



Weekly Financial Letter

By

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Weekly Newsletter from 3-7 December 2012

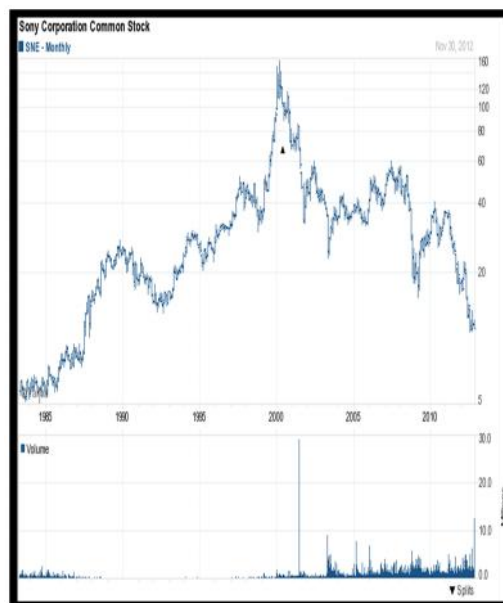
Dear Members,

Last week the Asian and emerging markets gained sharply, and it was clear evidence that money is flowing back in these markets. We have been watching currency trends very closely because it is important, as for the last two weeks Yen was falling down and Nikkei moving sharply higher indicated something very important is taking place. We are sure serious fund managers and institutions must have been watching this development closely.

Whenever we receive an important email from any of our members we don't reply directly to the member but we reply in our newsletter so everyone can read it. **Yesterday we received two similar emails from our institutional clients asking whether Yen and Nikkei's kind of trend is possible in other markets, and our answer is no. Each countries fundamentals are different, and it is depends on their central bank, politicians and big corporate houses about what they want. Yes, sometimes the situation also slips from their hand like in the Asian tiger crash events, or the South American currency meltdown.**

Fall of Yen is surely in the interest of Japan, and this gives a clear sign that they are very seriously about fighting back with Chinese exporters. We believe that it is a very well planned game by Japanese policy makers. There is no clear incidence but many serious analysts believe that in the last ten years Yen appreciation was prearranged by Chinese so China can easily beat Japan in export with cheaper price.

Japan took long to understand this conspiracy; yes it is too late but now they are acting fast. Japan would like to dominate the Auto industry again, though we and they aware that it is too late because Germany Auto makers (BMW, AUDI, MERCEDES, PORSCHE, VOLKSWAGEN) have been rocking in the last six years, they have eaten a huge chunk from the Japanese auto makers sales. The Japanese industry is dying, and one time one of most trusted name in electronics "SONY" is nearer to collapse, and the stock price of Sony is at life time low (**look at chart of Sony from 1985 to 2012**). All blame goes to the policy makers of Japan





as well as Industrialists who were not able to convince the government to do something long ago.

Lest see how low Yen goes from here. Let's see whether once again people will start buying Japanese products or not. We are aware that it is too late, but this is a final attempt. **Yes, 2013 and 2014 will be good years for Japan but after that fall of Japan is almost certain.** We don't know at what value Yen will trade at in the future, and we hope that Toyota remains with the Japanese but if someone buys the company from them, then what?

Last week we were surprised that the Japanese cabinet itself decided to pump around 60 billion dollar as a quantitative easing, this kind of decisions are in the hands of Central banks but now politicians are making Central bank decisions. We think Japanese Central Bank should wake up now, and should start making decisions rather than just supporting the zero growth policy and zero rate policy which we have been seeing since last one and half decade.

Indian Rupee trading weaker, but a weaker Rupee is not threat to the world because the Indian economy does not depend on exports. Yen benefits out of weaker rupee but overall people would like to see stable a rupee. Software Industry was key area that gave recognition to India and that is also fading or losing its charm. If these companies are not careful then the future of Indian software industries will go in other people's hand.

Many of my Indian Friends still keeps talking about that how India was rich five hundred years ago before the **Moguls and British conquered and stole its wealth. There is no point in talking about the past; India has to wake up now because they have big social issues, corruption and governance issues which can drag India backwards. Yes the Indian Rupee gained last week and the Indian stock market gained as well, it is clear sign that the central bank and policy makers are keen on a stable Rupee, they are not interested in weakening their currency like Japan. Rupee will trade in the ten to twelve percent range.**

South African Rand's trend and the stock market pattern is purely depended on metals move, especially gold. A strong Rand can hurt them as well as mining industry.

