

MVA INVESTOR NEWSLETTER

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Summary for week of 28 April 2014

- Stocks mixed this week with bearish bias
- Dollar may push higher into May
- Crude oil mixed to bearish this week with some gains possible early on
- Gold may rise early in week but likely weaker in second half

US Stocks

Stocks were mostly flat last week as positive earnings reports were offset by ongoing geopolitical worries of a possible Russian invasion of Ukraine. The Dow was slightly lower overall as the Dow ended the week at 16,361 while the S&P 500 lost one point finishing at 1863. As expected, we did see some early week gains ahead of the exact Grand Cross alignment. Markets were somewhat more bullish than I thought, although the return to 1880 did not come as a surprise. While the Grand Cross looked impressive on paper, we really didn't get much in the way of big daily moves. In that sense, it was a little disappointing. However, the late week was bearish as expected although the declines were fairly modest.

While we haven't seen anything too dramatic lately, at least we can say that the potential lower high is in now. This is significant because the astrological evidence would tend to support the notion that higher highs are increasingly unlikely as Jupiter gradually separates from its aspect with Uranus and Pluto. Just to be clear, a higher high could still happen but the odds of it are declining. Moreover, the odds of a substantially higher high are falling even faster. To state the obvious here, astrology is not an exact science but merely deals in probabilities. However, if I were a bull and I noticed that Jupiter is moving away from Uranus and Pluto, I would definitely be more reluctant to commit a lot of new money to the long side of the market. Another upward thrust is somewhat more likely in the second half of May and early June but it may not be enough to produce a higher high. A higher high is still possible, of course, but the astrological picture does not strongly support this



view. But the bottom line is that the technicals remain mixed and the astrology is leaning bearish now so that ought to give some courage to bears who want to cut their long exposure and/or go short. However, I would be fairly cautious about bearish expectations here as the planets, while not as bullish, are not hugely bearish just yet. Therefore, I tend to think that we won't get any major sell-off in the next few weeks. 1810 is definitely possible but 1740 on the SPX is probably overly ambitious. 1740 is an important medium term support level as it would set up the head and shoulders pattern that has a downside target of 1580.

The technical picture remained neutral as bulls were unable to make a new high above 1897. The intermediate bias is still up as long as the previous low at 1815 is not challenged. We saw buyers come in Friday near the 50 DMA so that may be acting as temporary support here. Daily stochastics is again in a bearish crossover now and below the 80 line. The Bullish Percentage for the S&P is on the verge of a bullish crossover so that should give bulls some hope that the worst is over, its yawning negative divergence with the previous high notwithstanding.

But the Nasdaq chart looks vulnerable still as we did not break the series of lower highs with last week's peak. This was all the more bearish perhaps in light of the Apple and Facebook earnings reports which were applauded by the market. The question now is whether the Nasdaq has already formed its right shoulder of the head and shoulders or will it rebound and move a bit higher, say, closer to its 50 DMA at 4220. Needless to say, 4000 still looms large as support with the 200 DMA acting as additional support on an intraday basis. Another retest of this level is possible before we see a clear breakdown. The weekly Dow chart looks uninspired as MACD is still in a bearish crossover that began back in

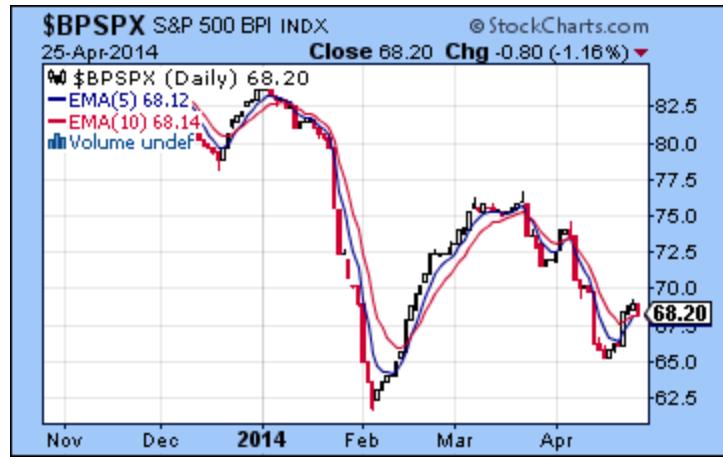
January. Stochastics is also in a bearish crossover and seems stuck at the 70 level. And yet the chart could just as much be seen as a sideways consolidation below resistance in a longer bull market as something resembling a bearish topping pattern. Even if stocks held up, bond yields fell last week and thus gave the bears more reason to think that the tides were turning in their favour. Nervousness over Ukraine is behind some of the safe haven buying of Treasuries as yields are moving back down to that crucial 2.6% level. While it may have been a coincidence, yields seem to stop rising as soon as they encountered the twin resistance of the 50 and 200 DMA. Another touch of 2.6% this week or next could break things wide open. A move below this level would very likely accompany a stock market decline.



