

Summary for week of 16 November 2015

- Stocks likely to fall further, especially midweek
- Dollar may rise and test resistance this week
- Crude oil likely to continue down trend
- Gold to remain under pressure this week

US Stocks

Stocks slumped again last week as the likelihood of a Fed rate hike began to take root against a sobering backdrop of falling commodity prices. The Dow lost more than 3% on the week closing at 17,245 while the S&P 500 finished at 2023. This bearish outcome was in keeping with expectations as I thought the Mars-Node conjunction could cause some problems along the way. That said, I was surprised that we didn't see more upside early in the week although Tuesday saw a modest gain. The late week Jupiter alignment did nothing for sentiment either as the market sold off sharply on both Thursday and Friday. As a result, the size of the pullback was surprising, although I was not surprised that the SPX has retreated to the 2020 level given the bearish November alignments.

The decline in commodities seems to have entered a new down leg as most traders are anticipating more slowdown in the global economy. This puts the Fed in a more difficult position since Janet Yellen is less likely to hike rates while stocks are falling. She may also be reluctant to raise rates since this will push the US Dollar higher and that would likely act as an added burden for the global economy. The bond market is caught in the middle of these contradictory influences as the slowdown is likely to push down yields as happened last week while the prospect of a rate hike is pushing up yields, especially at the short end of the yield curve. The 1-year yield has now moved over 0.50%. Those dynamics are flattening the yield curve which is usually a bad thing for stocks since a flat or inverted curve often foretells declines and economic recessions. Could stocks continue to fall here without any major new



developments? I think they can as long as there are no new actions from central banks to do more QE or whatever else they are contemplating to postpone the inevitable next economic contraction. So far, we can see that the bearish effects of the transit of Venus through Virgo are playing out more or less in line with their historical norms. The indexes essentially peaked as Venus entered sidereal Virgo on Nov 3rd and have been in retreat for the past eight sessions. But how much lower could this pullback go? I think we could see more downside in the short term as Venus remains in Virgo until Nov 30th. The Saturn-Neptune square is also not exact until that date so there is some astrological evidence to support the case for further downside.

While the pullback to support at 2020 was not unexpected, the speed of the decline may be giving bulls cause for concern. A pullback to a key interim high (now support) such that made on September 17th can be seen as normal consolidation after the double bottom rally from 1867-1880. A temporary intraday breakdown of 2020 is still possible with buyers entering closer to the 50 DMA at 2007. This could still spark a rebound. But I would think a close below 2020 and especially 2007 would mean lower lows ahead. There is a small gap at 1950 or so which may then be filled if the pullback has further to go. Obviously, below 1950, the prospect for a retest of 1880 becomes much greater.

In the event of a bounce, resistance is probably close to the 200 DMA near 2060. There is also a small gap near 2070 to be filled. A close above 2070 would be bullish and tilt the balance towards more upside and higher highs, perhaps following the 2011 analogue. Stocks are getting oversold as stochastics is below the 20 line. However, RSI still has a ways to go before it touches the 30 line. With MACD in a perfect bearish crossover here and Venus only half-way through Virgo, the case for more downside is decent. The weekly Dow chart does not yet show a bearish crossover in stochastics but it is very close. A simultaneous crossover and move below the 80 line would suggest lower lows ahead on a medium term basis. The chart of the 10-year Treasury shows a small retracement last week after the surge higher in early October. Friday's decline in yields pushed it below a key support level of the Sept 17th high. This may well indicate there will be further moves lower in the short term. This is generally bearish for stocks since it represents the anticipation of economic slowdown. Copper has joined the commodity rout as it broke below support at 2.25. This is another strong indication of a slowdown, if not outright recession in the global economy. Without some significant central bank intervention, lower copper prices could correlate with lower stock prices.



