

Weekly Newsletter

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Best time to invest in indexes - Weekly newsletter from 5-9 November

Dear Members,

Last week was very uncertain; for the first two days, the US markets remained closed due to super storm Sandy. After that, we saw both the sides' volatility. Sandy has done more damage than I thought it would. The Election is a few days away, so traders and investors are deciding whether to keep their distance from the markets, as no one likes to take any risks at this stage on result announcement. In 2004, investors had the experience of a legal battle between both the parties' claiming victory, and during that period, the markets kept falling. No one would like to see this happening again; as this race is too close to a call.

Anyways, we already announced our verdict, and so we will wait and watch to see the results. When we predicted Clinton's victory for the second term, we clearly mentioned that during his second term the markets and the economy would have a bubble. We also predicted that Clinton may not be able to finish his second term due to a scandal, but regardless, he completed his term. Here we were partly right about him winning the Elections, the scandal and the boom economy; but we were wrong, as Clinton completed his term.

If Obama wins this Election (we already predicted that he would), then we will see the most unique time for the equity markets. **USA stocks will move beyond anyone's expectations**, and near to the end of his term, or after his term, everything will collapse. After crash the equity markets will take many years to come back, so the easy money-making businesses will end for the world. Place yourself well with buying positions during this week, and if Obama wins then hold stocks for the next three year. The time will come after a few years when we will be taking longer term bets for the bear market.

We must keep awareness about a few important points:

- Euro as a currency will bring disasters to the world financial and the currency system. **This disaster will push gold prices \$1000 or \$2000 higher within the next few weeks (this may**

happen during 2015/16). That will be time when gold may reach \$5000 or even above “simply it will remind us of history of gold rush”. We should also remember that in 2001, when we created a gold Astro chart, and after reading the Astro cycles, we clearly said that gold would have **48 years of a bull cycle**, and this prediction confirms that gold is here to stay. You must read this 2003 article,

<http://www.mahendraprophecy.com/predictions.php?id=40>

<http://www.mahendraprophecy.com/predictions.php?id=41>

- In 2001, Euro was at 0.83, and during this time we predicted that it would reach 1.38, which it did. Although, we also mentioned that the dollar bear cycle would end in the next seven years. That means that the 2007 the bear cycle ended, and **we were all aware that dollar index reached 72.00, it collapsed from 120.** We never saw 72.00 again for US Dollar index after mid-2008. This creates an image of dollar getting more buyers on weaknesses because the trust of Euro as one currency of the EURO ZONE is fading away. **We won't be surprised if euro goes back to a par value in the next three years,** and 0.82 in the next five years against USD.
- Lately we have seen that money has kept following back to the US corporate, and US companies are doing great; in fact, **the era of US domination in terms of the economy is returning.** We are all aware that China is going through its own tough time. India, Brazil and other emerging markets are having a lot of problems from corruption, social issues and security issues. Europe is standing on the mountain edge, and they don't know their future path as there's no clear united vision.
- Dominating companies like **Google, Apple, Boeing, McDonald's, Microsoft, Coca Cola, Intel, Amazon, GE and many other large companies or industries are growing larger and larger.** Every single day, more numbers of customers are adding in lists as users of these companies' products. The rest of the world has failed to give something unique to the worlds' population, so the rest of world is enjoying the products that the USA offers. There was one leading brand from Japan “Sony elect” which going downhill since many years, yes in Auto industry still Japan and Germany are still dominating.
- Yes, there is no doubt that equity markets will beat all other financial instruments in terms of returns on investment in the medium term. In the longer term gold and silver will remain the best performing financial instruments. Many agri/food related commodities will be having their rise and fall as per the climatic and crop conditions.

