



Weekly Financial Letter

By

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Weekly Newsletter from 26-30 November 2012

Dear Members,

Last week we received a few emails asking which markets will perform better, metals or stocks? And our **answer is stocks, and if you play with less leverage position then investment in metals will do well.** One thing is for sure and that is that metals are in a bull market and gold breaching \$1550 looks impossible in the medium and longer term.

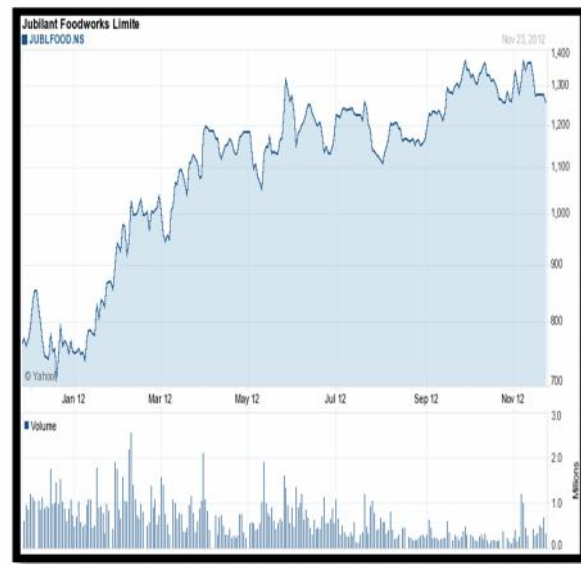
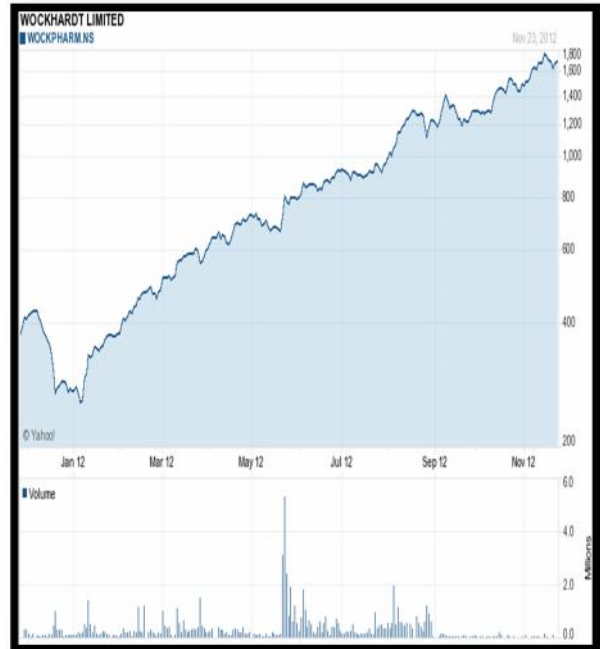
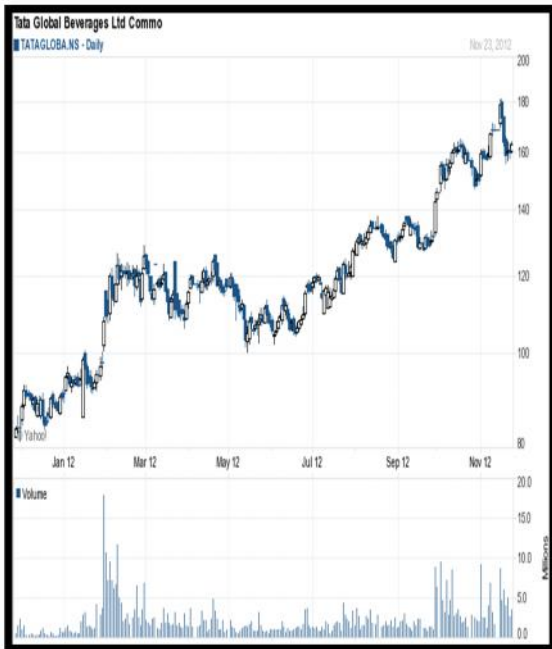
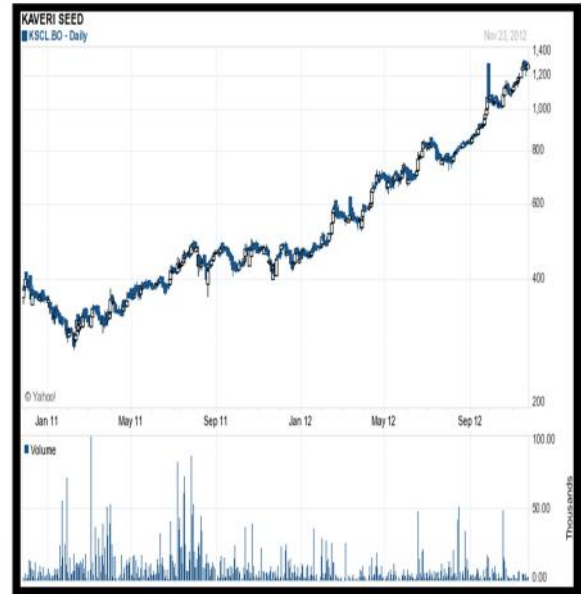
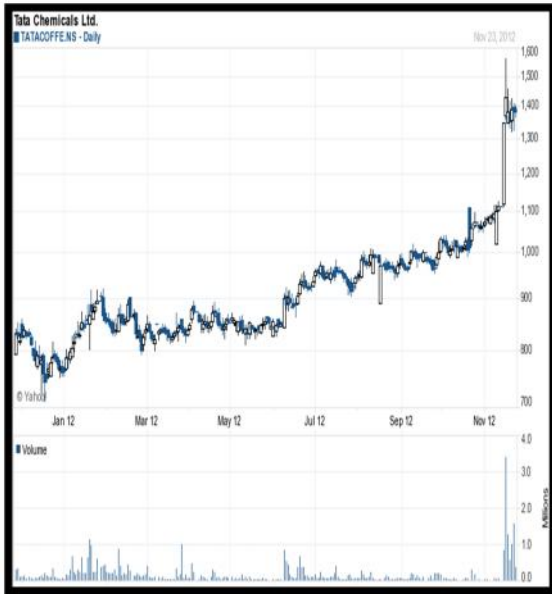
Metals bull market will be supported by S&P moving; in fact S&P will be the path guider for all major markets so the time has come for analysts and investors to follow S&P closely because S&P's trend will guide all major markets. If you are trading oil or gold then don't look at fundamentals that are supporting oil and gold, look at S&P and the direction in which it is going. Point to be noted – during the last two weeks gold and metals never moved up sharply on the middle-east war situation. This is a bigger threat for gold and oil **if they (gold/oil) want to walk their own path and previously based fundamental's which use to support both these commodities. Now they lost their own foundations and S&P will decide these commodities future.**

