

Summary for week of 30 November 2015

- Stocks likely trending higher this week
- Dollar may consolidate under resistance
- Crude oil may test resistance again this week
- Gold likely to move higher

US Stocks

Stocks were mostly flat last week in the absence of any major news and thin holiday volume. The Dow ended fractionally lower at 17,798 while the S&P 500 finished at 2090. While I thought we might have seen a little more downside, this neutral outcome was not hugely surprising. Tuesday did see some intraday downside on the Mercury-Saturn alignment but bulls rushed in before the close and stocks ended higher.

The transit of Venus through Virgo is now over. Venus enters Libra on Sunday and that could indicate more bullish energy for the market. The transit of Venus through Virgo did turn out to be bearish for the eighth consecutive year although only slightly as stocks fell just 1% over the four-week period. In keeping with expectations, we did see a deeper pullback into the middle of the month, however, although stocks now appear to be in rebound mode. So now the question is whether bulls can assume control yet again and push stocks to new highs. With Venus entering Libra and remaining in that bullish sign until Dec 24, I think new highs are very possible, and would put those odds at almost 50-50. Obviously, there will be some difficult alignments along the way which could offset some of the upside but bears should be cautious here given the current planetary environment. My general view is that we will see a more significant decline starting in February and lasting into April. What happens between now and February is more difficult to predict with certainty. Given my longer term bearish view, it would be simpler if the market sold off from a lower or equal high in February. That is still quite possible, since January could see some selling. That really leaves December as the best chance for higher highs.



Even here, I do not have a higher level of confidence that we will get something above 2135 on the SPX by Christmas. The problem is the second week of December (7-11th) looks bearish. The pullback may not happen as expected, of course, but I tend to think it could coincide with a significant pullback of 2-3%. This would make it more difficult for bulls to actually push this thing above 2135. In a slightly more bearish scenario which I still prefer, we could see only incremental gains in December which fall a bit short of making new highs. With late December and early January looking iffy, any rebound that happens in late January and early February may simply be retesting resistance.

The technical picture still seems bullish as the momentum is up. We are still below the previous highs so any sudden reversal here would be bearish and would potentially confirm a lower high. But short term, the bulls have the reins. Tuesday's retest of the 200 DMA as support was bullish but now there has to be a move above 2100 and then at least to the previous high of 2120 for this upward momentum to be confirmed. If we do see more upside that tests 2120 then another consolidation phase would be very normal as long as it was fairly shallow. Bears will only really get back in the game if we get a close below the November low of 2020. Stochastics are again signaling an overbought market here so some profit taking is more likely in the near term.

The weekly Dow chart shows the precariousness of the current rebound. One can easily envisage stocks falling again after making a lower high here in November/December. This would be quite bearish as it would suggest the bull market was in trouble on a medium term basis. A bearish investor could also even suggest that marginally higher highs might not be as bullish as bulls would hope since it will take some time before there is a bullish crossover of the 20/50 and 10/50 WMA.

The fact that both of these medium term indicators are still in bearish crossovers is reason for caution. Weekly stochastics are now overbought above the 80 line. It would take only one or two negative weeks for a bearish crossover that moves below the 80 line. In other words, bulls still have to climb a considerable wall of technical worry here. Breadth of the rally remains a concern as the Russell 2000 is still below its 200 DMA. It made a marginally higher high above its early November high but the chart is still looking vulnerable to declines given all that overhead resistance from February to August. The bond market is still unconvinced that the economy is going to improve significantly as yields on the 10-year declined again last week. In addition, traders may be anticipating another round of QE by the ECB which would push more money into US Treasuries.

This week offers the bulls some good opportunities. Monday may be key in that regard as Venus enters Libra where it often does quite well. There is a track record of big gains on the day of the entry (e.g. Sept 1 2010), although this is definitely not a high probability outcome. The complicating factor here is that the Sun aligns with Saturn and Neptune on Monday. This is an apparently negative influence which could offset some of the possible



upside. I would look at it as increasing the chances for a two-tailed outcome – a larger than normal gain and loss. I would still keep a bullish bias here in any event, however. Tuesday also leans bullish although perhaps less so. Wednesday may be less promising for gains as the Moon aligns with Saturn and Neptune. A decline is more likely on this day. Thursday looks bullish as Mercury aligns with Jupiter. Friday is the release of the November jobs report and looks somewhat bearish. I would not say it looks strongly negative, but there is some downside risk here nonetheless. Overall, I think the chances are good that the SPX pushes above 2100 at some point – probably Monday or Thursday. There is also the possibility that we could see 2120, especially if Monday turns out to be bullish on the Venus influence. But we should note that we should see at least one or two down days so the overall gain may be fairly modest. I suspect we will close above current levels but perhaps not by much.



