

Summary for week of 6 July 2015

- Stocks could rise early in week but tilt bearish in second half
- Dollar likely to push higher later in week
- Crude oil could bounce early but prone to declines later
- Gold may rise early but rally will likely fade

US Stocks

Stocks slumped last week as the deepening chaos in Greece took over the financial news cycle. The Dow lost more than 1% on the week to 17,730 while the S&P 500 finished at 2076. The week did not unfold as expected as Monday's decline arrived at least a couple of days early given my assessment of the planetary influences. While it was frustrating to see, the larger picture is still holding true for the most part. I was wrong in my short term forecast for the week although I did note the rising downside risk and two-tailed nature of probable outcomes given the culmination of the Venus-Jupiter-Uranus.

For several months, I had been expecting significant developments at the end of June and early July and in that respect I was not wrong. I had suggested that a high and a subsequent turning point was more likely in late June, starting with the Jupiter-Uranus aspect on June 22nd and extending into the Venus-Jupiter conjunction on June 30/July. Of course, it's impossible to say with certainty that we've seen *the* high in the market for the time being. But the size of Monday's decline and the possibility for more Greek-related volatility in July suggests the prospects are still looking very good for a larger pullback and/or outright correction. Therefore, my general view is that the chances are fairly good that we've seen the high for the year and that the markets will struggle more in the second half.



Greece votes in its hastily called referendum on Sunday so we could see some big moves early next week, especially if the result is “No”. A “Yes” could be bullish, of course, especially if the Troika make encouraging noises about the possibility of making a deal. But even a Yes vote could still bring political uncertainty as PM Tsipras and FM Varoufakis would likely resign. Another election may have to be called in short order. I think the horoscopes of the key players are not looking good so that suggests that outcomes will go against their wishes. This makes a Yes vote somewhat more likely than it already is. Although even the hoped-for No outcome could make a bad economic situation even worse. The momentum is already moving in the Yes direction as the financial crisis threatens to morph into a humanitarian crisis. I think we need to consider the possible effects of a Yes vote on the market. How much of a bounce could we see? I think some kind of bounce is quite possible this week given the short term aspects in play. However, the ongoing separation of Jupiter from Uranus suggests a bounce will tend to be just that – a bounce and not a rebound.

The technicals got significantly worse as support at 2070 was broken on Monday. The rebound on Wednesday and Thursday more or less just retested that level as resistance. A close above 2080 would be more bullish and would likely mean the bounce could move higher in the short term. That said, it would not be clear that a higher high would then follow as there is a lot of overhead resistance above 2080 and below 2130. A No vote on Monday would likely see the market reverse lower from resistance at 2080 and then retest of Monday’s lows. We did get a tag of the 200 DMA on most major indexes so that may entice more bulls to go long in hopes of riding the bounce. On the other hand, the May-June double top pattern has a downside target of 2020-2030. This may be the next support level in the event that Monday’s low doesn’t hold.

Of course, a decline down to 2020 won’t mean that much in the larger scheme of things. It may resemble the October decline which, while steep, only amounted to 10% and did not enter correction territory. A 10% decline here would equate to 1920 on the SPX. This is the roughly the same level as long term channel support dating back to 2013. I think the technicals are pointing towards lower lows here as the Bullish Percentage declined throughout the week, even during the midweek bounce. Money continues to move out of the broader market and into safer blue chips as investors brace for turbulence out of Europe. The DAX chart looks more fragile now after tagging the resistance from the falling channel near the 50 DMA. Bulls stepped in just under 11,000, however, so there is the prospect of a little more upside. But the chart is still weak looking (lower highs, lower lows) and one would think that the declining channel support at 10,600 will be tested fairly soon. Treasuries are not providing too many clues here, although there was not a massive rush to safety on Monday. The bond market therefore may not be expecting too much fallout from the Greek default. Additionally, German Bunds are likely providing sufficient safe haven for investors fleeing sovereigns of the EU’s southern tier. Resistance at 2.5% has been touched twice and is hinting at higher rates down the line.



This week looks more bullish than last week. For this reason, I would be surprised to see the market fall apart following a possible No vote in Greece. It's possible obviously as I am generally bearish for the month of July in the wake of the Jupiter-Uranus aspect but it is not a likely scenario as I see it. Venus enters Leo on Monday so that loads the cosmic dice in favour of a positive market reaction to the referendum vote. Regardless of the result, I think the chances for gains outweigh the negatives. But given how close we are to resistance at 2080, the Monday pattern suggests that we could well break above 2080 and challenge 2100. Tuesday and Wednesday look more negative, however, as the Sun opposes Pluto and Mercury aligns with Saturn. If Monday turns out to be higher, then we should see some profit taking soon afterwards. That said, I would not expect two down days in a row. Thursday and Friday look more bullish on balance, with Friday looking somewhat more bullish than Thursday. Overall, I think the chances are fairly good that the SPX closes above current levels and above that 2080 level also. I'm not hugely confident in that outcome but as I said, these planets just don't look that bad yet. And if we get a Yes vote out of Greece, then some kind of bounce is the most likely result.



