

Summary for week of 14 September 2015

- Stocks likely under pressure this week
- Dollar could rally this week, especially late
- Crude oil unlikely to rally this week; support could be tested
- Gold could move lower this week, especially late

US Stocks

Stocks rebounded last week as bargain hunters moved in against a stabilizing backdrop in China. The Dow climbed 2% on the week closing at 16,433 while the S&P 500 finished at 1961. This outcome was more bullish than expected since the late week brought gains instead of selling. While I thought we would likely get some early week downside, Tuesday's gain more than nullified Wednesday's decline.

So it's all about the Fed this week as Janet Yellen will issue her latest pronouncement on interest rates on Thursday. So will she or won't she? Market analysts are surprisingly divided on this question although there seems to be more influential economists and former Fed members suggesting that rates won't rise at this time. So the bias remains for the status quo. Given the predominance of Saturn at the moment given its alignment with the Moon's Southern Node and its entry into tropical Sagittarius on Friday, I would think the probability of a rate hike is actually somewhat higher. Saturn symbolizes constraint and tight money so that might push the Fed a little closer to a hike, and yet it seems incredible this ultra-dovish Fed could ever raise rates when the economy is as weak as it is. But I really can't say what they will do. I do think the market is more vulnerable this week compared to last, although it could end up declining for reasons other than the Fed statement. But there are a couple of planetary patterns on Thursday and Friday which would seem to increase the possibility of a negative reaction even if it isn't quite as clear as I would like it. In purely astrological terms, stocks should struggle until the completion of the Mars-Saturn square aspect on September 24-25th. A rebound is



more likely after that date. How low we go is hard to say with confidence. It is possible we may not see the previous low at 1911 broken decisively. I still think the planets do offer decent evidence for a more bearish view (1867?), but it is conceivable the downside could be muted. In any event, a retest near that 1911 level is definitely more likely than would otherwise be the case given these patterns. For this reason, I would think a quick rally back above 2000 is more unlikely as an outcome either before or immediately after the Fed meeting on the 17th. Depending on what kind of downward pressure we see here, the rebound in October (especially late) could finally move the SPX back above 2000 by the end of the month.

The technical picture remains bearish here as the key indexes may be forming pennant patterns. The pennant is a continuation pattern which offers the bearish view some support since the sell-off could continue once the rising support lines are broken. Wednesday's intraday high was above pennant resistance and stopped just short of 2000 thus forming a lower high with respect to the previous week's high. Bears jumped in on Wednesday to push prices lower but bulls may be waiting for a retest of 1911 before committing more cash to the long side. Interestingly, Wednesday's high reversed right at the 20 DMA. Support is immediately at 1940 and if that is broken then 1911 could well be doable.

Resistance may initially be at 1980 at the 20 DMA but the previous highs of 1995 could be more important. A breakout higher would likely suggest a retest of old support at 2040 and then at 2070 and the 200 DMA. If the Fed leaves rates alone on Thursday, then it is possible we could see a quick run-up to 2040 or 2070. I can't quite see it happening based on the astrology, but the technicals suggest it is possible if the pennant breaks to the upside. The bulls can point to the relative strength of the small cap Russell 2000 as one reason why the rebound could last. Instead of a neutral/bearish pennant, the \$RUT is forming a bullish ascending triangle. This pattern has an upside target of 1200, which is fairly close to the next significant level of resistance at the 50 DMA. The Bullish Percent chart finally moved into a bullish crossover of the 5/10 EMA suggesting that bears had more to risk than bulls. The bond market is still leaning towards a rate hike very soon as the 1-year Treasury is pushing up against resistance at 0.4%. The further that yield moves above 0.25%, the more pressure there will be on the Fed to raise rates. The 10-year yield is still stuck at resistance at the 50 DMA. On its own, it is signaling slower growth which may be an argument for keeping rates unchanged. And yet with so many foreign buyers seeking safety in emerging markets, bond yields are being pushed lower.



