



# **Weekly Financial Letter**

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## **Weekly Newsletter from 7-11 January 2013**

### **Era of “MADE IN USA” is coming back**

Dear Members,

It was really fun to write the 2013 Financial Prediction book, because we always like to present what we see in the future coming time. Before we used to try hard to predict the markets trend, but now we simple try to see the trends direction because that can make investors and traders life easy. In 2013 we are not very optimistic about metals trend and once investors read this headline it will become really easy for them to plan. Like right now our most important personal clients are not holding any positions in metals because we see a negative trend and they don't want to put money and wait for positive directions. In our book we overall guided positive and negative cycles for all most all major markets and we are sure that will help them to make decisions in the overall investment strategy.

We humbly request that you remain humble and calm if you are making money in the North-node + Saturn combination cycles because the nature of both these planets is almost the same and they take away everything if they see ego in anyone. We are basically representing and advising our members how to flow with all the different nature's cycles because it is very difficult to hold success. I have gone through many ups and down during my negative Saturn cycle and each day I learn so much in daily routine life as well as people's behavior. Before I used to react sharply but after I started meditating I feel clam and even started respecting any negativity because it will also teach me something. Any way's you know better how to lead your life, but once again I would like to say that life is short, every day we are walking towards the final destinations so do something which can make you depart happily from this planet. Yes, money is the center gravity point, so we have to make money to survive and do other good deeds so let's make money and share with the neediest around you.

You won't find a better place than the financial market to make money, so let's see what this week indicates for all major markets. We highly recommend reading the currencies sections very carefully because the golden era of dollar can come back, made in USA can retake an important place in the hearts of consumer, we are really excited about US Dollar and the US equity market.

Our astro indicators giving single of unemployment rate dropping toward 6.5 and interest rate rising by end of 2013; both these predictions are well before Fed anticipated.

Tuesday and Wednesday is Scorpio Moon, so trade with low leverage position because there will be volatility in all major markets.

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## GOLD/SILVER



Last week gold and silver fell sharply on Thursday and Friday as predicted. Many of our personal clients who have been trading gold for many decades are concerned as well. None of our clients are holding positions in metals at this stage due to our negative indications. For the first time in the last twelve years our astro indicators are not showing any positive signs and that is a concerning sign so those who trade in and out should be very careful in buying on any sharp fall because prices can fall further and they can get trap.

Last week gold went below \$1639, the most important level but bounced back and closed around \$1655. If it starts trading below \$1639 and if it closes below \$1639 then I may warn the metal community as weakness can remain for a longer period, **(gold investors are safe if gold remains above \$1639, like last year we mentioned gold is safe in its remains above \$1530)**. No accumulations, no calls and physical buying because metals can keep falling for the medium and longer term. At this stage we are very concerned because gold trading below \$1639 can open the door for \$1555 and \$1410.

Silver can also follow gold, but it can still hold last year's low of \$26.10 even if gold falls to \$1410. You shouldn't be trading metals with love, attachment or emotions because you are putting or investing money to buy gold hoping that prices may go up but if prices fall then it can give you huge loses, so trade/invest smartly.

This week it looks like gold may struggle to cross \$1668, and silver \$30.65 during this week, any sharp rise should be taken as a selling opportunity in gold and if you like to hedge trades then buying silver against it will be a good hedging trade. We still recommend avoiding trading in metals, or trades with low leverage and stop-loss. If you ask us how much money we will put in metals at this stage? Our answer will be zero dollars because we have other great trades available. Like previously when other financial instrument were not performing, gold and silver kept providing returns to investors, in fact in the last eleven year metals keep making investors richer every year but now the cycle have changed.

Most of you are aware that we are very bullish on stocks, and will remain bullish on the markets for the next two years. Yes in every bull trend there is a short term down wards corrections and in every bear market there is always a small upwards trend so there will be patches in which metals may move up and we will try our best to guide on those rising patches.

This week once again the Moon will be transiting from house of Scorpio, so we may see huge volatility coming back in the market. Moon will be trading in Scorpio from Late Monday, to late Wednesday, **so from late Monday or from Tuesday and Wednesday we will see both sides' sharp moves in metals**. Avoid trading with high leverage positions. Any fall will be sharp and sudden, also after sharp falls prices will recover falsely.



**On Thursday and Friday precious metals may stabilize** and traders can buy only for the short period trading only, we are not recommending any longer term investments.

