

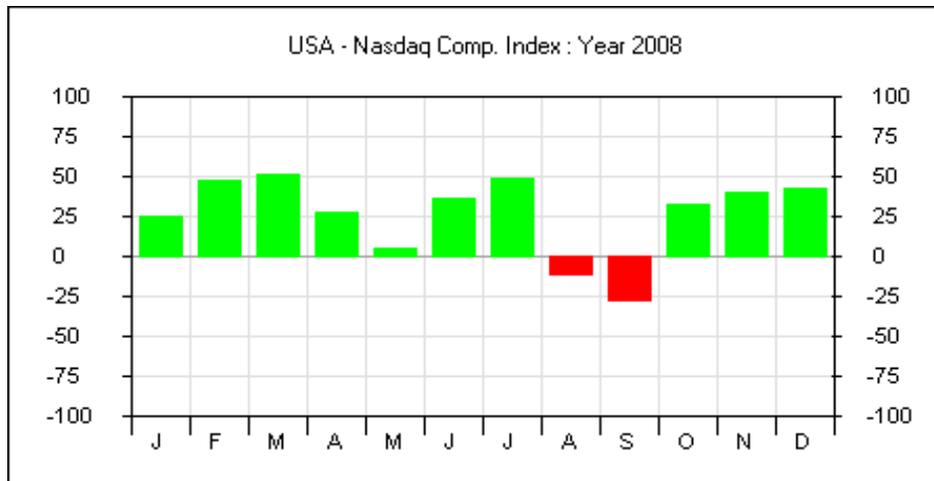
Four Pillars Finance Newsletter

Issue #90 (22 September 2008)

The Metal months are nearing their end.
An update on our predictions made in early August

Most of our Chinese cycles seem to be on the mark for the moment.
Gold, oil and Euro made dramatic drops, stock markets went into a panic.
Will the government bailouts work?
More on that below.

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

The Nasdaq made another drop down, inspired by the financial sector problems.

We now have a bottom right in our expected September bottom period on the FPF chart for this year.

A bounce up is now very likely for at least the next few months, probably up to 2500 area (see chart below).

The big question is whether September low will hold later on and into next year..

If not we will be right in 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)

So keep an eye on this chart. Any move below 2000 will result in a long and painful slide.

The possibility of breaking even lower is now very realistic as you can see in the chart that a shorter term uptrend has been broken already. If the 2000 level doesn't hold, then all bets will be off.

We hope to update our long term Nasdaq chart as soon as time permits

Here is our updated prediction chart for Nasdaq:

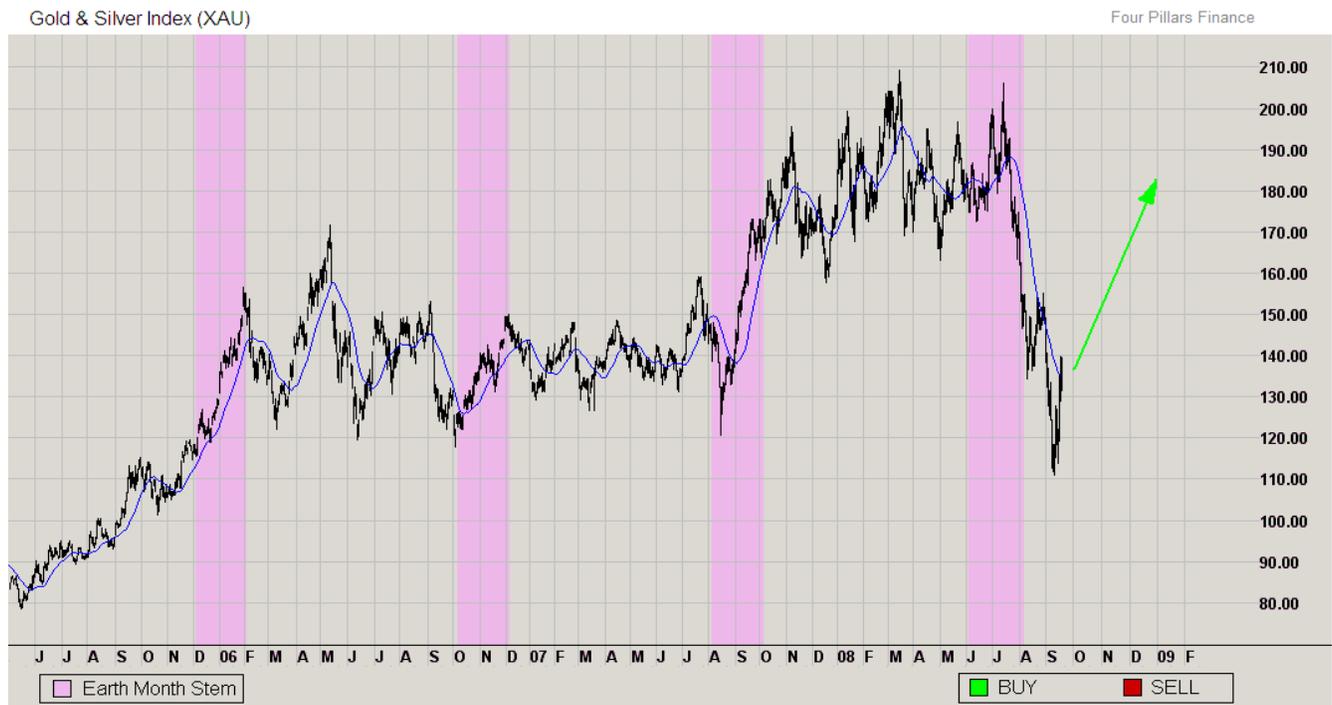


Gold

Gold stocks fell and even went below our target of 140 on the XAU.
Now look for gold and gold stocks to go back up into early next year, and possibly to new record highs.
Also silver and other commodities have made huge drops and are now attractive buys again.

Remember, when paper goes worthless and financial companies turn out to be big bags of wind, then more people might discover the merits of owning something more “real”
Whatever happens, people will probably continue to use metals and eat food for quite some time to come..

Here is the updated chart:



Euro - US Dollar

Also the Euro fell as we predicted and went lower than our price target.
The Euro reached 1.39 before rebounding a bit.

Expected bottom months for the Euro are the coming October/November.
Euro will then probably stage a rebound into early next year, so there is opportunity if you can buy it anywhere between 1.34 and 1.42

Here is the prediction chart:



Crude Oil

Oil dropped and the USO oil ETF reached our buy target below \$75

This market is also expected to bottom in October/November from where it could well go up all the way back to new highs by next year.

So you can buy USO between \$70 and \$80

Here is the updated chart:



Financial crisis

Several readers have written in with questions about the current financial crisis.
Will the markets crash? Will the bailouts work?

Our FPF prediction chart for the financial sector shows a bottom for September this year.
So we could see a bit of recovery from here.
But on the yearly cycles the financials are not expected to bottom before 2010 or 2011.
That means there are likely to be more economic troubles in the years to come.

The expensive bailouts the governments have announced may stem the crisis for a while , but it doesn't solve the real problem. The problem is that most consumers are so deeply in debt that they can't pay their bills anymore.
That's what caused many of these loans to go into defaults.
So unless people's wages go up in some way or other, the basic problem isn't solved.

Einstein used to say : “We can't solve a problem with the same kind of thinking we used when we created it”
But the US government tries to solve this debt crisis with even more debt, in order that consumers and businesses can
borrow again (Paulson's words)
Will it work? How?

There is something wrong with the idea that credit is needed for an economy to grow.
In a healthy economy people can live well by spending their monthly income (and even save some), and businesses can expand by re-investing their profits.
That is called “organic growth” and it is the only sustainable way.

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.

If you want to receive our next monthly outlook in your mailbox, please subscribe to the free Newsletter on our site: <http://www.fourpillars.net/finance/news1.php>

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