This week offers bears two distinct opportunities. Mars enters Leo on Tuesday so that increases the probability of a significant down day early in the week – either Monday or Tuesday I should think. The midweek does have a potentially bullish alignment of Venus and Mercury but I'm not sure it can readily translate into gains since it forms an alignment with Saturn. Nonetheless, I would not be surprised if we got some upside through Tuesday and Wednesday with Wednesday looking somewhat more bullish. Which brings us to Thursday and the Fed decision. The decision comes down at 2 p.m. EDT with a Yellen press conference starting at 2.30 p.m.

Interestingly, Mercury turns retrograde at 2.09 pm EDT just minutes after the release of the statement. I'm not sure what this may mean since Mercury retrograde stations are not inherently bearish or bullish. But it does raise the outside possibility of some confusion and perhaps disappointment around the Fed decision.

Moreover, Mercury will be in a tight alignment with Saturn at this time so that is one reason why I am leaning towards a negative market reaction in any event. Maybe Yellen raises rates but at the same time announces the possibility of QE4! I would not be surprised if we got some kind of mixed message in that respect. With the planets looking somewhat tense here, it is hard to imagine how they could retest SPX 2000 at any time in the week. I think a retest of support at 1940, 1911, etc is a more likely outcome. And there is a greater risk of a move below 1900 also although I would not say that is probable.



Next week (Sep 21-25) also looks bearish. The first half of the week could see some upside on the Venus-Uranus aspect on Tuesday. I would not expect this one-day aspect to coincide with a major rebound but we should see a gain at some point in the early week. Wednesday to Friday looks more bearish as Mercury aligns again with Saturn and then Pluto while Mars squares Saturn on Friday. I don't think we will get three down days in a row at that time, but it definitely looks bearish. I would think the chances are good of a retest of 1900 at least by that time, if not 1867 or lower on the SPX. The last week of September looks more bullish so the odds of a bounce look better at that time as Venus enters Leo on Sept 30th.



It is possible this rebound could gain some traction into October although there will likely be a major decline near Oct 8-9 on the Mercury-Node conjunction. The question then is whether this could form a lower low or higher low. I think a higher low is more likely but we shall see. The Jupiter-Pluto aspect in late October could provide a boost for sentiment which suggests the rebound could be significant. While I expect some major upside move in December and January on the Jupiter-Node conjunction, I am now carefully watching the late November Saturn-Neptune square aspect as another potentially bearish time which could seriously interrupt any rebound that takes place in October. As before, a significant rally is due to begin in November although I suspect the bulk of the gains will take place in December. In other words, it looks like US stocks have more downside to go here until a possible bottom in October or November. A rally into early 2016 could be sharp but I suspect it will fade out by February and we will again see some selling. There is a very real possibility of lower lows by mid-2016.

Technical Trends

Short term trend is UP
(1 week)

Astrological Indicators

bearish (disconfirming)

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

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

Indian Stocks

Stocks moved higher last week as stability returned to most Asian markets. The Sensex climbed 1.6% on the week closing at 25,610 while the Nifty finished at 7789. This bullish outcome was somewhat surprising as I thought we might have seen more late week selling on the Mercury-Saturn alignment. Stocks did fall across Thursday and Friday but very modestly. As expected, Monday was lower as channel support was tested at 7600. The midweek bounce arrived a bit ahead of schedule on Tuesday but Wednesday's rise fit nicely with the Jupiter-Neptune aspect. Because the midweek bounce was stronger than expected, the Nifty ended higher on the week.

