

Summary for week of 28 September 2015

- Stocks could move higher this week, especially in first half
- Dollar likely retesting support this week
- Crude oil may move higher and retest resistance at \$48
- Gold likely bullish this week and may test resistance

US Stocks

Stocks slumped again last week as investors tried to come to terms with the Fed's lowered growth expectations. The Dow was down less than 1% overall closing at 16,315 while the S&P 500 finished at 1931. This bearish outcome was in keeping with last week's forecast as I thought we would likely see a retest of support of 1940, if not lower. The early week was less bullish than expected, however, as Monday produced the only gain on the week and then it reversed lower at 1980. Even Janet Yellen's assurance on Thursday was not enough to produce an up day on Friday as stocks failed to hold onto intraday gains.

The mood is still quite uncertain here as nobody really knows what the Fed is going to do now. Despite a stated preference for transparency, messaging has been a problem for Yellen and Co as the Fed tries to find a way out of a possible liquidity trap. Earnings season starts in October so that could be the next market mover depending on forward guidance and the possible negative impact of the higher Dollar for larger companies with international operations. Not only is a higher Dollar bad news for emerging markets like China, but it is bad news for US multinationals. This is another manifestation of the dilemma the Fed is in now. More positive macro economic data

(inflation, GDP, wage growth) could give the Fed the encouragement it needs to finally raise rates before the end of the year but it seems there are more sources of uncertainty. Astrologically, we can see that the current fragility of the market is an appropriate reflection of the Saturn-Node alignment. This is a bearish pattern that is exact at the end of September and it is an important reason why stocks have not only corrected but have yet to rebound. It



is increasingly clear that we are no longer in a simple pullback. So now the choice is whether it is a 10-15% correction within an ongoing bull market or perhaps the beginnings of a bear market which will feature at least a 20% decline from the top. A 20% decline would translate into 1700 on the SPX. That's definitely possible according to the planetary patterns I am seeing but it is unclear to me if we will get there in November or if we will have to wait until March or April 2016.

The technicals are leaning bearish here. The retest of the 50 DMA and the previous resistance level of 2040 was brief after the sudden reversal at 2020 on Sep 17th. This rebound after the Aug 24th low is therefore not especially strong so that argues for a retest of that low at 1867. It doesn't mean the market must hit that level again, but it could get close to it for the retest to be completed. But bulls could argue that Thursday's low of 1908 was at least a retest of the penultimate support at 1900. This is very true but Friday's session did not go well and all things considered, I think the technicals suggest at least an eventual harder retest of 1900, and probably 1880 or 1867 itself.

I would think that any move below 1909 will see a fall to 1880 very quickly. 1867 obviously looms large here. Even if that level breaks down, I'm not sure how much immediate selling we would see. It might have to cleanly break it, such as below 1860. If that happens, then 1780 or 1800 would be a downside target to watch. That would echo the correction of 2011 in which we got an initially piercing low in August, followed by some back and forth in September and then a somewhat lower low in October. Another retest of resistance is still possible, of course, such as the 50 DMA at 2022. This could happen if we got some good news over the weekend perhaps. Even then, I don't think it would suddenly make the technicals bullish. We would need a close above 2020 to breathe new life into this rebound off the Aug 24th low. The weekly Dow chart shows some long-tailed dojis here reflecting market indecision. The September rebound, however weak, is working off the oversold condition in stochastics although RSI has yet to have much of a bounce. There remains a lot of resistance at 17,000 so it is unclear if the Dow can move above that level in a straight line. It is conceivable that we could see a bounce all the way up to 17,600 and the 50 WMA. The German DAX has already formed a double bottom after the Volkswagen scandal so we shall see how much of a bounce it will enjoy. The bond market is still leaning towards a slowdown as yields on the 10-year are sitting near the 200 DMA.



This week offers a decent chance to the bulls. The early week features a nice Moon-Uranus conjunction which could spur some buying on Monday. I would not say this is a high probability alignment but it does lean bullish. Tuesday also seems less negative (despite the Saturn-Node alignment) as the Moon approaches an aspect with Jupiter and Venus enters sidereal Cancer. Wednesday looks more difficult, especially in the afternoon. The Sun-Mercury conjunction is suspect also so a reversal lower is possible. There is a reasonable chance that we could

see the SPX rise in the first half of the week, and I would not be surprised if it moved to 1980 or even higher. I think the technicals are sufficiently equivocal here that some kind of rebound is more likely this week. This is not to say that a decline is impossible in the early going, but the planets are not strongly favoring the bears here. Thursday is more bearish, however, as the Moon aligns with Mars and Saturn. Friday also leans a bit bearish as Mars aligns with Mercury. So the question is whether these late week patterns will be enough to negate any possible early gains this week. I would retain a bearish bias in any event just to be safe but I am less committed to the notion that we will finish lower here.