Next week (July 13-17) does look more bearish. The early week leans bullish, however, as Jupiter enters Leo on Monday the 13th. So we could see more upside on Monday and/or Tuesday. This could conceivably test resistance at 2100-2120 again depending on how firm stocks are in the preceding week. But the outlook becomes more bearish by midweek as Mercury and Mars oppose Pluto. Venus squares Saturn throughout much of the week so that may cast a pall throughout. There is definitely some nastiness in these alignments that makes a major decline (>2%) quite likely between Tuesday and Friday. In fact, there is enough bearish energy here for two



significant down days. I think the chances are good that we will retest Monday's low at 2060 at some point during the week and 2020 is even possible. The following week (July 20-24) may see volatility increase by the end of the week. The early part of the week looks mixed but we could easily see a bounce especially if we have broken support beforehand. But the late week Mars-Uranus square is a dangerous aspect. This is exact on Saturday but I would expect some negative fallout on Thursday or Friday. I would lean bearish for the week overall. The rest of July and early August also look bearish so we could see the SPX touch 2020 at least, if not lower. I tend to think there is enough planetary energy here for much lower lows given the clustering of the three planetary stations of Uranus, Venus and Saturn. I am expecting an interim low in the first week or two of August and then we should get a rebound that extends into early September. Hopefully, this is a lower high (2080? 2020?) which will then be sold during the next down leg. The Saturn-Node aspect in mid-September is a probable starting point for that next decline and it could easily extend into late October and November. SPX 1920 looks quite doable at least by November, and probably we will see something closer to 1800.

Technical Trends

Astrological Indicators

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

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

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

Indian Stocks

Stocks shrugged off Greece worries and extended their rebound last week on positive earnings outlook. The Sensex rose 1% closing at 28,092 while the Nifty ended the week at 8484. This bullish outcome was in keeping with my forecast as I thought the chances were good for some midweek gains on the Venus-Jupiter conjunction. As expected, Monday saw a modest pullback, after which the Nifty moved towards resistance at 8500 through the rest of the week. I thought we might have seen a little more selling later in the week but Friday's outcome more than offset Thursday's result.

Events in Greece are moving quickly now as the country stands on the precipice of economic collapse and social chaos. A No vote in Sunday's referendum would very likely lead to an exit from the Eurozone and possibly from the EU. A Yes vote could boost the chances of a bailout deal but would likely create political chaos as the Prime Minister and Finance Minister have both pledged to resign in the event of a Yes vote. In market terms, a No vote would likely be bearish for Indian stocks while a Yes vote could be more benign. Even then, it may not be the "all clear" signal that one might think given the likelihood of continuing political uncertainty in that

beleaguered Mediterranean nation. With the Venus-Jupiter-Uranus alignment now separating, there may be less bullish energy available to investors. Jupiter is the main driver of optimism, of course, and its separation from these positive planets means that time is likely growing short for bulls to take the indices higher. In contrast, Saturn is gathering strength now as it has aligned in a near exact 45 degree angle with Pluto. (45 degrees is a divisor of the circle's 360 degrees hence its potential astrological salience). Moreover, Saturn is due to station on 2nd August, just a week after Uranus and Venus both station in rapid succession. This is a very rare clustering of planetary stations that increases the likelihood of volatility and big moves. Saturn is also due to form a tense



square aspect with Venus and Jupiter in late July and early August. It all increases the probability of declines in the near term. It also increases the probability that the declines could be significant.

The bulls scored a victory last week as the Nifty broke more cleanly above resistance of the falling channel and 50 DMA. The rally ended near the previous high of 8500 so we may well be seeing a battle between bulls and bears near these levels. The right shoulder could extend as high as 8600 without causing too much damage to that bearish pattern. That said, I am not at all sure the head and shoulders pattern will play out. They often do not. However, the chart as a whole still looks bearish and therefore we should expect any rallies to fail eventually. I would therefore think that the Nifty is bound to make a lower high and then reverse lower. A move below 8200 would likely be the end of this rebound and we would be more likely to see a retest of 8000 fairly soon thereafter. Bulls could still manage to keep it above 8000 but failure at that level would be very bearish so we could see a quick trip lower towards 7000.

