

## Summary for week of 23 November 2015

- Stocks mixed with declines possible midweek
- Dollar likely to test resistance this week
- Crude oil likely to be mixed with bullish bias
- Gold mixed this week with possible bullish bias

## US Stocks

Stocks rallied higher last week as the latest Fed minutes suggested a very gradual path of rate hikes over the next year. The Dow added more than 3% on the week closing at 17,823 while the S&P 500 finished at 2089. This bullish outcome was surprising as I thought the midweek Sun-Mercury conjunction reflected some bearish potential. This didn't play out, however, as Wednesday's strong gain more than erased Tuesday's tiny pullback. The rest of the week was largely positive as well as Monday and Friday reflected some clearer Jupiter alignments.

So we may well wonder if the November decline is now over. With the bullish bias of Thanksgiving Week trading ahead and only five more sessions left where Venus is in Virgo, there isn't a strong bearish case in the waning days of November. To be sure, we could see some modest declines between the 23<sup>rd</sup> and the 30<sup>th</sup> given the key influences. And at least there seems to be less rationale for a near-term retest of the high at 2135. I think that could well come eventually (especially in December) but I would think the odds of it happening in the short term are lower. Even if the rest of November is bearish it seems less likely that we will break SPX 2020. That increases the likelihood that 2135 will be tested and more likely broken on the upside. In other words, we may well see a replay of the post 2011 low that eventually produced a higher high after an initial 50% retracement. While we are likely to see some downside in the second week of December, it may not break the bullish rebound momentum. With Saturn separating from its square with Neptune, there may be less bearish energy available in December as well. And as I have noted previously, the



annual transit of Venus through Libra (this year from Nov 30 to Dec 24) is usually bullish. The bottom line here is that higher highs are very possible and that the topping process to this stock market bubble may still have some ways to go. While I would not be surprised if stocks failed to make a higher high in December or early January, I now think the most likely scenario is an incrementally higher high in late January or perhaps in early February, followed by a fairly steep decline. As before, 2016 is shaping up to be quite bearish so it is likely that we will see an end to the six-year bull market.

While I am leaning towards higher highs now because of the planetary alignments, the technicals are also leaning bullish. The support at 2020 was bought so now we can see how much conviction bulls really have. If the SPX fails to break above the Nov 3<sup>rd</sup> high at 2116, then support at 2020 must hold or else the outlook will shift to bearish. A close above 2116, on the other hand, would be a more decisive bullish move and would likely open the door to new all-time highs above 2135. If 2020 should fail in the days ahead, then the bears will regain control. A retest of the September lows becomes more likely in that scenario.

The blue chips continue to lead with the rest of the market lagging somewhat. This is reason to treat this rebound with some skepticism. The Dow is now within a stone's throw of its Nov 3<sup>rd</sup> high. The 10/50 weekly moving averages on the Dow are still in a bearish crossover suggesting a certain amount of caution is warranted. Stochastics are overbought and we can see the beginning of a bearish crossover there. Looking at this weekly chart, one can easily envisage either higher highs or lower lows. The failure to match the previous high could result in a vicious sell-off and yet if the previous high is retested, then the rally could continue once again to melt higher as it has done so many times before. So we are really at an inflection point here. The broader markets are looking weaker as the Russell 2000 is still trading below its 200 DMA (unlike the SPX and INDU). The German DAX is a bit stronger but not by much. It may simply be playing out its double bottom pattern which would have an upside target of 11,400. This would be a lower high which could then be sold. Of course, US equities are leading here with good reason since the US economy is relatively stronger. But eventually, the commodities sell-off will have to affect even the US market. Copper made another lower low last week at 2.00 matching its level from April 2009. It still has a long way to go before it hits its 2009 low at 1.25. This is a negative indicator going forward. To be sure, more ECB easing could come as soon as December (to cleverly offset the expected Fed rate hike, of course!) and that could help equities stay afloat for several more weeks. But eventually, the carnage in commodities is more likely to shape the direction of stocks, even in the US.