- Don't think that we are pro-USA, we are just talking about what we see. On Wednesday we will have clear picture about the elections and you should be ready to invest your cash in companies like **Starbuck, Apple and Microsoft**. These are our three best picks at this stage. **Our view on Starbuck is very bullish, in 2013 it will become the best performing stock**. In India we recommended buying Tata Global brew, which is representing Starbucks in India. Tata Global already went up more than 60% (from Rs. 98 to Rs.160), and we still see great potential for this company. Two more of our picks in the Indian markets, Jubliant Food, and Tata Coffee also went up more than 50%.

Invest safely, have confidence in what you are doing, spend some quality time with yourself everyday in morning, talk to yourself and we are sure you will visualize a far better picture of the future and together we may be able to reveal future in coming time with more clarity.

Here below this week newsletter from 5-9 November 2012

GOLD/SILVER



Friday gold and silver fell sharply, this is final flush. Gold and silver have a very unique behavior pattern because every time the crowd starts taking small speculative positions in both these precious metals they always fall and scare everyone. Market makers are very well aware that small speculative traders always play with small margin and these kinds of wild moves just throw them out from any positions they are holding.

Now we will see everyone turning bearish on metals, especially analysts like Gartman (good analyst but known as very bad gold trader). He was very bearish when gold was around \$1575 and targeting even below \$1200 but gold did the opposite by reaching \$1800. Anyways everyone has a different point of view.

We don't care for fundamentals or technicals. **Yes these can impact on a very short term horizon**, if we focus on the short term horizon then we miss the money making opportunity in the medium and longer term trend. **History is witness that investors who keep the medium and longer term horizon in mind have always made money**. You would have made 500% or more returns if you would have bought stocks or commodities in 2008/09 when everything was just collapsing. **Short term speculators never made in the financial markets**. Our theory clearly gives bullish indications in metals from 15 November 2012, gold and silver will have a great rally by the end of the year. Our higher side targets for gold and silver may be able to fulfill. Here is our Kitco interview of last week http://www.kitco.com/KitcoNewsVideo/index.html?v=12-10-26%20Mahendra%20Sharma_1.

This week looks positive for precious metals from late Wednesday onward, so buy them on weakness on Monday and add more positions on Tuesday. On Wednesday a mixed trend will remain. It is clear that from

Monday to Wednesday metals will consolidate and a huge up move is set to come on Thursday and Friday so get ready for the fantastic ride during Thursday and Friday in gold and silver.

From Monday to Wednesday we target gold and silver to remain in the range of \$1663 to \$1705 for gold, \$30.23 to \$31.47 for silver. On Thursday and Friday precious metals may be able to breach the higher sides.

Both these days, metal stocks will also move up but better to focus on physical metals and ETF's.

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

GOLD: \$1692.90 to \$1672.50

SILVER: \$31.50 TO \$30.68

COPPER/PLATINUM/PALLADIUM



During this week base metals will stabilize, and we don't see base metals performing as positive as precious metals so avoid any big positions in base metals. Among all the base metals we Palladium will be performing far better so buy some positions in Palladium on Wednesday.

From Monday to Wednesday all these base metals will trade weaker, they will follow precious metals.

On Thursday and Friday base metals will move higher but we still don't recommend any big positions.

We may see Palladium prices moving towards a new high by the end of this year.

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

PALLADIUM: \$600.80 TO \$591.20

PLATINUM: \$1551 TO \$1532.20

COPPER: \$352.90 TO \$345.20

INDEXES



Get ready for most exiting ride in all major markets. Start building positions from Tuesday and Wednesday and if the markets behave the way we see then most of you will make a fortune in the coming time. You have to be very serious about investments as we mentioned even before that this will be the most exciting final party.