USA and Europe has different situations, their industry group are divided. Countries like Greece and Spain which depend on tourists are hurting because of a strong Euro. Fall of Euro can bring millions tourist to these countries. If I am the head of these countries then I will detached from Euro and bring their own currencies back, yes it will take many years to stabilize but surely longer term benefits will be great. Under EU and Euro I don't know how these two countries will move ahead on growth path. I feel pinch spending in Euro in Europe because I feel it is not worth it against the value what I get.



Any ways we are ending this discussion here only and go back to weekly trend. We may be able to finish our book by mid-December, 2 January 2012 our new book "2013 Financial Predictions" will be out.

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GOLD/SILVER/BASE METALS



In last week's newsletter we recommended booking profit on Friday during the European trading house or opening of USA because we saw some weakness. Yes we are bit nervous about precious metals trend from middle of this week.

On Monday and Tuesday gold, silver and base metals will trade in the predicted range so trade in and out.

Late Tuesday or before closing on Tuesday you can **take buying positions in gold, silver, and base metals as on Wednesday and Thursday** our Astro indicators are clearly giving rising indications. You should remain in the buying positions on both these days or buy on any weakness.

On **Friday metals may fall sharply, so better book profit on late Thursday or Friday morning in Asian or European trading hours.** No need to buy any positions on Friday as prices can fall below our predicted levels.

We highly recommend selling copper and other base metals, as prices can fall sharply from Friday onwards. Don't buy metals after Thursday until our indicators don't give any buying indications.

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

GOLD: \$1728.00 to \$1705.50

SILVER: \$33.86 TO \$33.05

COPPER: \$366.95 TO \$360.10

PALLADIUM: \$690.80 TO \$678.20

PLATINUM: \$1618 TO \$1595.20



INDEXES



We feel very close to S&P because whatever trend astro indicators indicated for S&P in the last 16 months have proven accurate.

Last week Indexes performed extremely well, as we mentioned in first section above here about different world markets. Last week emerging markets performed tremendously well as many Index

based stocks did well.

Right now puzzle in everyone mind is where S&P will move from here because still Fiscal cliff threat is standing like wall and if deal doesn't take place before the deadline then it can bring horror seen in markets. Yes, this is right but here what we see:

We aware that how important our statement will be for you, after reading Astro combination it looks like any time **between 7 to 11 December they (Democrat and Republican) will able to agree on Fiscal cliff deal and markets will be on fire so we are not recommending any sell position. No one should take any short position. We are aware that during 2012 most of our members traded S&P and other markets with long position, we still recommend holding long position till S&P remain above 1382, once S&P break 1418 and close above this level will push S&P toward new high of 2012.**

If deal doesn't take place before by **11 December then we may see they will prolong until last minutes.** There is one contradict indicator are showing in our theory and this from **Friday 7 December commodities turning negative** and this **negative trend can remain until 16 December**, and contradict is that one indicator showing very positive news between **7 to 11 December for stock market but another one is giving negative sign for commodities from 7 December.** Let's wait and time will reveal everything. Yes one small piece of advise we would like to give here and that is if fiscal Cliff deal take place between 7-11, and we all aware that markets and commodities will move higher, **so in scenario you should sell commodities on rise, in fact you can short commodities and hold you stock position.** We hope you will able to make some good some profit out of this advise and may your year end with happy note.

If deal doesn't take place by 11 then you should be out from commodities and for stocks or indexes we will come out with news recommendation in the next week newsletter.

Let's talks about this week trend, as per Astro indications we see positive trend coming in the markets from late Monday, any weakness on Monday and Tuesday should be taken buying opportunity in markets.



Wednesday and Thursday markets will close strongly or on positive note, either late or from Friday some weakness coming but don't short on weakness add more positions as weekend or on Monday positive news will put markets may be on fire.

Emerging markets will trade in tight range or bit slow compare to last week, this week European and USA equity will dominate trend so book profit in international markets and hold trade in European and USA markets.