This week looks mixed although the bears may have some decent opportunities after Monday. Since stocks rose so strongly last week, this tilts the balance towards the bears a bit more this week. Monday's Venus-Uranus opposition is bullish, however, so I would think the chances are fairly good for some upside on either Monday or

Tuesday. I would lean toward Monday as the better bullish candidate. Tuesday sees Mercury conjoin Saturn so I would tend to think a decline is more likely on that day. It is also possible these could reverse their order (Monday lower, Tuesday higher). Wednesday is shortened for the holiday so we may not have too much action. That said, the planets still lean bearish as Mars aligns with Mercury and the Moon opposes Saturn. On paper, this looks problematic and could produce a significant decline. And yet with only half a day of light trading, that outcome is less reliable. We shall see. After Thursday's closing, Friday features a Venus-Jupiter alignment which may boost the bulls somewhat. This is not a hugely positive or influential pattern, however. Overall, the week leans somewhat bearish. It is possible that the early week Venus-Uranus aspect pushes the SPX over 2100 but it seems unlikely to finish the week above that level. I would think it will finish lower.



Next week (Nov 30-Dec 4) will be quite interesting in light of the sign change of Venus. Usually, the entry of Venus is bullish on the day it enters Libra. This year that day is Nov 30<sup>th</sup>. I would therefore have a bullish bias that day and for the week as a whole. The likelihood of a significant gain is somewhat reduced by the close Sun-Saturn conjunction, however. Nonetheless, I would lean bullish to start the week. Thursday and Friday's Mercury-Jupiter alignment also seem fairly bullish. Even if we get some midweek selling, the week as a whole leans bullish. By contrast, the following week (Dec 7-11) looks bearish as Mars opposes Uranus. Monday's Moon-Venus conjunction could bring upside, but the rest of the week will have to contend with some negative energy. Wednesday and Thursday may be more bearish than other days. Even if the first week of December pushes the SPX above 2100 or even 2120, it is likely that we will see the SPX fall back under that level. It may even make a more serious dent. The period heading into Christmas looks bullish on the Mercury-Jupiter aspect (SPX back above 2120?) and the week after Christmas looks more volatile. January may be choppy with the first week looking bearish but the second week more bullish. The second half of January looks quite bearish so it seems the SPX will return to its recent range between 2020 and 2120 then, if not lower. February and March lean bearish as Saturn aspects Jupiter. An interim low is possible in April from this corrective move. After a possible rebound in May, June and July look bearish with a crash possible in the final week of June. I think the chances are good that we see the SPX trade below 1867 at some point in 2016, possibly as soon as Q1. With lower lows likely in Q2, we could see 1750 or even lower quite easily.



**Technical Trends**

**Astrological Indicators**

**Target Range**

Short term trend is UP  
(1 week – Nov 27)

bearish (disconfirming)

SPX 2060-2080

Medium term trend is UP  
(1 month -- Dec 27)

bearish (disconfirming)

SPX 2100-2135

Long term trend is UP  
(1 year -- Nov 27 2016)

bearish (disconfirming)

SPX 1800

## Indian Stocks

Stocks ended higher on the week as traders digested Wednesday's Fed minutes and the likelihood of higher rates in December. The Sensex gained 1% on the week closing at 25,628 while the Nifty finished at 7856. This bullish outcome was unexpected as I thought we might have got more midweek downside on the Ketu influence. The early week did bring some gains as forecast on the Jupiter influence, but the late week was quite bullish following Wednesday's sell-off.

