

# Weekly Newsletter

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## **Remain focus, opportunities will knock your door**

Dear Members,

Traders and investors brains always remain very active because their trading positions or investments can be affected by any small news related to the financial markets. This is not the case if you are working in any other area. If someone asks me, "Mahendra, which is the most challenging area to work in?" My answer will immediately be trading in the markets. I am telling you that choosing a career in the financial industry is the most challenging job and becoming an advisor for the financial market is worse than choosing the financial market because you are at edge all the time. People won't remember how many accurate predictions you made, but they will remember the few wrong predictions and they will erase all good memories of the past. Who can understand this better than me, I have been in the advising services for the last 17 years, and have been trading markets for the last 26 years.

Let's go back to the first comment in the above paragraph where I mentioned that trading in the financial markets is the most difficult job. Yes, people may think that you just sit in front of computer and read a few reports and invest. Let's give them money and tell them to handle money, within a few months they will start getting headaches. So, what shall we do to make our life better compared to other investors and traders because we have an extra tool to read the oncoming waves in the market, which can guide us, well in advance.

Yes, you can give it any name, financial astrology/planetary movements/wave of nature, can guide us and make our life easy but the problem is that many other things come in between it, like greed, ignorance and impatience.

As I have said before, the world has a population of six billion and we are all different. Our way of thinking is different; conducting routine work is different; sometimes family and social

responsibility; and fear of failing, tries to beat other in performance and the many thousands of other things happening with us every day. This means life is challenging and on top of that if you choose the financial market as a career it makes life double as challenging because there is so much volatility and you have to take care of all these challenges.

I have a few challenges as well. The first and foremost priority is to be accurate every day, every week, every month and every year. For example; this year people won't remember the S&P rise prediction, dollar move or the euro problem but they will point out how I was wrong about the rise of metals.

The key people in the financial industry are aware that billions of dollars follow our advice on metals as our track record on metals was great. So many times a few powerful groups go against our predictions and take advantage of them for a short period. They can't manipulate the currencies; bonds or the stock markets but to manipulate metals, soft and grains is very easy.

So, now I am taking other factors as well in my predictions in mind to try to purify my study so that you can take the correct action at the right time. Like our advice of stay away from coffee, cotton and soft commodities has proven to be so great and that saved money and even though we are so bullish on coffee and cotton we tried to push our predictions to the sidelines until we are a 100% sure. I still believe that by the end of 2013 coffee may be sitting at \$500, but knowing this if we start buying at \$180 can hurt our account very badly. Today I have decided to come out with a few great longer term trades which I believe that no one can predict with the amount of accuracy and this is all thanks to astrology.

If you have good amount of money and if you can park some money in longer term trades in terms of call options then here are some great trades of a life time. One cannot throw you out of your positions if you holding longer term calls, it doesn't matter where the market is going for the shorter period. The second advantage is that you know your risk when you are buying calls, and you won't lose single dollar more than planed if we come wrong.

Here are few trades if you have \$50000 and are ready to take some risks:

1. As you are aware, our longer term outlook for silver is very bullish, so buy call options of December 2013. Buy at the call strike price of \$37. We are targeting more silver to reach more than \$70.
2. Buy coffee calls of December 2012, price target \$200 and December 2013 price target \$210.
3. Buy Puts of Thirty year bonds, December 2012, strike price 140.
4. Buy S&P 2012 December Call of 1400, we may see 1600.

Note – According to what I see, even if I am accurate on one of the above mentioned predictions I am sure you will make good sum of money.

On many occasions I have had the problem of seeing trades too early, because I see the planetary movements and get easily excited and I release the news immediately. Many of you also get excited with our target and jump into the trade a bit early.

**Let's see what this week indicates about market trend from 4-8 June:**

## **GOLD/SILVER**



Once again last week gold touched \$1530 and bounced back sharply. It looks like \$1530 is the magic figure for gold and \$26.30 is magic figure for silver. We are still not comfortable enough to advise you on buying gold; yes, you can buy silver but we see that the safest time to trade is from the first week of August therefore there is no need to take any risks here.

Our longer term view on gold is very bullish and we see silvers trend being five times stronger than gold's so we will watch on weakness to get in but surely apart from call options we won't recommend futures trades at this stage.

This week looks mixed but on Monday prices of gold and silver will move rapidly on both sides, so trade carefully.

On Tuesday any weakness should be taken as a buying opportunity but on Wednesday the prices of gold and silver may fall again.

On Thursday and Friday we don't see any positive momentum so those who like to trade with positioning trade should stay away from metals.

The trading range for gold will be \$1637 to \$ \$1578. If its break \$1578 and trades low for one day then gold touching \$1550 is a possibility. The higher side is very limited, and if its break \$1637 then it can move to \$1647. The chances of going on the lower side are 70% and the remaining percent on the higher side.

Avoid metals stocks at this stage.