We are less concerned about dollars trend, and surely by the years end all pending or standing positions in currencies will square off. Emerging market currencies remained most volatile during 2012, and we are sure that year 2012 or month of December will end with huge volatility in these currencies so trade with light positions.

A big debate is going on among big funds and institutional investors about which region to invest as the last one year stocks in all different regions are performing differently, there is no matching of money flow in one particular region. We have an answer for this, in fact we have been writing constantly for last fourteen months that S&P and USA stocks performing better would bring more and more money back to USA. Also stable performance of USD will force people to keep money in USD or US stocks. The uncertain scenario in China and Europe is also forcing big guys to keep money in USD and US stocks.

Those who are not trading US market or not able to invest in US market due to your country's laws should only buy blue chip or key index companies, as many funds still allocate money to different markets due to diversification. They will only put money in healthy a company which are making money, have a healthy balance sheet and has a good name in the markets. Don't put money in speculative stocks. Look at the example of India, last year key Pharmaceutical companies have done very well, stocks which we recommended also did amazingly well.

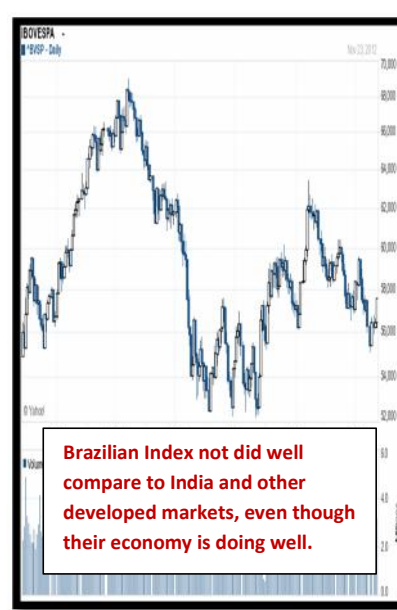
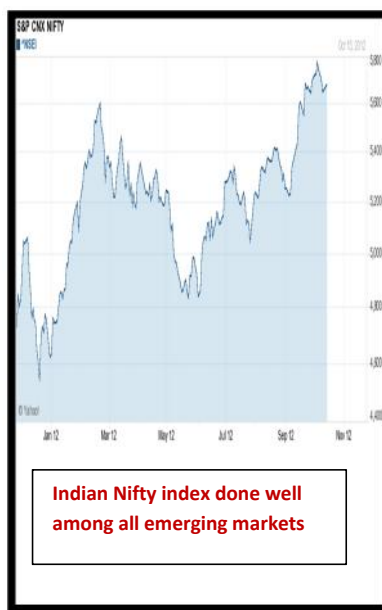
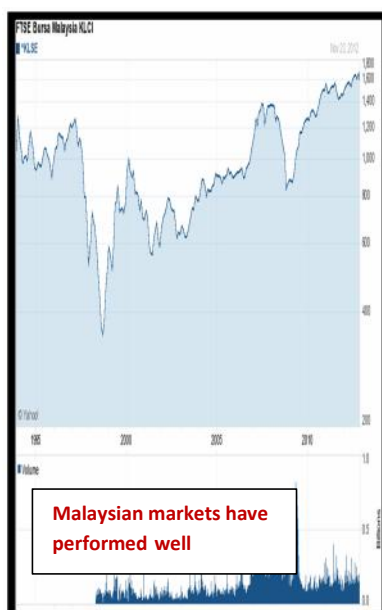
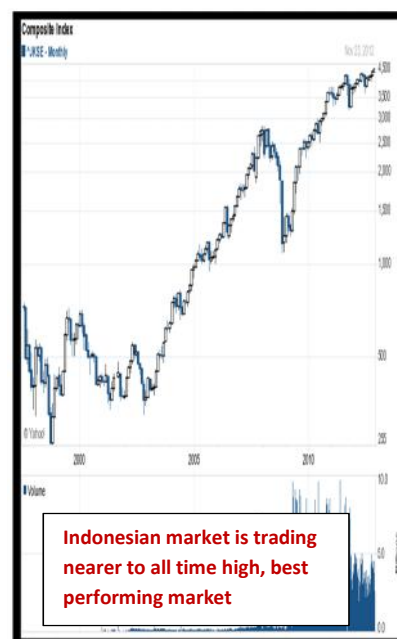
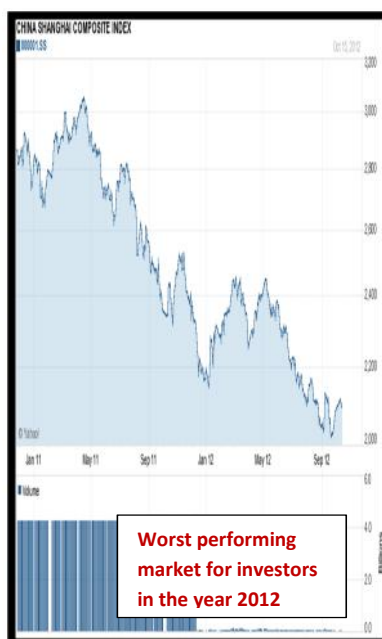
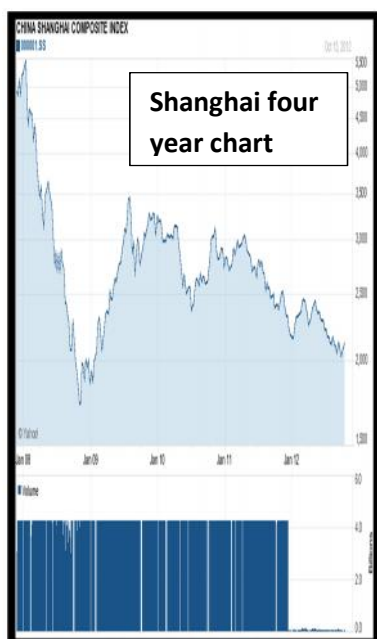
Look at the charts of **Tata Global, Tata Coffee, Jubilant Food, United Spirit, Kaveeri Seeds, Wockhardt and Strides Arcolab.** Stock recommendations in Indian equity markets have done very well for our members, also compared to other emerging markets like China, Russia and Brazil.





