

Summary for week of 12 October 2015

- Stocks could rise in early week but late week is more uncertain
- Dollar could test support in first half
- Crude oil likely bullish this week although some selling is possible late
- Gold may extend gains this week but late week is mixed

US Stocks

Stocks extended their rebound last week as strengthening commodity prices and Fed jawboning enticed more investors from the sidelines. The Dow gained more than 3% closing at 17,084 while the S&P 500 finished at 2014.89. I was mistaken about last week as only Tuesday produced any downside at all. While I thought the Jupiter-Pluto aspect would likely bring some upside including a possible test of SPX 1990, the absence of any late week selling was somewhat disappointing.

Score one for technical analysis then, which did lean more bullish for last week as the putative double bottom after 1880 continued to unfold with this sharp move towards resistance. Earnings season has now begun but so far there have not been any major warning bells for investors despite the impact of the rising Dollar and the slowdown in China. The latest Fed minutes indicated a reluctance to raise rates while China is weakening and the stock market is wavering. The Fed is now sensitive to global developments more than ever and its stated aim of boosting asset prices means that the 'Yellen Put' is still very much in place. The Fed will not raise rates if the market is tanking. That should be good news for bulls as more investors remain as dependent on Yellen's liquidity-fueled, loose money policy as ever. If the Fed won't raise rates while the market is declining, this does not mean that a bear market is now off the table. Stocks fell in August not only because of the prospect of a rate hike, but because of weakness in China and any possible spill-over effects in the US. Overall, I remain cautious here given both the technical and astrological indicators. The absence of any downside last week did not



fundamentally change my view. There was some Jupiter influence in play at least, but after the Jupiter-Pluto aspect is exact on Monday October 12th, there may be less positive energy available for stocks. I think the higher probability time frame for a decline is still in November once Venus enters Virgo on Nov 2nd, but October looks mixed at best. I still think the odds favour a lower low below 1867 at some point by the end of November. But if stocks continue to rebound in October, then that bearish view may be subject to change.

The technical picture is basically unchanged. The double bottom from 1880 is so far playing out but it faces a huge amount of overhead resistance at 2040 and above. Bulls are thinking that if the SPX can push above that Sep 17th high of 2030 or so, then this correction will be over and they can look forward to an upside target of 2150. That is certainly possible, although there is so much resistance above 2040 and the 200 DMA, I would think it would take a significantly bullish piece of news to accomplish this feat.

In the short term, stocks look overbought as stochastics is well above the 80 line so some consolidation at least is more likely in the coming days. Support is likely around 1980-1990 which matches a previous interim high as well as Tuesday's low. Any move below 1980, would significantly increase the risk of a retest of the August low of 1867. The longer the SPX fails to move above 2030-2040, the edgier bulls may become. The Bullish Percent chart is again in a bullish crossover so that makes shorting a riskier proposition. The Dow chart looks more bullish as it has already exceeded its previous Sep 17th high. Of course, it was in a more vulnerable technical condition due to the breaking of the previous October 2014 low. That low was a critical indicator of the health of the overall six-year bull market. If the October low gets broken eventually on all the index charts, then the likelihood would be that we will be in for a full-blown bear market. So the Dow's higher high comes with an asterisk for the bulls. The other indexes have yet to eclipse their Sep 17th high, including the Nasdaq and the Russell 2000. The Russell is still apparently forming a downward channel as Friday's close is testing resistance as well as the 50 DMA. Treasury yields are also signaling a skepticism about this rebound as yields on the 10-year are well below the Sep 17th high. Friday's high reversed at the confluence of the 50 and 200 DMA. This may well be pointing to another retest of the August low. The one-year yield fell again to below 0.30% last week indicating a slowing economy. It is hard to imagine how the Fed could suddenly hike under these conditions.

