

Weekly Newsletter

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Weekly newsletter from 26-30 MARCH 2012

Dear Members,

After S&P had one of the best rallies in recent time, now the time has come to take a break before it gets ready for another upside move. I don't see any sharp fall in the markets but there will surely be some corrections which will attract new investors as many missed the recent rally and are holding large sums of cash to get in.

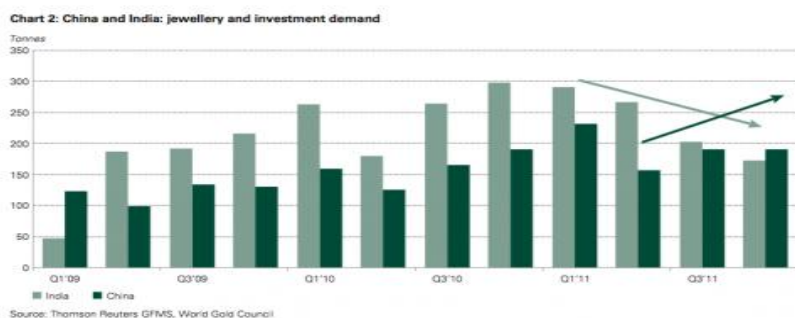
Gold markets:

- The Indian Government has increased import duty on gold as well as imposed excise duty on retailers and manufacturers. Due to all this Bombay Bullion is expecting 35% less import of gold from India, also retailers will buy less gold. Basically, the Indian government doesn't want people to park money in gold because that has been case for many centuries. Also black money is going into gold and the government doesn't want that to happen. In the last ten years Indian consumers have been buying physical gold and that cash is blocked and government wants the money to be circulated into the economy rather than fixed in terms of assets. It is a clear indication that the Indian government likes to create policies which could keep away investors.
- Reduction in EURO CPI is indicating less concern of inflation
- Long holding liquidation by gold ETN and ETF as equity looks more attractive at this stage

Gold ETF investors face a new challenge as India, the largest consumer of gold in the world, has announced it will double its tax on gold imports. India imports virtually all of its gold and the tax, currently at 2%, will rise to 4%. This tax increase is a part of the new Indian government budget announced late last week and is designed to help narrow its budget deficit.

According to World Gold Council Data, India was the largest consumer of gold in 2011. China surpassed India in quarterly consumption during the second half of 2011 however, and the new tax on gold in India

will further propel China's ascent into the top spot. Here's a graphic comparing India and China gold demand trends over the last few years from the World Gold Council's 2011 Global Demand Trends Report.



India's new tax will impact gold demand and thus gold prices. To what extent, it is hard to say at this point. Some believe the tax will help the Indian economy and budget deficit which will increase India's appetite for gold in the long term. One conclusion is certain however, China's economic health, and corresponding gold consumption, will now be of greater concern to gold ETF investors going forward.

Currently there are four physical gold ETFs listed in the United States holding more than \$80 billion worth of physical gold stored in vaults. GLD and IAU are the dominant gold ETFs holding more than \$78 billion in assets. Here is the physical gold ETF chart ranked by assets under management. By Christian

Our outlook is very positive for USA stocks and metals until end of May 2012, and then we may see corrections.

Here is this week's weekly newsletter from 26-30 March 2012

GOLD/SILVER



At this stage you shouldn't be worried about stocks and metals as Astro cycles are giving very positive indications. I believe that gold could have easily come down to \$1250 if the current Astro cycle was not supportive. I see gold is only holding due to Astro positive cycle because all other factors are at this stage are against precious metals.

It looks like gold to hold \$1625 and silver \$31.00, our previous support levels were \$1637 and \$32.80, but silver started trading below \$32.80 and I must admit that I was wrong on silver as far as the lower side goes. Yes, I still doubt that gold and silver will break our predicted low of 2012 of gold \$1550 and silver \$26.80. These prices are also mentioned in the book.

It is always easy for media to write because they can turn any side, but for me, I don't have choice because once I predict I have to stick with it. I can't keep changing my predictions otherwise our outlook won't be called predictions. So far we are happy with the stock trend and soon from next week will be excited to see metals rising.

This week I can see gold and silver forming a strong bottom. This means that both these metals will consolidate before they start moving up. If you believe what I see coming true then your strategy should be:

Buy call options for July 2012, gold reaching \$1800, and silver \$37.50. The current sentiment is negative in metals so you may get a good deal with these calls. **If my theory is right than we will see gold going towards\$1800 and silver \$42.50 within next 45 days.**

I am aware that at this stage calling a bull market in gold and silver is suicidal but I am ready to take this risk because I trust my theory more than fundamentals, charts, and macroeconomic studies. Only due to this theory, was I able to call S&P reaching 1407 when globally, the investor community didn't have a clue about where the world is heading because the EU situation was in ICU. None of the banks, financial institutions or know analyst came out in public and said that the most bullish trend is coming. Even if some were feeling that the market would turn around, they never had the guts to say buy because everyone is scared of being wrong, they feel that their name may get tarnished.