This week will be an opportunity for the bears to get a better sense of the new post-Jupiter alignment. I am leaning bearish here overall but I do acknowledge there are some bullish short term aspects which could mitigate the downside. Therefore I would be fairly modest in my bearish expectations. Monday leans bearish as the Moon conjoins Ketu (South Lunar Node). Mercury also aligns with Mars so that further increases the likelihood of some downside. Under normal circumstances, these sorts of aspects would produce a modest decline on the

indexes. In this post-Jupiter alignment environment, it is possible we could see something larger. But there is no way to say how large it will be. Maybe 1840 is conceivable here but I'm not holding my breath. Tuesday looks more bullish, however as Mercury aligns with Jupiter. If Tuesday happens to end negative then that would be a very bearish indication that the intermediate top is in and we are going lower. I tend to think we will bounce higher, however, even if it doesn't make up for the previous day's decline. Wednesday looks slightly bearish but perhaps not by much. Thursday looks more bearish as the Sun aligns with Mars. Friday also leans bearish as Mercury moves into opposition with Saturn although the Sun's aspects with Uranus and Pluto could offset that to some extent. Overall, there is a decent amount of negative planetary energy this week to suggest more downside. 1840 on the SPX is very likely to be tested as intermediate support and I would think that 1815-1820 could also be in play.

Next week (May 5-9) could begin on a bullish note as the Sun aligns with Jupiter. Tuesday sees the Moon set up in a tense pattern with the Sun and Saturn so that could erode any early week recovery. The late week is mixed with a bearish bias as the Sun approaches its aspect with Saturn and Venus approaches its aspect with Mars. While both of these influences are decidedly bearish, they will not be exact. This means that it is possible the market could escape significant damage. I'm not sure. The following week (May 12-16) should start out negatively on the Mercury-Mars aspect but a rebound looks more likely here, especially after Wednesday the 14th. The second half of May tilts bullish, in part due to the Jupiter-Saturn aspect that is exact on the 24th. This aspect is not as reliably bullish as Jupiter-Uranus, however. And it also has the nasty tendency to sometimes actually coincide with declines. A neutral outcome is therefore the least likely of the three (up; down; neutral). But generally it does offer some evidence that a rebound is possible in late May in the event that we see declines beforehand. The market will likely enter a more dangerous phase around the Mercury retrograde station on June 7th. The bearish aspects will start to pile up after this date as Mars will aspect Uranus and Pluto in June and set up the Saturn-Uranus double station in July. It could be a volatile summer. The last quarter of 2014 could see a significant rebound but I am fairly skeptical about its ability to make up for all the preceding loses that will likely occur. I think 1580 is a modest downside target on the SPX this year. It could easily be lower than that but we will have to see how things unfold.



Technical Trends

Short term trend is UP
(1 week)

Astrological Indicators

bearish (disconfirming)

Medium term trend is UP
(1 month) bearish (disconfirming)

Long term trend is UP
(1 year) bearish (disconfirming)

Indian Stocks

Stocks edged slightly higher last week as election optimism was offset by global geopolitical worries. The Sensex gained 60 points closing at 22,688 while the Nifty finished at 6782. I thought we might have seen a little more volatility around the exact Grand Cross on Wednesday but stocks traded in a fairly narrow range. However, Friday's decline was in keeping with overall expectations for more weakness in the wake of the Grand Cross.