This week is harder to call, although I think bears have a plausible chance. There is an absence of short term aspects here but we may see some negative fallout in the aftermath of the Jupiter-Pluto aspect. Generally, these Jupiter aspects are bullish before becoming exact and bearish following exactitude. Monday could see an



important move as the New Moon opposes Uranus. This is an unstable combination which could see large moves in either direction. A retest of the Sep 17th high of 2032 is very possible with this aspect. However, the market could suddenly reverse lower shortly afterwards so the overall effect could be more bearish. That said, I would be surprised if we got a large move after Monday. The late week is perhaps more bearish biased as Mars conjoins Jupiter on Friday. So we could see a rise Monday and then consolidation into midweek that keeps the SPX above 2000. This may be followed by some late week selling which tests that potentially important support level of 1980-1990. So I think the planets slightly favour a lower week. On the other hand, I would not be shocked if we tested resistance at 2030 or even moved above that level at some point.

Next week (Oct 19-23) leans bullish as Venus approaches its conjunction with Jupiter. This bullish influence is more likely to be felt towards the end of the week. I am uncertain where stocks will end up here. There could well be another attempt to break above resistance at 2040. The planets in following week (Oct 26-30) are suggestive of some selling, especially later in the week. This is significant given there is a FOMC meeting on Wednesday the 28th. The Moon opposes Saturn that day, so I would think the market could react negatively to whatever statement is made. November looks more bearish as Venus enters Virgo on Monday the 2nd while in a tense conjunction with Mars. We could see some significant downside in the first week of November. The second week of November may see a rebound attempt but this is unlikely to get far. With the Saturn-Neptune square exact in late November, I think there will be more downside pressure on stocks. Whether we see that lower low (below 1867) is hard to say, although there is considerable bearish potential in that Saturn-Neptune alignment. As Venus enters Libra on Monday November 30th, we should see the beginning of a strong rebound that lasts through most of December and likely into January. This seems more likely to be a lower high. Another move lower will likely begin in January or February and carry through to April as Saturn squares Jupiter.



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)

Indian Stocks

Stocks rallied last week on improving sentiment and hopes for a delay in the Fed's rate hike. The Sensex gained 3% on the week closing at 27,079 while the Nifty finished at 8189. While I thought we might get some choppiness given the mix of influences in play, this bullish outcome was quite unexpected. While I noted the possibility of a gain Monday into 8100 on the Sun-Jupiter aspect, stocks never looked back after that. We did get some retracement on Thursday's Mercury-Rahu conjunction but it barely made a dent in the early week run-up.

Investors are feeling more confident this week as the global picture looks more encouraging for stocks. With a US rate hike seemingly postponed until 2016, the easy liquidity will continue to flow into emerging markets for a while longer. The rebound in commodity prices also puts a floor under asset prices for the moment as the glass now appears to be half full. The delicate balance remains in place between a fragile and somewhat weak global setting and fairly decent domestic growth indications. While I was wrong about last week's outcome, the more general possibility of some upside in October was not surprising given the Jupiter-Pluto aspect. This aspect is exact this Monday the 12th and was likely to accompany some gains around this date. More generally, I think the bears are owed another significant move lower between now and the end of November. Now that Jupiter's bullish aspect is mostly finished, the downside risk is again increasing. I don't think the chances of a major decline are very great just yet, as I think the late October and early November window is a more likely time for such a downward move. Venus transits Virgo through much of November so that should undermine any rallies and put pressure on prices. Saturn squares Neptune at the end of November also, so that is another key time to watch. Since November is likely to be bearish, that means that bulls will likely to have to work fast in October in order to push the indices higher. My expectation is that time and the technicals are their enemy in this regard as the Nifty looks unlikely to break out of its overall bearish pattern over the next three weeks. This suggests that another lower high is likely which will be followed by either a (bearish) lower low in November or perhaps, a higher low which would be more bullish. To be sure, bulls will have a better chance to build a rally in December and January as Jupiter conjoins Rahu.

The technical picture remains short term bullish after Monday's break above resistance at 8100. The Nifty is now in the process of filling that big gap between 8100 and 8300. Conceivably, Friday's intraday moves may have essentially filled the gap if we take the August 21st low. This means that a quick reversal lower is now a little more likely than it otherwise would be. Support is now at the 50 DMA at 8100. As long as the Nifty remains above this level, then this short term bull move will in be dominant. Wednesday's intraday low tested this support level so we will see if bulls can push prices back to 8300 or beyond.



