buy gold in dollar terms if you are playing hedging or arbitrage.

The FED will meet on the 27<sup>th</sup>. We do not expect anything new from the FED, and at the same time we do not expect anything major in gold prices as well. There is no need to block money in gold and silver investments.

Copper will struggle to move above \$205.90, but some buying may come in Platinum and Palladium during this week.

On Monday and Tuesday base metals can trade positively, but later in the week they can come down from higher levels, and retest last week's lows.





Important point to remember: **After five years now gold's time cycle is changing against most of the emerging market currency so gold now will start losing value against Rupee, Real, Peso, Rand, Rubble and many other currencies. Gold may lose 20 to 30% value against these currencies. If you are invested in gold in these currency terms, then you should get out. This phenomenon will happen for the first time in many investors lives so traders in these countries have to be very careful. Sell gold and buy these emerging market currencies. Gold will keep losing value in dollar terms too.**

Here is Monday's range: **(March 2016 contract):**

**GOLD: \$1107.80 to \$1091.15**

**SILVER: \$14.18 TO \$13.78**

**COPPER: \$203.00 TO \$197.90**

**PALLADIUM: \$502.00 TO \$491.00**

**PLATINUM: \$839.00 TO \$825.00**

## INDEXES



Last week I was a bit nervous when the market started falling because a lot of people put great value on our word. As we mentioned in Wednesday's update when S&P was trading below 1821 (our predicted target in the book), and we were expected 1821 to be the low of 2016. The markets behavior was too scary, and we received a few emails telling us that this was the end of the seven-year bull market, and that we had to give a clear answer of whether we were making a mistake in our reading.

We put all our efforts into looking to see if we had made a mistake, and we never found any fault. So, we immediately came out with an update saying that it was a lifetime opportunity to buy S&P at 1821. Many will say that we were lucky to call that bottom, but we are aware how much it could have dented our reputation if we were wrong and the market went below 1800. Most of you are aware that we do not change our view or tone based on what is happening in the world. We just write what we see without getting influenced by any external factors, and that is why people have respect for our work.

Anyways, the market has rebounded very strongly and closed at 1900. Many stocks rebounded very strongly from their lows and gave hope to investors that what we have been predicting about S&P going to 3200 may come true.



Last week energy prices turning around also supported the equity markets trend. Overall, last week's turnaround in the market gave great hope to investors, and we believe that one of the best rallies is about to begin from here.

In 2011 we mentioned that this market may rise rapidly in the last two waves, and according to me, the second last wave already started from last week. We can call this the beginning of the bubble era, and this bubble will transform into a euphoria era. All this will happen in the next 18 months. Time will be the only answer, but at this stage we strongly recommend investors to take a buying opportunity on every weakness in all the major markets.

This week the FED will be meeting. Do not expect anything major. We see the market acting positively on Monday and Tuesday. We may see some profit booking coming during the last hour of Monday's trading session, but once again the rally will continue on Tuesday.

On Wednesday we see some profit booking coming in the market, but on Thursday and Friday the market will hold value strongly under the pressure of volatile or both side moves, Friday should be strong day.

IMPORTANT NOTE: The FED is meeting, but we expect the meeting to remain uneventful and without any volatility. Tech giants will start releasing their earnings reports, and they may surprise us. S&P will hold 1864. One of the greatest buying opportunities will come in the emerging markets, so these are the areas that you should focus on during this week.

As we mentioned, that on the lower side we do not see S&P going below 1864 so buy some aggressive positions around this level, and on the higher side we may see 1934, short term traders can book small profit around this level. Trading above 1934 for three days will open the door for S&P to reach toward 2012 in non-stop rally. If you are short term traders then watch these level to take positions or get out from positions.