Although the gains went against my bearish stance I have been open to the possibility of a move above 6800 ahead of the election results in May. My general view is that while further upside is possible, the astrological influences are mixed at best and do not provide compelling evidence for the bullish view. That said, the planets also do not look strongly bearish in the short term either. Technicals and fundamentals aside, this is another reason not to jump the gun and establish large short positions. There are essentially two factors that figure the most prominently in this equation. First, Jupiter is only now starting to weaken its bullish influence as it begins to separate from Uranus and Pluto in the Grand Cross alignment. I believe that Jupiter influence has been a key factor in pushing up stock prices in India and around the world over the past two months or more. But a less powerful Jupiter only takes the foot off the gas pedal, as it were, and leaves the car with a good bit of upward momentum. I suspect the chances for more global headwinds are fairly good now, but it is much less clear if they will affect India given its election dynamic. The opportunity for a more thoroughgoing decline look more compelling for June and afterwards as bearish Saturn will gradually assume greater strength as it approaches its rare double station alignment with Uranus in late July. Just when its influence will hit the mark and begin to outweigh any residual Jupiter energy is unclear. The odds are rising now for a shift in this fundamental cosmic influence but I would not say they are at a critical point just yet.



The technical picture remained as bullish as ever as the Nifty punched to new highs above 6800. Bears can at least claim some minor victory by pushing it below 6800 again by Friday's close. But a quick return above 6800 would essentially negate that move and would entice bulls to take it higher once again, perhaps to 7000. The 20

DMA is one possible support level at 6744 as it has brought in buyers previously on this election rally. Below that, the previous low of 6650 or so is another level where bulls could come in and buy the dip. Gains have been modest, however, as MACD remains in a bearish crossover. A market may continue to trend higher even while indicators such as MACD are looking weak.

The weekly BSE chart again offers some hope to bears. Last week's gravestone candlestick followed the previous week's hanging man. Both are considered more bearish when they occur after a rally as they do here. RSI is now officially overbought on a weekly basis as it is over the 70 line. Stocks could move above this line, especially in the event of a majority BJP government which would eliminate any need for coalition partners. But if a coalition is required, then the fact that the weekly chart is overbought already is another reason for bulls to be careful at these levels. If we do get a significant correction, buyers will likely move in at 21,500, at least initially. A breakdown of that support level would be more troublesome for bulls, although only somewhat. The upward slope of the key moving averages would likely remain intact. In other words, stocks here are in a good position to withstand a correction, even a large one. Things would only get dicey if the Sensex fell below 20,000. Meanwhile, US trading of HDFC Bank (HDB) suggested weakness ahead. Late week trading pushed prices below the previous week's low and raised the possibility of a bearish double top pattern. The next support level would likely be provided by the 50 DMA at \$38. Tata Motors went sideways last week as it is trading within a range here. The overall bias is still up given the recent rise. Only a move below last week's low would jeopardize this intermediate move.

This week looks mixed again although the waning Jupiter influence could produce more weakness than the short term aspects would otherwise suggest. Monday leans bullish as Venus enters Pisces. This is only a moderate probability pattern, however, which may not be enough to produce a green close. Tuesday looks more bearish to start, although it is possible that some of that negativity could wear off in the afternoon. Wednesday and Thursday have a small bearish bias to them as Mercury moves past its aspect with Jupiter. Thursday's holiday closing could reduce the extent of the available bearish sentiment.

Friday looks somewhat bearish as the Sun loosely aligns with Mars. If the early week Venus aspect plays out as expected, then we could see a retest of last week's high, although I suspect it won't get there. Some weakness is likely by midweek so I would think we could touch



the 20 DMA and perhaps even 6700 at some point. Overall, I would lean a little bearish so there the most likely outcome is somewhere between 6700 and 6782. But the range of outcomes remains fairly broad here.