The bulls can also take some comfort in the ongoing inverted head and shoulders pattern which has an upside target of 8500-8600. This would match the early August high and could make a safer place from which bears could short. Of course, there is no certainty that this bullish pattern will play out, particularly since the Nifty is still tracing out a falling channel which now has resistance near 8400 and the 200 DMA. A move higher to this level would be in keeping with the current corrective move and would be another place where bears may be planning to short stocks. The weekly BSE chart is still looking bearish in the medium term as the 20 WMA is below the 50 WMA. Price has still not quite rebounded to those lines although it is getting quite close. A little more upside would not fundamentally alter this bearish pattern. And as long as the crossover is in place, there is a risk that the Sensex will retrace all the way to the 200 WMA at 22,000. This could be a more solid foundation for the next rally in this long bull market. Meanwhile, Infosys continued to push up against resistance at its new highs. The chart is still bullish but some consolidation underneath these levels is possible before bulls try to push it above resistance. Tata Motors (TTM) enjoyed a breakout above resistance last week. The double bottom pattern has an upside target near the July lows and August highs. This suggests another 6-8% rise in price is possible if this pattern is fulfilled.



This week begins with Monday's Sun-Moon-Uranus alignment. This pattern is somewhat bullish although it can indicate instability and reversals. The bearish fallout from the Mercury-Saturn alignment may be felt into midweek although I would be surprised if it produced much downside. The late week leans bullish again on the Venus-Neptune opposition. Overall, I think the chances are fairly good for another retest of resistance at 8300 and hence of the gap fill. This could happen as soon as Monday or it may be delayed until later in the week. I think the underlying influences here favour the bears, however, so bulls should be sensitive to quickly changing conditions.



Next week (Oct 19-23) has some bearish potential as Mars conjoins Jupiter on Monday the 19th. The early week is therefore more negative than the rest of the week. The late week Mercury-Venus-Pluto alignment looks bullish.

We could get further upside in the final week of October so it is possible that the Nifty could test the 200 DMA at 8400. I would also not be surprised if the 8500 level was reached although that may prove to be a bridge too far. Venus enters Virgo on Monday 2nd November so that is more likely to coincide with a significant move lower. We could see some downside a few days before, but early November is a more likely time for a decline. I think an interim low is more likely to occur towards the end of November when the Sun conjoins Saturn. December and January offer better chances for gains as Jupiter conjoins Rahu (North Lunar Node). The rally should be substantial and could easily revisit October highs (8500?). I would not be surprised if they climbed higher than that. But February looks bearish as Saturn squares Jupiter. This is a damaging aspect that will be in effect for three months because of the respective retrograde cycles of both planets. We should see another interim bottom in April or perhaps May. Due to the severity of this planetary affliction, it is quite possible that this will be a lower low with respect to 7600 (Sept low) or any lower we see in November.



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

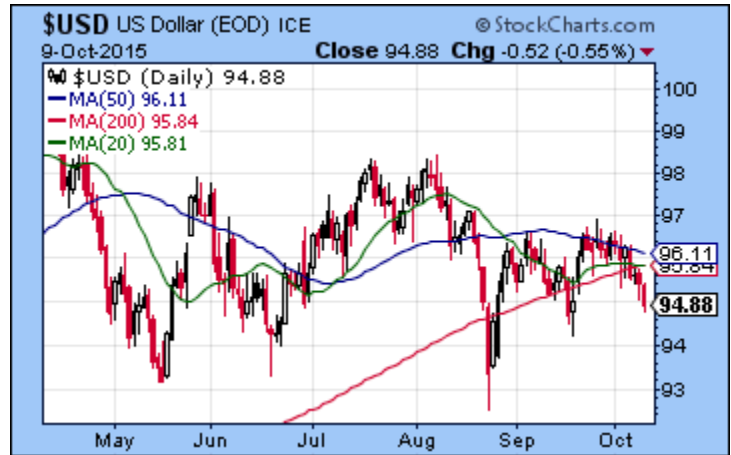
bullish (confirming)

bearish (disconfirming)

bearish (disconfirming)

