

## Summary for week of 3 August 2015

- Stocks remain susceptible to declines this week, especially in second half
- Dollar could rebound in second half of the week
- Crude oil could bounce early but more downside possible later
- Gold still vulnerable to declines this week

## US Stocks

Stocks bounced last week as the Fed did not reveal its intentions about a rate hike and thus avoided any nasty surprises. The Dow climbed 1% on the week closing at 17,690 while the S&P 500 finished at 2103. This bullish outcome was not my favored scenario as I thought the late week offered a better chance for declines. Monday was lower as I thought it might be but the bulls came out in force on Tuesday. Wednesday and Thursday saw more upside which was not unexpected given the Venus-Jupiter conjunction. Friday was lower as expected as Mars enters Cancer but the decline was much less than I thought.

As we move into the month of August, the market is still very close to its all-time high. July's positive performance was quite unexpected as I thought the overall picture looked more bearish due to that double aspect of Saturn onto Venus and Jupiter. I thought a bearish outcome was more likely but I did acknowledge a somewhat more elevated possibility positive outcome from this three-planet alignment. In astrological terms, we are again at a significant inflection point this week when the three-planet pattern is exact in the early part of the week. Since stocks have been holding up quite well here, we could see that

bullish trend continue into the exact alignment on Tuesday the 4<sup>th</sup>. While I still think there is a significant downside risk here because of the Saturn's presence in the middle of it all, I would not be shocked if we did get some early week gains. But the question then becomes: what happens once the pattern separates? I had thought that the separation of Jupiter from Saturn in August might produce a more positive month overall. This still



seems to be the more likely outcome. But without any significant declines in July, some of that bearish energy has been pushed back into August, presumably in the first half of the month. August therefore looks less bullish than I previously thought, so I think any August rebound would be fairly weak and would also produce a lower high. That's a bit tricky now, however, since any more upside could easily challenge the high at 2135. An incrementally higher high is still conceivable given the current astrological situation but the outlook for the rest of 2015 still looks negative. It seems we are not going to see much downside in August but hopefully a lower high in late August or September. This would set the stage for a deeper sell-off that I am expecting in late September and October.

The technical picture remains unchanged. We did see a break down of support at 2080 on Monday but bulls stepped in quickly before 2040 was even tested. Monday saw a quick tag of the 200 DMA before the rebound took place and the SPX is now back at resistance in the 2110-2130 area. Bears still need a close below 2040 to inflict any significant damage. The market is waiting for a new direction which will break it out of its current range. From a medium term perspective, the chart is still quite bullish after a big run-up in 2014. The current sideways move can be seen as a normal consolidation before a bull market pushes higher. Certainly the SPX and the Nasdaq are quite strong in this regard but other indexes are more suspect.

The Dow has been weaker recently and looks more bearish as it finished below the 200 DMA last week again. Monday's low was a lower low and hence the Dow looks likely to break down. The 50 DMA is now sloping down. But don't look now since we could see a death cross of the 50 and 200 DMA in a couple of weeks if the market falls further. This isn't a solid indication of more immediate downside – and it actually can suggest a short contrarian-fueled bounce – but it is necessary pre-condition for a bear market. The Russell 2000 chart also looks more like a bearish head and shoulders top than a bullish sideways consolidation. The proximity of the neckline at 1210 appears to give bears the edge in this chart. Resistance is now at 1270. These under-performing indexes are perhaps a reflection of the poor market breadth which manifests as a very weak Bullish Percent chart. Despite last week's gains, it is still in a bearish crossover. This may well produce another lower high as we saw two weeks ago before we get another move lower. Overseas markets also look weak as the DAX barely bounced at all last week and remains below its 50 DMA. China's Shanghai Index slumped again last week although it found support at its 200 DMA.

This week could see some large and important moves as Venus and Jupiter line up in an exact square with Saturn on Tuesday. This really could go either way so I am reluctant to suggest a bias here. A sizable move is more likely. Similarly, a change in direction is also quite possible here not only because of the rarity of the alignment



but because Saturn reverses its direction on Sunday August 2<sup>nd</sup> and will begin to move forward again. These planetary stations are always potential reversal points for the market. I would therefore be most surprised if the market didn't move much at all. Of course, Saturn could end up pulling the rug out completely this week so there is an increased chance of significant declines. But this is a kind of two-tailed scenario given the various planets involved here – upside and downside are both possible. After Tuesday, however, the downside risk increases as Mars aligns with Saturn on Thursday. I think we should get some downside here overall, although if the early week is bullish, then that could take the SPX back up to 2130. I can't quite convince myself this is probable, but it certainly wouldn't surprise me. I think it is more likely that we see support at 2080 tested again. If we get some fireworks this week, then we could even see that level broken.