Next week (Dec 7-11) has some significant bearish potential. There is a nasty looking Mars-Uranus-Pluto alignment that will be in place for most of the week. The chances are high that we get some downside here, and it could be much larger than most observers expect. Monday leans a little bullish, however, as the Moon conjoins Venus. After that, the odds rise for some deeper consolidation. Wednesday and Thursday stand out in this respect as the Moon conjoins Saturn on those days. Friday looks somewhat bullish on the Sun-Jupiter alignment. I would think there is a fair chance that the SPX falls below 2100 here and we could see the 200 DMA at 2065 tested. The



following week (Dec 14-18) looks more bullish so we could see a retesting of any interim highs we get in the first week of December. I would expect the bull trend to continue into Christmas week although again, I am unsure how to handicap the odds for a higher high at that time. Perhaps less than 50-50. Late December looks more bearish as Mars squares Mercury. With Mercury slowing down in advance of its retrograde period, this square aspect could be more damaging than usual. The month of December may therefore end without much of a gain at all, despite some bullish planets in its early stages. The selling is likely to continue into the first week of January. Whether we get a retest of the previous low of 2020 is hard to say. It's definitely possible. While we could see some recovery in January, the month as a whole leans bearish. Early February should see some upside but this is unlikely to last. It therefore seems less likely that we could get a higher high at this time. As mentioned above, late February and March seem more bearish as Saturn squares Jupiter. The bottoming process will likely extend into April after which we should see a rally attempt in May that produces a lower high. This will probably be sold fairly aggressively and the chances are high that stocks will decline sharply at the end of June and into July. I am expecting lower lows, perhaps in the 1700-1800 area by the summer.

Technical Trends

Astrological Indicators

Target Range

Short term trend is UP

bullish (confirming)

SPX 2100-2120

(1 week – Dec 4)

Medium term trend is UP
(1 month – January 4)

bearish (disconfirming)

SPX 2060-2100

Long term trend is UP
(1 year – Dec 4 2016)

bearish (disconfirming)

SPX 1800

Indian Stocks

Stocks ended the week higher as traders anticipated more ECB easing in December. The Sensex posted a 1% gain on the week closing at 26,128 while the Nifty finished at 7942. This bullish outcome was somewhat unexpected given the Saturn influences on Tuesday and Thursday. While Tuesday was lower, Thursday was not and the buying continued Friday with the forecast Jupiter influence. While my forecast was off the mark, I did not expect much movement in any event as I thought that much of the negativity of the Venus transit of Virgo throughout November had already manifested.

This year marks the eighth consecutive year that most stock indices have fallen with the Venus in Virgo transit. While the decline was fairly modest (barely 2%), this simple transit is developing an impressive track record. But as Venus now enters the more friendly confines of Libra on Monday, stocks may have more of a wind at their back. Besides the probable easing of the ECB, Friday's US jobs report could clarify the Fed plan to hike rates. One rate hike seems to have been largely discounted already, although if the report is strong enough it might strengthen the case for multiple hikes through 2016 and beyond. This would likely be bearish for Indian stocks as it would boost the Dollar and increase the outflow of capital out of emerging markets. So despite the generally bullish planets in December, there is still some economic uncertainty for the market to ponder. I suspect we will manage to avoid any severe scenarios and that stocks will generally rise through much of December. January and February will probably be choppy although I would retain a bullish bias in any event given the Jupiter-Rahu conjunction. Overall, we should see a decent rebound take shape in the coming weeks but it will likely fall short sometime in February. At that time, Saturn will tighten its square aspect to Jupiter. Given the overlapping retrograde cycles of these two key planets, we may see a significant correction occur between February and April. This will likely be the first phase of the correction which may resume in June and July. 2016 is shaping up to be a



mostly bearish year. I am expecting the Nifty to trade near 7000 at some point, probably in the second half of the year.

The technical picture brightened somewhat as bulls demonstrated enough conviction for some follow through higher after the previous retest of 7700. Immediate support is now at 7900 so any move below that level would suggest a weakening of the current rebound. Resistance is likely near 8100 so we will watch carefully for market reactions to any tests of this level. A quick and easy break above 8100 would be bullish and suggest that the previous high of 8300 was within reach. However, 8200 may also loom large since that is where the falling channel resistance is located. As long as the Nifty remains below 8200, then the current down trend will be intact. Bulls may be more hopeful now given the MACD bullish crossover and the bullish crossover in stochastics which is not yet overbought.