Currencies

The Dollar pulled back last week as the chances diminished for a rate hike. The USDX ended the week just below 95 while the Euro climbed towards 1.14. The Rupee strengthened to below 65. I thought we might have seen more upside last week but we only saw one modest up day on Monday. The Dollar remains within the low end of its recent trading range. The convergence of the 20 50 and 200 DMA suggest that we are more likely to see a big move fairly soon. The Dollar is close to support here at 93-94 but a breakdown is still possible, especially if that level gets tested with more force. In the short term, we are still seeing a bullish ascending triangle which has an upside target of 99. Friday's close tested the rising support line from the August low. Any move lower, however, would likely mean a retest of 93 is in the cards. A close above 96.5 would suggest a new move higher which could reach 99 or 100. I think it is still possible to see this last six months of sideways trading as a consolidation phase after the sharp rally in 2014 and early 2015. The weekly Euro chart may be forming a bottom but the rebound has been fairly weak and suggests that a retest of the low is still quite possible.



This week could see the Dollar remain under pressure although I think it should stay above support. We could see a big move in either direction on Monday's Sun-Uranus aspect. The late week Mars-Jupiter conjunction could be more bullish for the Dollar so even if it touches 94, a bounce is more likely later in the week. Next week looks similarly mixed with strength more likely early and weakness later on the Mercury-Venus alignment. I think the chances are good that the Dollar will continue to trade between 94 and 98 through October although it is likely to rise in the final week and perhaps may test resistance. My expectation is that November will be more bullish, especially in the first half as Venus conjoins Mars and both enter the sign of Virgo. We should see the Dollar test resistance at 98 and it may climb higher. A significant retracement is likely to begin in late November or early December as Jupiter conjoins the North Lunar Node. This should see the Dollar fall back to 94 at least, and probably lower, perhaps even back to the 88-90 range. Another major rally is likely to begin in February and last through most of the first half of the year. A major high in the Dollar is likely in August or September 2016. It seems quite likely to retest its recent high of 101 and my expectation is that it will be a higher high.



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

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

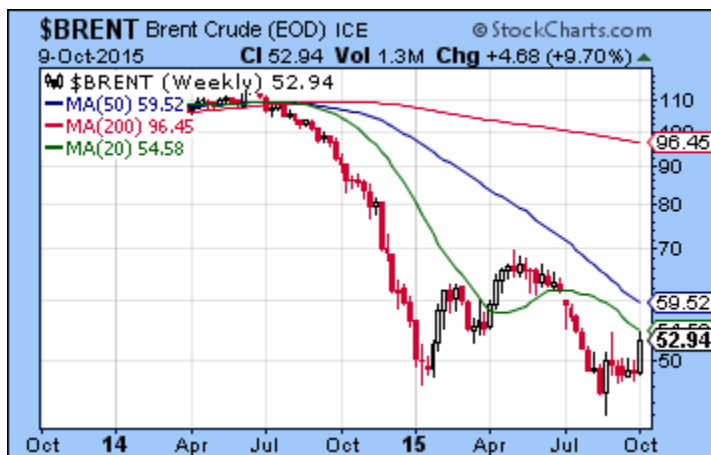
Long term trend is UP bullish (confirming)
(1 year)

Crude oil

Crude oil pushed higher last week as US rig counts came in below expectations. WTI rose 7% on the week closing just under \$50 while Brent finished the week just under \$53. While I thought October would likely see some upside, I was not convinced that last week would be bullish. My expectation for early week gains on the Moon's transit of Cancer proved correct but there was no meaningful late week decline. So suddenly, here we are testing the 200 DMA at \$51. I thought this was doable by the end of the month but it seems crude has more gas left in the tank to move higher. For WTI, there is a lot of resistance just above this level at \$52-54 (and for Brent at \$55), so it seems unlikely that the rally can simply keep going without any hesitation. Some kind of consolidation at or below current levels seems likely before that resistance level is taken out. But the chart does look a little more bullish now having exceeded the early September high. Support is now at that high (\$48) so we will see if bulls step in and protect the current rally at that level. A break back below \$48 would suggest a longer period of consolidation at least. A decline below the old support of \$44 would be more bearish obviously and would suggest that a retest of the August low is at hand.