This week leans bearish again. The early week Sun-Mercury conjunction occurs in the last degree of Libra and is likely to correlate with more downside. The Moon is in a somewhat positive alignment with Jupiter at the open

on Monday but I would be skeptical about the possibility of gains holding by the close. Both planets will then enter Scorpio on Tuesday which may be seen as another day that is more likely to finish negative. This suggests that the odds favor a breakdown of 2020 and a possible retest of 2007 at least on the SPX. I would not be surprised if we got an even sharper sell-off. Wednesday morning could see a little lift on the Moon-Jupiter-Uranus alignment. Thursday's Moon-Saturn square looks bearish so that suggests that any prior rebound on Wednesday may not have staying power and that we could retest the early week lows. Friday looks slightly more bullish on the Moon-Jupiter opposition. Overall, I think the chances are good that we break 2020 this week and finish below that level. I'm not sure if there's enough negativity in the air to reach 1950. It's possible though.



Next week (Nov 23-27) is the traditionally bullish Thanksgiving week marked by low trading volumes. Monday's Venus-Uranus aspect looks bullish. If the previous week has ended on a down note, then that suggest we could see some bargain hunting to start the week. Tuesday and Wednesday look more troubled, however, as Mercury conjoins Saturn and both square Neptune. This does not look like a bullish alignment at all. More selling is definitely possible here. The larger question is what the chances are that this could mark the interim low in this pullback. It's possible, but I would not count on a lower low during this holiday week. That



said, the week does not look that bullish. Thursday is closed and Friday looks mixed. Venus then leaves Virgo and enters the sign of Libra on Monday the 30th. This is often bullish by itself and could enough to start a significant rally into the first week of December. Wednesday and Thursday looks quite bullish as the Moon conjoins Jupiter. The second week of December should see a significant pullback, with Tuesday and Wednesday looking more vulnerable as Mars aligns with Uranus and Pluto. This may set the stage for some kind of Santa Claus rally in the second half of December and early January. Whether this is to a higher high (>2135) or lower high is hard to say. I think a 10% rally is quite possible in December and early January so a lot will depend on where we get a bottom. Late January looks bearish and a then up to a possible lower high looks likely in early February. After that, I am expecting a deeper decline in late February and March as Saturn squares Jupiter. If things go according to plan, then we could see a lower low by April. This should be below 1867 on the SPX and possibly down to 1750. After a bounce in late April and May, June and July look bearish. A lower low is likely by the summer. I am paying special attention to late June as a possible crash window as Uranus changes signs on June 24th. The period around this date could be especially volatile.

Technical Trends

Short term trend is DOWN
(1 week)

Astrological Indicators

bearish (confirming)

Medium term trend is UP bearish (disconfirming)
(1 month)

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

Indian Stocks

Stocks extended their slide last week on more Fed anxiety and falling commodity prices. In the Diwali-shortened trading week, the Sensex lost 2% closing at 25,610 while the Nifty ended at 7762. This bearish outcome was in keeping with expectations as I thought that the Mars-Rahu conjunction would likely depress sentiment. I had thought that we might see some early week upside on Monday's Venus-Rahu conjunction but bulls could not quite carry the day. However, the market did launch a significant rally after the open and managed to trim big losses.

The market is still very much in correction mode as there are more signs that the global economy is slowing. This puts the Fed in a difficult position since US data remains fairly strong – strong enough to warrant a rate hike in its December meeting according to the latest jaw-boning from Fed members. The problem is that the global economy is actually weakening as the falling commodity prices attest. If anything, this means any hike in US rates will be even worse for emerging markets such as India as the Dollar will take flight. It seems possible that the Fed will have no choice but to postpone its rate hike yet again, especially if equity markets are still volatile and in correction mode. Since stock values are one of the Fed's key criteria, the lower stocks go in the US and around the world, the less likely the Fed will be able to raise rates.



Financial astrology has thus far provided reasonably accurate clues on the current decline. The entry of Venus in Virgo in early November has corresponded with more downside as predicted. With Venus not scheduled to leave Virgo until 30th November, there is still some downside risk in the short term. This is not to say that stocks will continue to fall for the rest of the month. I can't be sure when the low is likely to occur although I think it could well be this week. But it does mean that a significant rebound is unlikely to make much headway in November. Once Venus leaves Virgo on the 30th, stocks may be better able to rise. With last week's decline, the Nifty is that much closer to its previous low of 7539. As before, I am agnostic about whether or not the Nifty will break below that level in the near term. It's possible, of course, but beyond that I cannot say.