Here are Monday's ranges: (March 2016 contracts)

HONG KONG (cash) – 19275 to 18908

NIKKEI – 17605 TO 16959

NIFTY S&P (Spot) – 7515 to 7405 Buy

CAC – 4399 TO 4283

DAX – 9899 TO 9751

DEX EURO STOXX – 3069 – 2998

FTSE – 5928 TO 5805

FTSE/JSE (Cash) – 43298 to 42729



**S&P e-mini – 1918.25 TO 1886.25**

**NASDAQ 100 e-mini – 4295.00 TO 4212**

**RUSSELL e-mini – 1032.00 TO 1010.00**

**DOW e-mini – 16155 TO 15901**

### **THIRTY YEAR BOND**



Last week Thirty Year Bond briefly traded above 160. If we are not making any error in our reading, then this could be the final week for Thirty Year Bond before it starts a bear cycle. What a great opportunity to buy Thirty Year Bond Bear ETF's, or add positions in put options for the last time.

On Monday Thirty Year Bond will trade mixed but surely they will close in the red. On Tuesday prices will trade on both sides, but there will still be selling pressure on the higher side. On Wednesday after the FED decision prices will move higher, but on Thursday and Friday prices will reverse sharply. The trading range for this week will be 160 to 156.

**Monday's trading range (March 2015 contract):**

**TREASURY BOND – 159-25 TO 158-06**

### **SOFT COMMODITIES**



Since the last year we have been recommending staying away from softs because any investment in softs won't provide any returns and that has proven to be accurate so far. Sometimes you have to stay away from a few trades because those trades will just block your cash and ability to make investments.

Our recommendation of selling Cocoa, Orange Juice and Lumber has done well, and trading in and out in coffee, cotton and sugar provided mixed results.

We still believe that those who will accumulate coffee around \$111.00 shall make profit in the medium term because we do not see coffee remaining below \$111.00. Last week that opportunity came but coffee bounced back very quickly and sharply. There are still chances that coffee may retest \$111, so



wait for the opportunity, and any weakness in coffee prices should be taken as a buying opportunity (that could be next week).

Cotton and sugar will trade mixed during this week. Lumber, orange juice, and cocoa may try to regain some value on Monday and Tuesday, but from Wednesday onwards they will give away their gains.

This week you should either stay away from softs, or remain a short term trader by trading on a daily basis. For those who want to buy positions, next week will be the best time. I strongly recommend waiting for next week to take some serious bets on coffee and sugar.

IMPORTANT NOTE: On the down side coffee will be a great buy at \$111, cotton will be a great buy at \$60.78, and sugar will be a great buy at \$12.78. Sugar trading below \$14 may push prices towards \$12.78. In the medium term we do not see coffee going above \$128, cotton \$64.78, and sugar \$14.78.

**Monday's trading range: (March 2016 Contract)**

**COFFEE: \$118.08 TO \$114.25 Buy**

**COTTON: \$63.15 TO \$62.35 Avoid**

**SUGAR: \$14.65 TO \$14.25 Sell**

## GRAINS



Last week grains traded as predicted. Since we called the bottom in October, grains have been trading mixed but in a tight range. Last week we recommended buying in soy bean which provided us with nice profit, and during this week we may see both side moves taking place in soy bean prices. On Monday and Tuesday, we may see prices trading in a positive direction, but later in the week some weakness will come back.

Those who are buying for the medium and longer term can take some aggressive positions in soy bean on Friday this week as we are expecting 5-7% move in soy bean prices in the month of February. This move may support all the other grains.

Among grains the second best is soy meal and we recommend buying positions in soy meal as well. One should trade in and out in wheat and corn as per the prices mentioned in the daily Flashnews, as grains have been providing great profit for those who have been trading on our predictions for the daily basis.





In short, on Monday and Tuesday we see a positive trend; and on Wednesday, Thursday and Friday we see a profit booking opportunity. You should be getting ready to take buy on any weakness, especially on Friday.

