



Weekly Financial Letter

By

Mahendra Sharma

www.mahendraprophecy.com





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Weekly Newsletter from 6-10 May 2013

Dear Members,

Last week we were wrong in terms of the shorter term call of weakness in the markets on Friday. It was the most volatile week we have experienced since the last week of December and the first week of January. We received many emails asking different things, so let me write in detail a few important points which may help you in your trading planning.

Stock Markets:

Once again we would like to repeat that overall trend of USA equity markets will remain very bullish until early 2015 and we are very optimistic about S&P reaching 2800 to 3200 and NASDAQ toward 5000 to 5500.

In the December 2012 we already made this year predictions of S&P reaching 1700 to 1750 by the year end, and we are still holding this prediction.

In the short term we came out with predictions of 15 March to 15 April uncertainty in markets which started with the Cyprus news. After 15 April we saw huge volatility in the market until 15 May 2013. But since 15 April the stock markets started a bullish trend and kept gaining from the lower side which is clearly indicating that a bullish trend is to remain intact but surely there will be uncertain days in coming fifteen days.

In the last one month, the most important indicator is that S&P remained above 1548 and until it remains above 1548 then we don't see any weakness in the market in 2013. Last month we predicted S&P may move 1607 on the higher side and this achieved last Friday and S&P closed above 1607.

Strategy:

As most of you are aware about our bullish prediction of S&P reaching 3200, and we kept recommending accumulating call options that positions should be held without getting out from it.

Traders should keep in mind that now S&P has less chances of falling below 1548 because 1548 looks like a solid iron wall so treat that level as a buying opportunity on any weakness. **If S&P trades and closes below 1607 for two days then only a short term correction can occur, if its keep trading and closing above 1607 will give put S&P on fire.**

Longer term and medium term bullish trend is intact in the market but short term negative trend in market can occur any time from 13 May 2013 or 21 May. It may remain sideways or a **bit weaker in June** but from **mid July 2013 a one sided bullish trend** will start in the market and we don't know



where this market will stop. That is why we have been predicting since 2011 September a “historic bull market is on the way”.

As overall picture has matched with our predictions of bull market from September 2011 and we feel confident that the price target of 2800-3200 will be achieved in S&P within two years.

Precious metals and base metals:

We are not confident about precious metals due to negative astro combinations but base metals will still trade far better or base metals will outperform precious metals in the coming time. **We don't recommend anyone to buy any call options positions or physical positions in precious metals.** As we mentioned that once gold breaks \$1539 then a free fall can occur, and that is what we experienced in the last month.

- We won't recommend our members to buy precious metals until 2014 September.
- We don't see gold trading above \$1539 from May 2013 to September 2014, and yes this is big statement we are making. We don't want to write 'if' or 'but' because we trust our theory.
- On the down side gold can reach \$1151, silver will follow gold but precious metals will trade differently. Precious metals and base metals will now adopt different paths like oil and natural gas.
- June and July 2013 can prove to be the weaker months for precious metals, one can buy put options of \$1400, \$1350, \$1300. Silver can reach \$21.00 to \$19.00 in coming time.

Rest of markets:

Grains, energy and soft commodities will trade mixed; our weekly letters will guide you on these commodities. **We have said enough for coffee so we don't want to mention anything more here.**

In medium and longer term dollar will dominate but for the short term for a maximum or one week dollar can remain in an uncertain trend. **Yen will fall further in longer term, Euro will break par value and the same will happen with Australian dollar.**

Treasury bond will remain weaker in the medium and longer term.

We are sure that the above mentioned small brief will help you with your medium and longer term investment and trading planning. Let see what this week indicates. Before we start this week's newsletter we clearly like to mention that most **uncertain trend in market may occur any time from Friday of this week.** This week there is a **New-moon and a solar eclipse on Thursday**, (we all aware that solar eclipse always occurs on New-moon and lunar eclipse happens on Full-moon). Eclipse, New-moon and Full-Moon are market movers; they force the market to move on one side directions



very sharply, whichever direction they adopt in Asian trading sessions is where the market will go in that direction so watch the market trend in Asia and Europe and take decisions accordingly.