Here is Monday's range:

**GOLD: \$1630.75 to \$1592.10**

**SILVER: \$28.88 TO \$27.98**

## BASE METAL



Palladium looks positive but Platinum and copper will remain mixed. We may see a positive trend in copper, palladium and platinum on Tuesday and Thursday. On the rest of the days these metals will trade in the predicted daily trading range.

Any sharp rise should be taken as a selling opportunity in base metals. We are not recommending any buying positions at this

stage.

Here is Monday's range:

COPPER: \$336.90 TO \$328.10

PALLADIUM: \$620.00 TO \$605.80

PLATINUM: \$1448 TO \$1405

## INDEXES



Last week the markets started falling apart, and investors are getting confused whether this is the time to buy or they can wait. We have been writing one thing very clearly about the bull cycle which started when S&P was at 1090 and ended at 1407. When S&P was at 1090, we recommended buying it aggressively and our target was 1407 to 1421 and it accomplished that.

After the ended of this first cycle we are not recommending any sided aggressive trades. Yes, we did mention that after 15 May markets would remain sideways or weaker and this weaker trend can remain until mid July.

From August 2012 you can load up on stocks; don't worry about any economic data, the US elections or even the Euro crises because the next rising cycle will be solid and more rapid than the first cycle (1090 to 1407).

We clearly see that is S&P going towards 1600 by the year's end. So many will ask how low S&P can go from here, and my answer is that we are very close to the bottom of this weak trend. On the lower side it can touch 1247 to 1212. In the worst case scenario S&P may move towards 1177.

From June to August S&P will remain in the range of 1357 to 1177; and from mid August making start one side trades and you will make a fortune; like how few of our close friends made money in the last six months in S&P. The same we mentioned in our book.

**This week the markets will remain very volatile due to the week starting with a Scorpio Moon. Most you are aware that in a Scorpio moon, trades never give anyone money so it is better not to trade. On the day of a Scorpio moon the markets move on both sides rapidly and one can sell on any sharp rise and buy on any sharp fall.**

On Monday the markets will move both sides,

Later on Tuesday one can take buying positions for a short period on any weakness as the US markets should close on a positive note, but book profits either on late Tuesday or early Wednesday.

On Wednesday the weaker trend will come by the end of the day.

On Thursday the markets will bounce back and this rising trend will remain on Friday as well.

**Follow all the markets trend as per mentioned above here! Emerging markets are very close to the bottom. This is the time to start shopping for stocks in the Indian stock market as well as some of the heavily beaten stocks in the problematic European countries.**

**Most of you are aware that our longer term call for S&P is S&P reaching 3200 in the next three years. If you keep this in mind then I am sure you will be able to buy in the market during fear periods.**

Last year there was so much fear in the markets when S&P was around 1100. It looked like everything would fall apart but due to the planetary movement we saw one of the three best bull markets of all time on the way. That was the only reason why we came out of one the best predictions of buying S&P at 1090 and target 1400 in the coming five months.

**We see a great time for silver, coffee and grains so we will be waiting for the right opportunity to buy it and we are very close to the buying opportunity in these commodities.**

**I am sure this few above mentioned paragraph will help you in thinking; because most of the time the current market noise or fear keeps you away from the greatest trades and that is the reason most of the investors don't make money.**

Here is Monday's trading range:

AUSTRALIAN (Spot) – 4110 to 4057

NIKKEI – 8305 TO 8155

NIFTY S&P (Spot) – 4912 TO 4959

SINGAPORE (Spot) – 2739.7 TO 2710.00

HONG KONG (Spot May) – 18423 to 17991

CAC – 2952 TO 2883

DAX – 6117 TO 5995

EURO STOXX – 2078 TO 2027

FTSE – 5298 TO 5187

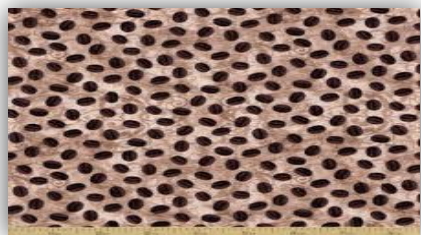
S&P – 1265.75 TO 1277.50

NASDAQ – 2485.5 TO 2507

RUSSELL – 747.50 TO 728.25

DOW – 12246 TO 12059

## **COFFEE/COTTON**



Our advice of staying away from both of our favorite commodities has proven to be very accurate. Our medium and longer term outlook for coffee is great so keep a close watch. This week is the time to acquire some positions in coffee and cotton, but put more of your focus on coffee.

This week from late Wednesday or Thursday one should take trades (CALL OPTIONS) in coffee and cotton. Also you can buy future contracts but go with very low leverage.

Monday's trading range:

COFFEE: \$160.25 TO \$155.95

COTTON: \$70.59 TO \$68.00

## **SUGAR/COCOA/ORANGE JUICE**



All these soft commodities will remain sideways. Orange juice may move bit on Monday, Tuesday and Thursday but there is no need to take any big positions; just trade in and out. The same we recommend for cocoa and sugar.

