

Summary for week of 10 August 2015

- Stocks more prone to declines in first half
- Dollar could test resistance but sink in second half
- Crude oil likely to bounce later in the week
- Gold likely to rebound after Wednesday

US Stocks

Stocks moved lower last week after Friday's positive jobs report appeared to tip the balance in favor of a Fed rate hike in September. The Dow lost almost 2% on the week closing at 17,373 while the S&P 500 finished at 2077. While the bearish outcome was in line with expectations, the week was quieter than expected given the unusual planetary alignments. At very least, I thought the density of alignments around the Saturn-Jupiter square aspect might have generated some big moves but those never really materialized. The early week was negative and we finally saw some buying Wednesday (admittedly a day late) which roughly correlated with the Venus-Jupiter conjunction. The late week was bearish, however, and fit nicely with the entry of Mars into Cancer which is often a problematic influence.

But the bottom line is that the market is still in its recent trading range. In that respect, it is will very much open to interpretation in terms of its next major move. The odds of a September rate hike are now greater than 50% for the first time but it is unclear just how bearish a hike would be for stocks. If there is more positive economic data between now and the September 17th announcement, stocks could drift somewhat lower but there is unlikely to be any major seismic shift based on rates alone. Of course, as many skeptical analysts have suggested, the Fed's zero interest rate policy may have unintended consequences which are less benign as the credit bubble it has created becomes more vulnerable to popping. Higher rates mean that all that free borrowed money suddenly costs more as margin calls can force over-leveraged investors to sell indiscriminately. Thus, the end of ZIRP is another plausible fork in the



road for the bull market. Late last year, I had thought the various Saturn aspects that began in June and continued into September and October could very well correlate with a correction in equities. Whether this was the result of a final Greek crisis in June-July or some other catalyst was unclear. Certainly, a rate hike in mid-September would appear to correlate closely with one of those negative-looking Saturn aspects, the one with the Lunar Node (aka "Rahu"). That said, I am disappointed that the market has remained impervious to any significant selling thus far, despite the Saturn aspect to Pluto throughout July or last week's Saturn-Jupiter aspect. But bulls still have further to go to run this full Saturn gauntlet so my outlook remains largely bearish for the medium term.

The technical picture is still mixed, even if last week's failed rally attempt may have set off some early warning bells. Wednesday's failure to hold 2110 should be seen as a win for the bears, especially since this would have been a lower high anyway. On the other hand, Friday's late session rally pushed the SPX above the 200 DMA once again. So while support at 2080 did fail, it did not break cleanly. As a result, the SPX is still bullish in the medium term. It is conceivable that dips to 2070 or even 2060 might not change the technical picture much. 2040 may be a more important dividing line for the market between default bullishness and some new-found bearish dynamic.

If the bulls take another shot at it, one would think that last week's high of 2110 could act as resistance. A move above that level would likely encourage more buying and another run up to the previous high of 2135. Other indexes such as the Dow and the Russell 2000 are still looking weaker. Unlike the SPX, the Dow actually closed below its July low. Even more significant is that the Dow is now trading below its March levels. It may only be a few down days away from a death cross of the 50 and 200 DMA. The failure of the Dow to find support at 17,600 suggests that 17,000-17,200 is the next support area – roughly the December and February lows. Any breakdown of that level could open the door to a retest of the October low at 16,000. Breadth is still narrow as the SPX Bullish Percent chart remains in a bearish crossover. However, it did manage to confirm the relative strength of the SPX by making a higher low last week. Meanwhile, the Treasury market is showing more signs of an imminent rate increase as yields on the 1-year note finished the week at 0.38%. However, longer term bonds saw their yields fall as a safe haven play. The 10-year yield fell below 2.2% and is looking like it wants to go below the 200 DMA. This flattening of the yield curve reflects growing recessionary influences down the road. The flattened curve of rising short term rates and falling long term rates is usually negative for stocks.



This week again offers the bears some decent opportunities to test support. The early week looks more negative as Mars aligns with the Lunar Node on Monday and Tuesday. There is a fair chance for a significant decline (>1%) on either day and even two down days are possible here. Bearish sentiment may get a boost in the wake of the Saturn-Jupiter aspect although that is less certain. I would say the probability of down days is greatest

through Wednesday with Thursday and Friday looking more bullish as Venus changes signs and the Sun aligns with Uranus. Wednesday could be most important as a pivotal day since the Moon conjoins Mars and Neptune opposes Mercury, both of which are negative influences. Depending on what happens early in the week, I would not be surprised if Wednesday was the low for the week. Overall, I think the chances are good for a decent retest of the previous low of 2045. Whether or not the SPX trades below that level is harder to say. The late week rebound could be fairly strong but probably not enough to produce a winning week overall. We could therefore finish between 2050 and 2070.