Next week (May 5-9) could start on a bullish note as the Sun aligns with Jupiter. This is not a high probability aspect, however. Any early week gains are more likely to fizzle by Wednesday as the Moon aligns with the Sun and Saturn. The end of the week looks mixed. The following week (May 12-16) will coincide with the announcement of the election results. The first half of the week leans bearish on the Sun-Saturn aspect, especially on Tuesday and Wednesday. But the late week leans bullish on the Venus-Uranus conjunction. While I do not foresee a major rally here, the week overall could be bullish. May 19th looks mostly bullish on the Venus-Mercury-Jupiter alignment. This may well coincide with a significant post-election move higher. Whether we see the Nifty push to 7000 or above is hard to say. Late May could tilt bullish as Jupiter moves into aspect with Saturn, exact on the 24th. While the second half of May offers a decent chance for a rebound and indeed higher highs, the chances for a correction will get a boost by 7 June when Mercury turns retrograde. Saturn should increase its strength throughout June and into July ahead of its rare alignment with Uranus in late July. Overall, I think the chances are good for a correction to begin sometime in June or July and to last into August or September. A rebound is likely to begin in late September or October and extend into November. December looks bearish again. The prospect for stocks looks more problematic in the second half of 2014 so it is unclear if we will see a higher high in, say, November. It seems unlikely at this point.



Technical Trends

Short term trend is UP
(1 week)

Medium term trend is UP
(1 month)

Long term trend is UP
(1 year)

Astrological Indicators

bearish (disconfirming)

bullish (confirming)

bearish (disconfirming)

Currencies

The Dollar lost some ground last week as weak economic data continued to undermine confidence in the US recovery. The Dollar Index finished at 79.83 while the Euro ended the week above 1.38 and the Rupee weakened to 60.6. As expected, we did see some gains for the Dollar in the early week but sellers moved in after that. The Dollar is looking fairly unloved at the moment as it failed to move above the middle Bollinger band (20 DMA) and also rejected the 50 DMA. Both were sloping downward so that is definitely not a good sign. The inability to move above these lines increases the odds of a lower low in the near term. In the medium term, the outlook is also sketchy as the 200 DMA is still showing a downward slope. Standard technical thinking would suggest shorting any rallies in this kind of chart. But the Dollar is still holding above support at 79-79.5 so that could keep buyers interested. Any move below 79 could spark a rush to the exits, however.

This week looks fairly bullish for the Dollar as the midweek offers a couple of Mars aspects which could reflect a move to safe havens. Monday and Wednesday are perhaps the most bullish days in this respect. It is less clear if the Dollar can hold onto any gains by Friday as the late week should see at least one up day, probably on Friday. Next

week should have a good chance for gains as the Sun opposes Saturn towards the end of the week. Given the mixed to bullish bias over the next two weeks I think the chances are fairly good that the Dollar stays above support at 79-79.5. It also seems more likely to make another rally attempt, probably back to the upper Bollinger band at 80.5. May seems fairly bullish in that respect. However, June looks more volatile as Jupiter may take a more active role in the Euro chart. The indications are less clear than I would like but there is some evidence to suggest that the Dollar could suffer a significant decline in June and July. This is not a high probability forecast but certainly there is increased risk of this outcome. Given how close it is to support, we could well see the Dollar break lower. The Dollar could begin a major rebound and rally as soon as July. The second half of 2014 looks more bullish although there will likely be a significant decline in Q4. As before, 2015 looks even more bullish for the Dollar.



Technical Trends (Dollar)

Short term trend is DOWN (1 week) bullish (disconfirming)

Astrological Indicators

Medium term trend is DOWN (1 month) bullish (disconfirming)

Long term trend is UP
(1 year)

bullish (confirming)

Crude oil

Crude oil slumped again last week on dampened growth expectations in Asia. WTI crude finished the week down 4% at 100.69. As expected, the bears won the battle last week although the extent of the selling was somewhat surprising. I thought that Friday would be higher but bulls were unable to hold onto gains by the close. Crude was unable to close above the 50 DMA so that is one cause for concern for the bulls. It is sitting almost exactly atop the 200 DMA. Stochastics is in a bearish crossover now and is not yet oversold. Since MACD is also in a bearish crossover, there is more likelihood of further downside in the short term. Bulls need to avoid a lower low below \$99 or else the current chart will increasingly resemble a bearish double top pattern. If it breaks support at \$98-99, then the downside target would be \$91. This would return crude to its previous low and essentially wipe out the bullish implications of this latest move to the upside. But if bulls can push prices higher soon, then a third challenge of resistance at \$105 would be quite bullish. Even if resistance was not immediately broken, the period of consolidation would still favour the bulls and suggest that a breakout was more likely down the line.