Here are charts of few world markets, it looks so confusing but surely we will be able to guide clearly in our coming book “2013 Financial Predictions for commodities, Indexes and currencies”.

First two charts are Chinese Shanghai market, most worst performing market in the last four years. We consistently recommended not buying Shanghai stock Index, in 2012 book we stated that it will be worst performing market in the year 2012 compare to US and other markets, yes 2013 may bring some good news but still we watch it closely. Many middle-eastern markets underperformed in the 2012.





Here is this week's weekly newsletter from 26-30 November

GOLD/SILVER/BASE METALS



We were a bit concerned about metals during last week when gold and silver didn't perform on Thursday because our astro outlook was very positive (for last Thursday and Friday) but finally we were happy to see Fridays move. Short term market will remain very choppy; however it is clear that money will still remain in metals for the longer term.

This week we see a positive trend so hold positions in metals. The down side is **limited during this week on Monday and Tuesday**. We don't recommend buying any copper trades, in fact **selling copper should be used as hedging trend against buying gold, palladium or silver**.

This week **Copper will remain weaker, also platinum will have a limited upside** but surely it will be in the positive direction. **Silver and palladium should be watched very closely**, we are sure that you are all aware about our predictions of silver outperforming all other metals and other commodities.

This week we will see a positive trend in gold, silver and palladium on Monday, we will see some weakness in Asia and Europe, in USA will see tight range and recovery toward end.

Tuesday will be extra positive or there will be a very sharp up move in precious metals so buy on any weakness or hold your position if you buy on Monday. On Monday and Tuesday you should be holding buying position or adding some position around predicted lows of the day.

On Wednesday there will be a mixed trend with both sides move. Those who like to stay in short term trades should add some more positions on the weakness of Wednesday.

Thursday will be a mix to positive day. In US trading sessions we will see **bullishness coming**. On Friday you can book profit in **European markets during trading hours or during US opening**.

Strategy: Buy or hold position in gold & silver, sell copper on rising as a hedging trade position. Hold buying positions in Palladium. **On the higher side in gold, silver and Palladium can reach \$1775, \$34.70 and \$686**. If these levels are broken then the next levels can be **\$1815, \$36.18 and \$712** (most probably these levels can be achieved **within the next seven trading sessions**). Short term traders should buy positions on weakness or around the predicted day lows.

Here is Monday's range: (Feb/March 2013 contract):

GOLD: \$1759.90 to \$1743.20

PALLADIUM: \$677.80 TO \$660.20

SILVER: \$34.55 TO \$33.77

PLATINUM: \$1633 TO \$1602.20

COPPER: \$357.00 TO \$350.10



STOCK MARKETS



Buying S&P around **1343** has proven to be one of the **best short term trading calls**. Our view is still very bullish for S&P and we will get very excited once it starts trading above 1418 because that will confirm that S&P is moving towards 1550. **Yes this is possible because we are following nature's or astro indicators and these indicators are not created by humans.**

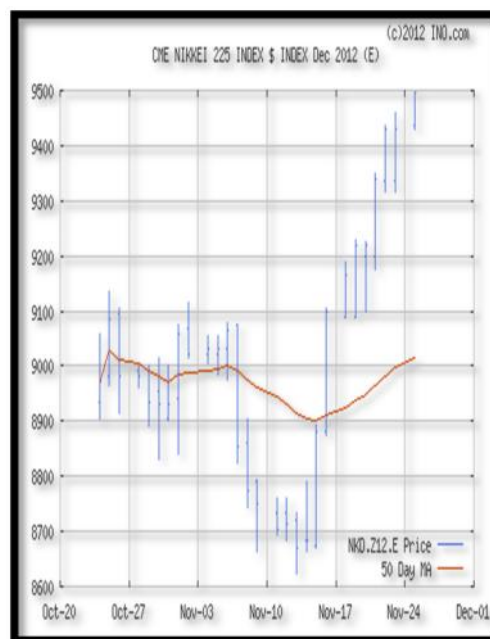
Planetary movements don't have any human influence;

neither their graph nor charts are designed by humans because they are cycle of nature or part of the galaxy. The Sun has to rise every day because this cycle keeps our earth in its routine cycle. The Astro cycle study is most fascinating one and once you start understanding it, you will just flow with it. The toughest job is how to co-relate Astro cycles with the financial markets. We have been studying this since the last **33 years**, trying to relate financial market cycles with astro cycles since the last **26 years (right now we are 45)**. I am telling you it is most tough job because we are still struggling on how to predict the **short term cycles behavior pattern**.