Anyways, on Monday metals should remain positive, From Tuesday onwards some mix trend will come and this whole week we may see both side moves without any clear directions (**but if Tuesday and Wednesday gold remain positive then expect huge up-move in precious metals**). On Wednesday and Friday metals may gain value from day's low so add more position. I highly recommend getting into solid buying positions by Friday in both precious metals.

We predict here that this week will be final week before most exiting bull market starts.

Here is Monday trading range:

GOLD: \$1650.5 to \$1675.20

SILVER: \$31.81 TO \$32.68

(if Tuesday and Wednesday gold remain positive then expect huge up-move in precious metals)

COPPER/PALLADIUM/PLATINUM



This week base metals may remain sideways or a bit weaker. I don't recommend any positions in base metals for the first four days. You may get in and out if you like to day trade. Among all these three base metals cotton still looks far better, platinum may remain sideways but surely the overall trend is very positive for the medium term.

Palladium outlook will remain bearish for the time being, or especially this week.

I highly recommend that compared to base metals, one should just focus on precious metals as after this week they will move up much faster than anyone expects.

Here is Monday trading range:

COPPER: \$375.7 TO \$386.3

PALLADIUM: \$654 TO \$673.90

PLATINUM: \$1618 TO \$1653

(if Tuesday and Wednesday gold remain positive then expect huge up-move in precious metals)

STOCK MARKET



Last week the markets consolidated after S&P touched our magic number 1407. I receive many emails saying that my theory doesn't work whenever I am wrong for a few predictions for shorter term, but most investors don't appreciate the accurate predictions.

Anyways, it is our job to give you the outlook and our outlook for the market is still rock solid strong. Last week we recommended booking profit in part of your position and I am sure many must have done that. Still tech stocks are our favorite so any five percent weakness in these stocks should be taken as a buying

opportunity.

A new cycle is taking birth for natural resource for the next 39 days, so one should start buying Uranium, rare earth, gold, silver and base metal stocks from this week. I see these stock gaining at least 25% value from the current level.

S&P will consolidate; I don't see S&P going below 1337 now, so you know your lower side buying levels. In fact I still recommend buying S&P if it comes down to 1363. Follow S&P, the Japanese markets may move higher after this week, Germany and European markets will remain sideways or a bit weaker during this week. Our next target for S&P is 1423 to 1441 which may be achieved in the month of April. We don't recommend any shorts in markets after this week.

India, Hong Kong, and China will still struggle but all these markets will bottom out around Thursday or Friday, so one can start building long positions. The Month of April will be very positive for all emerging markets.

Buy emerging market ETF's, EEM, this week you can hedge you trade with FAZ.

Here is Monday's trading range:

AUSTRALIAN – 4239 to 4278

NIKKEI – 10018 TO 9901

NIFTY S&P (Spot) – 5262 to 5337

SINGAPORE (Spot) – 3003.7 TO 2989

HONG KONG (June) - 20509 TO 20300

CAC – 3438 TO 3393

DAX – 7069 TO 6987

FTSE – 5865 TO 5797

S&P – 1403.75 TO 1383.50

NASDAQ – 2748.5 TO 2715

RUSSELL – 833.75 TO 819.25

DOW – 13138 TO 12989



Both these chart are taken from Australian market, I strongly recommend to accumulate Australian mining and material index (Second chart), which may force main Australian market to move toward new high.

TREASURY BOND



This week thirty year bond prices will move high and may touch 140. This will be the final up side move. Last month we predicted that thirty year bond prices would fall from 145 to 135 and those predictions were fulfilled.

In the last three months a few of our predictions got fulfilled and they are:
Falling Yen from 132 to 120

Silver touching 37.28

Treasury bond falling from 145 to 135

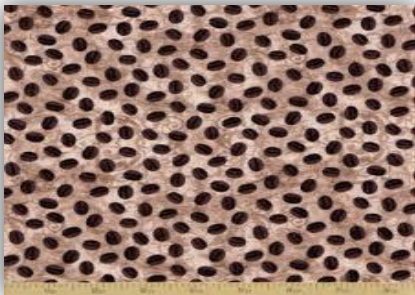
S&P reaching 1407

Now I am waiting for Silver, coffee, natural gas and cotton to move as predicted in the book.