This week will be testing time as Astro indicators are giving clear

buying signs for the stock market from Wednesday onwards. **We clearly see that on Thursday and Friday the markets will be moving sharply higher, so most of you should be hold positions.**

Emerging markets investors should be in a good position, especially in countries like India and China. **China's Astro chart of financial market is turning on positive side so investors should start accumulating quality Chinese stocks.** USA investors should start buying overseas listed stocks of China. EFT's and Chinese funds should be also in your buying list. If we are right then Indian and Chinese stocks will perform extremely well in the coming time as well. There is no doubt that USA markets and quality USA stocks will keep running away so grab them during this week. **Priceline, Apple, Starbuck, TripAdvisor, and Microsoft are great buys.**

We don't see S&P going below 1395, so start placing orders and keep accumulating it. Once it starts trading above 1418, it will force S&P to run non-stop crazily higher. **The next stop will be 1463, this time it will move higher in November and we see S&P going to 1500 or higher.**

Monday trading range:

AUSTRALIAN (Cash) – 4490 to 4455

DAX – 7388 TO 7265

NIKKEI – 9083 TO 8939

FTSE – 5852 TO 5770

NIFTY S&P (Spot) – 5719 to 5652

S&P – 1418.75 TO 1398.25

SINGAPORE (cash) – 3035.00 TO 3016

NASDAQ – 2662 TO 2619

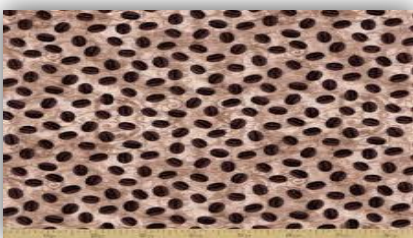
HONG KONG (cash) – 22108 to 21789

RUSSELL – 816.25 TO 801.75

CAC – 3483 TO 3419

DOW – 13109 TO 12891

COFFEE/COTTON



Last week cotton and coffee traded weaker. 15 December will be the right day to accumulate longer term positions. We are very disappointed with soft commodities trend, and we came horribly wrong as we expected both these soft commodities to perform extremely well.

Anyways we don't like to cry over spilled milk, but one thing is for sure and that is that coffee will create history and we are confident about it.

Coffee prices will hit \$500 in the two years so even though we trust this prediction, start accumulating coffee call options. Invest from \$2000 to \$20000 and you will make 30 to 50 times on your investment.

Cotton also will perform extremely well in the medium and longer term. We would like to see the trend **from 15 December as we are confident that after 15 December coffee and cotton will move in one direction.**

We are sure you must remember our statement that either coffee or silver would be the best performing commodity in coming time. They both will have a race and we don't know who will be winner so hold investments in both commodities.



This week on Monday both of these soft commodities will perform sideways or positive. On Tuesday we will see a positive trend in coffee and cotton. On Wednesday both will move down but from late Thursday they will turn positive. On Friday a mixed trend will continue.

Watch weekly chart of coffee and cotton, last 19 months both these both soft commodities have been



going down sharply.

Monday trading range:

COFFEE: \$155.90 TO \$153.10

COTTON: \$70.59 TO \$69.84

COCOA/SUGAR/ORNAGE JUICE



Avoid all these soft commodities. Trade in and out as we mentioned in the daily price range. Cocoa will trade positively but the higher side is limited so one can buy around the predicted low of the day on Monday and we are sure you will make money, however don't hold it for the longer term.

Sugar may move a bit higher but we still recommend trading in and out. Orange juice will remain in a weaker trend.

Monday trading range:

COCOA: \$2460 TO \$2402

SUGAR: \$19.50 TO \$19.23

ORANGE JUICE: \$108.10 TO \$104.00

TREASURY BOND



The best time to build more positions is on Monday and Tuesday as prices will crash. 2013 looks very horrible for bond prices so this is a great time to make money. **Plan the best five trades in the 2013 like selling Yen, Bond, buying S&P or stock market of your country, coffee and silver.**

This week on Tuesday and Wednesday build up selling positions in thirty year bonds without delaying as we see limited higher sides.

Bond prices will start moving down sharply from Thursday and the weaker trend will continue on Friday as well.