It seems as if the market is now in wait-and-see mode for the Fed's Thursday policy announcement. While investors have discounted a rate hike to some extent, it seems likely that a hike would nevertheless spark some selling. If the Fed leaves rates unchanged, it would likely be bullish for equities around the world including India. As I have noted previously, the planets may incline towards a rate hike given the strong Saturn influence this week through its alignment with Ketu (South Lunar Node) and Mars as well as its entry into tropical Sagittarius on Friday the 18th. Saturn symbolizes restraint and money tightening

so it is more likely that the Fed will be thinking cautiously here. Paradoxically, it is also possible to see the Fed's caution manifest as a stand pat policy out of fear of disturbing the status quo. I do not think this is as likely but it is a plausible enough outcome. All things considered, I think we are more likely to go lower here in September with even lower lows possible by November. I think the lower lows in September have a higher probability than those in October or November, however, so that difference is important. October could see a rebound take hold but it likely will be interrupted in November. I'm not sure when the bottom will occur, but the bottoming process will likely extend across the October-November time frame. The Jupiter-Rahu conjunction dominates the end of the year and early 2016 so a more significant rebound is likely to begin in November and continue through to February. This is very likely to be a lower high (e.g. 8300? 8500?) and then we will see another correction begin in February and continue through March.



The technicals turned bullish in the short term after Monday's decline touched support of the falling trend line at 7600. The bounce has been modest so far. Bulls will have to test resistance at the 20 DMA (7956) at least before bears become interested in shorting. Even then, stocks were so oversold here that bears are likely not very enthusiastic at these levels. MACD is starting a bullish crossover and is pointing to higher prices in the near term. Even more bullish perhaps is the positive divergence in the RSI as Monday's lower low was matched by a higher low in the RSI with respect to the previous low on 24th August. From a purely technical perspective, one would think that any subsequent declines will be bought fairly aggressively. Of course, the wild card is the Fed which could move markets significantly irrespective of the technical picture.

I would think a move above 7956 could invite a gap fill above 8100. A rally of that magnitude could therefore test the 50 DMA at 8275. More cautious bears may therefore be lying in wait around those levels before they press their luck to the downside. Immediate support is near 7700 with stronger support likely at 7600. A double bottom from 7600 would be perhaps a better place for cautious bulls to go long. Another factor to consider here is that the weekly BSE chart looks less bearish. Stochastics are oversold and may actually produce a bullish crossover if we get another positive week this week. Longer term the chart is still looking weak as the 50 and 20 WMA are in a crossover indicating a likely bear market is now underway. Meanwhile, Infosys (INFY) followed the broader market higher last week as it bounced off support at the 50 and 200 DMA. The chart still looks bullish so we could well see another test of resistance near the August high. A breakout higher is somewhat unlikely just yet but it remains the more likely medium term outcome at this point. A reversal at a lower high would suggest growing weakness in this chart. HDFC Bank (HDB) managed to hang onto support at the 50 WMA last week after a modest gain. The chart looks bullish in the long term and current levels should offer good support for now. However, a weekly close below the 50 WMA would introduce more uncertainty.

Despite the mostly positive technicals, the stars this week lean bearish. Mars enters Leo on Tuesday so this suggests at least one down day on Monday or Tuesday. Tuesday is perhaps more bearish in this respect as the Moon conjoins Mercury. Wednesday and Thursday could be somewhat more positive as the Sun enters Virgo. If we do get some downside early on, this could conceivably represent another bounce although I'm not sure it will be strong enough to offset any possible preceding decline this week. I think there is some risk that 7700 is tested here with even 7600 in the picture. Of course, the market will



react to the Fed decision on Friday just a few hours after Mercury turns retrograde. Actually, Mercury turns retrograde on Thursday at 2.09 p.m. EDT – just 9 minutes after the Fed releases its statement. Mercury retrograde is neither bullish nor bearish by nature but on this occasion Mercury will form a fairly tight alignment with Saturn. This increases the chances of a sense of confusion or disappointment with the statement. This is another reason why I think a strong rally on Friday post-Fed is fairly unlikely. Indeed, a sell-off seems to have an increased probability. Overall, I would lean towards a retest of 7600 during the week.