Monday's trading range for thirty year bond will be:

TREASURY BOND – 137-11 TO 138-19

COFFEE/COTTON



The bottom has been achieved for coffee and cotton, and from here onwards some consolidations will take place before both these soft commodities start new journey.

Most of you are aware that to call a bottom and top is always difficult for everyone including me, but our theory gives a clear picture of the medium and longer term trend so it become very easy to get in keeping medium and longer term trend in mid. The best way to get in is call options, start accumulating call positions without fear at this stage in

coffee and cotton. Target coffee \$250 and cotton \$120 by December 2012.

This weeks strategy - One can start buying coffee and cotton on late Monday and hold positions until Thursday morning, one can book some profit on Thursday opening and get back on late Friday.

Cotton will start moving higher first but from May coffee will start flying so keep this mind and start taking trades from this week.

Here is Monday's trading range:

COFFEE: \$176.30 TO \$181.70

COTTON: \$89.11 TO \$90.63

COCOA/SUGAR/ORANGE JUICE



I won't recommend any positions in these soft commodities for the time being, as all these three soft commodities will remain directionless. Among all soft commodities only coffee and cotton looks exiting.

Here is Monday's trading range:

COCOA: \$2271 TO \$2327

SUGAR: \$25.39 TO \$26.03

ORNAGE JUICE: \$164.90 TO \$169.20

GRAINS



This week soybean may make a new high, and may touch the \$1400 magic mark so hold positions in bean, if someone like to buy then must accumulate for short term trading on Monday, and get out by late Thursday.

Last week wheat traded positive, this week we still see some positive movements coming for wheat. Though the overall trend in wheat is mixed but limited on the down side so day traders should be using strategy for buying at lower side of day.

Corn may trade weaker or mix, avoid soy oil and soy meal for this week. During last three months we constantly recommended holding trade in Soy. Here is last three months chart of Soybean:

Here is day trading range for Monday's:

CORN: \$650 TO \$639.75

WHEAT: \$646.25 TO \$663.5

RICE: \$14.51 TO \$14.79

SOY: \$1355 TO \$1379

SOY MEAL: \$370 TO \$375

SOY OIL: 54.40 TO \$55.32



ENERGY



This week oil prices will remain in trading tight range. We still recommend to get in and out in intra-day as this strategy is working very well.

Natural gas and RB Gas will move up so accumulate trades in, heating oil will be great hedging tools. Energy and energy service stocks will do well so accumulate position in these stocks.

On Monday we may see some correction coming in oil later in the day. On Tuesday and Wednesday oil may remain weaker so focus on day trading, sell around higher side range.

Friday will be the best day to accumulate positions in oil.

Monday's trading range for energy May contracts:

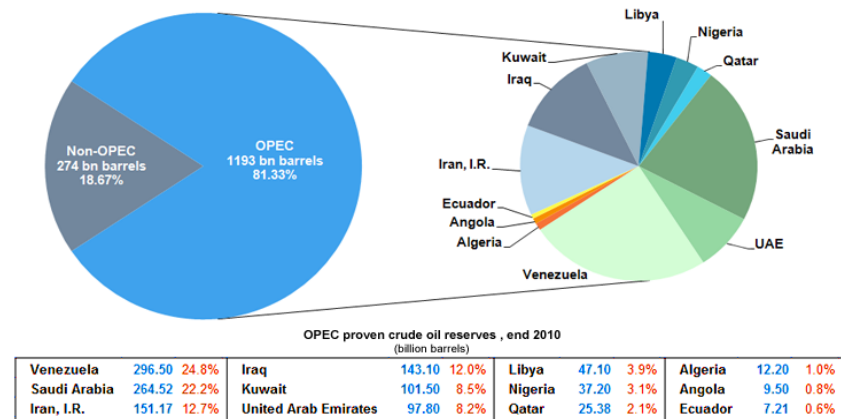
OIL: \$108.39 to \$105.72

NATURAL GAS: \$2.32 to \$2.42

HEATING OIL: 3.2030 TO 3.2710

RB GAS: 3.3418 TO 3.4080

OPEC Share of World Crude Oil Reserves 2010



Source: OPEC Annual Statistical Bulletin 2010/2011 edition

CURRENCIES



This week on Monday all major currencies will gain some value against US Dollar but from late Tuesday dollar will start gaining some value. Like oil all major currencies will remain in trading range.