The weekly BSE chart is still looking bearish in the medium term as the down trend is the most dominant feature of the chart. The bearish crossover of the 20 and 50 WMA still suggests that some caution is warranted. Stocks have generally traded below their 50 WMA since August and that is another sign that a bear market may be taking hold. However, the recent higher low does offer some evidence that a trend change may be upon us. Meanwhile, Tata Motors (TTM) pushed a bit higher last week as it tested resistance once again. The more times it can test a horizontal resistance level, the more likely it will break above it. It has now essentially fulfilled the upside target of the bullish double bottom pattern. Further upside may be harder to come by as it attempts to inch back towards its June low. For now, the chart still looks bearish in the long term so I would not expect the current rebound to go much further. HDFC Bank (HDB) retested its November low on Thursday and may now have a better chance of making some upside progress. Resistance is now at the 200 DMA so bulls must be able to push prices above that line for the long term uptrend to remain in place. For now, the chart is bullish as we see a clear pattern of higher highs and higher lows.

This week leans bullish as Venus enters Libra on Monday. There is still some ambiguity here unfortunately since there is a potentially bearish Sun-Saturn conjunction on Monday also. In the event the day begins on a bearish note, I would think the odds would favour a fairly quick reversal higher later on Monday. I tend to think stocks will finish higher on Monday in any event. Tuesday's Moon-Mercury alignment looks unstable, however. So while I think the underlying influences are shifting towards the bulls this week,



both Monday and Tuesday have some downside risk that should not be ignored. Wednesday is harder to call although I would have a small bullish bias. Thursday leans bearish on the Moon-Saturn aspect while Friday looks more bullish on the Mercury-Jupiter alignment. I am not expecting a strong up week here given some of the negative patterns. Nonetheless, I think the downside may be fairly limited. Overall, I think stocks are more likely to finish in the green this week.

Next week (Dec 7-11) looks more troublesome. The culprit is the Mars-Uranus-Pluto alignment which could affect trading outcomes for much of the week. Bulls should definitely play it cautiously here given this tricky alignment of bearish planets. Monday's Moon-Venus conjunction could give bulls some energy but it may not amount of much, and maybe not even a positive close. Tuesday looks more bearish so we could see some of that Mars fallout then. Wednesday looks a little less negative (but only a little) while Thursday's Moon-Saturn aspect is bearish again. Friday leans bullish on the Mercury-Jupiter pairing. Overall, we could see



the Nifty move lower, and perhaps test support at 7900 or even 7700 depending on how the preceding week turns out. The following week (Dec 14-18) should be more bullish as the Sun aligns with Jupiter. This may offset most if not all of the previous week's probable decline. Late December is looking more bearish as Mars aligns with Mercury for an unusually long time. An interim low is likely in early January from this pattern. It should be another higher low (7700? 7900?) and then we will see another rally in late January and early February. 8300 is very possible by February, perhaps higher. This rally will be sold, however, as the late February and March period look bearish. April and May will see a rebound but this is unlikely to break the longer term downtrend. As a result, another leg lower is likely in June and July. This is a time when we could see the Nifty fall to 7000.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (For 1 week ending 4th Dec)	bullish (confirming)	7900-8100
Medium term trend is DOWN (For 1 month ending 4th Jan)	bullish (disconfirming)	8000-8200
Long term trend is UP (For 1 year ending Dec 2016)	bearish (disconfirming)	7000-7500

Currencies

The US Dollar climbed back to the 100 level as market consensus grew that the Fed would hike rates in December while the ECB would likely undertake more QE. The Euro fell below 1.06 while most risk currencies like the Rupee also lost ground. The bullish outcome for the Dollar was in line with expectations as the Saturn influence coincided with more upside. The retest of resistance at 100-101 was perhaps not very surprising once the Dollar broke out of its previous range of 94-98. But now that it is knocking on the door of its previous high at 101, what are the prospects that it could go higher?

Technically, I think the upward momentum is still there although it may have to consolidate further before this key breakout takes place. Given the length of time of the consolidation after the March high of 101, we could see another pullback here but presumably to a higher low (98?) which makes the bulls that much more confident to force the issue and make new highs above 101. The weekly Euro chart suggests a bounce is likely around these levels but it may not be marking a new bull market any time soon. The preceding rebound was quite weak given the huge decline in 2014 and it appears to be signaling more downside for the Euro in 2016.