Next week (Oct 5-9) features a difficult Mercury-Node-Saturn alignment that is exact late in the week. Due to Mercury's low velocity, however, it could manifest at any time during the week. At the same time, Jupiter is approaching its bullish aspect with Pluto (exact the following week) so I would be surprised if the bears ruled the roost here. Nonetheless, the early week leans bearish. Thursday looks bullish on the Moon-Venus conjunction but Friday could see problems return as Mercury turns direct and thereby invokes the Saturn-Node alignment once again. There is still an elevated risk of a sell-off during this week, even if the short term aspects are not clear in that regard.



The following week (Oct 12-16) could start bullish on the Jupiter-Pluto aspect, but things may reverse lower by the end of the week and the Mars-Jupiter conjunction. The week as a whole leans bearish. A bounce is possible in the last two weeks of October, but it is not a slam dunk by any means. The Venus-Jupiter conjunction is bullish on the 25th but it is not enough to determine the outcome of the month as a whole. Early November looks very bearish as Venus enters Virgo and conjoins Mars on the same day (Nov 2). A significant bottom is therefore more likely in November during this three-week transit of Venus through Virgo. The 2011 correction also bottomed during the Venus transit of Virgo so that is something to watch for. Where stocks may bottom is hard to say. 1867 looks very likely at some point but that isn't saying much now. 1700 looks doable by November but I would not be disappointed if we didn't get there. A rebound is likely on the Jupiter-Rahu conjunction in December and January but it looks unlikely to produce a sustainable rally. Saturn squares Jupiter in February, March and April so we will likely see another decline. A lower low is very possible by April. I think 2016 will be bearish as a whole given the recurring square aspect between Saturn and Neptune. The steepest decline may occur between August and November.

Technical Trends

Astrological Indicators

Short term trend is UP
(1 week)

bearish (disconfirming)

Medium term trend is DOWN

bearish (confirming)

(1 month)

Long term trend is UP
(1 year)

bearish (disconfirming)

Indian Stocks

Stocks moved lower last week on weaker global cues and poor export data. The Sensex lost more than 1% at 25,863 while the Nifty finished at 7868. This bearish outcome was in keeping with expectations although I thought the biggest risk was on Wednesday and Friday. While Wednesday was higher, we did see the low of the week then intraday. As expected, Thursday's holiday closing may have kept declines more modest, however.

The absence of any more bad news saw stocks trading water ahead of the RBI meeting on Tuesday the 29th. The market seems to have already discounted a 25 basis point cut in the repo rate given the falling price of oil and slower growth. With inflation pressures reduced, there is less reason for Mr. Rajan to hold the line on rates. It seems unlikely that a rate cut will greatly move markets as more investors may be looking for a change in the cautious tone it has adopted in recent months. While the medium term planetary alignments look difficult (Saturn-Ketu), Tuesday's Venus-Moon alignment looks more positive and could well indicate a favourable market reaction to the RBI announcement. It is possible that we have seen most of the negative effects of the Saturn-Ketu alignment given last week's retest of the previous low. Although this produced a somewhat bullish higher low, we may now look forward to a bit more upside as we move into October. Saturn is still in the mix in early October, however, as Mercury forms a tense alignment on 8-9th October. However, the Jupiter-Pluto aspect on 12 October should translate into some upside which may be sufficient to prevent any sudden collapse in prices. That said, the month of October still leans bearish overall so I think the chances of a strong rebound are fairly low. With Venus due to enter Virgo on 2nd November, it seems quite likely we will get another decline in November. My general expectation is that this will be a lower low (below 7600) and that 7000 is possible, but not quite probable, however. At this point, I think we could see well a significant low made in November from which another rally attempt can be launched.

The technical picture remained mixed last week as bulls retested resistance above 8000 before reversing lower once again. Bears did not do much damage when they had the opportunity, however, as Wednesday's low above 7700 matched previous interim lows. Bulls may now make the case for more upside as we have an inverted head



and shoulders pattern with a neckline near 8050. If this neckline is broken to the upside, this pattern has an upside target of 8550. Although it would seem to be a very bullish development, it likely would end up testing resistance in the falling channel since the all-time high back in March. In other words, the overall down trend would not be significantly changed by such a move higher. Conversely, a move below 7700 would invalidate the pattern and would likely spark a retest of the 7539 low. Despite the possible bullish head and shoulders pattern, stochastics have a bearish crossover and could be moving lower.