Sometimes money can be made easily without any hard work if the astro indicators are clear and this is the week when you can make tons of money easily in currency trading during next seventeen days after this week. Please read the currency sections carefully.

Financial Weekly Newsletter from 6-10 May 2013

GOLD/SILVER/BASE METALS



This week looks a bit mixed for metals but medium and longer term trend is very negative in precious metals so we advise you to trade carefully. One can buy metals on lower side predicted range with stop-loss because we are still too scare with powerful negative medium and longer term trends. On Monday and Tuesday metals can trade a bit positive. From mid Wednesday a weaker trend can start in precious metals. Thursday is still a positive day but we are not

very confident.

Friday is also positive day but we recommend selling because this is the most positive week **but we don't have much confidence on precious metals trend from next week**, also this week trade carefully.

The trading strategy should be, sell on higher side on Wednesday. On Monday and Tuesday you can buy on the lower side. On Thursday and Friday sell around predicted high and carry forward the selling positions onto next week. One can build up PUT OPTIONS positions in gold and silver from Wednesday onwards.

Base metals will remain sideways or positive during this week. From Wednesday onwards we see a top being achieved in these metals but still don't recommend any short positions in base metals, specially palladium and platinum.

Copper will top out around \$335.90 so one can take selling positions. Selling recommendations in copper around \$356 and predicted target \$302 got achieved successfully. This was a huge move, please next time take advantage of these kinds of ranges, like currently we are predicting buying Japanese Yen 1.0050 and targeting 1.0750, this is a big money making move in the next one month. Same way gold, coffee, and Euro will provide huge returns in the coming days.

Here is Monday's range: (June/July 2013 contract):

GOLD: \$1479.90 to \$1450.30

SILVER: \$24.45 TO \$23.57



COPPER: \$332.10 TO \$325.00

PALLADIUM: \$699.00 TO \$687.20

PLATINUM: \$1519.90 TO \$1485.50

INDEXES



Let me avoid short term recommendations specially during this week for stock market as this week looks bit positive with volatility. **One should watch 1607 level very closely;** S&P will remain in bullish pattern until it remains above our astro level 1607. Our important astro levels are working very well for most of markets whenever we release important levels. If S&P trade above 1607 for the three days then we may see 1641 with in short period of time. If S&P trade below 1607 then it will trade sideways for the next few weeks and down side it can move back to 1587 to 1578.

Nasdaq traded very positive during last week, and will trade very positive during this week. If S&P remain positive during this week then Nasdaq can easily achieve 2989 to 3007. We recommend traders to follow S&P regardless which country stocks you trade because we have been constantly writing that S&P is main engine and will remain god-father for all market. None of investors will be successful in trading without following S&P.

In interview with Michael Yobra, we clearly mentioned that time is coming when S&P can easily move three to five percent in a day. Yes, when any market is in historic bull market then they move like that. In 2001 same way we predicted about gold and silver, we mentioned that time would come when gold would move \$20 to \$50 in a day and silver \$0.50 to \$2.00 in a day (it was hard for people to believe what we were predicting).

Nasdaq looks very positive because our down side target for Apple is very limited, three weeks back we mentioned that Apple won't move below \$378, and we still hold this predictions. \$378 is most important astro level for Apple, we still believe that by end of year Apple can easily move back to \$650 to \$700 levels once again.

Tesla Motor, AMEX, Starbuck, FMCC, FNMA and Uranium stocks are our pick for the next two years. We won't recommend shorting market after 30 June 2013 because one side 18 months rising journey can start with small bull market corrections in-betweens.