MACD is in a positive divergence with respect to the previous high so that is something for the bulls to chew on. Also daily MACD is still in a bullish crossover. The weekly BSE chart offers evidence for both sides of the ledger. Bulls can properly point to rising MACD and an imminent bullish crossover. Stochastics are also in a nice bullish crossover and have lots of room to move higher before becoming overbought. But the bearish crossover of the 20 and 50 WMA is moving ever closer and should give investors pause. Only an extended rally here would prevent such a bearish crossover. Otherwise, the Sensex will issue a medium and long term sell signal. Although this is likely not widely watched, it would likely weaken the resolve of the bulls and so any further weakness could accelerate into a bigger decline. Longer term, one can see buyers moving at support at either 23,000 or 21,000. Meanwhile, Tata Motors (TTM) continued to flat line last week as it bounced along support. The inability of the stock to bounce here may be worrying to bulls although as long as it remains above its Dec 2014 high, then it may simply be forming a tradable bottom. Nonetheless, the longer it goes without moving above last week's high, the more vulnerable it will be to a breakdown. HDFC Bank (HDB) had a better week as it pushed higher against resistance. We could see a little more upside as it matches its March high but there will likely be some retracement in any event. Bears will be eyeing the bearish double top pattern, however.

This week looks more bearish than last week. The early week could see some upside as Venus enters Leo on Monday. This is generally a favourable influence so we could see 8600 tested quite easily. Tuesday and Wednesday look less bullish, however, as Mercury aligns with Saturn. This is likely to produce a significant decline on either day, but I do not think we will see declines on



both days. I would expect, however, that Tuesday and Wednesday could be net negative across both days. I would expect any pullback to be big enough to offset any preceding gain. Therefore, we could see a retest of 8400 perhaps by midweek. Thursday looks somewhat bullish as the Moon aligns with Jupiter and Uranus while Friday leans a bit bearish on the approach of the Venus-Saturn square aspect. Overall, the week is harder to call. I suspect we may not be too far from current levels, probably somewhere between 8400-8550. That said, there is growing downside risk here so bulls should be very careful indeed. My guess is that the selling will not commence until next week, although it will come soon enough.

Next week (July 13-17) looks even more bearish. The early week could be somewhat positive, however, as Jupiter enters Leo on Monday and Tuesday. But the downside risk is likely to increase throughout the week as Venus aligns with Saturn and then Mercury and Mars oppose Pluto. Thursday and Friday look to be the most bearish days of the week. I would expect a negative outcome overall with the possibility of a large decline that tests 8200, which could prove to be an important support level. The following week (July 20-24) also leans bearish as Mars squares Uranus on Friday the 24th. This is a very bearish pairing which will likely offset any possible gains that precede it.



The early week could see some upside but gains are unlikely to hold. We could therefore see 8000 tested again during this week or the following week (July 27-31). I think the chances are fairly good that we will see 8000 broken by early August. A rebound is likely to begin by the second week of August and carry through to early September. This will likely form a lower high, perhaps around 8200-8400. Saturn aligns with Rahu in mid-September so stocks are likely to move lower again. This time the decline is likely to last until October at least, and perhaps into November. A conservative downside target is the 7000 level on the Nifty. A major rally will begin by December and carry on through most of Q1 2016.

Technical Trends

Astrological Indicators

Short term trend is UP
 (1 week)

bullish (confirming)

Medium term trend is DOWN
 (1 month)

bearish (confirming)

Long term trend is UP
 (1 year)

bearish (disconfirming)

Currencies

The Dollar strengthened as the confusion over the impending Greek referendum reduced confidence in the Euro. The USDX finished the week above 96 while the Euro slipped below 1.11. The Rupee held steady near 63.4 while the Yen Index remained below 123. I thought the Dollar would suffer more last week but only Monday's decline inflicted some temporary damage although it remained above 95. The Dollar is pushing up against resistance from the falling channel here. I would think that last week's two touches of that line boosts the chances that it will eventually be broken. That said, we could be seeing a more neutral pennant pattern forming at the moment.

The short term technicals look fairly neutral but the Dollar chart still seems bullish over the longer term. It is seemingly all about Greece now as a No vote would likely see the Euro fall below 1.10 and the DX rally back to 98. A Yes vote might be more positive depending on other developments. The Euro chart looks somewhat more bullish as the ascending triangle is taking shape here. As long as the Euro remains above the May low of 1.08 there is reason to think it could trend higher. If not, it will likely retest its major low of 1.04 fairly quickly.