Today we received a few emails asking that they believe some problem erupting in the middle-east can push gold back to high, our answer is gold doesn't need any war to go up and that is the wrong thinking. Why should metals investors want war and bloodshed for gold to go higher so that they can make money, this is the same like saying a farmer expecting a drought so that grain prices go higher, we don't understand how people think. Gold is still in its rising era for the next 40 years, but 2013/14 will remain weaker or directionless.

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

**GOLD: \$1665.30 to \$1641.50**

**SILVER: \$30.37 TO \$29.50**

#### BASE METALS



The positive trend of the global stock markets are helping base metals and oil because investors feel that the positive outlook of the global economy will support copper and oils trend. We still believe that Gold is the engine for commodities, and all major commodities will move in the direction in which gold is going. Gold played a key role in the last decade to bring a life in commodity markets; in fact the commodity market got revived only because of gold.

Copper won't be able to walk on its own path, but surely in some patches of 2013, copper and palladium will perform extremely well compared to platinum and other metals.

This week there will be volatility in base metals, prices will start falling down from late Monday, buy copper and platinum puts at this stage. We won't be surprised if copper moves down to \$327 and platinum \$1373 in a few weeks' time. Palladium prices will also remain weaker so avoid any investments in palladium as well.

Some positive movement will come in base metals on late Thursday, but positivity will remain for a short period of time. On Tuesday, Wednesday and Friday we see base metals remaining weaker. Sell ETF's of base metals.

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

**COPPER: \$372.75 TO \$367.10**

**PALLADIUM: \$696.50 TO \$679.20**



## PLATINUM: \$1577 TO \$1557.90

### INDEXES



Last week has proven to be one of the best weeks for the stock markets, especially USA equity indexes. We don't see this kind of move that often so it was fun watching S&P, NASDAQ and Russell moving higher with a huge percentage gain. It looks like NASDAQ is ready to hit the 3000 mark soon, and we won't be surprised if it goes there in the first quarter of 2013.

This week the Scorpio Moon is coming so surely some volatility will hit the markets but any corrections should be taken as a buying opportunity because the bull market has just started and has a long way to go from here onwards. This week Bio-tech, Healthcare and Pharmaceutical stocks will move sharply higher so you should be buying ETF's like **PPH**, **IBB** and **XLV**. Transport (**IYT**), consumer discretionary (**XLY**), industrial (**XLI**) and financial (**XLF**) are toward multiyear high, and they can still move higher.

Netflix, Apple, Amazon, Dell, HP and other tech companies can also move higher so hold positions in these stocks. Yes, we can protect our buying in US stocks and Indexes by selling energy and metals ETF's also you can hedge your buying by selling TREASURY BOND "TLT". Now investors are very lucky to have all these futures, currencies, call/put options and ETF's product to hedge their risks, unfortunately 15 years ago these were not available or only a few could have access to put hedging strategies in place.

This week you should be reducing your exposure in the market on Monday because on Tuesday and Wednesday we may see huge volatility with both side price fluctuations. Mid Thursday will be a great time to buy back positions in the market. If the markets don't fall on Tuesday and Wednesday then we may see a one sided up move so wait for our flash-news on Wednesday evening. At this stage our advice is to stay away on Tuesday and Wednesday, but don't short market thinking that they will fall because in a bull cycle shorting can prove to be the worst strategy. In a bull market cycle, you should be buying on weakness, like in the last week of December 2012, the markets fell sharply and those who bought them made fortunes and those who were shorting never got time to cover because the markets opened gap-up.

Emerging markets (**EEM** and **VWO**), Latin America (**ILF**) and FTSE/Xinhua (**FXI**) remained the best performing ETF's, Taiwan and other emerging markets started shaking a bit at higher levels. USA equity markets remained the best performing among all markets. Yes, South Africa did amazingly well as well.

This week is the time to finish pending work, avoid any aggressive trading, or trade in and out for the first three trading days. We will plan again taking positions back in market from Thursday.





Best strategy: if you still like holding positions in the markets then hold your positions in the USA equity and sell positions in emerging and European markets. This will be the best trading strategy for this week because the Scorpio moon can bring some negative news from Europe or emerging markets so these markets can fall more than USA equity markets. We don't recommend any shorts in the USA equity market, buying on weakness is our strategy.