**Monday's trading range (March 2016 contracts):**

**CORN: \$373.00 TO \$367.00**

**WHEAT: \$483.00 TO \$469.00 Buy**

**SOY: \$889.00 TO \$872.00 BUY**

**SOY MEAL: \$271.30 TO \$265.15**

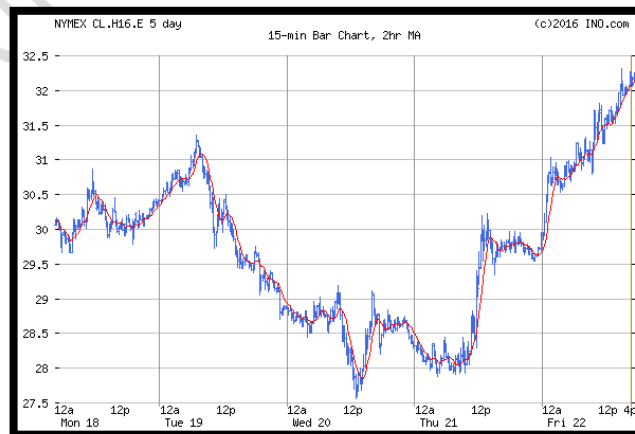
**SOY OIL: \$30.83 TO \$29.75**

**ENERGY**



Finally, last week oil bottomed out at \$27.71. This does not mean that oil may not retest that level again, but surely those who bought it have been rewarded. I do not know whether we called the perfect bottom in oil, but we surely called a perfect top, because we do not see any major bull

market in oil in the coming time. Surely we will see some upwards moves, which we expected from last week, and the positive trend may continue for the first few days of this week. Oil will have a difficult time crossing \$35.15 in the medium term so sell around this level.



Heating oil and RB gas have been following crude oil, and Natural Gas has been trading independently. Energy stocks rebounded strongly during last week and we may see a positive trend on Monday and Tuesday.

This week, Monday and Tuesday are very crucial days for oil, and oil and energy stocks should gain value. On Wednesday, Thursday and Friday volatility will come back in the oil market, and we may see profit booking coming around the higher levels. If you are a short or medium term trader, then get out from the oil and energy trade on Tuesday, because from mid Wednesday, and on Thursday and Friday, oil prices will trade negatively or on both sides.



Natural Gas will have a positive week, and prices may keep moving higher so we strongly recommend buying natural gas on any weakness as we see 5% up move in gas prices. On Wednesday, Thursday and Friday Gas prices will trade in the opposite direction that Crude oil trades in.

Watch \$32.78 and \$34.95 in oil, as these are the two short and medium term astro resistance levels for oil. The strong support point for oil is \$28.78.

**Monday's trading range (All March 2016 contracts):**

**OIL: \$32.88 to \$31.28**

**NATURAL GAS: \$2.19 to \$2.09**

**HEATING OIL: \$01.0383 TO 1.0005**

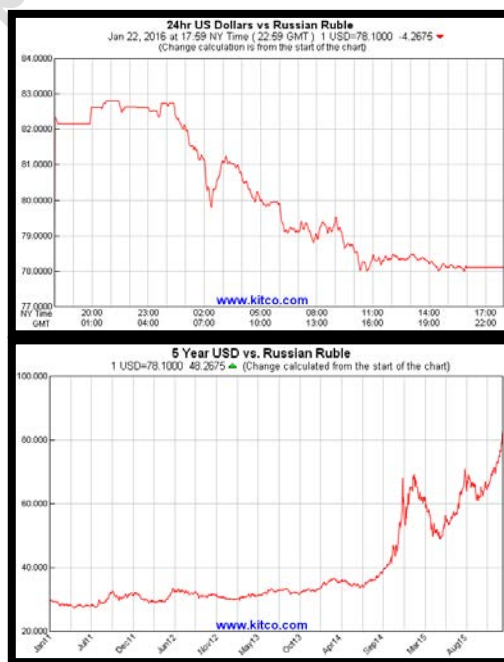
**RB GAS: \$1.1298 TO \$1.1055**

**CURRENCIES**



We are sure that you have seen the volatility in the emerging market currencies, especially Rubble, Rand, Peso, Real, Israeli Shekel, and many other currencies during last week. Rubble hit 85.60 on

Wednesday (which was an all-time low), and then came back and settled down at 78.10 on Friday. I do not pay too much attention to the daily moves in emerging market currencies, because they are not tradeable currencies for the short term. You can invest in these currencies by buying positions for the medium and longer term. Last week in Thursday's Flashnews we mentioned that this is one of the best opportunities to convert dollar or any other first world currency to emerging market currencies, as we see many of these currencies gaining 5-25% value in the calendar year 2016. On top of that the risk of these currencies falling any lower from here is very limited.