While the gain was somewhat disappointing, stocks are still down in the month of November in keeping with the generally bearish influence of Venus in Virgo. This negative influence will end on 30<sup>th</sup> November so it could be fairly difficult for stocks to push significantly higher until then. That said, last week's gain was heartening for bulls despite the release of the Fed minutes that offered more support for a rate hike next month. It seems as if markets have largely discounted the rate hike at this point, irrespective of whatever consequences that may follow. One possible offsetting circumstance is that the market is expecting the ECB to launch more QE bond buying in December as central banks attempt to coordinate their actions. Such a move may well have the desired effects of boosting equities in December since Venus will enter Libra on 30 November and remain there until 24 December. This is usually a bullish influence which pushes prices higher. Therefore, bears should not press their luck at this point as we approach the end of November. While early December looks mixed at best, I think there are decent prospects for gains in the second half of December. This should be enough to prevent any serious bearish scenario from taking shape. Therefore, I think stocks are likely to be range bound for the next month or so trading between 7600 and 8100. January looks choppy with another test of recent lows quite likely but February should bring some upside. The strongest gains are more likely to occur in late January and early February and we could see a significant interim high made in early February. This may not be strong enough to reach 8600 on the Nifty but 8300 should be fairly doable by early February. We shall see.



From a technical perspective, last week's gain was an oversold bounce. RSI had hit the 30 line and hence bears were reluctant to remain in their short positions. Stochastics has climbed above the 20 line once again and suggests we may get a little more upside in the near term. MACD is pointing towards a bullish crossover fairly soon. Wednesday's retest of 7714 was bullish in so far as that higher secondary low of brought in more buyers. While bulls have avoided a worst case scenario (i.e. a quick retest of 7600 which may not have held support), the onus is on them to push prices higher now and at least recapture 8100. This is arguably the most significant resistance level that separates a mere technical bounce that will eventually be sold and something more durable which could see a retest of 8300 and beyond.

Another retest of 8300 and the 200 DMA would not sufficiently change the technical outlook here. Bulls need to move above those levels to make the chart significantly less bearish. As it stands now, the bears still have the upper hand as the series of lower highs indicates. The weekly BSE chart reveals this longer term weakness as the 20 WMA is beneath the 50 WMA. Stochastics are still in a bearish crossover and are not yet at the 20 line indicating the possibility of more downside in the medium term. The declining channel is now near 24,000 while resistance is just below the 50 WMA at 27,500. In the event of another major leg down, we could expect to see the 200 WMA tested near 22,000. The planetary alignments in the first half of 2016 look sufficiently bearish that I think such a test is likely. Meanwhile, Tata Motors (TTM) enjoyed a modest gain last week as it pushed up against resistance dating back to July. While the chart looks fairly bullish here, I would think there is limited upside here before some consolidation is necessary. There is a gap from early July that may be filled first which may be followed by more downside. After fulfilling the upside target of the double bottom, the stock is likely to decline again. Infosys (INFY) had a bad week as it fell sharply through support at its 200 DMA. It may stage another rally attempt from current levels with resistance likely near the 200 DMA. Suddenly, this chart is looking more bearish as a rough head and shoulders top is taking shape.

This week looks mixed. Monday's Venus-Uranus aspect contains some bullish potential which could see the Nifty move above 7900. However, Tuesday's Mercury-Saturn conjunction is more problematic. Any gains won on Monday are likely to come under pressure soon enough. I do not have a strong opinion where the Nifty will finish at the end of Tuesday's session before the Wednesday holiday closing. Probably somewhere close to its current level. Thursday's Moon-Saturn opposition looks bearish so the Nifty could fall below 7800 by then, and perhaps retest last week's



low. Friday looks somewhat bullish on the Venus-Jupiter aspect, especially in the morning. Overall, the most likely outcome here is for the Nifty to finish between 7800 and 7900. I would be surprised if we finished below 7800. While Venus is still bearish in Virgo for all of November, I think most of the damage from this factor has already manifested.

Next week (Nov 30-Dec 4) looks more bullish as Venus enters Libra on Monday. It is possible that the upside from this placement could occur on Tuesday instead of Monday, however. That is because of a simultaneous Sun-Saturn conjunction which is bearish. But even if Monday turns out to be negative, I think Tuesday and the week overall will be bullish. Thursday and especially Friday look bullish here on the Mercury-Jupiter alignment. We could easily see the Nifty back over 8000 here. The second week of December looks more bearish, however, as Mars opposes Uranus. Early week gains are possible but the downside risk the rest of the week is considerable.



