



Weekly Financial Letter

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Weekly Newsletter from 5 – 9 June 2017

Wait for my June end and July first week newsletter, another 32 days are pending

Dear Members,

Last week the market kept moving higher ignoring weaker housing numbers, weaker Job data, and uncertainty in Washington, which is not new in any final phase of euphoria because every important thing becomes irrelevant and that's why they call it ignorance.

On Friday S&P broke even our higher side target of 2437 and closed at 2437.75. Many of the global markets also closed at all time highs, and it looks like big bets are in support of the market so it looks like that bears may remain in pain until the first week of July when the most dangerous astro combination will knock on Wall-Street's door. It is very difficult to predict the maximum higher side from here to the 7th of July because we are in the final phase of a euphoria cycle. The current cycle is very dangerous and hardly anyone will believe me until everything falls apart. If this euphoria continues for the next one month then S&P can easily achieve 2525 which we mentioned before.

We are grateful to the Astro Cycle subject, as because of that we are aware that the market will collapse any time from the 7th of July, with the worst months being August and September. October will still be painful for the bull. The 107 days from the 7th of July to the 27th of October 2017 will be the worst time cycle.

Many things could happen during this period which could be responsible for the major fall:

- Political instability or chances of assassination of any political leader
- Sudden fall in the market may bring new sellers, and big guys will start offloading stocks at whatever price they get
- Cooperates or companies have been buying back their stocks will also start to offload their stocks crazily to buyers
- No one will be sure what is the right valuation for frontline stocks during the on coming crash

Banking stocks will create major panic and tech stocks will fall drastically in the month of August. Nasdaq may fall 20% to 30% in the month of August

Many must be thinking that I am trying to put out all these scary predictions because the markets are going against what I have been predicting. Let me say, yes, my view turned bearish but I have constantly been recommending or predicting that the fall in the market will start from the first week of July. Yes, I haven't recommended any buying in the market, which I should have done over the last six months because I saw a major problem in the market coming only from July onwards. Yes, I have been recommending building up put options of September and October 2017. Surely those who bought puts early in this year must have lost huge in value. We also provided the strategy of putting



some money every month in put options till July 2017. **You all have to remember that from the 6th of March 2009 every week, every month and every year I kept recommending buying stocks and Indexes. People have made a great amount of money, and now I have been recommending selling. I am neither on the bull side, nor on bear side. I just predict what I see.**

It is difficult to predicted and guide once you see that bear market. I gave you the example of Oil and the 2007/08 bear market. I struggled because I predicted that oil and the market would fall six months in advance. If anyone traded for the short term, then they must have been taken out of the market; and those who remained short or placed the strategy must have made a fortune.

S&P has achieved our higher side target of 2437 and may test even 2525, but be careful. Even today I will recommend building some more put options in the market from Wednesday this week.

Last week metals traded as predicted, but grains, softs, and energy prices struggled as predicted. Dollar is falling, and apart from gold, none of the of other commodities are able to take advantage of this. Gold is becoming a favorite for investors, and it may test \$1300 to \$1339 soon.

On the other hand, dollar is trading lower. Dollar closing below 96.00 will open the door for it to move towards 91.00. This will could fasted fall in USD.

Thirty Year bond is trading like it has the confirmation from the FED of there not being a rate hike soon. 158-00 is most the important level, and prices may reverse from this level.

This week is a Scorpio Moon and I hate to write predictions during a Scorpio Moon week. Wednesday to Friday this week will be dominated by the Scorpio Moon and it will always be a very volatile time for the market, commodities, dollar, and traders, so be careful during this week from Wednesday onwards. Some big uncertainty could also arrive in the market.

The FBI director will testify on Thursday, it is a Scorpio Moon so surely volatility will be there in the market. So far any major astro combination hasn't been able to shake this market, so this market won't act negatively if Comey is unable to provide any shocking information.

Here is this weeks newsletter from the 5th to the 9th of June:

GOLD/SILVER/BASE METALS



Last week precious metals traded positively. Palladium also moved sharply higher. On the other hand, base metals traded lower, and metal mining stocks remained in a narrow trading range. There is no doubt that weakness in the US Dollar is helping gold, but also if the market starts falling then gold may surely get a boost.