The Dollar looks likely to strengthen further this week. The early week could see some downside as Venus enters Leo. I think it should remain above last week's low of 95 and should move above current levels by the end of the week. I think it is likely to remain below 98 for now, however. Next week looks bullish again as Venus aligns with Saturn. This looks like an aspect that forces traders into safe havens. There is a good chance we could test 98 at that time. I am expecting the Dollar to move above 98 during the following week (July 20-24). I would not be surprised if we hit the 100 level by the end of the month, although I would not say that is a probable outcome yet. The Euro is likely to trend lower into early August. It is conceivable we could hit Dollar parity at that time, although that may be a stretch. A rebound is likely starting in mid-August and extending into early September. This will likely be a lower high (1.10?) which will then be sold. The Saturn-Nodal alignment in September aligns closely with the Euro horoscope so that suggests more downside is likely then. We could bottom out in October or more likely in November with the Euro at or below parity with the US Dollar. A major rebound will likely begin by December at the latest and carry into Q1 2016.



Technical Trends (Dollar) Astrological Indicators

Short term trend is UP (1 week) bullish (confirming)

Medium term trend is UP (1 month) bullish (confirming)

Long term trend is UP (1 year) bullish (confirming)

Crude oil

Crude oil slumped last week as new US supply data showed growing inventories. WTI fell 5% on the week and finished below \$57 while Brent fared somewhat better and closed below \$62. I thought we might have seen more early week upside but thought the late week looked bearish in any event. I had been generally bearish for July so this negative result came a bit earlier than expected although it was not hugely shocking. The WTI chart suddenly looks quite bearish as Friday's close was at the very bottom of the trading range. To be sure, it could be interpreted as a shake out before a major move higher. But the bulls have to defend \$56 for all their worth or else risk some serious deterioration of the technical conditions. The downside target of this current rectangular pattern is close to \$51. Brent is also testing support at \$61.50 and with the descending triangle clearly in evidence, the outlook is bearish. We could see intraday trades down to \$61 but below that level, there is a risk of a larger sell-off as stop losses get triggered.

This week looks mixed at best with increasing downside risk. While the early week could see some upside around Monday's entry of Venus into Leo, the rest of the week is somewhat indifferent. Wednesday is perhaps the best day of the week as the Moon aligns with Jupiter. With WTI so close to support, bulls may have their hands full in attempting to defend \$56. I am leaning bearish here in July although I'm less convinced we will break below support this week. It could happen, but it is unclear. Next week looks more bearish as Venus aligns with Saturn and Mercury and Mars align with Pluto. A sharp drop to \$51 is quite possible here. The entry of the Sun and Mercury into watery Cancer the following week (July 20-24) could see a short term bump in prices. This upside doesn't look especially robust or reliable, however. I think WTI should stay above \$50 for part of August but the trend



appears to be down as we head into September. Therefore, I would be skeptical about the possibility of rising back to resistance at \$62/\$68. A significant low is likely in September or October although it is unclear if this is a higher low or lower low relative to the January low. My guess at this point is that it will be a higher low from which a new rally will begin in October.

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)

Gold

Despite growing chaos in Greece, gold ended the week lower closing at 1165. I thought we might have seen a little more upside in the early week but the gains did not hold for long at all. We saw a brief move above 1180 and then the bears moved in once again to drive prices to a lower low. The chart is looking more bearish these days as bulls have failed to keep it above 1200. It's unclear how much of a financial calamity gold would require in Greece in order to spark a decent rally. The absence of any upside here is a testament to just how bearish the market is at the moment. Gold is edging closer to another test of 1140 so perhaps that level will have to have a harder retest before a significant rally can take place. The slow grind lower does seem to open the door to a sudden breakout higher, however, especially if we see gold trading below 1150. One would think that hardcore bulls would step in enthusiastically at 1140 and 1150. And yet if gold trades below 1140, it could fall quickly to 1050 and eventually to 1000.

This week could see gold pop up a bit, especially around Monday's entry of Venus into Leo. Unfortunately for bulls, this is unlikely to last as Venus then approaches its square with Saturn by



Friday. The week as a whole could go either way, although I would retain a bearish bias just in case. If we do get some upside, I think it is unlikely to last. Next week (July 13-17) poses a real conundrum as bullish Jupiter enters Leo on the same day (the 13th) as Venus exactly squares bearish Saturn. If gold manages to move higher, it could only be for a day or two before the bearish effects of Saturn assert themselves. I would lean bearish for the week with a growing possibility of testing 1140. I think gold is likely to trend lower through July. I'm agnostic about whether it will break below 1140 below. I tend to think there is some real downside potential there which has yet to be realized but I'm not sure how reliable it is. In any event, gold's fortunes are likely to improve after 7th August when Jupiter moves past its aspect with Saturn. The rally will likely continue into September. By October, gold will likely be moving lower once again, probably to a lower low by November. We could well see 1000 or lower by that time. December's Jupiter-Rahu conjunction looks very bullish for gold so a major rebound will likely ensue and continue into Q1 2016.

Technical Trends

Astrological Indicators

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

Medium term trend is DOWN (1 month) bearish (confirming)

Long term trend is DOWN (1 year) bearish (confirming)

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