**Monday's trading range (March 2013 Contract):**

**AUSTRALIAN (Cash) – 4771 to 4740**

**NIKKEI – 10892 TO 10750**

**NIFTY S&P (Spot) – 6040 to 5999**

**SINGAPORE (cash) – 3240 TO 3224**

**HONG KONG (cash) – 22743 to 22586**

**CAC – 3748 TO 3721**

**DAX – 7815 TO 7745**

**FTSE – 6080 TO 6000**

**S&P – 1464.75 TO 1452.75**

**NASDAQ – 2732.75 TO 2703**

**RUSSELL – 880.75 TO 867.75**

**DOW – 13390 TO 13330**

Early last year we recommended few stocks but then we never reminded you on those one, they were Master Card and Visa. You must hold these two stocks in your portfolio. Chart is here above, In the two years' time we see both these companies going four digit.



**TREASURY BOND**



After Japanese Yen and S&P, Treasury bond has proven to be a great trade. Yes selling metals during last week also proved to be a good trade but still for those who were planning to build longer term selling positions in bond got trade on the right



time. All thanks goes to the astro cycles and the wave of nature strategy.

A Five percent correction in bond is huge, so we may see some volatility or both sides' moves in thirty year bond for the first three days. Our first target is achieved already and now we will wait for our medium term target of 135 which should easily be achieved in the next forty five days. Any rise in Thirty year bonds should be taken as a selling opportunity, one can sell or add more positions around 145/146 levels.

On Monday we see that Thirty year bonds may form a short term bottom, some movement can come on Tuesday and Wednesday. Sell positions Thursday, and those who don't care for short term weakness should hold positions and add more on any rise.

### **Monday's trading range:**

#### **TREASURY BOND – 145-05 TO 144-00**

#### **COFFEE/COTTON**



Last week India announced 12% down in coffee productions and that started to support prices on down sides. On the other hand Brazil still has to sell its productions, weather currently is friendly and lot of supply from Colombia is keeping prices down. Rust has come on coffee plant leaves in Mexico, Roya is concerning news because it shouldn't spread but Brazil and Columbia crop is doing good so traders on the

floor are not that worried at this stage. We are not concerned about any negative or positive news from Brazil, one thing we are 100% sure about is that coffee prices will rise from current levels. On the down side we are not expecting much, maybe another two percent but the higher side is limitless because coffee prices is not breaking lows since North-Node have changed house.

This week coffee prices may remain sideway to positive. On Monday it will remain in a tight range but from Tuesday onwards some positive momentum can come. On Wednesday and Thursday prices will move in both directions but on Friday we may see an up-side break-out above \$150.

Cotton crop is doing, China is still holding back from any big buying commitment. At this stage cotton prices will remain in a sideways directions, so trading in out should be the right strategy during this week.

### **Monday trading range: (Mar 2013 Contract)**

**COFFEE: \$149.75 TO \$144.20**

**COTTON: \$76.10 TO \$74.20**



### COCOA/SUGAR/ORANGE JUICE



Last week a sharp fall in orange juice created some panic. Reports came out that Florida's current weather is very friendly and may give big productions, after this news orange juice fell from \$143 to \$110. For the last two weeks our view has been also been negative and that's why we were not recommending any buying in orange juice. We highly recommend avoiding any positions in orange juice as prices may hang around current levels. If you still like to trade then

read our daily flash-news for in and out trades.

Last week we predicted a negative trend for Cocoa, and it has been falling down. We are not recommending any buying during this week but surely you can take some buying positions on mid Friday as next week we may see some recovery in cocoa prices.

Sugar crop is turning out big from Brazil, India, and other producing nations. Our views are not very negative for sugar even though the fundamentals news are negative. The down side is very limited but on the higher side we may see selling pressure so avoid any big trading positions in sugar at stage because the astro combinations are not supporting them 100%. We may see both sides move in sugar prices during this week. We may see prices gaining at least two percent due to the moon being in Scorpio. From Monday to Wednesday there will be a positive trend but from Thursday we see again profit booking coming in.

#### Monday trading range: (Mar 2013 Contract)

**COCOA: \$2250 TO \$2205**

**SUGAR: \$19.05 TO \$18.65**

**ORANGE JUICE: \$114.95 TO \$110.70**

### GRAINS



We are not recommending any medium or longer term trades in grains as prices will remain weaker for some time. The best strategy will be trading in and out on a daily basis and this will provide you with great returns. Once again rice looks like a great buy at this stage so you can take positions on the lower side.

Any rise should be taken selling opportunity in grains as we





see a new multi month low in grains prices from here. Wheat has a limited down side but corn and Soy will keep trading weaker.

