

Four Pillars Finance Newsletter

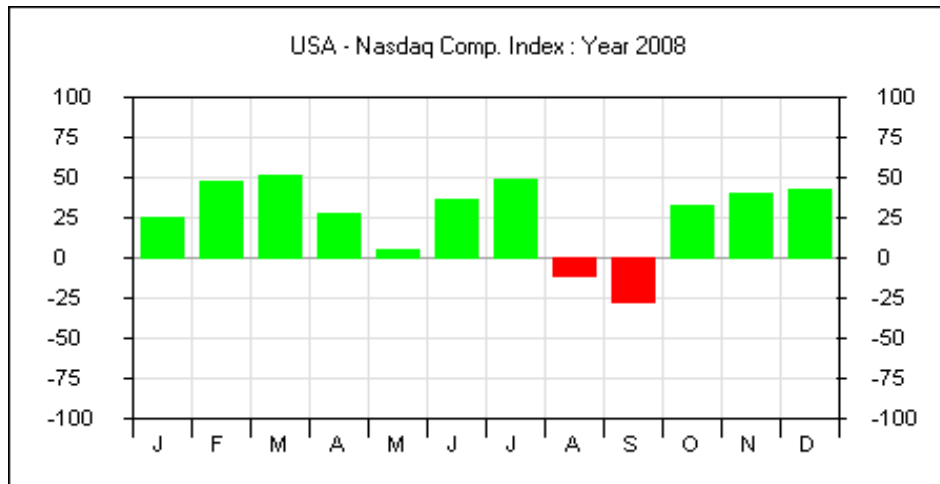
Issue #89 (5 August 2008)

The Yang Metal Monkey month is about to get underway.

Metal months have a history of producing stock market bottoms, from where a new upswing starts. We have a good chance to see something similar this year.

We will use this issue to provide an update on the new year predictions we made last January. See: <http://www.fourpillars.net/finance/pdf/year2008.pdf>

Here we repeat our FPF prediction chart for the Nasdaq in 2008:



(Predictive chart made with FPF 1.1 software, available at <http://www.fourpillars.net/finance/fpf.php>)

Nasdaq

Clearly our 2008 prediction for Nasdaq has been too optimistic.

We have not seen any move to the upside yet, and we are hovering near the lows of the year.

I think our long term outlook will prove right, but we stepped in some 6 months too early.

Now the more likely scenario is for a rally to start in August/September metal months low, and go up well into 2009.

Several factors could easily contribute, despite the very gloomy mood right now.

There is certain to be a new US president next year, and the end of the war in Iraq is likely to support the dollar and send oil prices lower. This is already starting. This will then improve the mood and the economy.

So if you have not bought stocks yet, or quit the market in panic, this is a good time to get in for the patient investor with a few years time horizon.

Important is for the Nasdaq to hold the support above 2000.

If it falls below this level, we will have the depression scenario, that we already mentioned in our long term Nasdaq prediction charts 3 years ago:

[Http://www.fourpillars.net/finance/pdf/naslong2005.pdf](http://www.fourpillars.net/finance/pdf/naslong2005.pdf)

[Http://www.fourpillars.net/finance/pdf/naslong2006.pdf](http://www.fourpillars.net/finance/pdf/naslong2006.pdf)

[Http://www.fourpillars.net/finance/pdf/naslong2007.pdf](http://www.fourpillars.net/finance/pdf/naslong2007.pdf)

Here is our updated prediction chart for Nasdaq:



Gold

We advised to stay out of gold stock this year, and look for a bottom by summer. This got me some angry mails from investors telling how wrong I am on this one.

But if you look at the XAU gold stocks chart below, you will see that despite all the media hype about gold, and despite gold price briefly shooting above \$1000/ounce, the gold stocks are down this year, and the fall seems to be accelerating.

So , you didn't miss anything by staying out of gold stocks.

We are nearing the end of Earth months bottom period for gold stocks, and I wouldn't be surprised if we find bottom near the 140 level, where there is good support from long term uptrend line (see chart). Gold stocks will then probably try to go up again into the end of this year.

Here is the updated chart:



Euro - US Dollar

For the Euro we predicted that it was close to a top and might hold up till May before starting to decline. Euro has gone to 1.60 but is stagnating since May.

Expected bottom months are the upcoming Water months October/November. The Euro could fall to 1.46-1.48 against the US\$ by then.

Here is the prediction chart:



Crude Oil

Rising oil prices have dominated the news.

We predicted falling oil price, but for the second year in a row we seem to be wrong on that one.

Well, there is still 5 months left in this year.

Usually when a market keeps going up against the cycles, the gains are artificial and not rarely reversed completely in a crash.

Oil has now formed a classic blow-off peak, as you can see in the chart below.

Projected Chinese cycles low for oil is coming by October/November.

Don't be surprised if oil prices keep going down, all the way back to where they started the year.

Here is a chart of the Crude Oil ETF (ticker: USO), which mimics the spot price of crude oil, and can be bought and sold as a normal stock on the market.

I would stay out of oil till USO hits 75 or lower:



Four Pillars Finance software - Free trial download

For more detailed daily prediction charts you are welcome to download the Four Pillars Finance 1.1 software on our site : <http://www.fourpillars.net/finance/fpf.php>

The program calculates the Chinese cycles and shows you in advance the best days , months or years to buy or sell stocks, gold, bonds, currencies, commodities...

No experience in Chinese astrology is needed in order to use this program.

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