Monday's trading range:

COCOA: \$2083 TO \$2039

SUGAR: \$19.25 TO \$19.75

ORANGE JUICE: \$110.05 TO \$114.10

### THIRTY YEAR BOND



We are very close to the top but bond prices may remain very volatile so trade carefully. One can start buying put options with the price target of 140 by September 2012.

Sell on mid Tuesday, and adding some more positions on mid Wednesday will be good trades for the shorter term; and cover back on Friday or next Monday.

Monday's trading range:

TREASURY BOND – 153-11 TO 151-09

### GRAINS



Avoid any positions in grains for the first three days but from Thursday one can start buying wheat. Avoid the rest of the grains and just focus on wheat as wheat is ready to move up big time.

At this stage I will recommend trading in and out in soy bean and soy meal, but don't short soy bean and meal as some

more positivity is still pending.

Wait for Wednesday or Thursdays Flash News because we see a sharp rise in wheat.

Here is the day trading range for Monday:

CORN: \$559.25 TO \$643.25



WHEAT: \$619.25 TO \$605.5

RICE: \$14.18 TO \$13.98

SOY: \$1353.25 TO \$1327.75

SOY MEAL: \$400.05 TO \$390.90

SOY OIL: 48.95 TO \$48.10

## OIL



Our advice on selling oil remained the third best after buying S&P and dollar in 2012. You don't need to trade in everything, just chose a few markets and take position there.

We targeted oil to reach \$78.80 when it was \$105. The rest of this year oil may remain in a sideways trend so trade in and out with our weekly advise and short term trading advice by the flashnews which provided great return for day traders so far.

One should be out from all short position once oil reaches \$78.80. After that we will come out with our new target. This week's range should be from \$85.55 to \$78.65.

Two weeks ago we called a short term top in natural gas, and recommended booking profit around \$2.80. It fell from there and now you should be ready to take some buying position on late Wednesday or around \$2.21. Our daily flashnews will guide you.

Monday's trading range:

OIL: \$84.95 to 82.39 July contract

NATURAL GAS: \$2.27 to \$2.38

## CURRENCIES



One of the best times is coming to get into emerging market currencies, but don't jump because the final rough patch is still pending. Those who have long pockets can take small positions in Indian Rupee, Rand, Peso, Rubble and Real. A major turnaround in these currencies will come between 17 June and 12 July so one should finish buying positions by mid-July. We



are expecting a five percent upwards move by mid September.

Selling Emerging market currencies advised in the first half of 2012 surprised everyone. This prediction made many wonder how we were able to predict the fall of emerging markets and emerging markets currencies in the first six months of 2012 because everyone thought that the rise of S&P will pull everything together. Yes, I am happy too because we kept recommending buying S&P and USD assets and kept recommending selling emerging markets and emerging markets currencies and this has proven to be a great advice.

Anyways, nature's cycle keeps changing, and never stays in one direction so the time for emerging markets will also change. These currencies will bounce back, but if you ask me what we will the best trade in the next three years; my answer will be S&P, Silver and Coffee. Yes, there will be hundreds of other trading opportunities for the short and medium term and we will be able to write on those in weekly and flashnews.

Anyways, this week currencies will trade mixed. Tuesday will be the day when dollar will start losing some value and the weaker trend may remain for a few days so keep trading in and out rather than making one sided trades.

Monday's trading range is here:

DOLLAR INDEX – 83.39 to 82.61

AUSTRALIAN DOLLAR – 0.9745 to 0.9593

CANADIAN DOLLAR – 0.9647 to 0.9577

BRITISH POUND – 1.5447 to 1.5360

EURO – 1.2501 to 1.2373

JAPANESE YEN – 1.2875 to 1.2729

SWISS FRANC – 1.0368 to 1.0271

RUPPEE – 55.90 TO 56.34

RAND – 8.45 to 8.57

**I am sure you must have liked the new look of mahendraprophecy.com. Due to a few request we started two new services. First, the corporate client services and second is the life time membership.**

Understanding day trading range and making trades:

**Instructions:**

We write a day trading range for all the above mentioned markets and it is very simple to use. Example; If we write that metals will trade positively on Monday then buy metals around our predicted day low; and vice versa for our predictions about negativity one would sell around the predicted high. Once the prices cross either side don't take another trade.

On Friday we mention that gold's trading range would be \$1545 to \$1575. In the morning in Asian markets and in European markets gold already came to \$1545, so there was no need to sell; and if you sold then cover your trades and stay away from the market. We all know that gold crossed \$1575 and many might have taken sell trades but if it moving our higher side price then there is no need to double because it now entered a new horizon. Once in awhile, moves like the one on Friday comes but out of 10 times 8 to 9 times the trading range will almost match the actual market range.

Thanks & God Bless

Mahendra Sharma

Saturday 2 June 2012