We get very satisfied if we look back and check the accuracy of our longer term financial predictions of the last 17 years but we are always early in swing calls, both buying or selling. **Lately we have been working hard to watch swing cycles of medium or shorter term and looks like we are getting closer and closer to provide high accuracy levels.**

Let's us come back to this week's outlook because we have to remain much focused. **In the last twenty days or within 15 trading days S&P moved from 1433 to 1343 and now it is back to 1405.** Wow!!! If someone was able to trade this range accurately then you don't need any other trade for some time.

Nikkei stock Index surprised everyone with a huge reversal. Last week in Thursday's flashnews we mentioned regarding this because, **on one side Japanese Yen fell sharply and on the other side the Japanese stock market moved up sharply. We have also seen the same co-relation in the South African Johannesburg market as that is trading nearer to multi-year high (South African currency getting weaker and stock prices are rallying).** In normal conditions in emerging and other markets it used to be the opposite (currency and indexes), except in the USA market. **Weakness in dollar used to push the market higher and higher, but now same started happening in many other countries. We are sure we are the first one to bring attention to this new phenomena, investors now should watch closely currency moves and market trends because this relationship is becoming an important indicator at least for now.**



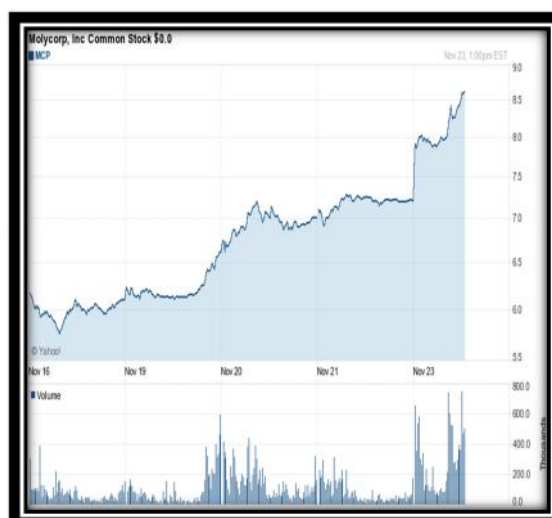


There can be another reason and that is money following in USD, other markets are getting dry or feeling liquidity crunch or less money flow is forcing these currencies to go down. In other words we can say that everyone likes to have dollar now or dollar investment in their countries, they don't mind giving higher exchange rate (may be many countries started borrowing dollar due to low interest rate, like they use to do with Yen and try to earn in local currency high interest deposit rate). (This part is from our coming book **2013 Financial Predictions for commodities, Indexes & Currencies**).

This week looks positive and we are sure prices move up slowly, we will also see some sudden volatility but still the trend will be up so this is a great time add more positions at lower sides. Keep adding stocks which are unnecessarily beaten up. In Wall-Street people can gang up together and force prices to move in their favorable directions, especially during expiry period of futures or call options.

Sector to be watch closely is **Uranium** as it is the most badly beaten up, many great stocks are trading quarter of their book value. **Rare earth** is another sector which went down sharply as well. Junior mining stocks performed horrible and investors are so depressed. **Many alternative energy** stocks are down to multiyear lows or around historic lows.

Last week **MCP, Molycorp (Rare earth metal)** gained more than 50% from its lows in just four trading sessions. Many of these kind of stocks should be in your watch list as the time is coming when they will start coming back to some respective value or level.