Next week (Aug 10-14) may well start on a bearish note as Mars aligns with the Lunar Node. This is closest on Tuesday but I think we could see two down days out of the first three on the week. Depending on what happens the preceding week, we could see 2040 tested again with some reasonable chance that it could be broken. The late week looks more bullish as the Moon aligns with Sun and Venus on Thursday and Friday. Overall, this week leans bearish. The following week (Aug 17-21) looks more bullish as the Sun enters Leo and begins to approach its conjunction with Jupiter. My expectation is for a lower high in late August, perhaps around 2100. The first week of September could see some declines as Venus conjoins Mars. The first half of September could well extend this sideways market but by mid-September, the planets suggest declines are more likely as Saturn aligns with the Lunar Node. Generally, the period from Sept 15 to Oct 31 leans strongly bearish. We are likely to finally break below this recent trading range and perhaps test 1900 at least on the SPX. A rebound rally should start sometime in November and last into January as Jupiter conjoins the Lunar Node. This looks like a very strong rally but it may only produce another lower high. Another corrective phase is likely to follow from February to April.



### 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)

bearish (disconfirming)

bearish (disconfirming)

## Indian Stocks

Stocks ended the week mostly flat as strong earnings reports late in the week helped offset earlier declines. The Sensex was unchanged on the week at 28,114 while the Nifty edged slightly higher to 8532. I thought we might have seen more downside last week, especially later in the week. The early week was bearish as expected and the midweek rebound also seemed to fit well with the bullish Venus-Jupiter conjunction. But Friday's gain was more anomalous as traders avoided any possible jitters from the Mars entry into Cancer.

It seems the market is still in wait-and-see mode as the indices trade within their recent range without a clear indication of future direction. Bulls may be waiting for progress on the government reform bills while bears may be relying on more turbulence from China or more decisive moves by the Fed to push stocks lower. Yellen did not tip her hand on that score last week as the possibility of a September hike remains on the table. If US economic continues to come in at or above expectations, then that could produce more headwinds for emerging markets such as India's which is more vulnerable to a rising Dollar. Aside from any technical considerations, my view of the planetary influences suggests that downside risk is significant in the weeks ahead. July has proven to be more bullish than expected, however, so that could alter the possible paths of the market. Previously, I had expected an interim low was more likely to occur in early August which would be followed by a rally into late August and early September. I now wonder if August to turn out to be more bearish than I thought. The chances for a bearish August are higher now than they were, but I still think August ought to see a little upside, probably in the second half of the month. September still looks like a higher probability negative month with the risk of declines increasing in the second half of the month. October also leans bearish as Saturn aligns with Rahu and Venus transits bearish Virgo. I think the overall picture favours the low of the year occurring in October or November. A rebound will likely take the market higher into early 2016.

The technical picture is fairly neutral as bulls stepped in at the 50 DMA above 8300 and avoided a more troubling scenario. Bulls need to push the Nifty above the previous high at 8650. If it reverses lower before that happens, then bears will try to retest last week's low. If there is a quick reversal lower this week, then the odds would tend to favour the bears and a retest of support at the 50 DMA at 8342. Stochastics is again above the 20 line and in a



bullish crossover so that is a positive. MACD looks a little tired, however, as it remains in a bearish crossover. There is a small bearish head and shoulders pattern here with the right shoulder at 8530 or so with the neckline at 8320. If the Nifty reverses lower from current levels, the downside target of this pattern would be about 8000. This would approximately match the previous major low so that is something to watch out for in the days and weeks ahead.