**Monday's trading range (March 2013 contracts):**

**CORN: \$687.25 TO \$674.50**

**WHEAT: \$756.50 TO \$740.25**

**RICE: \$15.15 TO \$14.92**

**SOY: \$1404 TO \$1374.25**

**SOY MEAL: \$403.30 TO \$393.90**

**SOY OIL: 50.81 TO \$49.72**

**ENERGY**



Oil has been holding well above \$90, and traders are watching oils trend closely because the technical charts are showing positive momentum. Astro indicators are giving a negative outlook from Thursday of this week so those who like to take medium and longer term positions should add selling positions on Thursday. From Monday to Wednesday we will see both side movements with volatility. On Tuesday

and Wednesday oil may move higher and then it will fall sharply. The trading range of this week will be \$94.48 to \$89.78.

Natural gas fell sharply in the last month; \$4.12 selling was a great call. Avoid any big positions in gas as we see both side movements at this stage. On Monday we may see some positive movement but from Tuesday it can start trading weaker and this weakness can continue on Wednesday as well. On Thursday and Friday we see some recovery coming back in the markets. In the worst case scenario we see gas may go back to \$2.85, and this will be a great buying level as once again from these levels it will bounce back to \$4.00.

**Monday's trading range:**

**OIL: \$94.05 to \$92.32 sell at higher sides,**

**NATURAL GAS: \$3.36 to \$3.20**

**CURRENCIES**



Last week dollar gained value handsomely against Yen, Euro and Pound. Yen fell against every currency, and is looking



very negative at this stage for the longer term. If you read “2013 Financial Predictions” you will come to know why we are predicting a weaker Yen, and a strong dollar against every currency. In fact we see dollar once again becoming the most desirable currency, we clearly see the era of USD and “made in USA” coming back.

After US Dollar we see a few emerging market currencies performing well. Indian Rupee and Real will do well in the longer term. Canadian dollar will also gain against many other currencies.

Let me come back to the short term scenario, we don't see US dollar coming back strong for another week, it may trade mixed but surely dollar will start trading with the positive trend of the stock markets. This will have two major impacts; the first one on commodities as a strong dollar will make commodities nervous. The second impact will be on money flow, money will flow back into USD and USD investment instruments. The housing market recovery will attract new money; better performance from US corporates will also bring huge inflow of money into these companies. USA Banking industry will start rocking again; and these are just a few points that are giving a positive outlook for USD.

Don't invest in countries like UAE or countries which have a currency pact with USD because soon these pacts will be taken off so watch your investment in these countries. Today I can give the best advice to keep money in USD because dollar will eventually become the most trustable currency against other paper currencies. Gold's era will come again but at this stage it looks like gold's shine will get fade in the medium term.

Let me come back to this week's newsletter. Selling Yen has proven to be one of the best trades of the last two months. In the short term we see some recovery in Yen so buy it on Monday. If it stays above 113, then we can see 117.88 again. We will eventually see par value in the 2013, and in the medium term 107.65.

Euro, Australian and Pound may gain some value on Monday but the higher is limited, so sell these currencies on late Monday or Tuesday. Cover positions on late Thursday or Friday.

Canadian dollar will trade mixed with a weaker trend.

This week Yen may gain value against emerging market currencies.

Emerging market currencies will trade mixed to weaker, and this week will bring a great buying opportunity in Rupee, Peso, Real and Rand. Buy these emerging market currencies on Thursday or Friday. From Monday to Wednesday we will see both side movements but prices will go towards the weaker sides. Those who bought these currencies at higher levels should be covering positions on Monday and getting back into trades on either mid Thursday or Friday.

Dollar index will be a great trade if it comes down 0.50 from current prices because

Monday's trading range (March Future contract).

**DOLLAR INDEX – 80.88 to 80.38**



AUSTRALIAN DOLLAR – 1.0475 to 1.0387

CANADIAN DOLLAR – 1.0152 to 1.0093

BRITISH POUND – 1.6129 to 1.5981

EURO – 1.3139 to 1.3020

JAPANESE YEN – 1.1439 to 1.1318

SWISS FRANC – 1.0868 to 1.0761

RUPPEE – 55.21 to 54.55

RAND – 8.59 to 8.50

**Best trades of this week:**

**Chinese market looks great during this week, so don't miss opportunity of buying**

**Sell metals on higher sides**

**Avoid any aggressive trade as this week is Scorpio Moon.**

Small support: Please let aware about our new book to your close people. If we come right what we see for 2013, then they will also make money. Let everyone be successful, let pray for happy and prosperous 2013.

Thanks & God Bless

Mahendra Sharma

Sunday 3.00 PM Santa Barbara