The weekly BSE chart still offers some hope to bulls as stochastics is in a bullish crossover after being oversold. This is often a more reliable indicator than RSI or MACD so it may point to more upside in the coming weeks. However, the overall chart still looks bearish as the bearish crossover of the 20 and 50 WMA is deepening. A rally back to either of those lines would be entirely in keeping with a typical bear market rally but the current chart suggests that bulls may take profits sooner rather than later. So that is a technical scenario to keep in mind: a rally back to resistance at 27,000-27,500 and then another move lower.

Meanwhile, Tata Motors (TTM) retested its August low last week as bulls will try once again to start a rally. A close below Thursday's low would be quite bearish and would signal that lower lows are ahead. Infosys (INFY) fared better last week as it extended its recent rebound back towards its previous high. The bullish ascending triangle looks positive here although resistance at the August high may be quite formidable.

This week looks mixed. The early week looks bullish and I would think the chances are good for at least one significant rise, possibly on Tuesday after the RBI decision. This would coincide with the Venus-Moon-Uranus alignment. I'm less certain about what happens Monday, however, as the lunar eclipse in Pisces looks unstable. Between Wednesday and Thursday, I think the chances are good for a net negative outcome as the Sun conjoins Mercury. I would not necessarily expect two down days in a row, however. As it happens, a bearish-looking Mercury-Mars alignment falls on Friday which is a holiday closing so perhaps that could produce less downside than would otherwise be the case. Without the Friday trading session, I would think the chances are fairly good for a net positive outcome this week. I would be surprised if the upside was large, however. If Monday is significantly lower, then the Nifty may not be able to easily recapture 7900.



Next week (Oct 5-9) leans bearish as Mercury conjoins Rahu while in alignment with Saturn. Since Mercury is travelling very slowly ahead of its direct station on Saturday the 10th, the week as a whole leans bearish with declines possible on any day. Wednesday and Thursday may be somewhat less negative given the Moon-Venus conjunction but I would think that Friday is quite bearish. There is a good chance that any gains made in the preceding week will be erased here and I would not rule out a retest of 7700. The following week (Oct 12-16) could be bullish to start on the Jupiter-Pluto aspect but the second half of the week looks more problematic on the Mars-Jupiter conjunction. I would not be surprised if we saw a gain here, but there is an elevated downside risk also. The second half of October looks choppy as we could have offsetting bullish and bearish influences. I would retain a bearish bias here in any event, although I would keep an open mind about possible upside. But then November looks more negative again as Venus enters Virgo, its sign of debilitation. This is often bearish for stocks and that looks very much the case this year since Saturn squares Neptune at the end of November. The combined effect of these two negative patterns suggests more downside is likely, probably to lower lows. A rebound should take place in December and January as Jupiter conjoins Rahu. While this rally could be strong, it seems unlikely to be sustainable. I am expecting another correction to begin in February and last through April. An even lower low is therefore possible in Q2 2016. The bearish bias will likely continue through much of 2016.



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

bullish (confirming)

bearish (confirming)

bearish (disconfirming)

Currencies

The Dollar rose last week as positive economic data gave more support to the notion of a rate hike. The USDIX finished above 96 while the Euro slipped below 1.12. The Rupee again moved above the 66 level. While I had been bullishly biased here, I did not expect these kinds of gains. I also thought that we might have needed to wait until the late week for the upside. As it happened, the gains emerged early with only minor retracement later on. The Dollar is still in this in-between zone between the 50 and 200 DMA. The previous week's bounce off support at 94 provided enough technical impetus for bulls to go long at least on a short term basis. Friday's gravestone doji suggested an unwillingness to stay the course, however. Stochastics are suddenly overbought although MACD offers hope to bulls that the bullish crossover can continue and point the way forward. Bulls need to break above the 97 to keep the possibility of a retest of 98.5 alive. If the bulls fail to move above 97, their next assignment would be to simply create a higher low above 94.19 which was the previous week's low. Perhaps an ascending triangle is all Dollar bulls can hope for at this point.



This week looks mixed with a bearish bias for the Dollar. Some early week retracement is possible as Venus enters Leo. I would not be surprised to see the DX fall back to 95 at some point. However, I do not think there is enough bearishness here to see a move back to 94. The late week tilts a bit bullish so we could see the Dollar finish only modestly lower from its current level. Next week (Oct 5-9) looks bullish as Venus is squared by Saturn. Another retest of resistance at 96.5 is very possible and I would not be surprised to see it push above that level. The Dollar is likely to stay strong throughout October and into early November at least. I do not have a clear idea when the interim high is most likely to occur. It may be as late as mid-November. I also am agnostic on the question of where the Dollar could top out at. Probably somewhere between 98 to 100. The Jupiter-Rahu conjunction in December and January should provide a significant lift to risk currencies against the Dollar so we should see a major retracement at that time. Another move higher is likely to begin in February or March, although it may be fairly modest at first. The bigger Dollar rally is likely to take place in summer 2016 and could easily produce a higher high above 100.