For the last few weeks our short-term outlook has changed for gold, silver, and platinum so there are chances that gold prices may achieve \$1298 to \$1339 on the higher side in this rally. Our view for the medium and longer term for gold is still negative. On the lower side \$1263 will remain the best astro support point, and gold may not close below this level so buying is recommended on any weakness in gold. Silver will follow gold during this week and there are chances that it may move 3% higher as well, or towards \$17.97. If it closes above this level then there are chances that it may test \$18.91. Platinum may test \$1011.



This week is a positive astro week for gold, silver, and platinum so stay away from any short positions in all three of these metals. One can take small long positions in gold on weakness from Monday to Friday. Close all longs in gold, and silver on Friday because this short-term rally will end on Friday this week.

Base metals will hold value thanks to gold's trend. Take some aggressive short positions in copper, Palladium, zinc, and nickel on late Thursday, or Friday this week. We are still recommending selling copper above 260.00, and sell most of your positions base metals on any move. There are chances that Palladium may test \$848.80.

Monday's trading range: (July 2017 contract):

GOLD: \$1286.10 to \$1269.00

SILVER: \$17.65 TO \$17.26

COPPER: \$257.95 TO \$252.95

PALLADIUM: \$843.00 TO \$824.00

PLATINUM: \$959.00 TO \$938.00

INDEXES



Last week most of the markets traded sharply higher. S&P touched 2439.75 on the higher side, and NASDAQ tested an all-time high. On Thursday and Friday Russell also gained handsome value but was still unable to reach the previous highs. Most of the European and emerging markets remained very strong, except for Brazil and South Africa. Traders are worried about political uncertainty in both these countries. Last week the Brazilian and South African Presidents survived corruption charges. The masses are not in their support, but many of their own party members are supporting both the leaders.

We are 32 days away from the predicted uncertain cycle for the market. We are in the final phase and volatility will dominate the market. The Bull will try to push the market very hard so no bear can survive, or people will feel fear when thinking about selling or shorting the market. Tech stocks are running hard which is supporting the market's trend, but the rest of the sectors are remaining in the green or just struggling to remain in the green. Technology has been the main backbone of this rally that started from March 2009; and the way that they have been running, it is giving a clear indication that we are in the final market cycle, which you can call 'EUPHORIA'.

I don't know whether the market will move higher for another 32 days, or whether it will start acting volatile from this week after achieving a top on Tuesday or Wednesday. On Thursday and Friday the markets can come down, but then again, it is a Scorpio moon so anything is possible. So, let's just say that the market will trade aggressively on both sides on Thursday and Friday.

From Monday to early Wednesday most of the markets will trade mixed to positive. Buying will keep coming in around the lower sides. Don't short the market from Monday to Wednesday if you are a



day or short term trader; but medium and longer term traders can take short positions in the Indexes or stocks with expectation of a 4% higher side move, and a 30% lower side target from current levels.

Most stocks are in a danger zone. They can collapse 30 to 50% so this is a great time to build short positions on the side in retail, biotech, bank, and tech stocks. Everything will meltdown. I am preparing a list of stocks to short, but at this stage don't short AMZN, MSFT, APPLE, and GOOGLE. I have never recommended selling these stocks in my career, but August will be the best time to sell even these stocks.

I received a few emails asking, "Mahendra, what will be the worst period for the market in the cycle from the 7th of July to October?" My answer is, from the 15th of August, to the 15th of September will be the worst period. The market will fall every signal day, any rise on even an intra-day basis could be taken as a selling opportunity. This will happen once again from the 7th of October to the 28th of October.

This is first time I am actively warning investors every week. In the end of 1999 I warned my close friends about the tech bubble bursting hard. In 2007, I kept warning investors about the market, commodities, and currencies fallout. In 2007 so many things were happening, most of the currencies kept moving higher, commodities were in demand like you wouldn't believe, and the housing market was looking like there wouldn't be enough houses in the coming time; which all supported the equity market. Commodity, banking, and housing stocks played a major role in that bubble.

Surely, the bets were very leveraged, and it was heavily financed by banks covering their butts. The major difference between that time and this time is that traders are not betting with high leverage, but the valuation of stocks are going out of hand. Companies keep buying back their stocks. Index funds and ETF's just keep adding frontline stocks; but when they all want to exit from their holdings, who will it buy from them? I am just waiting for the negative astro time cycle which will change the behavior pattern of the bull, and that time is not very far from here.

Watch the S&P level 2405, as this is a major astro support level. For Russell the level is 1388; and NASDAQ 5851.