Obviously, a lower low would be technically bearish going forward. But we could see buyers step in as we approach 7700 on the Nifty which has some horizontal support from previous interim lows. If 7700 fails to hold, then we will likely see a retest of 7539 shortly thereafter. A lower low also becomes more likely. In the event of a bounce, I would think that 8000 could be important resistance as this is the approximate level of the 50 DMA. The chart becomes more bullish if we get a close above 8000.

Stocks are oversold now as the RSI is touching the 30 line and stochastics are bumping along the bottom. Stocks could still fall further but bears may not want to press their luck in doing so. There are some prospects for gains down the road as MACD looks likely to produce a positive divergence with respect to the previous low. Even if the Nifty falls to 7500, it seems fairly likely that MACD will put in a higher low above -200, which was its lowest level in September. This is perhaps a more bullish signal for December and January. The weekly BSE chart is not yet oversold both in terms of stochastics and RSI suggesting it is subject to more medium term downside. Stochastics is still in a bearish crossover so it is quite possible the current decline could fall further.

The chart is bearish given the series of lower highs and lower lows. If the current pattern continues, we will see 24,500 in the near term. Longer term, I think the chances are good that we will see the Sensex test its 200 WMA at 22,000 at some point in 2016, probably in the first half of the year. Infosys (INFY) fell last week along with the most of the rest of the market and now stands perched on its 200 DMA. The chart is less bullish now that it has formed a lower low after making a lower high. While it could bounce off this level, it could just as easily fall quickly below it as it did in August, albeit for just one session. Bulls will likely try to go long here but may have close stop losses just in case. ICICI Bank (IBN) extended its losing streak as it has now retested its August low. After October's classic retest of former support turned resistance, this was a fairly predictable development. Bulls may be hoping for a bounce here but I suspect it may be short-lived as the chart looks generally weak. Similarly, bears may cover their shorts here and try to reload in the event of a bounce back to the 50 DMA, or some other lower level.

This week looks bearish again. The week could start more positively, however, as the Moon is aspected by Jupiter on Monday. This could conceivably produce a bounce back to 7850 or 7900 although that is not a high probability outcome. Tuesday's entry of the Sun and Mercury into the sign of Scorpio may be more problematic for the rest of the week. If Tuesday somehow manages to finish positive, then there would be a greater likelihood of declines on Wednesday and



beyond. But Tuesday still seems bearish on balance. Wednesday may be somewhat less bearish than Tuesday but I would retain a bearish bias in any event. Thursday and Friday look more clearly bearish as Mercury and the Sun align with Ketu (South Node). Even if Monday and one other day is positive this week, I would think the Nifty will test 7700 at some point this week, if not lower. If Monday is the only positive day this week, then we will likely see something below 7700 by Friday.

Next week (Nov 23-27) could start bullish as Venus opposes Uranus on Monday. Even if Tuesday is also positive, Thursday's Moon-Saturn opposition looks very bearish and could offset any preceding gains in the week. Friday looks bullish on the Venus-Jupiter alignment. The week looks mixed so I would be reluctant to predict a lower low. On Monday 30th November, the Sun conjoins Saturn while Venus enters Libra. This will either mark a significant low and reversal higher or more likely coincide with a rebound. The first week of December should be bullish as Mercury aligns with Jupiter. The second week of December could see some retracement as Mars



opposes Uranus. I am uncertain if this may coincide with enough of a decline to produce a lower low. I suspect it will be higher low, perhaps somewhere around 7700-7800. I would maintain a more bullish bias for the rest of December and early January as the Sun comes under the influence of Jupiter. January and February could see stocks trend somewhat higher. I would not expect the overall down trend to change but we could see something like 8200-8400. The second half of February looks more bearish as Saturn aspects Jupiter. This aspect will last for an unusually long time due to the retrograde motion of both planets. I am expecting a significant decline to take place through March and into April. It could be sufficiently bearish to produce a lower low (e.g. 7000) although we will have to see what the preceding high may be. 2016 is shaping up to be bearish overall with more downside likely in June and July. There is an elevated risk of a major crash in late June.