The neutral position of the market is reflected in the fact that the three main moving averages have clustered together near current levels. The bulls have a small edge with respect to the positioning of these lines but a quick move below 8300 could change that. Naturally, any close above 8650 would be more bullish as it would nullify the head and shoulders pattern and would open the door for a possible retest of the all-time high at 9119. Of course, there would still be a considerable amount of overhead resistance between 8650 and 9119 but it would at least give bulls the technical advantage in the short term. The weekly BSE chart now features that bearish crossover of the 20 and 50 WMA – a definite bear warning signal for the medium term outlook. Stochastics are still in a bullish crossover but it is getting close to overbought. HDFC Bank (HDB) bounced off support last week and is making another run to retest the recent high. The chart looks bullish for as long as it remains above last week's low. Although it is a much weaker chart, ICICI Bank (IBN) also bounced off support early and finished below its 200 DMA last week. The gain was fast enough that one would think a retest of the 200 DMA is likely in the near term. But bulls have to be able to move above that resistance level to change the outlook on this chart.

This week could see the markets undergo a significant change. The key is the close alignment of Venus, Jupiter and Saturn on Tuesday and Wednesday. I had thought that the role of Saturn here meant that declines were more likely than gains. However, the late gains last week may be indicating that we could see more upside into this alignment with negative fallout occurring only afterwards. There is still some significant downside possibilities here, mostly because Saturn is very powerful now that it is due to station direct on Sunday. Such planetary stations are more commonly found around reversals in market directions. The fact that Venus and Jupiter are aligning here also means the market could make bigger than normal moves this week. The risk of declines rises as the week progresses as Mars aligns with Saturn on Thursday. I would not rule out any outcome here as this a



very potent alignment with unpredictable consequences. My bias is still to the downside, however, but it may take more time for this to manifest.

Next week (Aug 10-14) looks bearish to begin with as Mars aligns with Rahu (North Lunar Node). We could see two down days early in the week. I am uncertain where the Nifty might go, but probably it will remain above support at 8320, if not 8400. Wednesday looks more bullish, however, as the Sun aligns with Uranus and we could see more upside later in the week as Venus enters Cancer. The second half of August leans bullish as the Sun approaches its conjunction with Jupiter on the 27<sup>th</sup>. I would expect a lower high (below 9119, and probably below 8800 also) in late August. Stocks are more likely to decline after that date as early September sees the



conjunction of Venus and Mars. Mid-September is also problematic due to the Saturn-Rahu alignment. Late September is particularly bearish as Mars squares Saturn. I think the chances are fairly good that we see the Nifty break support at 7900-8000 at that time. October also leans bearish as Venus transits Virgo. I would expect a significant bottom to occur in late October or early November. As before, I think we could see the Nifty may retest that 6900-7000 level before rebounding. The Jupiter-Rahu conjunction will dominate the December-January period so we should see a sharp rebound at that time. This may only see a 50% or 61% retracement of the indices (8000? 8300?) before another down leg begins in February and continues through to April.

**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 Dollar held steady last week as the latest comments by Fed Chair Janet Yellen did not offer any new insights on when a rate hike may occur. The USDX finished fractionally higher at 97.44 while the Euro ended the week below 1.10. The Rupee closed just below 64. I thought we might have seen stronger upside given the influence of Saturn but Friday saw a potential end to the current rally attempt. The Dollar remains just below its most recent high at 98 as it negotiates significant overhead resistance. Friday's long lower shadow appeared to retest support at 96.5 and the 50 DMA. This mirrored a similar long lower shadow candle in June which began a new move higher. This time, however, the hammer doji comes after a move higher and is therefore less bullish. In fact, it may also signal a growing likelihood of a more downside. In any event, Friday's candle suggests we will get either a move that gives a hard retest to 98.5 or more downside. I think the chart is still bullish. This is perhaps a reflection of a sufficient number of traders who think the Fed could raise rates in September.



This week could see some big moves in both directions. I would retain a bullish bias for the Dollar, although the early week pattern of Venus-Jupiter-Saturn could see some declines. A more bearish scenario would then see another test of support at 96.5 by Tuesday but with the Dollar likely climbing after that as Mars aligns with Saturn later in the week. I think the chances are fairly good for the Dollar to finish higher. A retest of the recent high is very possible. Next week should begin on a bullish note as Mars aligns with the Lunar Node. A move above 98.5 is quite possible at that time. The late week looks bearish, however, as the Sun conjoins Venus and the Moon.



The rest of August looks somewhat bearish so it seems unlikely that the Dollar will rally back to 100 this month. September is a more likely time when the Dollar could move to 100 as Saturn aligns with the Lunar Node. Early September is bullish in this respect, as is the last week of September. October could see some follow-through downside also although this looks less significant in percentage terms. I think the chances are good that we see the DX move back to 100 by this time and a higher high is still possible. I'm a little less convinced we will see parity with the Euro here, but it is still quite doable given the aspects in play.