The rest of December leans bullish and we could see 8300 tested again. The last week of December and first week of January look more bearish, however, so some retracement is likely at that time. Perhaps the Nifty will fall back to 8000 or below by early January. Stocks should recover by the second week of January and generally move higher into early February. This could represent another test of the interim high of 8300 and perhaps higher. I am expecting a larger correction to begin in February and continue through March and into April as Saturn squares Jupiter. Depending on where the Nifty has topped in February, we could see 7600 tested by April. Lower lows are also very possible. I think 2016 looks mostly bearish so we should see a pattern of lower lows by July and August.

| Technical Trends                                | Astrological Indicators | Target Range |
|---|-------------------------|--------------|
| Short term trend is DOWN<br>(1 week – Nov 27)   | bearish (confirming)    | 7800-7900    |
| Medium term trend is DOWN<br>(1 month – Dec 27) | bearish (confirming)    | 8000-8200    |
| Long term trend is UP<br>(1 year – Nov 2016)    | bearish (disconfirming) | 7000-7500    |

## Currencies

The Dollar rose modestly last week as minutes from the latest Fed meeting appeared to make the December rate hike very likely. The USD finished at 99.6 as the Euro slipped under the 1.07 level. Commodity-based currencies were generally weaker while emerging markets such as the Rupee were mostly steady. The bullish outcome for the Dollar was in line with expectations as the entry of the Sun and Mercury into Scorpio did coincide with a retest of the 100 level on Wednesday. The USDX topped out at 99.96 intraday before retreating. While the Dollar chart is bullish, the proximity of resistance is one reason why it may be difficult to climb much higher in the near term. A close above 100 is possible in the near term, however, but it seems unlikely to remain above that level for long. Support is last week's low of 98.5 so any close below that level could signal a return to the previous range of 94-98. As the weekly Euro chart shows, we seem to be headed for a retest of the previous low at 1.04. This doesn't mean the Euro must fall to 1.04 before a rebound can occur, although more downside is perhaps more likely in the short term. By the same token, a Euro rebound looks likely fairly soon.



This week could see the Dollar retest resistance at 100. I think time is running out on this Dollar rally although I'm not sure if this week will be the end or whether we might see more upside into early December. I would lean towards some consolidation sooner rather than later. Some upside is likely into midweek as Mercury conjoins Saturn. I think we could see a close above 100 at some point this week. Next week looks more bearish as Venus enters Libra. I would expect some profit taking, especially later in the week on the Mercury-Jupiter aspect. The following week looks bullish again as Mars opposes Uranus. This could produce a retest of the late November high.



It seems unlikely that the Dollar will form a higher high at this time. The Dollar may trend lower in the rest of December so it may have difficulty remaining above support at 98. January and February should be more bullish. An interim low in the Dollar is likely in late January or early February. This could be retest support at 93-94. The Dollar may strengthen again into March and April as it could retest resistance at 100 once more. June and July also look bullish and suggest higher highs above 100 are very possible by mid-year.

### Technical Trends (Dollar)

Short term trend is UP  
(1 week)

Medium term trend is UP

### Astrological Indicators

bullish (confirming)

bullish (confirming)

(1 month)

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

## Crude oil

Crude oil was modestly higher last week as traders came to terms with the likelihood of a higher Dollar. WTI finished 2% higher above \$41 while Brent ended the week above \$44. I thought we might have got more downside in the midweek but prices generally went sideways after Monday's gain. Support at the October low has now turned into resistance at the \$43 level for WTI so it may be difficult for bulls to gain much traction. Bears were unsuccessful in keeping prices below \$40 and forcing the double bottom scenario with respect to the previous low. A close above \$43 might embolden bulls to push it back into the previous range. It may require a close above \$44 for any new rally to gain believers, however. Meanwhile, bears may simply be shorting as it approaches those resistance levels in anticipation of a hard retest of the August low. The weekly Brent chart shows how close we are to a double bottom. From a medium term perspective, bulls are playing a waiting game as some kind of bounce is more likely than not.