This week on Monday the stock market will move in the both directions, so buy some value stocks and indexes on lower side of the day as Tuesday will be a positive day for the markets. **We may see 1418 level on the higher sides and lower side 1388 for S&P during this week. We are waiting for S&P to cross 1418 to give confirmations that we are entering in to most exciting time in history of Wall Street.**

Wednesday we will see **some profit coming** in, this will be great day to acquire high value stocks which are leading markets higher because **from mid Thursday markets will start rallying and close positive. Friday once again markets will open higher. Some profit will come during middle of session on Friday.**

Watch **Hong Kong** market closely as it can move towards new high, **South African Index** will also move toward a new high.

Indian stock market will have huge swings as well but some negative market news can scare Indian Investors.



Nikkei will keep moving higher, European markets will trade relatively slowly compared to other markets. Chinese market will finally move up but still until end of this year Shanghai index will struggle. Chinese investors remained most unfortunate during 2012, in fact we mentioned this in our book "2012 Financial Predictions"

Priceline, Google, Starbuck, Whole food, and Apple move can surprise many in the next one month, so don't short these stocks at any price now from here onwards.

Globally brewery stocks are moving higher, this sector should be on your watch list, as during North-Node cycle Alcohol stocks can surprise the world.

Monday trading range:

AUSTRALIAN (Cash) – 4483 to 4445

DAX – 7371 TO 7291

NIKKEI – 9505 TO 9396

FTSE – 5857 TO 5810

NIFTY S&P (Spot) – 5657 to 5615

S&P – 1412.75 TO 1398.75

SINGAPORE (cash) – 3019.00 TO 3005

NASDAQ – 2647 TO 2616

HONG KONG (cash) – 22198 to 21989

RUSSELL – 809.75 TO 799.25

CAC – 3552 TO 3520

DOW – 13029 TO 12902

TREASURY BOND



Hold your short trades in treasury bond. Many big names are watching our bond predictions very closely, in 2007 we predicted historic bull market in thirty year bond and prices since then have sharply risen. We called 152 top for Thirty year and prices will move sharply lower in the coming time.

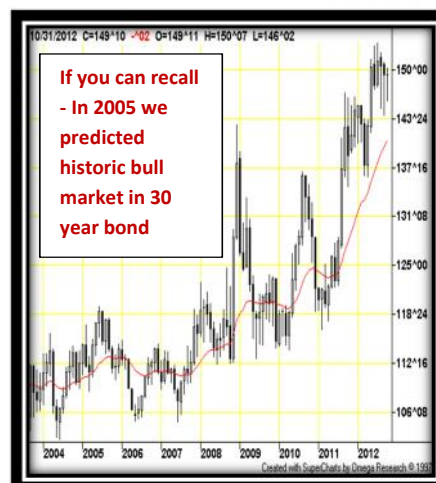
This week we see weakness in Thirty bonds from Monday and Tuesday prices will fall sharply and weakness will continue on Thursday as well.

On Wednesday the trend will remain mixed.

On Friday we may see both sides trend. Watch our daily flashnews closely for the daily range.

Monday's trading range:

TREASURY BOND – 150-15 TO 149-14 (Dec)





COFFEE/COTTON/COCOA/SUGAR/ORANGE JUICE



All these soft commodities have struggled during 2012, so let the north-node change its zodiac house which will happen on 23 December 2012 then we can take big bets in a few of our favorite soft commodities. One should hold 2013 buying call options so you need not worry about margin call and add more on any weakness in coffee, cotton and sugar. Our favorite is coffee at this stage for the medium and longer

term.

This week all these soft commodities will trade in the trading range so watch our daily flashnews. On Tuesday we may see coffee and cotton moving in positive directions but this week is final week in which some weakness can scare investors but hold your position tight.

Time to book profit in lumber, cocoa and orange juice, also we recommend staying away from all these three soft commodities from any buying position.

Monday trading range: (Mar 2013 Contract)

COFFEE: \$152.35 TO \$149.20

SUGAR: \$19.50 TO \$18.81

COTTON: \$72.25 TO \$71.15

ORANGE JUICE: \$127.95 TO \$123.80

COCOA: \$2550 TO \$2486

GRAINS



As per our theory, negative short term cycle has already ended last week, **we were able to call the bottom in grains. This week will remain very volatile, some sharp up and down moves will also come** but time is very close to build some positions in grains. At this stage however, we won't buy because many other great trades are there in the market.

