

# Four Pillars Finance Outlook 2011

(3rd January 2011)

Welcome to our prognosis for the year 2011

The New Chinese Year of the Yin Metal Rabbit will start next February 4.  
But as always, we give our preview in early January.

First a brief look at the predictions we made last year, our hits and our misses.  
They were posted on the FPF blog site in 2 parts:

<http://fourpillarsfinance.wordpress.com/2010/01/05/2010-outlook-for-stock-markets/>  
<http://fourpillarsfinance.wordpress.com/2010/01/15/2010-outlook-for-gold-and-other-markets/>

Hit:

Our predicted pattern for the Nasdaq stock market panned out nicely.  
We did get a difficult first half of the year, next a market recovery in the later months.  
And the 'noticeable downside action' for April-May came right on target.

Miss:

Our prediction for gold stocks was not good.  
We did get a peak in June, but the gold and gold stocks kept going up in the second half of the year.

Hit:

For the Euro – US\$ currency rate our prognosis was right on the mark.  
The dollar went up till June, and next the Euro recovered.

Hit:

We did get rising oil prices, with a barrel of crude ending the year above \$90.

Miss:

Our prediction for most grains and other commodities to be under downward pressure was obviously wrong.

Hit:

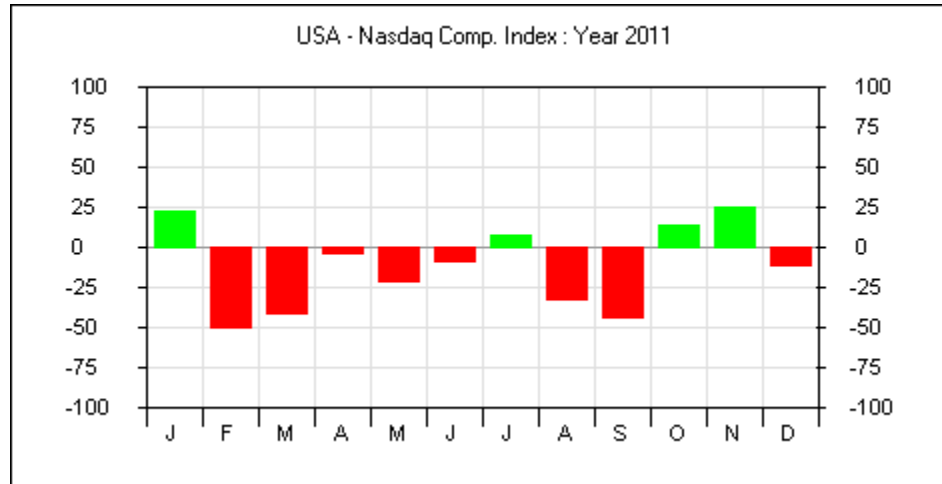
Our prognosis for bonds and interest rates worked well.  
Bonds went up till September, then declined quite fast.

Overall, four hits and two misses.  
That's not a bad year in this line of work.

## Predictions for 2011

### Stock Markets

Here is our Nasdaq prediction chart for 2011:



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

As we mentioned in last year's prognosis, the first two years of a new decade typically bring some great buying opportunities for long term investors (more on this in a future issue of our newsletter).

2010 was expected to give us a bottom around mid-year, and the people who bought last summer are now up about 20% already.

The Chinese cycles now show us two potential buying opportunities for the Nasdaq in 2011.  
The first one in February-March, but that could stretch into May or even June.  
The second one in August-September.

This doesn't mean we are guaranteed to get declines and bottoms in these months, just be ready to buy if an opportunity presents within these timeframes.

Metal Rabbit is a mixture of Wood and Metal element, conflicting elements, so look for another bumpy ride this year. If losses are not too big by September, then we will end the year in the plus, but the odds are for a down to flat year.

We will discuss the ongoing evolution in the [FPF newsletter](#).

And I also give weekly comments on [the LunaticTrader blog](#).

## Gold and Euro/US\$:

Gold stocks:

According to our cycles, 2011 will be a bottom year for gold and gold stocks.

Expected bottoms around June – July, or in October.

If we do not get any meaningful corrections in these timeframes, then look for gold to soar much higher in 2012 and 2013.

Euro/US dollar:

The outlook is rather neutral for Euro/US\$ this year.

Probably up and down around current levels.

Look for some Euro strength this summer, next weaker again.

If the Euro is going to fail it will be in 2012.

## Oil Prices

2011 should see further rising oil prices, with the price going above \$100 per barrel again.

## Commodity picks for 2011:

All grains and soft commodities are good buys when they make a downward correction in 2011 (which is likely according to Chinese cycles).

They will go up in 2012 and 2013, when inflation will become a real problem.

## Bond prices

Bonds prices will continue to go down into their next expected major bottom in 2012 or 2013.

Rising interest rates will continue to be bad news for people, companies and governments with debts.

But for those with savings it becomes extra income.

And that is forgotten all too often: lowering interest rates doesn't stimulate the economy at all.

At the most it encourages some people to borrow and spend, which boosts consumption and retail sales today.

But then that new debt will weigh down their consumption and spending tomorrow.

And for those with money in the bank, lower interests only mean less income.

How is that helping the economy?

As long as that is not understood, don't look for any lasting solution to the current economic malaise.

Enjoy the year.

Danny VdB

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 also welcome to forward this free newsletter to anyone who is interested.

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If you have questions or want to comment, you can post them on the FPF blog:  
<http://fourpillarsfinance.wordpress.com>

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Also check out our weekly commentary on LunaticTrader:

<http://LunaticTrader.com>  
<http://lunatictrader.wordpress.com/>

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### 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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Contact us : <http://www.fourpillars.net/finance/contact.php>

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