



Weekly Financial Letter

By
Mahendra Sharma
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



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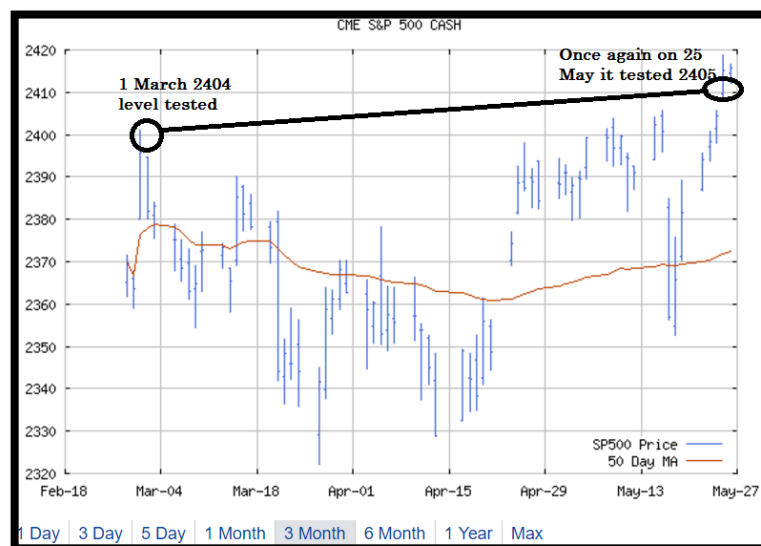
Weekly Newsletter from 29 May – 2 June 2017

Wait for my June end and July first week newsletter

Dangerous time ahead: Luxury cars, watches, expensive art, wines & President Trump's big talks will not be able to support USA and Europe economy from July, everything will fall apart very quickly

Dear Members,

On the 1st of March 2017, S&P hit 2403, and after 56 days S&P once again started trading above 2400. Basically, the market has been hanging around a 50 to 70-point range. Banking and Financials started struggling from March, and energy stocks were not able to support this rally. Traders are now looking to energy and financial stocks to support the market so that it keeps moving towards a new high. NASDAQ has been outperforming among most of the US Indexes, and the Russell 2000 has been underperforming.



On the International front, the Indian market tested an all-time high, and closed at an all-time high. Most of the European markets also traded close to all-time highs. Japan has been struggling to push to an all-time high. The rest of the emerging markets are struggling to move higher but are far below previous highs.

Now the spotlight is back on me because if the market doesn't fall from the second week of July then many will curse me for missing out on an investment opportunity in a bull market. Since the end of last year, I have been predicting the same thing, that the market would crash any time after the 7th of July. If the market crashes from July 2017, then most of you will never forget this prediction and will also make money which is good for everyone.



Yes, I do feel afraid sometimes about what will happen if I am wrong about this fall prediction, and many will never forgive me for this. My reputation that I have built over the last 30 years will be tarnished and people may not believe in any of our future predictions when I come out with them.

In 2008 I had recommended selling oil started when it was at \$115 and kept recommending selling it until it moved to \$145. I almost lost hope of my bear market prediction, and Goldman and Morgan Stanley came out with a \$200 target for oil. Anyways, I kept predicting and telling our members to keep buying put options in oil. It was the 19th of August when the market reversed. I was traveling in an interior part of India, and within three months' oil was trading at \$32.00. Those who bought puts made a fortune and never had to trade again because the money came in was like winning a lottery.

Yes, if you are right about any bear market prediction then you can make money like winning the lottery, but finding that prediction is the most difficult job. Since the end of last year I found the prediction of a "Crash in the market from July 2017" onwards, so let's see whether I am right about this prediction or not. We are all aware that a bull market takes years to move higher, but a bear market finishes all the bull markets gains in a few months.

If you see, then in the last 56 days S&P is just up 10 points from the high of 2403. Though it has now crossed the most important level of **2405 so on higher side it may test 2427 to 2437** soon. In the last six months, I recommended taking longer term short positions of September this year because I knew that the market could hold value, or could move higher till the 7th of July. Yes, I have been recommending building put options in September and October contracts.

June 2017 put options will expire in the next three weeks. Those with small expose will expire worthless but I am sure September and October put options will provide you mind boggling returns.

I like 2017 October Put options in S&P (154 to expiry). The strike price is 2400 and it is trading around \$68.00. One put option contract will cost you \$3400. 2200 strike price Put options of October are trading around \$26.00, which means one put will cost you \$1300. Ten put options contracts will cost you \$13000, and 100 contacts will cost you \$130,000. It is expensive but you have to remember that that the time frame is quite long and there are still 154 days pending.

If S&P goes to 2000 by October, the 2400 strike price contracts will be worth \$20,000.00 (one contact), and 2200 strike price contracts will be worth \$10,000.00 (one contact), from \$1300.00.

If you buy 2000, 1900, or 1800 put, then the value of these are \$10.50 (\$525.00), \$7.00 (\$350.00), \$4.50 (\$225.00) per contact respectively.

I am not an expert so plan your strategy according to your financial condition and suitability. Talk to your financial advisor or your broker regarding these trades to get a better understand of the risk factor involved in taking these trades, because if the market doesn't fall then all these put options will be worthless like call options of silver. I bought 110 million ounces of silver call options in 2002, expiry 2006 which expired worthless. If I had taken 2007 expiry positions then I could have made 350 million dollars. My investment was \$320,000 in these call options.

My discloser: I am buying put options in the market, and have been allocating small money every week on any rise in October call options. I invested a small capital exposure in June expiry of 2370, which



may expire worthless if the market doesn't fall in the next three weeks, but the major bets I am making are in October strike of 2400, 2300, 2200, 2100, 2000.

I have been holding and adding small portions in UVXY, my average price is \$17.00.