Next week (Sep 21-25) looks bearish again as Mars squares Saturn towards the end of the week. However, we could see a rebound in the first half of the week, especially if the previous week finishes negative. Tuesday and Wednesday are perhaps more bullish on paper as Venus aligns with Uranus. The Sun conjoins Rahu on Thursday so that creates some uncertainty. As it happens, Friday is closed for a trading holiday so perhaps Indian stocks will manage to avoid significant downside on the Mars-Saturn aspect. In any event, I think these patterns increase the likelihood of at least a retest of 7600, and we could well see something lower than that. The following week



looks more bullish as Venus enters the sign of Leo on Wednesday the 30th. I would expect a significant rebound during this week. However, another decline is likely in early October, with a focus on 8-9th October and the Mercury conjunction with Rahu. Whether this is a lower low or higher low is difficult to say. It may be a good buying opportunity for bulls, however, since the rest of October looks more bullish on the Jupiter-Pluto aspect. But November could bring some headwinds once again as Saturn squares Neptune at the end of the month. If October is mostly bullish, then November could represent a retest of a significant support level such as 7600 or conceivably even 7000. Any declines in November will likely be better medium term buying opportunities since December and January look more bullish on the Jupiter-Rahu conjunction. Although this may be a strong rally, it does not look long lasting and we could see a correction begin as early as February. It is very possible that we will see lower lows by April so I think the bear market will continue through much of 2016 at least.

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 retreated last week as global equities stabilized causing an outflow of safe haven money. The DX closed above 95 while the Euro added almost two cents on the week to 1.13 and the Rupee strengthened towards 66. I had been uncertain about the Dollar last week although I stuck with my bullish bias. That proved mistaken, however, as the Fed holds the Dollar's fortunes in its hands. If Yellen pulls the trigger and hikes rates, we should see a big move higher, likely above the 50 DMA and perhaps even testing the 98 level in fairly short order. But the market seems to be preparing itself for the status quo as the selling suggests no rate hike is expected. If the Fed stands pat on Thursday we should see more downside, although perhaps not that much. The USDIX would likely break below the 200 DMA but it may not fall all the way down to the previous low at 93. Even if the Fed doesn't hike rates in September, it could still do so in October or perhaps in December. If Yellen delivers a strong message along those lines that could keep buyers interested in any event.



This week is all about the Fed and what they will announce on Thursday. If there was going to be a rate hike, it should show up in the planets fairly clearly. The Mercury retrograde station does occur at 2.09 p.m. right near the time of the release of the statement so that suggests for some significant or unusual news. I can't be sure if rates will rise, but I do think the planets point to a stronger Dollar this week. Now I wonder if we will only get a pop back to 96 and the 50 DMA. That would be disappointing, since I think there is the potential for more upside. Next week also tilts bullish for the Dollar on the Mars-Saturn aspect. But the last week of September looks more bearish and October could see choppy trading with a bearish bias. I would be less inclined to expect significant upside in October so we could see the Dollar top out at 98. After that, I think the window is closing on the Dollar rally for a couple of months at least as the Jupiter-Rahu conjunction should boost risk currencies. The Dollar is likely to retrace to 93 and probably lower, perhaps to 88-90 by January. Another Dollar rally is likely to begin in February or March 2016 and it should at least retest its 2015 high. I think the chances are good for a higher high for the Dollar by August 2016.



Technical Trends (Dollar)

Short term trend is UP
(1 week)

Astrological Indicators

bullish (confirming)

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

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

Crude oil

Crude oil declined last week as new supply data showed a growth in inventories. WTI fell 2% to below \$45 while Brent finished the week near \$48. This bearish outcome was in line with expectations as I thought we could see early and late week selling. This proved to be the case, although the biggest decline occurred Wednesday. We did get a rise finally on Thursday which correlated with the triple conjunction in the sign of Cancer. The technicals are looking weak here as crude is unable to move above the 50 DMA and recent price pattern is a bearish descending triangle. If we get a close below \$40, the downside price target would be \$40. This actually might bring in more buyers as it would approximate a bullish double bottom pattern after the low at \$38. While the chart is still very bearish, there will be a lot of buyers coming in at \$38-40 in search of quick profits. How long they choose to stay in the long trade is another question, of course. The chart is still looking like it wants to go lower so any breakdown of \$38 would be very bearish and could open the door to sub-\$30 oil.