This week all major markets will remain in the positive trend with huge volatility, buy on any weakness with stop-loss because, **yes next week looks 100% negative for the markets so trade with cautious.** This week I don't want to say anything nor I want to recommend any trade, surely next week should be negative so we will recommend taking sell positions in market on Friday; this week you should trade light without taking any risk. **Best strategy will be wait and watch, as bull market**



corrections is on the way from next week and by the end of June we may get great buying opportunity.

Follow daily trading ranges from Monday for Indexes, we are sure from this week daily ranges will be able to guide you well. Daily ranges won't work only on most volatile day. If upper side ranges get break means markets will move higher, if down ranges get break means markets will move further down during this day.

European and Asian markets will make highs, so trade carefully, if you like to sell market because we see weaker trend from the next week then you should buy some puts either on Wednesday or Friday.

Monday's trading range (June 2013 Contract):

AUSTRALIAN (Cash) – 5189 to 5129

NIKKEI – 14292 TO 14105

NIFTY S&P (Spot) – 6059 to 5979

SINGAPORE (cash) – 3420 TO 3380

HONG KONG (cash) – 22990 to 22792

CAC – 3892 TO 3850

DAX – 8197 TO 8088

DEX EURO STOXX – 2761.75 - 2721

FTSE – 6536 TO 6469

S&P – 1615.75 TO 1599.75

NASDAQ – 2952.75 TO 2719.75

RUSSELL – 957.90 TO 942.90

DOW – 14955 TO 14835

SOFT COMMODITIES



Three "C" coffee, cotton and cocoa traded positive during last week. As most of you are aware that coffee is our favorite and last week weather forecasters predicted a bit cold weather in Brazil that pushed prices on Thursday. Overall coffee has been



holding an important astro level of \$132, let's see if it breaks above \$144.80 then we may see coffee moving above \$150. Now the down side is very limited for coffee, and we don't see it moving below \$135.90 so get ready to buy it if it falls back to this level. On Monday coffee may give up some gains during closing hours. On Tuesday and Wednesday it will trade sideways or a bit weaker but from Thursday onwards a bullish trend will develop in coffee again.

Cotton is our second favorite trade amongst soft commodities; we don't see cotton going below \$79.00 during the remainder of 2013, so acquire positions on any weakness. Last week we recommended buying cotton around \$82.00.

Lumber, orange juice and cocoa will remain sideways or bit weaker during this week so avoid any buying in these soft commodities.

Sugar will bottom out during this week, one can start buying sugar from early this week as we see big up move by this weekend.

Monday trading range: (July 2013 Contract)

COFFEE: \$143.25 TO \$138.75

COTTON: \$87.90 TO \$85.50

COCOA: \$2439 TO \$2395

SUGAR: \$17.65 TO \$17.38

ORANGE JUICE: \$146.00 TO \$142.05

TREASURY BOND



As we mentioned that in medium and longer term we see Thirty year bonds moving down towards 135 to 128 by the year end, so this is huge money making move. Currently we see range of thirty year bond will remain from 148.18 to 145.09.

As we mentioned last week Thirty year Bond has a limited upside, we recommend selling on any sharp up move. From Monday to Wednesday it will remain weaker but from late Thursday we see bond prices may gain a little bit and next week also they will move higher so buy on sharp fall.

Monday's trading range (June contract):

TREASURY BOND – 147-32 TO 146-19



GRAINS



Last week grains traded mixed, and this week also we see the mixed trade continuing. Our daily predicted ranges will get fulfilled nine times out of ten whenever markets are trading mixed. We recommend trading in and out in grains as per the mentioned daily ranges in flashnews.

On Monday evening gains will give up gains. On Tuesday and Wednesday grains prices will remain sideways. On Thursday and Friday we will see weakness again in grains. Don't involve any big money in grains at this stage, coffee, cotton and sugar will be great buys among all soft commodities in the second half of 2013.