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 UP
(1 year)

bearish (disconfirming)

Currencies

The Dollar ended mostly flat last week as traders again weighed the possibilities of a rate hike against a background of more global slowing. The USDX ended fractionally lower above 99, while the Euro remained below 108 and the Rupee finished above 66. I thought we might have seen more upside and tested 100 but the DX only made it as far as 99.60. It was a week of consolidation after the jobs report surge. Support is now at 98.5 which was also the summer highs. Any move below that level could mean a retest of 97. Resistance is still formidable at 100 so it is unlikely to break above that level in the short term. Therefore, further consolidation is possible although with the Dollar trading above its 50 and 200 DMA, the chart is still biased towards the bulls. The weekly Euro chart is similarly bearish with few signs of reversing higher as all three moving averages are sloping down. We could see a bounce soon if the low at 1.05 is tested. Based on the size of the previous bounce, this potential double bottom could have an upside target of 1.25. Obviously, any move clearly below 1.05 would be bearish.



This week also has some bullish possibilities for the Dollar. Monday leans bearish, however, as the Moon aligns with Jupiter. Tuesday's entry of the Sun and Mercury into Scorpio looks more bullish so I would think we may see a little more retracement early but then the trend through the rest of the week may be up and another possible retest of resistance at 100. Thursday and Friday should be net positive, for example. But time may be running out for the Dollar bulls as the end of November looks less bullish. I think the chances are good that we get to 100 this week or perhaps next week but a breakout above that level is less certain. We could see a top and reversal lower starting as soon as next week (Nov 23-27). Further retracement is likely in the first week of December (to 97-98?) but then another bounce is quite likely on the Mars-Uranus aspect around Dec 8-11. But mid-December doesn't look that bullish for the Dollar so that argues against a rate hike at the scheduled FOMC meeting. I think the Dollar is likely to go through a longer period of consolidation in December and January. Whether the Dollar can fall below medium term support at 94 is hard to say. Another significant rally is likely to begin in February and March and continue into April. This could again return it to the 98-100 level of resistance. After a short period of consolidation in May, the June to September period looks very bullish and should finally produce a higher high above 100.



Technical Trends (Dollar)	Astrological Indicators
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Short term trend is UP (1 week)	bullish (confirming)
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Medium term trend is UP (1 month)	bullish (confirming)
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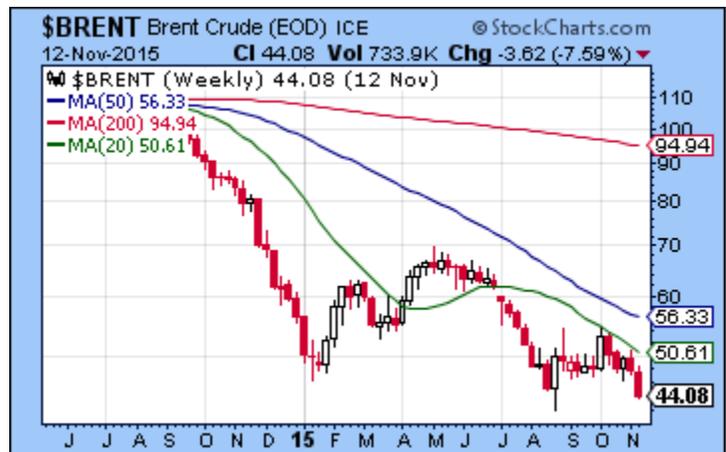
Long term trend is UP (1 year)	bullish (confirming)
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Crude oil

Crude oil fell further last week as evidence of a supply glut sent traders to the exits. WTI crude plunged 9% on the week closing below \$41 while Brent finished at \$44. This bearish outcome was in keeping with expectations as I thought the midweek Mars-Node conjunction would likely weaken sentiment throughout the week. Monday failed to produce any upside and prices fell in all five sessions. WTI Support at \$42 was tested as forecast and we got a break down of that support. The technicals look quite bearish here as bulls may only re-enter as we get closer to the \$38 August low. That could at least provide the basis for a decent bullish double bottom pattern from which a rally could ensue. A low that is a little above or below that level is also quite possible and that, too, will likely be bought by bulls looking for some kind of bounce. The double bottom upside target for WTI would be in the \$62-64 range ($\$50 - \$38 = 12$; $12 + 50 = 62$). Price is still on the wrong side of the 200 and 50 DMA, however, so the bears remain in control for the moment.