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 fell again last week as supply data showed growing inventories in the US. WTI lost 2% on the week closing below \$47 while Brent slumped further and closed below \$52. As expected, we did see some gains into midweek but buyers got cold feet at \$50 for WTI and quickly threw in the towel. Friday's Mars influence correlated closely with a major down day. The technical outlook remains quite bearish. Friday's low matched Monday's low so bulls may be able to argue for a double bottom pattern from which new rallies can be launched. It seems more likely now that we will see a retest of the March low of \$42-44 quite soon. Buyers will likely move in at that level but any subsequent bounce will be closely watched. If it is weak, then lower lows would be more likely. The Brent chart actually looks more bearish as Friday's close broke below Monday's close. It was also below the March low and hence may have violated the neckline of the putative head and shoulders pattern. A quick snapback rally could keep the H&S pattern in play with a rally into the right shoulder towards \$62. But that scenario is not looking probable at the moment. The January low of \$47 is the key support level now.

This week could see a rebound in the early going as Venus and Jupiter conjoin while in alignment with Saturn. The Saturn influence makes strong gains somewhat less predictable, however. Tuesday looks a little more bullish than Monday but there is a decent chance for a positive outcome across both days. That said, I would not be surprised to see crude trend lower anyway. The late week looks more bearish again as Mars aligns with Saturn. I am generally bearish on crude in the coming weeks but this week at least heightens the possibility of a more neutral or bullish outcome. I would not say this is quite likely, however. Next week (Aug 10-14) leans bearish in the first half of the week so we could see that retest of \$44 on WTI at that time. The second half of the week is better as the Sun aligns with Uranus on Thursday and Friday. This could represent a strong bounce off support. The rest of August leans bullish on the Sun-Jupiter



conjunction. Just how far any bounce could go is hard to say. I would not rule out a move back to the 50 DMA although that seems like a bridge too far at this point. September is likely to see another move lower so this could be a more likely time window for a new low below \$44. A bounce is likely in early October but the rest of that month is more bearish. A sustainable rally is more likely to begin in late October or November and carry into early 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)

**Gold**

Gold was mostly unchanged last week as the guessing game continued around the Fed’s first rate hike. Gold was slightly lower on the week at 1095. I thought we might have seen more downside, although I was not strongly committed to that view. Friday’s gain was surprising, however, given the Mars influence. Bulls can make the argument that gold is forming a bottom here as last week’s low was a little higher than the previous week’s low. But 1100 still looks like resistance as sellers seem to come into the market as soon as there is any upside at all. Stronger resistance may be found in the 1130-1140 area which was near the old support level. To be sure, gold is oversold on a daily and weekly basis so that suggests that some kind of rebound is more likely than not in the near term. But it will take a significant change here to make this chart look bullish. With all the moving averages sloping down, going long on gold is very much a ‘catch a falling knife’ proposition. The medium term downside target for gold is still 1000 based on the descending triangle pattern from 2015.

This week has the potential to move gold significantly in both directions. Saturn’s



alignment with Venus and Jupiter early in the week looks more bearish but I do acknowledge the lesser possibility of a sudden bounce with this pattern. There is also a risk of a collapse here, although I would not say it is a probable outcome either. The late week Mars-Saturn aspect looks more bearish. Overall, I would lean towards a lower low this week while keeping a very open mind. Next week (Aug 10-14) looks bearish to start on the Mars-Node aspect but the second half of the week should be more positive as the Sun aligns with Uranus. I think there is a real possibility of a rebound here. Late August leans bullish on the Sun-Jupiter conjunction so we could see gold begin a small multi-week rally. But early September should be bearish on the Venus-Mars conjunction. The mid-September Saturn-Rahu pattern looks strongly bearish so I think lower lows are quite likely in late September or perhaps late October. 1000 is very doable by late October, and it could well fall further than that. A major rally is likely to begin in November around the Jupiter-Rahu conjunction which should last into February 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)

Disclaimer: For educational and entertainment purposes only. The MVA Investor Newsletter does not make recommendations for buying or selling any securities. Any losses that may result from trading are therefore the result of your own decisions. Financial astrology is best used in conjunction with other investment approaches.

Before investing, please consult with a professional financial advisor.

©2015 Christopher Kevill