Please read this stock market sections carefully.

Monday's trading range:

AUSTRALIAN (Cash) – 4530 to 4509

NIKKEI – 9555 TO 9445

NIFTY S&P (Spot) – 5907 to 5857

SINGAPORE (cash) – 3078.00 TO 3056

HONG KONG (cash) – 22108 to 21901

CAC – 3583 TO 3435

DAX – 7464 TO 7378

FTSE – 5907 TO 5833

S&P – 1421.25 TO 1405.75

NASDAQ – 2686 TO 2654

RUSSELL – 825.25 TO 813.25

DOW – 13065 TO 12930

TREASURY BOND



This week thirty year bond prices will trade mix, so watch our daily flashnews for short term trading.

Those who are holding short position on our recommendations shouldn't be worried much as higher side is very limited. Those who like to enter in new trade can plan building up put options as medium and longer term trend look very bearish in



thirty year bond. Our first target 143, second 136 in the next three months. Higher side can target 153 on maximum side.

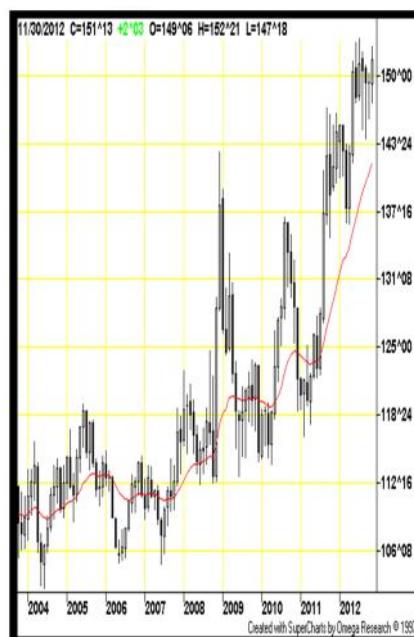
Monday and Tuesday Treasury bond will remain in the tight trading range, so on positioning trade recommended but yes you can trade in and out as per our daily predicted range.

Wednesday and Thursday we see thirty year bond prices will fall sharply.

Friday prices may gain again but you should adding more position as we are expecting some positive news on Fiscal cliff, and any positive development can push prices higher.

Monday's trading range:

TREASURY BOND – 151-20 TO 150-21 (Dec)



COFFEE/COTTON/COCOA/SUGAR/ORANGE JUICE



All these soft commodities are trading directionless. We would like to put here strong statement that you should be look seriously at coffee, cotton and sugar trade as they can turn into most exciting trade in coming time.

For very nearer term cotton and sugar looks positive especially first three days of this week. Coffee will still trade in volatile trend but one can build position between \$150 and \$147.

Our this week recommendations is buy sugar and cotton, last week cotton provided some nice gain and we recommending for another few days or book profit around \$76.35.

Sugar can move up to \$20.45 and coffee range will remain \$147 to \$156 for this week.

Monday trading range: (Mar 2013 Contract)

COFFEE: \$152.75 TO \$149.20

COTTON: \$74.55 TO \$73.55

COCOA: \$2538 TO \$2470



SUGAR: \$19.55 TO \$19.21

ORANGE JUICE: \$124.95 TO \$121.10

GRAINS



Last week grains traded mix with positive momentum. We are still don't recommending buy any positions in grains, surely we may see positive trend in rice until 15 December. We may see weakness in grains on Thursday onward so stay away from Thursday.

Monday to Wednesday soy, corn and wheat will trade mix or in the predicted range. Those who still hold position in corn can hedge this buying by selling Soy oil. As we see weakness in oil, so it has to impact soy oil as well. In fact soy oil has been trading weaker since last four months, prices fell more than 15%, currently trading at yearly lows. We see in Medium term it can fall to \$44, so another ten percent fall can be expected.

Corn will be good buy if it comes around \$687, and wheat around \$750. Currently trading in and out as per predicted range will be best strategy in the grains.