Technical Trends (Dollar)

Short term trend is UP
 (1 week)

Astrological Indicators

bearish (disconfirming)

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

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

Crude oil

Crude oil ended the week unchanged as declining supply data offset concerns over lower economic growth. WTI crude finished above \$45 while Brent ended the week above \$48. I had been fairly neutral about last week and thought we probably wouldn't see any big moves other than a retest of resistance and support. We got the early week gains although they only lasted one day (Monday). Wednesday was bearish as expected on the Mars-Saturn aspect and we did in fact test \$44 once again. Support is holding firm here but the bull flag pattern is evolving into a more bearish descending triangle. The downside target for this pattern is \$39, which is very close to the previous low. A double bottom around that \$37-39 level would be a more bullish starting point for a rally in the event that \$44 fails to hold here. Although the chart continues to look bearish, it seems likely that we will get another rally back to the 200 DMA at some point. This may not be enough reason for the bulls to break out the champagne since it may only amount to another run-up to \$50 and hence a bearish-looking double top. WTI needs to move above that level in order for the rally to be longer lasting.

This week leans bullish so we could well get a retest of resistance at \$48. The first half of the week is probably a better bet for gains as Venus enters Leo. Thursday and Friday look more bearish on the Moon-Saturn alignment. I am uncertain if any late week selling would be enough to offset preceding gains. I suspect we could finish close to current levels but perhaps with a modest gain. Next week looks more bearish as Mercury conjoins the North Lunar Node (Rahu). Another retest of support is very possible here and I would not be surprised if we even broke below it briefly. Some gains are likely in the second week of October as Jupiter aligns with Pluto. We could see a retest of resistance at \$48, although I think the chances are fairly good that we move above that level, perhaps to the 200 DMA. The second half of October could see more upside although a significant breakout seems unlikely. Probably crude will be able avoid any collapse or retesting support. However, November looks more difficult as Saturn will square Neptune at the end of the month. A retest of \$37 is therefore quite likely in November and lower lows are also possible depending on where crude tops out at in



October. Another rally attempt is likely in December and January which should be strong enough to move above the 200 DMA. However, we should see prices fall again starting in February and 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)

Gold

Gold finished the week modestly higher as prospects for a US rate hike remained cloudy. Gold closed Friday at 1145. This bullish outcome was largely in keeping with expectations as I thought the Venus-Uranus aspect would likely boost prices. However, the biggest rise came on Thursday rather than early in the week as I had forecast. The short term technicals still look fairly bullish here. We got a higher low at 1100 in early September so bulls need to at least match the previous high of 1170 in order to form a more bullish ascending triangle pattern. A breakout above 1170 would be bullish of course but that could take a while as there is a ton of overhead resistance between 1170 and 1230. Stochastics is overbought now so that could undermine some of the bulls' confidence at these levels. MACD is confirming the lower high here so that is another piece of evidence that suggests we may be unlikely to break above 1170 soon. The current measured move has an upside target of 1190 so that could be another place where bulls take profits in the event that gold finds another reason to push higher. If the Fed ever decides to take the plunge and raise rates, I would have to think that gold will be severely punished. But there are enough Fed doubters out there to put in money in gold on the possibility that the Fed will always chicken out.



This week leans bullish for gold as Venus enters sidereal Leo on Thursday. This three-week transit is normally bullish for gold but here its upside may be muted somewhat because it will come under the aspect of Saturn in Scorpio. I am therefore somewhat less confident that these gains will materialize and that they will be substantial. That said, I do not think there is a strong bearish case to be made here so I would retain a moderately bullish bias this week. I think the first half of the week may be more bullish than the second half. Thursday could go either way, but Friday looks more bearish on the Moon-Saturn opposition. I think the chances are fairly good of a retest of resistance at 1170 at some point. Next week (Oct 5-9) looks choppy with a growing downside risk. The early week looks bearish on the Mars-Neptune opposition. I am uncertain where gold could finish here but a larger move is possible. Another test of resistance is possible in mid-October on the Jupiter-Pluto aspect (Oct 12th) but bulls may be on thin ice during October even if they manage to keep prices afloat. I think rallies will not be reliable and may not go very far. I can't be sure if the next big move lower begins in October or if we will have to wait until early November. My guess is we will begin to retest support at 1100 by the middle of October. It is possible that the retest and breakdown of 1080 may not occur until November. December and January look more bullish as Jupiter conjoins Rahu. This could well be a strong rebound, even if it proves fairly short-lived. Another corrective phase will likely begin in February and last into April. My general expectation is that gold will remain under pressure for much of 2016 with lower lows likely.

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 DOWN
(1 year)

bearish (confirming)

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