Next week (Aug 17-21) could be somewhat bearish to start on the Moon-Lunar Node conjunction on Monday and Tuesday. However, Venus aligns with Uranus during midweek and should produce one or two days of gains. Thursday and, more likely, Friday lean bearish on the Sun-Saturn aspect. The week as a whole could go either way although a lower low is more likely early in the week, possibly breaking below 2040. The following week (Aug 24-28) may begin on a bullish note as the Sun conjoins bullish Jupiter on Wednesday the 26th. Some gains in advance of this conjunction are likely. The late week looks more bearish, however, although I think the week as a whole should be positive. September looks bearish to start as Mars conjoins Venus on the Aug 31 and Sep 1. September as a whole leans bearish and we should see lower lows at some point in the month. The planets at the time of the Fed meeting on Sep 17 looks bearish as Mercury (business) turns retrograde while in a close aspect with Saturn (pessimism). Late September looks quite bearish as Mars aligns with Saturn and the Lunar Node. My general expectation is that the SPX should trade below 2000 at least by the end of September. October also looks bearish and should produce lower lows, possibly challenging the October low of 1820. In terms of a possible bottom, late October or early November is a possible window where a reversal higher could take place. The Jupiter-Node conjunction will likely correlate with a rally from December to January at least. This may be a strong technical bounce which will form a lower high by February.



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 UP

bearish (disconfirming)

(1 year)

Indian Stocks

Stocks pushed higher last week on encouraging earnings, falling oil prices and favourable global cues. The Sensex added more than 100 points on the week closing at 28,236 while the Nifty finished at 8564. This bullish outcome was somewhat unexpected given my bearish bias although I did not have strong conviction that we would finish lower. The midweek Venus-Jupiter conjunction roughly coincided with upside as the market only topped as late as Thursday. Friday's decline was in keeping with the Mars influence on Saturn although the decline was quite modest. Overall, the week was somewhat anti-climatic given the unusual planetary alignments.

Stocks are holding their own here despite ongoing fears of a global slowdown. My own view is that the market will not be able to resist the deflationary impulses out of China and Europe too much longer. One complicating factor is that the US is still growing to such an extent that the Fed will likely end its zero interest rate policy in its 17th September meeting. It is unclear what immediate effect this may have on Indian equities although there is some risk that it could push more FII to the exits. Such a repatriation of capital would have a negative influence on stocks. While it seems unlikely that a significant shift of capital could take place after a single rate hike, investors could sense a deeper change in the financial environment and thereby re-allocate based on the presumption of trends of future hikes. To some extent, a rate hike has been partially discounted so we may not see an immediate market reaction. On the other hand, the consequences of the rate hike cannot be fully known since the Fed has held its rate at zero for the past six years. This may have created an unstable situation fueled by speculative bubbles and over-leveraged borrowing across a range of asset classes throughout the global financial system. The implications of the end of this speculative push into riskier assets are unknown. My overall expectation is that the market will have to go through a corrective phase once the hike is announced. We could get some selling in equities before the mid-September Fed meeting, but the planets look more difficult in the subsequent period.

The technical picture of the market remains mixed. The bulls did manage to extend the rebound off support and the 50 DMA from the previous week. Tuesday's reversal higher just above the 200 DMA was further evidence that the bulls still control the market. Critical support is still at 8300-8350 near the 50 DMA, although any



modest pullbacks may be bought near 8500 and the 20 DMA. Resistance is 8600 and if the Nifty can rally further, then the previous high of 8660 would be pivotal for the bulls.

Failure to move above 8600 would increase the potential of a bearish head and shoulders pattern with current levels tracing out a right shoulder and a neckline of 8350. This pattern has a downside target of 8050 or so in the event that 8300 is broken to the downside. While this is a bearish setup, it is unclear what the chances of this pattern playing out since the three moving averages are again sloping upwards. This is usually a sign of a bull trend. As always, however, these other technical artifacts play second fiddle to the respective levels of resistance and support. The bull party won't be very lively if resistance 8650 is not exceeded in the near term. Clearly, bears are in a more vulnerable position since the Nifty is less than 100 points away from a significant breakout higher. Bears need the Nifty to fall more than 250 points before they can take control again. The weekly BSE chart offers the bears some reasonable evidence that the medium term trend is on their side. We did finally get that bearish crossover of the 20 and 50 WMA. Although not clearly indicative a major new downtrend, it does undermine the default bullish case for the market as a whole. Weekly stochastics are also now overbought and therefore there is perhaps less easy upside here. Until there is a bearish crossover, bulls may be able to push higher. In other words, the weekly chart suggests the possibility of further upside but perhaps not quite enough to create a new leg towards a higher high. Meanwhile, Tata Motors (TTM) showed signs of forming a bottom as horizontal support is holding for the moment. However, Friday's disappointing earnings report may generate a hard retest of recent levels. Infosys (INFY) enjoyed a better week and is rapidly pushing up against its Feb-March highs. It seems unlikely that it can move above that level without any further consolidation and yet the chart is clearly bullish. I suspect dips will be bought in anticipation of higher highs in the medium term.