I am sure all of you must be holding UVXY. Continue to hold those positions tightly. If the market falls the way I see then this will hit \$88.00.

Mondays trading ranges: (June 2017)

HONG KONG (cash) – 26051 to 25811

NIKKEI – 20285 TO 19991

NIFTY S&P (Spot) – 9715 TO 9651

Singapore Straits (Spot) – 3248 TO 3229

CAC – 5371 TO 5307

DAX – 12900 TO 12830

DEX EURO STOXX – 3615 – 3570

FTSE – 7580 TO 7538



FTSE/JSE (Cash) – 46825 to 46451

S&P e-mini – 2445 TO 2430.00

NASDAQ 100 e-mini – 5907.00 TO 5860.00

DOW e-mini – 21259 TO 21151

RUSSELL e-mini – 1415.25 TO 1398.00

VIX (Cash)- 11.68 to 11.31

THIRTY YEAR BOND



Last week Thirty Year bond prices moved sharply higher after weaker housing and job data. Many are betting that the Fed won't hike rates next week due to these weaker housing and job numbers. I am not worried about these numbers because we just follow the cycles, and the next important selling level will be at 158-00, so take a shorts there with a target of 152-00.

On Monday Thirty Year Bond will trade mixed. On Tuesday we see positive momentum coming in Bonds. On Wednesday Bond prices will come down, and on Thursday as well as Friday prices will regain again.

Overall Thirty Year Bonds are in a bearish cycle so any further rise from here or around 158-00 shall be taken as a selling opportunity.

We recommended covering all shorts around 148-00, and at the same time we recommended booking profit in TTT, TBT, and TMV. Now is the time to take long positions in all these ETF's once Thirty Year goes back to 158-00.

Monday's trading range (June 2017 contract):

TREASURY BOND – 156-25 TO 155-19

SOFT COMMODITIES



Last week soft commodities traded sharply lower. Weakness in the USD was not able to help softs. Coffee broke \$128, cotton \$78.78, and sugar \$14.11. It is scary, and the next two major astro support dates are coming on the 16th of June and the 14th of July 2017. Stay away from any new buying until these dates.

This week is a mixed week for softs so I will recommend staying on the sidelines. We are still recommending buying small positions in cocoa but no aggressive buying is



recommended. Coffee closing below \$128 will open the door for it move towards \$122 and \$118. Our view on coffee is very bullish in the fourth quarter of 2017 so one can buy small positions around \$122, and \$118. Coffee prices won't remain below \$118 so one can take aggressive buying at or below this level.

Cotton shall trade mixed to negative. We are not recommending any buying in cotton. Buying is only recommended in cotton at \$73.00. Stay away from sugar as it broke the most important level. The next buying level will now be at \$12.93, so stay on the sidelines.

Orange Juice and lumber will trade negatively so stay away.

On Monday softs will trade mixed, but on Tuesday we see some buying coming back in softs. From late Wednesday to Friday softs will remain in an uncertain pattern.

Monday's trading range: (July 2017 Contract)

COFFEE: \$127.05 TO \$124.05 Buying recommended at \$112.50 and \$118.00

SUGAR: \$14.01 TO \$13.59 First bought at \$12.78 – Book profit above \$19.98 and \$23.00

COTTON: 77.21 TO 76.05 Buy recommended at \$65.00

GRAINS



Last week grains remained in a mixed zone. Soy, meal and soy oil held \$912, \$300, and \$31.00 respectively which is a good sign. Corn and wheat remained in a tight ranges on both sides.

If soy products break these above-mentioned levels then we may see a huge correction take place in soy oil and meal. Soy bean may not go below \$882 in 2017.

One must trade in and out in most of the grains on Monday. Tuesday will be a mixed day for grains. From Wednesday onwards we see a positive trend developing in grains so start building up some positions. **If soy products (Soy Bean, Soy Meal, and Soy oil) hold value as per the above mentioned levels**, then they can move higher on Thursday and Friday.

Our view is still not negative on corn and wheat so one can stay long in both these grains during this week and add more positions on Wednesday.

Dollar weakness will eventually help grains momentum, but we have to watch the stock markets trend as history is witness to the fact that any sharp fall in the equity market also impacted the commodities trend adversely.