Monday's trading range (March 2013 contracts):

CORN: \$755.75 TO \$745.50

SOY: \$1450 TO \$1430.25

WHEAT: \$873.50 TO \$857.25

SOY MEAL: \$430.30 TO \$423.90

RICE: \$15.41 TO \$15.12

SOY OIL: 50.71 TO \$49.60

ENERGY



Oil still holding due to positive trend in S&P, but our outlook is still negative for medium and longer term. This week as per Astro combinations we see oil prices trading with big volatility, watch oil trend very closely as we don't see oil going above \$91.45 and remaining above this level.

Note – Don't trade oil on technical strength, technical charts can fool investors many time buy showing fall strength.



This week oil may trade positive on Monday and Tuesday, we may see oil going closer to \$90 or trading around \$90, those who are shorts in oil can reduce holding, those who are holding puts in oil should keep holding put option trade. From late Wednesday oil prices will start giving up gains after touching weekly high and weakness will continue.

Last week Natural gas fell sharply as predicted, we see gas prices holding lower side around \$3.42, one should be covering all below \$3.50 during this week.

Monday and Tuesday prices will remain mix, some positive movement will start from late Wednesday or Thursday and it will trade positive on Friday.

Monday's trading range:

OIL: \$89.59 to 87.45 (Jan 2013 contract)

NATURAL GAS: \$3.64 to \$3.45 (Jan 2013 Contract)



CURRENCIES



Japanese yen finally started breaking down; rally in Yen which started from 2007 is finally fading away. Since last five months we constantly recommending of selling Yen in the medium and longer term trading book. Any rally can only push 240 pips from current level, and down side 2000 pips you can count in the next 16 months. It is clear that Yen is heading toward par value.

In the last one month Yen winning top position by losing against each and every currencies on this planet. Like Swiss franc was the worst performing currency in last quarter of 2011, this year Yen is taking that place. These both currencies are used to be as hedging against any uncertainty but both losing charm.

This week Yen will trade both sides, so trade in and out as per our daily flash. Those who are holding short in yen should remain in the trade. Monday and Tuesday Yen will trade mix or bit positive but Wednesday and Thursday it will give up gains and Friday it may gain some value back so it clear that Yen will trade mix during this week. No net buying is recommending as yen is in bear trend and it will remain in the bear trend.



During this week Euro, Pound and Swiss Franc will trade mix due mix Astro combinations so we are not recommending any aggressive trade in these currencies. Monday we may see these currencies losing value against USD, and same trend may continue on first half of Tuesday. Wednesday and Thursday these currencies will gain value against USD but Friday these currencies will lose value against USD.

Canadian and Australian dollar trend also looks uncertain during this week. Australian dollar will remain weaker in the medium and longer term trend but short it will trade both sides. This week Australian dollar may lose value against Euro, Pound, Dollar as well as emerging market currencies. We doesn't see Australian dollar trading above 1.0575 in the short and medium term. This week Australian dollar will lose value on Monday and Tuesday, Wednesday and Thursday we see side way trade but Friday against it will lose value.

Canadian dollar will remain relatively strong during this week against all major currencies so one can take buying trade in it.

Emerging market currencies will remain bit weaker on Monday and Tuesday, but from Wednesday onward they will move higher and this rising trend will continue until Friday. Cover all shorts and buy some position in Indian Rupee, and other emerging market currencies during this week. Rand may hit new lows during this week but lows will be limited, soon great buying opportunity is coming in all major emerging market currencies.

Monday's trading range (December Future contract)

DOLLAR INDEX – 80.42 to 80.01

AUSTRALIAN DOLLAR – 1.0457 to 1.0378

CANADIAN DOLLAR – 1.0081 to 1.0025

BRITISH POUND – 1.6057 to 1.5968

EURO – 1.3040 to 1.2890

JAPANESE YEN – 1.2181 to 1.2089

SWISS FRANC – 1.0815 to 1.0738

RUPPEE – 54.60 to 53.90

RAND – 8.92 to 8.78

REAL - 2.1450 to 2.1000



Overall – Turning around points:

Late Friday one should buy indexes, hold stocks and Index position tight

Avoid commodities from mid Thursday until we don't recommend buying, this applies for metals as well

Sugar and Cotton will trade positive, coffee will turn around from this week

Avoid currencies, grains and metals

Thanks & God Bless

Mahendra Sharma

Sunday 5.00 PM, 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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