This week could see some consolidation but I would retain a bullish bias in any event. Monday's Sun-Uranus opposition offers the bulls an opportunity to push crude above the 200 DMA. Friday's Moon-Saturn conjunction looks a bit bearish and the rest of the week seems mixed so perhaps WTI crude will remain above support at \$48 this week. Next week leans bullish as Venus approaches its conjunction with Jupiter late in the week. I think the chances are good that we will see a hard retest of resistance at \$52-54. I would not be surprised if crude moved above that level either. But a significant decline is likely to begin in the last week of October or early November.



The Venus-Mars conjunction in Virgo should be bearish for most commodities including crude oil. I would not expect a severe decline in November so a higher low above \$38 is more likely. December and January should see a strong rebound so the October high is likely to be retested. A higher high is very possible by January. A reversal lower in February is likely as Saturn squares Jupiter. Most of the decline seems centered around March. A retest of \$38 is again quite possible at that time.

Technical Trends	Astrological Indicators
Short term trend is UP (1 week)	bullish (confirming)
Medium term trend is UP (1 month)	bearish (confirming)
Long term trend is DOWN (1 year)	bearish (confirming)

Gold

Gold posted a modest gain on the week as the likelihood of a Fed rate hike retreated further. Gold rose by 1% closing at 1155. While I thought we would likely see some upside in October, I was uncertain about last week's prospects. As it happened, the late week Venus-Saturn aspect was not bearish as expected but quite bullish. Gold is actually looking fairly bullish on a short term technical basis as an ascending triangle is taking shape. If we see a breakout above resistance at 1160-1170, then this pattern has an upside target of 1240-1250. The longer term declining channel has resistance near 1220 so it may be more difficult to push above that level. The overhead resistance above the 200 DMA at 1180 is still formidable but a breakout above the August high could cause a short squeeze that quickly pushes prices above 1200. While the longer term chart is still quite bearish, we can see that gold is a little more likely to move higher in the short term as it forms a more solid bottom. However, any move below 1100 would be problematic for bulls as it would likely entail a retest of the low.

This week leans bullish as Monday's Sun-Uranus opposition could represent a significant gain. I'm not certain if there is enough energy in this aspect



to push gold above resistance at 1170 but it is possible. The late week may also see a large move as Mars conjoins Jupiter on Friday. I would think this combination is more likely to correspond with a gain although Mars can sometimes go the other way. Between those two aspects, there is a real chance of a move above 1170 this week. I would not be surprised if gold got to 1200 actually. The transit of Venus through the sign of Leo in October should help to support prices in the event of any pullbacks and may well inspire some decent upside. Gold could continue to test resistance (1170? 1220? 1240?) through to the Venus-Jupiter conjunction on October 26th. After that date, gold may trend lower. Venus enters Virgo on November 2nd so I am expecting a significant retracement during that whole month. A possible low may occur in the last week of November when the Sun conjoins Saturn. I do not have a strong opinion about where this low may occur – it could be above 1080, although I suspect it will be below it. December and January should be more bullish as Jupiter conjoins Rahu (North Lunar Node). A rally early in 2016 could be strong enough to move above the October high. But the period from February to April looks quite bearish as Saturn squares Jupiter. I would expect any preceding gains to be erased by this significant correction. Gold will likely trend lower through the first half of 2016.

Technical Trends

Astrological Indicators

Short term trend is UP
(1 week)

bullish (confirming)

Medium term trend is DOWN
(1 month)

bearish (confirming)

Long term trend is 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