Monday's trading range (July 2017 contracts):

CORN: \$374.50 TO \$368.00

WHEAT: \$434.00 TO \$425.00



SOY: \$927.00 TO \$912.00

SOY MEAL: \$305.90 TO \$300.00

SOY OIL: \$31.35 TO \$30.71

ENERGY



Last week oil, heating oil, RB Gas, and energy stocks traded negatively as predicted. We recommended buying natural gas on the lower side but that prediction didn't come true as natural gas went below our predicted level.

On Monday oil may trade mixed, but we still see it testing \$44.55 so keep this in mind. On the higher side most of you are already aware that \$49.88 is playing the role of the Great Wall of China. On the higher side \$49.88 should be

taken as a selling opportunity. ERX came down to \$25.25 from \$44.00. We recommended aggressive selling in ERX at around \$43.00 with a target of \$28.00 which got achieved, and now \$23.25 will be the most crucial astro support level so watch it carefully.

If oil breaks \$44.55, and ERX breaks \$23.00 then we see oil moving towards \$39.88 to \$36.91, and ERX can test 17.75 very quickly. If the market also starts trading negatively as predicted then oil can test \$32.00 again, and energy stocks can just collapse.

On Monday adopt the strategy of trading in and out as Monday is a supportive astro day for oil and energy products, so lower side buying is recommended. Natural gas will remain in a mixed direction with a major support at \$2.95.



On Tuesday we see oil gaining value from the lower side so buying is recommended in oil and other energy products.

If oil fails to move higher on Monday and Tuesday, then you must get ready for a major correction in oil prices from later this week and in the coming time.

If oil trades positively early this week, then watch \$49.88 level closely, or one must book profit around this level.

From Wednesday to Friday there will be major volatility and if oil trades weaker on Tuesday then expect it to move towards \$44.55 by Friday.



Our medium and longer term view is still very bearish for oil. **This year in November oil may bottom out**, but as predicted in 2014 the era of investing in oil and oil companies is over; which has so far proven to be very true.

Monday's trading range (July 2017 contracts):

OIL: \$48.31 to \$46.41

NATURAL GAS: \$3.08 to \$2.96

HEATING OIL: \$1.5045 TO 1.4605

RB GAS: \$1.5905 TO \$1.5490

CURRENCIES



Last week dollar traded negatively and is approaching the most crucial level of 96.01. Dollar Index was one of the best trades recommended on both sides with buying at 78.88 in 2014; and selling at 103.78 earlier this year. Now dollar is trading around 97.00 and is getting closer to 96.00. If dollar closes below 96.00 for three straight days then expect it to move towards 91.00, and it could be a very sharp move on the down side.

This week we are still recommending buying Euro, Franc, and Pound. These three currencies will remain in a positive trend for the short term. Our Japanese YEN buying recommendations have done well, and Yen remains in our medium and longer term buying list, so any weakness in the Yen should be taken as an accumulation strategy. Euro closed around 1.1286, which is a very crucial level as predicted. If Euro trades above this level, then





we may see 1.1423 to 1.1598 in a very short period of time. The Franc will follow Euro. Pound can hit 1.3178 this week.

Australian dollar will try to follow the rest of the currencies, but on Friday it can lose value. Next week it will once again trade negatively, so if you are buying AUD during this week, then you must book profit by Thursday morning.

Canadian dollar will remain under pressure. We are not recommending any buying in Canadian dollar at all at this stage.

Emerging market currencies will gain some value on Monday and Tuesday, but from Wednesday onwards they will start losing some value for the short term, so book profit if you have been buying emerging market currencies like Rupee, Rand, Real, and Peso.

There is no doubt in my mind that dollar will remain under pressure from Monday, but lets see whether it falls more on Thursday and Friday, which are positive days for the US DOLLAR.

I will put out small update on Thursday if USD starts trading below 96.00.

Monday's trading range: (June 2017 futures)

DOLLAR INDEX – 97.47 to 96.95

AUSTRALIAN DOLLAR – 0.7472 to 0.7391

CANADIAN DOLLAR – 0.7439 to 0.7383

BRITISH POUND – 1.2931 to 1.2840

EURO – 1.1257 to 1.1172

JAPANESE YEN – 0.9105 to 0.9005

SWISS FRANC – 1.0448 to 1.0348

RUPEE – 64.39 to 64.14 (Spot)

RAND – 12.86 to 12.66 (Spot)

Thanks & God Bless

Mahendra Sharma

Sent on - 4 May 2017, 3.00 Santa Barbara

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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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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