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## Predictions update 28 Nov '07

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A great sell-off in stocks offering us plenty of down days which can be used to move to fully invested. Financial news channels are discussing recession and financial meltdown every day, the consumer confidence is at its lowest in many years,...

It doesn't get much better than that if you are looking to buy stocks at attractive prices.

Next month our FPF index for Nasdaq turns positive and will stay positive throughout most of 2008. The year of Earth Rat will be mostly Water and Earth element, two elements that favor a rising Nasdaq index. Get ready.

A few things to remember.

Whatever happens to the financial system. Those houses that were built with borrowed money will not disappear, and they will be owned by somebody.

Who cares about financial losses? Financial games are typically "zero sum".

Consumer debt? Not every consumer is in debt.

The borrowed money that has been spent on houses, cars and flatscreens, that money has not disappeared from the planet. It is sitting in some account somewhere, it may be in China or Germany, or... , but it is there. These are consumers with plenty of money to burn.

Do you think they will be stupid enough to wait till these dollars get slowly worthless?

Housing bubble? Calculated from an Euro perspective the average home in the USA is now cheaper than it was 5-6 years ago. It's not the house prices that have gone up, it's the dollar that has gone down. That's why \$ prices of gold , oil and eggs have all gone up as well.

Don't be fooled by the financial media reports.

While a sudden selling climax in stock markets remains still possible, the chances for it will wane quickly when we go into December and then next year.

Look for the Nasdaq to turn up, and the dollar to regain some lost ground against the Euro.

Gold and silver could see a rather sharp correction into early next year, then probably another rally higher. We will present more detailed preview in our 2008 prognosis, which we hope to send out around year end. Stay tuned.

Happy trading.

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