Monday's trading range:

TREASURY BOND – 149-02 TO 147-26 (Dec)

GRAINS



South America is experiencing rainy weather and we are all aware that rain is always good for grains. Yet very heavy or very less rain can create panic but average and above the average rain is good for farming. Around mid this year drought conditions created panic on the trading floor, and farmers were not ready to give away commitment of their crops to commercials. The trading floor was getting dry and this forced grains prices higher.

Farmer like to hedge their crops if the weather is good, and it looks like this year wheat crop looks good. Everyone expected fewer corn production but many got surprised by the recent numbers as they are not as bad as what the trading floor was expecting.

Since Saturn changed its house grains started losing their charm in the last two months. We don't see any major excitement in grains. Surely there will be short term rises and falls. **Corn is still our favorite among grains, buy corn and sell wheat, soy and meal.**

This week a mixed trend will continue and our daily predictions range is working extremely well for grains, so sell if prices reach the higher predicted price, and buy if prices reach the lower side of day. We highly recommend grains trades for only the shorter period.

Monday's trading range (December contracts):

CORN: \$747.75 TO \$734.80

WHEAT: \$875.00 TO \$859.25

RICE: \$14.73 TO \$14.60

SOY: \$1539 TO \$1510.75

SOY MEAL: \$480.70 TO \$470.30

SOY OIL: 50.01 TO \$48.89

ENERGY



Last week oil and natural gas traded weaker as predicted. Avoid any buying in both of these energy futures instrument as we see more weakness on the way. Airline stocks should be watched in the coming time especially in 2013 as Jet fuel prices will go down more than 30%. We all are aware that airline stocks are very sensitive to fuel prices because the margin is depend on fuel cost, and if in 2013 fuel cost drops, it will help airline stocks as well as the auto industry.

This week on Monday and Tuesday oil and gas prices will move down. \$83.80 will be the support line for oil and \$3.38 for natural gas so one can cover their shorts around these prices.

On Thursday and Friday a positive trend in equity may support oil prices but the overall trend is to remain weaker in oil and gas. If you are covering your shorts on Wednesday then sell on Friday on rise as next week we may see a weaker trend again.

Avoid ETF's and energy stocks at this stage, energy stocks selling will be a good hedge against buying other value stocks in markets.

Monday's trading range:

OIL: \$85.88 to 83.59 (Dec)

NATURAL GAS: \$3.62 to \$3.47 (Dec)

CURRENCIES



Last week dollar index performed well, among all currencies. Two currencies (Yen, euro) behaved very negatively against USD. As we see Yen falling constantly it is give clear indications that dollar indexes have limited down sides, and euro is holding on without any base or is slightly supported by the German economy so any news from the euro zone can push euro drastically lower.

This week dollar will dominate for the first three days and after that it will trade in a narrow range. Any uncertainty in the elections can push dollar sharply higher but we see US Dollar remaining positive until Wednesday.

Load up emerging market currencies by Tuesday, and wait for a huge gain which we see happening on Thursday and Friday. Rupee and Peso will move sharply higher among all major currencies.

US dollar will gain value against euro, Yen, Pound and Franc. Cover all shorts on euro at 1.26 and Yen at 122.80.

Monday's trading range (December Future contract).

DOLLAR INDEX – 80.95 to 80.41

AUSTRALIAN DOLLAR – 1.0339 to 1.0250

CANADIAN DOLLAR – 1.0059 to 0.9997

BRITISH POUND – 1.6072 to 1.5959

EURO – 1.2888 to 1.2877

JAPANESE YEN – 1.2477 to 1.2407

SWISS FRANC – 1.0671 to 1.0558

RUPPEE – 54.11 to 53.60

RAND – 8.80 to 8.68



Important note: Invest your hard money in good value stocks in your countries.

Buy longer call options in coffee and silver

Hold selling positions in Treasury bond and Yen

Thanks & God Bless

Mahendra Sharma, Sunday 2.00 PM Santa Barbara