This week looks bearish to start as Mars aligns with Rahu (North Lunar Node). The aspect is closest on Tuesday and Wednesday. Monday also leans bearish although I would not expect negative outcomes on all three days. However, I think the odds are fairly good of a net negative outcome across the three day period. The Moon's conjunction with Mars on Thursday suggests the possibility of a reversal higher. The conjunction occurs just after the open of trading so we could see a quick sell-off followed by a rally. Venus re-enters Cancer on Thursday and the Sun aligns with Uranus so those are other bullish influences which may help to boost stocks into the end of the week.



Friday's Moon-Venus conjunction also looks bullish. However, the early week Mars influence is another reason why further upside is unlikely this week. While we could get a retest of resistance at 8650, this seems unlikely also. I think the planets suggest a retest of last week's lows at 8450 at least and quite possible 8350 may be in play as well. Even if the late week gains occur, I think the indices will be hard pressed to register gains on the week. I would therefore expect the Nifty to end the week lower, possibly between 8450 and 8550.

Next week (Aug 17-21) looks more bullish as the Sun enters Leo and moves towards its conjunction with Jupiter. Monday could be somewhat bearish but the planets seem to improve as the week progresses. We could see horizontal resistance at 8650 tested again. The following week (Aug 24-28) could see further upside early in the week. However, by Wednesday, the picture looks more uncertain as the Sun conjoins Jupiter. The week as a whole may well finish positive, but any gains look short term as Mars approaches its conjunction with Venus on 31st August. September looks bearish overall as Saturn aligns with Rahu in the middle of the month. As it happens, this is the same time that the Fed will announce its latest rate policy. The last week of September looks particularly bearish as Mars is due to square Saturn at that time. The chances are fairly good, therefore, that we will retest the previous low at 7900-8000 at the end of the month. October is likely to continue the downtrend so it is quite possible that 7900 will be broken to the downside. 7000 is possible, but let's see how much damage is done in September first. A rebound is likely to begin in November as Jupiter conjoins Rahu (North Lunar Node). With Jupiter due to station retrograde while in conjunction in January, there is a real opportunity for a major rebound that lasts two to three months. It may well top out and reverse lower by February, however. The first half of 2016 looks quite bearish.



Technical Trends

Short term trend is UP
(1 week)

Medium term trend is DOWN
(1 month)

Long term trend is UP
(1 year)

Astrological Indicators

bearish (disconfirming)

bearish (confirming)

bearish (disconfirming)

Currencies

The US Dollar ended the week slightly higher despite Friday's sell-off following the jobs report. The USDIX finished at 97.62 while the Euro ended the week below 1.10. I thought we might have seen more upside, especially later in the week but Friday's intraday high did not hold. The Dollar did briefly trade above its previous high at 98.5 but bulls got cold feet. Maybe Dollar bulls had already priced in the now probable Fed rate hike. The bullishness of the chart suggests more traders are expecting a hike soon. If the hike doesn't happen, there will be hell to pay and the Dollar would likely plunge to its 200 DMA at 94 at least. On a technical basis, however, the chart may be tracing out a bullish ascending triangle with an upside target of 103 or above. The Euro chart shows this a bit more clearly in the inverted descending triangle since May. This pattern has a downside target of 1.02. This would be a new low and would come very close to psychologically significant parity with the Dollar.



This week could see the Dollar push higher in the first half of the week. The Mars-Lunar Node aspect on Tuesday could see the Dollar retest the 98.5 level by Wednesday. Whether or not it can move above resistance is unclear, however. The late week will likely see some profit taking. Overall, I would retain a bullish bias even if the Dollar doesn't get too far from its current level. Next week could see the Dollar slip back somewhat as the Sun conjoins Jupiter. The second half of the week looks more bearish as Venus will align with Uranus. I would not be surprised to see the Dollar retrace to the 50 DMA at 96.



September is likely to be more bullish for the greenback as the Saturn-Lunar Node aspect becomes aspect in the middle of the month. The second half of September is more bullish in this respect. We are likely to see a retest of the previous high of 100 on the USDIX at some point in September or October. This would equate to about 1.02 to 1.04 on the Euro. A major retracement will probably occur starting in November as Jupiter conjoins the Lunar Node. This is likely to extend into early 2016 and could see the Dollar fall back to its 50 DMA, if not its 200 DMA. Another major Dollar rally is likely to begin in February or March and last through the first half of 2016.