This week looks mixed with a bearish bias. We could see some early week gains, especially on Tuesday or Wednesday as Mercury aligns with Jupiter. I would think that crude should be higher than its current level by Wednesday. I'm less certain about what happens after that as the late week looks more bearish on the Mercury-Saturn aspect. While I would maintain a bearish bias here I would not be surprised to see crude finish higher overall. But the larger influences here seem more negative so eventually those influences will probably manifest. Next week looks mixed to bearish again although Tuesday stands out as being more bullish on the Moon-Venus aspect. I would not expect a big move lower here so it is unclear if support at \$98-99 will remain intact. I suspect it will. We could see a brief dip below this level but I would think price will recover in late May. However, June and July seem generally bearish on the Saturn-Uranus aspect. This should push prices below that support level and return crude to its previous trading range. The entry of Jupiter into Cancer in July should keep a floor under the price and set the stage for a rebound in starting in August at the latest. Crude should generally be fairly bullish for the rest of 2014.



Technical Trends

Short term trend is DOWN
(1 week) bearish (confirming)

Medium term trend is UP
(1 month) bearish (disconfirming)

Long term trend is UP
(1 year) bearish (disconfirming)

Astrological Indicators

Gold

Gold enjoyed a modest gain last week as geopolitical tensions over Ukraine gave investors a reason to buy. Gold moved up 1% on the week finishing at \$1303. While the lack of any big move on Tuesday's Grand Cross was mildly disappointing, the overall result was not too surprising. We got some early weakness that retested support at \$1280 and then the late week was bullish as expected. Last week's retest of support was either a great buying opportunity or the foreshadowing of a scary, new chapter to the gold story. My sense is still that gold is more likely to move lower in the medium term but we shall see. The bulls desperately need to push prices above the previous high of \$1330 in order to avoid a bearish technical scenario. A move above the 50 DMA at \$1320 would be the middle step in that process. Gold bulls should be praying that Vladimir Putin owns a lot of gold and wants to juice the price by invading Ukraine. Any diplomatic settlement now would likely spark another sell-off and challenge that \$1280 support level.

Gold looks mixed this week with the greatest likelihood of declines occurring midweek. Monday has some chance for gains as Venus enters Pisces. Tuesday also has some opportunity for gains as Mercury aligns with Jupiter. Wednesday could go either way as Venus aligns with Rahu. Thursday looks more problematic on the Sun-Mars pattern. Friday could go either way. While I am uncertain about the overall outcome here, the possibility of early week upside could very well push gold back up to resistance at \$1330. That seems like the most likely outcome. And yet the approaching Sun-Saturn aspect would suggest that gold will be hard pressed to climb above that level. Gold looks more likely to remain mixed or bearish until mid-May when the short term influences improve. Some gains look more likely on May 14-15 as Venus conjoins



Uranus. But it is unclear if it will be enough to change the basic weakness in gold. The planets look fairly equivocal for May and June so I would not be surprised if gold resumed its rally for a while. But I remain skeptical as the growing strength of Saturn in June and July should not bode well. It seems more likely that \$1280 will be broken and that gold could end up retesting \$1180 at some point in the summer. That may be an attractive entry point for bulls. Gold should begin to rally more consistently starting in August as Jupiter strengthens once it establishes itself in Cancer. Another major setback is likely in December 2014 and into Q1 2015.

Technical Trends	Astrological Indicators
Short term trend is DOWN (1 week)	bearish (confirming)
Medium term trend is UP (1 month)	bearish (disconfirming)
Long term trend is DOWN (1 year)	bearish (confirming)

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