Last week on Wednesday we recommended

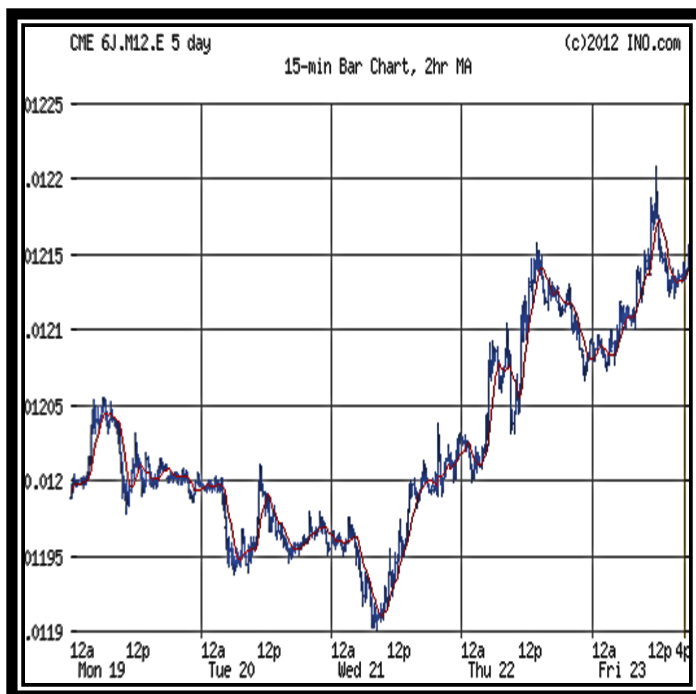
covering all shorts in Yen, it gained nicely on Thursday and Friday. The higher side for Japanese yen is limited, so we will recommend taking selling position in yen against Dollar on Tuesday. **Here is Yen chart for last week.**

Australian dollar will lose value against almost all currencies this week, especially against British Pound.

Emerging market currencies will gain value against all currencies during this week.

Euro will trade mixed but Pound and Swiss Franc will gain value, in short I will recommend trading in and out in currencies as our theory is not recommending any one side move in any currency.

Wait for ten days, because from 2 April dollar will start moving sharply higher so it is a great time to build trades in USD around 2 April 2012.



Monday's trading range is here:

DOLLAR INDEX – 79.32 to 79.87

EURO – 1.3325 to 1.3219

AUSTRALIAN DOLLAR – 1.0328 to 1.0421

CANADIAN DOLLAR – 1.0047 to 0.9963

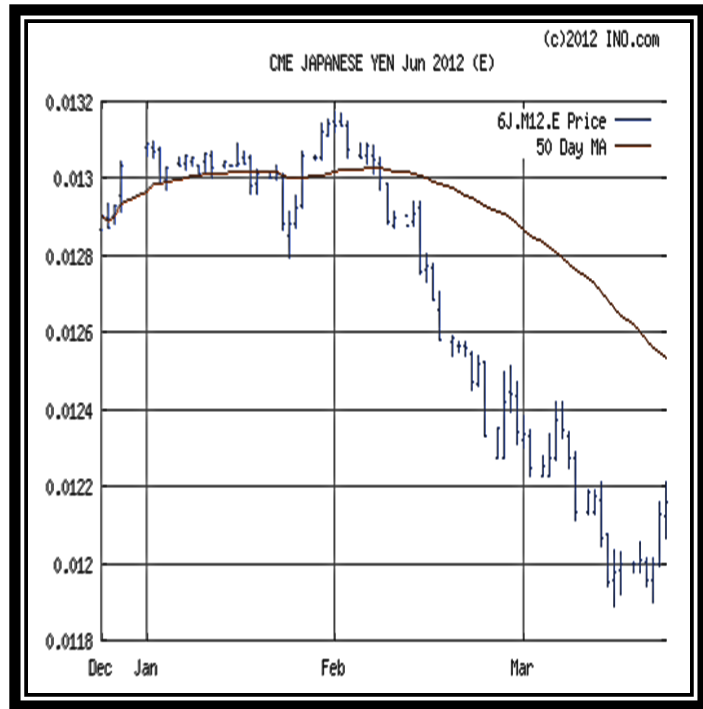
BRITISH POUND – 1.5820 to 1.5915

JAPANESE YEN – 1.2056 to 1.2198

SWISS FRANC – 1.0961 to 1.1059

RUPPEE – 51.28 to 49.82

RAND – 7.68 to 7.59



Here is last three months chart for Yen:

STOCKS/ETF's



Buy TLT (Barclays 20+Treasury bond), trading around 112 and our prices target is 124 within next two to three weeks.

BUY EWA (which is Australian market), and EWT (Taiwan market), this week both these markets will outperform.

Take some positions in FAZ on Tuesday, to hedge your portfolio.

Hold trade in all other stocks in housing, keep adding FNMA and FMCC. Keep adding URZ and DNN as well from Uranium sector.

Thanks & God Bless
Mahendra Sharma
Sunday 25 March 2012, 9.30 AM