Many are concerned about wheat due to the **drought condition in Russia, Mid USA and Australia**. Lately there has been **lot of rain in Argentina** and many fear that there is some damage in wheat crop. Anyways our indicators are not recommending any aggressive move but surely some upside can't be discarded.

Stay away from soy meal and soy, sell on any sharp rise as the higher side is limited at this stage.



On Monday we will see weakness coming back in the later trading hours in grains but still trend will remain very tight. On Tuesday we will see positive movement; on Wednesday we clearly see weakness dominating the trend and this weakness can continue until Friday.

Monday's trading range (March 2013 contracts):

CORN: \$755.75 TO \$745.50

SOY: \$1430 TO \$1408.25

WHEAT: \$871.50 TO \$857.25

SOY MEAL: \$419.30 TO \$409.90

RICE: \$15.16 TO \$14.93

SOY OIL: 50.10 TO \$49.25

ENERGY



We don't see any exiting trend in oil, so stay away from it. Last week we recommended to sell oil around the higher side and this selling could be used as hedging trade of buying metals and S&P. Yes, this hedging trade will recommend even for this week.

On Monday oil will open high but will give up some gains after mid trading session in USA.

On Tuesday we will see oil trading in range with some positive momentum.

Wednesday will be a negative day and oil will start falling down. It may move down sharply so great to sell oil around the predicted higher range in daily flashnews.

On Thursday and Friday it will trade weaker compared to all metals and S&P.

Natural gas is very nearer to top, **short term traders** can build some selling positions in it but medium and longer term trend is bullish. On Monday gas price will trade in the tight range, one can sell around higher side predicted range.

Late Tuesday prices will come down after trading positive in Asia and Europe. Wednesday prices will gain back from lower predicted price. Thursday we will see gas prices move higher again. Our astro cycle indicates gas will trade in the range of \$4.14 to \$3.61.

Monday's trading range:

OIL: \$89.28 to 87.21 (Jan 2013 contract)

NATURAL GAS: \$4.12 to \$3.95 (Jan 2013 Contract)



CURRENCIES



Last week on Friday US Dollar moved sharply. Japanese Yen traded weaker and made recent new low, Euro and Swiss Franc also gained handsomely on Friday against USD. Hold Yen selling position and add more selling position on Wednesday as Monday and Tuesday Yen will trade sideways. Thursday and Friday we will see more weakness coming in market. Maximum higher side will be 1.2355.

Swiss franc and Euro will remain positive for the first two days but weakness will come back in these both currencies from Wednesday onward and weaker trend will continue on Thursday as well. From late Friday again we will see selling pressure in both of these currencies. This week higher side in Euro will be 1.3118 and in Swiss Franc 1.0910, so it is clear that higher is limited in these currencies.

Australian dollar mix or sluggish trend will surprise everyone, we don't recommend any buying position in Australian dollar, higher side in Australian dollar will be 1.0578. One can take as some selling position against buying of Pound or Euro.

Canadian dollar will remain bit positive but higher side will remain limited, we don't see Canadian dollar going above 1.0180.

Dollar Index has limited down side, may be another 0.50 to 0.70 from current levels, buy some dollar index on Wednesday for the short period. Monday and Tuesday dollar will trade mix. Wednesday and late Friday dollar index will trade positive.

Emerging market currencies are trading lower, mix trend is dominating, early this most of emerging market currencies will gain but gave some gain back from middle of week. Watch our flashnews closely as soon new trend will develop in emerging markets.

Monday's trading range (December Future contract).

DOLLAR INDEX – 80.50 to 80.04

EURO – 1.3023 to 1.2903

AUSTRALIAN DOLLAR – 1.0495 to 1.0403

JAPANESE YEN – 1.2212 to 1.2111

CANADIAN DOLLAR – 1.0115 to 1.0032

SWISS FRANC – 1.0829 to 1.0709

BRITISH POUND – 1.6112 to 1.6012

RUPPEE – 55.65 to 55.05

RAND – 8.88 to 8.76

REAL - 2.0850 to 2.0550

Best trade will be:

Indexes and metals buying on any weakness



Selling oil will be great Hedging trade against buying indexes and metals

Hold Yen and Treasury bond selling

Avoid grains and soft commodities during this week

Trade in and out in currencies

Thanks & God Bless

Mahendra Sharma

Sunday 3.00 PM 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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