Monday's trading range (July 2013 contracts):

CORN: \$668.75 TO \$656.50

WHEAT: \$730.50 TO \$714.25

SOY: \$1398.75 TO \$1375.75

SOY MEAL: \$410.80 TO \$403.70

SOY OIL: \$49.65 TO \$48.92

RICE: \$15.48 TO 15.26

ENERGY



Oil gained sharply but Natural gas fell sharply, heating oil and RB gas also recovered from lows. We don't see RB gas moving above \$2.88 and heating oil \$2.93 so these are great levels to take trades. Oil will also struggle to move above \$96.87, so at this stage we highly recommend trading in and out on a daily basis until we strongly recommend selling oil.

During this week heating oil and RB gas will trade weaker compared to oil so focus on both of these energy products. We see weakness and new lows for heating oil and RB gas by the end of May so this is a great time to build selling positions around mentioned above levels.

Monday we see both side moves, Tuesday oil will gain from lower levels but from Wednesday oil will fall sharply and it will remain bit weaker until Friday.

During this week we may see oil finding support around \$92.89 and higher side \$96.87.



Natural gas ranges will remain from \$4.20 to \$3.86, buy gas if its falls to or below these levels, and sell if its rises to \$4.21. This week natural gas will trade mixed but still the overall trend will remain positive in gas as we see a hot summer in USA. This week will remain a bit weaker but buy around predicted lows.

Monday's trading range (all June contracts):

OIL: \$96.59 to \$94.32

NATURAL GAS: \$4.12 to \$3.93

HEATING OIL: \$2.9080 TO \$2.8600

RB GAS: \$2.8470 TO \$2.7850

CURRENCIES



Many traders must be so frustrated with the huge volatility in the currency market. Australian dollar, Euro, Japanese Yen and US Dollar are among the most volatile. Last week we have noticed that these four currencies moved up sharply and also fell just as sharply and this is making longer term positioning trader's life very difficult.

We are not really worried about other currencies but surely the above mentioned four currencies will lead all the other currency market into the same direction. **Australian, Euro and Yen will fall in the medium and longer term but the short term cycle will favor Japanese yen and it may move sharply higher from Wednesday so this is a great time to build strong buying positions in Japanese Yen Australian dollar, Euro and as well as Dollar. We still believe that 1000 pip profit is just there so don't miss these trades.**

Our whole focus on is Japanese Yen, Dollar buying is only recommended against Australian dollar and Euro. We are not focusing that much on Dollar at this stage because rising trend of dollar will remain slow in the short period compared to yen. US dollar Index will move up gradually, so keep adding positions if it falls back to around 81.60 to 81.25. One can start buying dollar around 81.65 and keep adding positions on every 10 points it falls.

It is clear from astro indications, that from Wednesday all major currencies will lose value against Yen and as well as US Dollar. This is a great time to make money, so this week your focus should be on currency trades rather than anything else.

Emerging market currencies will trade sideways during this week, from next week these currencies will start losing value against Yen and Dollar but they will gain against Euro.



Sometimes money can be made easily without any hard work if astro indicators are clear and this is the week when you can make tons of money easily in currency trading from Wednesday.

We don't want to say more, focus on currencies, forget about the rest of other markets, yes sell metals on higher sides and in the next seventeen days you can make yourself a fortune. Trade in areas where our waves of nature/astro combinations are clearer.

Monday's trading range: (June contract)

DOLLAR INDEX – 82.50 to 82.86

AUSTRALIAN DOLLAR – 1.0323 to 1.0250

CANADIAN DOLLAR – 0.9937 to 0.9872

BRITISH POUND – 1.5632 to 1.5498

EURO – 1.3183 to 1.3061

JAPANESE YEN – 1.0155 to 1.0050

SWISS FRANC – 1.0768 to 1.0655

N ZEALAND D – 0.8623 TO 0.8537

RUPPEE – 54.07 to 53.77 (Spot)

RAND – 9.09 to 8.95 (Spot)

We wish you a successful week of trading.

Thanks & God Bless

Mahendra Sharma

Sunday 5 May, 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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