I am making sure that these trades are not influencing my predictions because I took these positions once I believed and saw in the astro theory that there would be a fall in the market.

I am nervous because of my bear market prediction because the news has spread to every desk at every major fund managers office, and most of you are watching this prediction closely. Many of you trust me because I was able to predict the two previous bear market predictions boldly in 2000 and 2007/8. I am a bear because I also predicted all the precious bull markets from 1996 to 1999; 2003 to 2006; and 2009 to 2016.

My theory is very simple and very clear, there is no if, and, or but about it. I just predict what I see in my theory. Charts and fundamentals change overnight according to the market conditions. Why were Goldman and Morgan saying oil would go towards \$200, when in three months it tested \$32.00? What happened? How comes the fundamentals changed overnight? Why was the Federal Reserve not able to warn us that the whole economy was on the verge of collapse? Why were they not able to warn us that the housing market would collapse and there would be a total meltdown in the financial system? Everyone moves according to the market condition and sentiment. My system has been able to predict every major move in the past so far, I don't know whether I will come that true in the future or not, but surely I trust my theory 100%, so let's wait and watch until October ends.

On Monday the US market will remain closed due to Memorial Day, but most of the global markets will remain open. Time never waits for anyone, we are approaching closer and closer towards my prediction of a fall in the market from July, I am bit nervous but waiting anxiously about fall in market that could be 21 to 29%. July to October could be worst time for politician and politics which may be responsible for this fall.

Here is this week newsletter from 29 May to 2 June 2017:

GOLD/SILVER/BASE METALS



Last week gold bounced back strongly on Friday. The rest of the metals traded mixed but surely gold helped the sentiment in metals on Friday and in this week gold may get help....



INDEXES



I have stated enough about the markets and the outlook for the coming time in the first section of this weeks newsletter. Globally, the big guys are watching my predictions closely, and many are doubting that my bear market prediction will come true because they are betting on bullish economic conditions and tech performance in the coming time. Yes, AMAZON, APPLE, MICROSOFT, NETFLIX and GOOGLE are taking the market higher and most of these stocks are in our favorite list, but I won't recommend holding positions in these stocks now after this week. Even though in early 2016 I predicted a target of AMAZON \$1000 to \$1250; MICROSOFT \$75.00; and APPLE \$175.00; which all these stocks are close to achieving, but...

THIRTY YEAR BOND



This week Thirty Year bond will struggle to move higher. Bond traders and market experts are very confused with 10 and 30 Year because both of these Bonds are not on the same page with market move and FED actions...

SOFT COMMODITIES



Last week softs traded negatively. Sugar prices came down sharply and may test \$14.41 to \$14.25 and this will be a good level to add small positions. Coffee prices are holding \$128-00 so stay long in coffee and our astro view is very bullish for coffee in the coming time. From November onwards a non-stop bullish trend is indicating in coffee.

On the other hand cotton struggled to move higher. At this stage we recommend holding cotton with stop-loss of 76.11.

This is a positive astro week for cotton which means that cotton prices will move higher, but if it fails to rise then close all longs in cotton for the short term. We are still very optimistic about cottons trend, so stay long with stop-loss.

Cocoa prices crashed last week so stay away from cocoa. One can take small buying around \$1800. If cocoa closes below 1788 for five days then prices will move towards \$1500 which will push many cocoa long traders towards bankruptcy so trade carefully. We recommended selling cocoa at \$3200



and \$3300. This is the best trade so far for this year. We are sure you must have covered all shorts in cocoa.

Also, shorting orange Juice was another favorite short trade for this year. A few months ago we recommended shorting Orange Juice between \$210 to \$220, and now prices are trading around \$140. Stay away from any new trades. We are sure you must have covered all shorts in Orange Juice.

Another best short was sugar around \$22.00 to \$23.00, with a target of \$17.75 which was achieved long back, and we also predicted that if it trades below \$17.75 then it may achieve \$14.45 to \$14.25 level. We are sure you must have covered all shorts in sugar, and now you can buy very small positions in sugar around the lower side...

GRAINS



Last week grains traded negatively, especially soy products, but they are approaching towards our predicted lower side levels. Soy is coming to a great buying level, as we don't see it remaining below \$900. Soy meal is approaching towards a dangerous zone of \$300. If meal starts trading below \$300 then it may test \$282 once again. Compared to soy meal, buying soy looks like a great trade for the medium term, and it will provide profit. Soy oil traded sharply lower and it is also approaching towards a very important astro level of \$31.00. Trading below this level can push it towards \$28.55.

In short, soy products are in a very dangerous zone but...

ENERGY



Last week oil prices traded negatively after the OPEC meeting. Oil has been trading in the directionless trend that we predicted for 2017. Our view is not bullish for oil so any sharp move should be taken as a selling opportunity on the higher side like \$52.10; and on the lower side \$46.78 to \$44.55 should be taken as a buying opportunity.

Energy stocks failed to provide any returns to investors compared to all the other sectors. Investors in energy related sectors are losing patience. The market is at an all time high and energy stocks are close to lows. Our view turned very bearish since Mid-2014, and in 2017 our outlook is mixed. Surely last year we recommended buying oil at \$27.71 and since then it has gained value, but if oil falls below \$44.55 then there are chances are that oil could re-test \$32.88 level.



This week oil will hold value and will move on both sides. Heating oil and RB Gas will follow oil. This is the final...

CURRENCIES



Last week USD traded mix around 97.00 for whole week. Trading in and out remained the best strategy for short-term traders. Overall, our view on Dollar Index for the short to medium term is negative. The maximum higher side in USD may be up to...

Thanks & God Bless

Mahendra Sharma

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Chart are taken from ino, kitco and Trading charts websites.

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

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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.



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