Technical Trends (Dollar) Astrological Indicators

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

Medium term trend is UP bullish (confirming)

(1 month)

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

Crude oil

Crude fell further last week as oversupply concerns undermined the market. WTI crude lost 6% closing below \$44 for the first time since March while Brent ended the week below \$49. This bearish outcome was broadly in line with expectations although I did not fully expect a decline of this magnitude. We did get some upside early in the week on Tuesday and the Jupiter-Venus conjunction. I thought this alignment might have coincided with more upside but this was not the case as sellers quickly sold the rally. The late week was bearish as expected around the Mars-Saturn alignment. Crude is edging closer to its moment of truth here as WTI is now almost matching its March low at \$42. Traders may simply be waiting for the inevitable retest before jumping in and going long, if only for a speculative position. The speed of this recent decline suggests any technical bounce at \$42-44 may not last too long. A bounce in the near term is even more likely given how oversold it is in RSI and stochastics. One obvious rebound level would be \$54-55 which is where the February rally culminated. This would create a bearish head and shoulders pattern with a downside target of \$26. But the chart looks so bearish now that it is possible the decline may not pause here at \$42 and the selling could continue. This doesn't seem likely from a technical perspective, however.



This week looks bearish to start as Mars aligns with the Lunar Node, Rahu. Monday to Wednesday therefore may see harder retests of that \$42 level for WTI. I would not be surprised if we briefly fell below that level. But a rebound is more likely to begin on Wednesday or Thursday. If Wednesday begins lower, then the odds of a rebound later in the day or on Thursday will increase significantly as the Moon conjoins the Sun and Venus. Friday also looks bullish. It is difficult to say where crude will finish this week. It is possible it could finish higher. While I am bearish generally, I think that crude is likely to enjoy a bounce here but whether it starts this week or next is harder to say. Next week (Aug 17-21) looks more bullish as Venus aligns with Uranus in the middle of the week. The last week of August also could coincide with some buying as the Sun conjoins Jupiter. The planets look moderately bullish in late August and may be enough to correlate with a technical bounce. But September will likely bring more weakness so a retest of \$42 is likely, if not a break below that level. While I think the planets favour lower lows below the \$42 level at some point in September-October, I am uncertain if

there is enough negative energy for a decline to \$26. I would not say that such a decline is probable. A significant low looks more likely to occur in October after which a viable rebound can begin as Jupiter strengthens in its conjunction with the Lunar Node, Rahu.

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)

Gold

Gold held its own last week despite improving US data and the growing likelihood of a rate hike in September. Gold was unchanged on the week finishing at 1093. This neutral outcome was somewhat disappointing as I thought the planetary alignments might have generated a little more movement. In fact, gold traded within a very narrow range between 1080 and 1100. Bulls now have more compelling evidence that gold is forming a bottom as 1080 is holding firm. However, buyers will need to push it above resistance at 1105 before a rally looks possible. A close above 1100 would also be bullish for the short term. Any move below 1080 would be bearish although perhaps not fatally so, as 1070 is the low to beat for now. The current sideways move may also be interpreted as working off an oversold technical condition. Once the various indicators recover (RSI, stochastics), gold may become vulnerable to more declines. I would think an oversold bounce would likely move above 1100 and perhaps retrace part of the move below 1140, say to 1110 or 1120. The overall chart still looks bearish as the moving averages are all sloping downward.

This week offers gold an opportunity for a gain, especially in the second half. The early week



Mars-Node aspect may be bearish although probably not significantly so. I would not be surprised if we didn't get much downside at all from it, perhaps just another retest of 1080. But the prospect for gains rise on Wednesday and after as Venus enters Cancer and the Sun aligns with Uranus. If there isn't much damage early in the week, then we could see gold rise above 1100, and perhaps to 1110 or 1120. Next week looks bullish to start as the Sun enters Leo where it forms a wide conjunction with Jupiter. This is likely to bring further upside, although the late week period features a Sun-Saturn square which is normally bearish. Nonetheless, there is a planetary case for a bounce here for gold. But September looks more challenging as Saturn aligns with the Lunar Node, Rahu. Previous alignments of Saturn and Rahu have usually been bearish (e.g. September 2011) and while the correlation is not 100% it is a probable negative influence. If we do get a late August bounce in gold, then I would at least expect a retest of 1070 in late September. However, I tend to think that a lower low is still more likely in late September and October, and that we could finally see gold trading at 1000 or below. November should see a rebound as now Jupiter aligns with Rahu. This looks like a strong rally which will continue into early 2016. I would expect a lower high, perhaps in the 1200-1300 range. The first half of 2016 leans bearish, however, so any rallies are likely to be sold.

Technical Trends

Astrological Indicators

Short term trend is DOWN
(1 week)

bullish (disconfirming)

Medium term trend is DOWN
(1 month)

bullish (disconfirming)

Long term trend is DOWN
(1 year)

bearish (confirming)

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