This week looks mixed. Trading may be lighter than usual for the US Thanksgiving holiday on Thursday. Monday could see some upside, however, on the Venus-Uranus aspect. But Tuesday and Wednesday look more difficult as Mercury conjoins Saturn. Friday may be more bullish. The planets this week do not provide a strong case for a big move either way so I would be surprised if we broke resistance or support. Gains are more likely to accrue next week, especially Monday and Tuesday (Nov 30 and Dec 1) as the Moon transits Cancer. The late week also leans bullish. I think there is a decent chance that WTI will trade over \$44 in early December, possibly by a significant amount. After a pullback in the second week of December, crude should push higher into the Christmas day holiday. A retest of the early November high looks likely and we could easily see the 200 DMA tested as well. While we may see some pullbacks in late December and early January, I think crude could remain fairly bullish until mid-February. I think the chances are fairly good that will see interim highs made in February. March and April look more bearish, however, and the decline could be swift. This could produce a retest of the 2015 low. With another correction likely in the summer, crude may well make a lower low by July.



### 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)

bullish (disconfirming)

bearish (confirming)

## Gold

Gold moved lower for the fifth consecutive week as the reality of a December rate hike sunk in. Gold finished the week down less than 1% at 1076. This bearish outcome was in keeping with expectations as I thought the Ketu influence would likely move prices lower, especially midweek. We also got a test of channel support at 1062 on Wednesday and this may have provided the technical rationale for the late week bounce. Gold is trying to work off its oversold condition here and it may well be on the verge of a reversal higher. The incremental lower low at 1062 could be enough for buyers to move in although another retest of that level is also possible. Lower lows are bearish by nature so we will have to see how strong resistance is at 1080-1090. A close above that level may signal the beginning of a longer rebound. The chart as a whole is still very bearish of course but we have seen many strong, short rallies in the midst of this bear market in gold. Bears may need to push price below 1050 to have a decent crack at 1000. Above 1050, there may still be the logic of channel support and hence the likelihood of a bounce to keep buyers interested.

Gold looks mixed this week but with a bullish bias. Monday leans bullish on the Venus-Uranus aspect and we could even see a second day of gains on Tuesday on the Moon-Jupiter aspect. Wednesday may be more bearish as the Sun approaches its conjunction with Saturn. The Thanksgiving holiday will mean reduced volumes for the second half of the week and a Thursday closing so that could limit the downside of this Saturn influence. While I would not be surprised



to see gold retest channel support at 1060, the growing upside potential here makes the bearish view riskier. Next week, Venus enters Libra on Monday the 30<sup>th</sup> so that will add even more bullish sentiment and make further declines less likely. Monday the 30<sup>th</sup> could still go either way given the proximity of the Sun-Saturn conjunction but the first week of December has a bullish bias. We could see gold back above 1100 quite soon. The second week of December looks bearish, however, so that could push it back down below 1100. The rest of December leans bullish, however, as Jupiter moves closer to its conjunction with Rahu. January could be somewhat choppy with the first half more bearish and the second half more bullish. I would not expect new lows, however. If anything, I think gold is more likely to try to rebound into February. How high it gets is hard to say. The bounce could be substantial, and perhaps above the October high of 1191. Another reversal lower could begin in mid-February and a down trend is likely to take hold through March and April as Saturn squares Jupiter. This will likely produce lower lows in either April or perhaps in July in the second leg down. Gold looks generally bearish for 2016 and I think the chances are good that it will trade below 1000.

### **Technical Trends**

### **Astrological Indicators**

Short term trend is DOWN  
(1 week)

bearish (confirming)

Medium term trend is DOWN  
(1 month)

bullish (disconfirming)

Long term trend is DOWN  
(1 year)

bearish (confirming)

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