This week could see oil under more pressure as Mars enters the sign of Leo on Tuesday. I'm not sure we will see a collapse here but there is a real risk that support at \$44 will break down. I would not be surprised to see a retest of \$40 this week. Perhaps Tuesday has some bullish potential on the Moon-Venus alignment. Other up days are possible but they do not look particularly noteworthy or strong. Next week could be more challenging as Mars squares Saturn on Friday the 24th. We could see an early week bounce (back to \$44?) but the late week is bearish so I would favour a test of \$40 at least, if not \$38. A bounce is more likely starting on the 28th and should carry through to most of October. I would expect at least a 20% rally during that time. November looks bearish at the start of the month although I'm not sure where it will bottom and if we will see a lower low. I suspect we will get a higher low but it's hard to say. We should see crude move higher by December and January. Another correction is likely to begin in February and March. 2016 leans bearish overall for crude with the real possibility of lower lows in the second half of the year.



Technical Trends

Short term trend is DOWN
(1 week)

Medium term trend is DOWN
(1 month)

Long term trend is DOWN
(1 year)

Astrological Indicators

bearish (confirming)

bearish (confirming)

bearish (confirming)

Gold

Gold lost ground last week amid signs of stabilization in Asian markets and fresh evidence for a possible rate hike in the US. Gold fell 1.5% closing at 1107. This bearish outcome was unexpected as I thought the midweek gains would offset any other weakness. This clearly was not the case as the rally that finally arrived on Thursday was dwarfed by the preceding decline on Wednesday. Gold remains in a weak technical position here although bulls may be waiting for the double bottom near 1080 before they jump in. The previous bounce to 1170 was a very appropriate oversold rally after the huge sell-off. Given the amount of downside momentum, it would be unlikely that gold could form a V-shaped bottom so it makes more sense here that it is undergoing a protracted bottoming process. That is what bulls are thinking anyway. From a short term view, it's now too late for bears to short and perhaps too early for bulls to go long. As a result we could see some back-and-forth here at these in between levels. A close below 1080 would be bad news obviously and would open the floodgates towards 1000. There is some horizontal support at 1100 so it is possible we could another defense by the bulls at this level. Bears may be waiting for another bounce to a lower high such as 1140 or 1150 before committing to the short side.



My outlook on gold is still bearish but this week is harder to call due to the mix of aspects in play. Mars enters Leo on Tuesday so that is often negative for gold. However, the Sun enters Virgo on Wednesday which seems more bullish. Perhaps that will reflect the nervousness of the market before Thursday's Fed statement. Therefore, a choppy market is more likely in the early part of the week. But Saturn is quite strong at the end of

the week as it tightens its alignment with the South Lunar Node (Ketu) and enters tropical Sagittarius on Friday. Mercury turns retrograde a few minutes after the release of the Fed statement which suggests the larger likelihood of a big move. I would lean bearish here and I would note the possibility of a larger than normal move. Next week is also more vulnerable to declines since Mars will form a close square aspect with Saturn. The aspect is exact on Friday the 25th. Some early week gains are more likely around the Venus-Uranus aspect but I would still think this week ends lower. A rebound is likely in the last week of September and this may well continue through much of October. It looks like another bear market rally however, as the overall trend is unlikely to be broken. November looks bearish as Saturn squares Neptune at the end of that month. November could prove to be a significant bottom for gold since the Jupiter-Rahu conjunction in December and January offer a good chance at a rally that gains some traction. Another correction is likely to begin in February or March.

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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