

Four Pillars Finance Outlook 2007

The New Chinese Year of the Yin Fire Pig will start next February 4.

A brief review of the predictions we made last year:
(see <http://www.fourpillars.net/pdf/year2006.pdf>)

We predicted Nasdaq ending near 2500 level.
The Nasdaq Index actually closed at 2415, up about 10% for the year.
We expected peaks in April, July and November.
The peaks in April and November we got, but July was a bottom.
That's not too bad.

For gold stocks we expected a weak first 3 months, followed by a further rise.
The XAU actually spend the entire year going up and down, and ended 2006 with little change.
This prediction was not so good.

Our prediction for Euro/Dollar worked out well.
Predicted rise back up towards 1.35 against the US dollar came very close by the end of November, leaving the Euro up more than 10% for the year.

Our commodity pick Silver did extremely well.
We predicted that silver would be a buying opportunity till March.
In the chart below you can see how silver could be bought between 9 and 10 \$/ounce, then took off and rose 50%.
Prospects remain good for a further rise in the next few years:



Predictions for 2007

Here is the new Nasdaq prediction chart for 2007:



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

Things look quite good after some expected weakness in January.

The FPF Index will be positive till April.

But giving the very strong performance in the stock market since last summer, I am not so sure this will carry us much higher from here.

I think April will give us a double top near 2500 levels, and then a decline till well into next winter.

As you can see the FPF index will be mostly negative from May till November, so I would expect to see some downside action during this period.

I consider two possible scenarios here.

A mild decline towards 2200, then a rebound.

Or a more serious fall towards 1750.

The mild decline is somewhat more likely, but we will need to assess that by the summer.

In both cases 2007 is likely to be a down year for the stock market.

Here is our rough prediction chart for Nasdaq in 2007:



Other markets:

Gold stocks: probably rather flat till April - May, then upwards for the rest of the year.

Euro/US dollar: the Euro is expected to peak by next summer, then a consolidation for the rest of the year.

Our picks for 2007:

Year of Fire Pig is likely to bring us more natural disasters again, probably involving extreme heat/droughts in some parts of the world combined with very wet conditions in other parts..

So climat change will remain in the news, but expect more international initiatives and cooperation to combat the problem.

Avoid oil stocks.

Our commodity pick for 2007 is : Cotton.

Due to global warming people will need more cotton shirts and less woolen pullovers.

Just kidding, of course..

Actually, our FPF prediction chart for cotton shows excellent upward potential for the next two years.

And this while cotton prices are at historically low levels, in fact lower then they were in most of the 70's and 80's

With the new Cotton ETF that trades on the London Stock Exchange and on Euronext Amsterdam (symbol: COTN), it is now possible for retail investors to invest in cotton directly, without going to the more risky futures markets.

We regularly update our predictions via the free monthly newsletter.

The link to sign up is found at the bottom of this letter.

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>

You are welcome to forward this free newsletter to anyone who is interested.

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