Australian and Canadian dollar bounced back from the lower ranges on Thursday and Friday, and the higher side will remain very limited during this week. We do not recommend taking any aggressive selling in both these currencies on Monday and Tuesday.

Weakness in British Pound will continue, and one can sell more British Pound at 1.4475 with the target of 1.3850. Pound will fall sharply later this week, especially on Thursday and Friday.

Last week's recommendation in Japanese Yen did well as Yen prices came down from the higher levels, and this week the weakness in Yen will continue so there is no need to take any buying positions in Yen.

Euro and Swiss Franc traded negatively and this week we see more weakness coming in both these currencies, especially from mid Thursday and on Friday. From Monday to Wednesday both these currencies will trade mixed so watch our daily ranges to trade in and out.

Emerging market currencies will remain the best performing currencies in the coming time so keep accumulating positions on any weakness.

Sell Pound around 1.4478, Australian dollar 0.7068, and Canadian dollar around 0.7098. Euro, Franc and Yen have very limited higher sides, any 100 pips rise should be taken as a selling opportunity. All these currencies may move towards new lows.

IMPORTANT NOTE: We are sure that you must have enjoyed our book. It was a great relief for me to release the book this year. It took a great amount of work and effort to write the book, but we will be happier if the predictions come true. We will be highly appreciative if you can play a small role in promoting this book in whatever way suits you.

**Monday's trading range: (March future contract)**

**DOLLAR INDEX – 99.97 to 99.37**

**AUSTRALIAN DOLLAR – 0.7052 to 0.6947**

**CANADIAN DOLLAR – 0.7129 to 0.7059**

**BRITISH POUND – 1.4421 to 1.4215**

**EURO – 1.0857 to 1.0743**

**JAPANESE YEN – 0.8471 to 0.8391**

**SWISS FRANC – 0.9879 to 0.9809**

**RUPPEE – 67.65 to 67.28 (Spot)**

**RAND – 16.59 to 16.29 (Spot)**



Thanks & God Bless, Mahendra Sharma

24 January 2016, 3.00 PM Santa Barbara

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

[www.mahendraprophecy.com](http://www.mahendraprophecy.com)

**Disclaimer:**

Mahendraprophecy.com services are provided to you for informational purposes only and none of the information on the website or letters should be construed as recommendations to buy or sell a particular security, future contracts or a solicitation of offers to buy or sell a particular security. The author may make available, certain information related to the potential price movement of particular securities, but such information is for informational purposes only and should not be construed as an endorsement or recommendation.

Readers are strongly advised to use their own judgment, conduct research and to question everything that they read. The information is generic in nature and is not targeted at individuals or individual circumstances. All opinions are simply opinions.

All of the content published on Mahendraprophecy.com and by Mahendra Sharma is to be used for informational purposes only and without warranty of any kind.

Trading of securities, futures market and other financial instruments may not be suitable for all users of this information. Trading stocks and investing in the stock, options and futures market in general has large potential rewards. However, they also have large potential risks of losing money.

Traders should consult their own financial advisors regarding any securities transaction, and be responsible for their own investment decisions. Past performance is not indicative of future results.

**Reading daily range:** When we predict a **weaker trend** it means that prices can break on the lower side and can trade below the predicted lows.

When we predict a **positive trend**, it means that the daily price can break on the upside and can trade higher than the predicted price.

**Sharma.**

<http://www.mahendraprophecy.com/disclaimer.php>

<http://www.mahendraprophecy.com/privacy-policy.php>