This week is also bearish as the Sun and Mercury enter Scorpio on Tuesday. Monday is therefore somewhat more bullish perhaps but the week as a whole is sufficiently bearish that I would think a significant rebound is unlikely. It seems probable that there will be a hard retest of the August low of \$38. A lower low is also possible although I would not say that is likely. Next week (Nov 23-27) could see the bottom or even the beginnings of a rebound. The 23rd features a bullish Venus-Uranus aspect which could be enough to break the gloom of the Venus in Virgo effect that has prevailed so far this month. We shall see. December should be more bullish overall with the



possibility the rebound could extend into January. I can't quite see WTI rallying as high as \$62, for example, although that is not something I would rule out either. Bears may have a better opportunity to short the market in February and March as Saturn squares Jupiter. The first phase of this 2016 correction will likely end in April. This correction will likely have a second leg lower starting in June and could extend all the way into the summer. I think the chances are fairly good for lows below \$38 by August.

Technical Trends

Astrological Indicators

Short term trend is DOWN
(1 week)

bearish (confirming)

Medium term trend is UP
(1 month)

bearish (confirming)

Long term trend is DOWN
(1 year)

bearish (confirming)

Gold

Gold drifted lower last week as investors continued to price in a December rate hike. Gold finished the week down less than 1% at 1083. I thought we might have got more movement in both directions last week although I maintained a bearish bias in any event. As expected, we did not get a sudden collapse that broke support. We did see gold trade as low as 1073 intraday which matched previous intraday lows from July. So bulls are working hard to buy up gold at this crucial support level. While a short term bounce is likely from a technical perspective, the chart still looks weak. Fortunately for bulls gold is getting quite oversold so some kind of bounce will come fairly soon. RSI is now well below the 30 line. There is no law that it can't fall further, of course, but this technical set up is likely making bears cautious about holding shorts right here at this support level. Even if gold happens to break down a bit here, it is important to remember that it has been trading in a declining channel since late 2013. If this pattern were to continue, it could mean that gold could simply move modestly lower to about 1060 before hitting this channel support. In other words, while 1080 is clearly important for bulls to defend, it is likely not the last defense before a decline to 1000.



This week looks like another opportunity for bears. Monday's Moon-Jupiter aspect could see some gains although I would not say this is a high probability or high magnitude alignment. Tuesday's entry of the Sun into Scorpio looks difficult although I would not think this produces a huge reaction. Wednesday and Thursday's alignments of the Sun and Mercury with South Lunar Node (Ketu) look more problematic and could coincide with larger declines. While I would not be surprised if gold closed above 1070 this week, I think there is significant downside risk that it will at least make lower lows. Perhaps that 1060 lower channel support will be tested. A larger decline is also possible here. Next week could see a rebound early on as Venus aligns with Uranus. With lighter trading during the Thanksgiving holiday period, I would think bears may be unlikely to force prices much lower. November 30th stands out as a potentially important day as Venus enters bullish Libra. However, there is a potentially offsetting influence as the Sun conjoins Saturn on that day. Volatility may rise on this pairing although I would think that any decline will be very short-lived and may only retest the preceding low – wherever that may be. December looks more bullish as the Sun escapes the influence of Saturn and Jupiter approaches its conjunction with the North Node (Rahu). This should produce at least a 10% rally. More downside is likely in January but this looks like it will produce a higher low. More upside is likely in February – probably to a higher high (1200?) -- but a reversal becomes more likely as March and April look bearish once again as Saturn squares Jupiter. A lower low is possible at that time with 1000 increasingly likely in either April or perhaps in July at the latest.

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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