The planets this week lean bearish for the Dollar. The entry of Venus into Libra on Monday is an important factor here which will make the prospects for a sudden breakout higher unlikely. Thursday and Friday look bearish so we could see some of that predictable consolidation after the test of 100. Perhaps the jobs report will disappoint and force traders to rethink their assumptions about a rate hike. In any event, I would think we see the USDIX trade below 99 at some point and perhaps even retest support at 98.5. Next week looks bullish again, however, as the Mars influence could make the Dollar a geopolitical safe haven play. We should see another retest of resistance at 100 during this week. But another pullback is likely during the week of the 14th and I would think the Dollar will likely be fairly bearish throughout December. The downtrend should continue through January and February as Jupiter conjoins the North Lunar Node (Rahu). I would expect the Dollar to return to its previous trading range of 94-98 at least. Another strong rally is likely starting in late February and should continue into March and April. I would think another test of 100 is very likely and higher highs are also quite possible. 2016 should be quite bullish for the US Dollar with a significant high occurring in July-August. I would think the USDIX will rise to 105 at least.



Short term trend is UP (1 week) bearish (disconfirming)

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

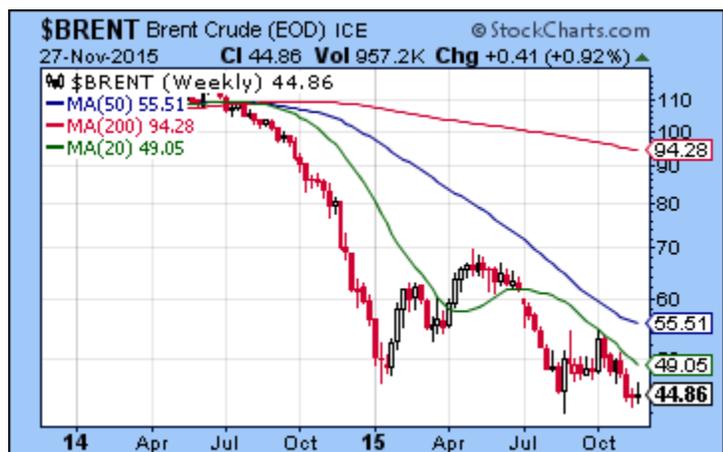
Long term trend is UP (1 year) bullish (confirming)

Crude oil

Crude ended the week slightly higher after trading in a narrow range during the US Thanksgiving week. WTI crude rose less than 1% and closed below \$42 while Brent ended the week below \$45. This fairly neutral outcome was in keeping with expectations although Friday's large decline was surprising. As expected, we did not see crude move outside of its current range. Resistance held firm at \$44 on Thursday while Monday saw an intraday retest of support at \$40. Cautious bulls may be awaiting a retest of \$38 before committing significant new money to long positions.

However, the longer WTI can hold above \$40, the more likely we could see it break out higher. The first step in that bullish direction would be a close above \$44, of course. Until that happens, crude will remain the throes of this fairly weak technical bounce after its huge decline in the previous 18 months. The weekly Brent chart paints a fairly grim technical picture of just how weak these bounces have been. However, the recent lows have only been marginally lower and hence one could suggest a falling wedge-type bottom may be close at hand.

This week offers the bulls an opportunity to push prices higher. Monday's entry of Venus into Libra will likely boost the fortunes of many asset classes, including crude oil. That said, overall gains may be fairly modest due to choppy trading. Monday and Tuesday lean bullish as the Moon transits Cancer. I would think the chances are good that WTI will at least test resistance at \$44 at some point early in the week. Wednesday looks less positive while the late week may see more gains. I think we should see WTI close to \$44 and perhaps rise above it by Friday. Next week looks more bearish on the Mars-Uranus opposition although I do not think it will coincide with a large decline. We may instead see mixed trading. Crude may be somewhat bullish in December although I think it is unlikely to retest its October high of \$50. Late December and early January should see a significant pullback which may test support at \$40 yet again. Another rally attempt is likely in January and February but it does not



seem to be overly strong. Wherever the interim high in February might be, I think another significant correction will take place by March at the latest. Lower lows (below \$38 for WTI) are possible by July.

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

Gold

Gold fell further last week as weak data out of China added fuel to fears of more global slowdown. Gold lost 2% on the week closing at 1056. This bearish outcome was somewhat unexpected as I thought there were at least some bullish influences in play. While I noted some bearish Saturn factors, I was unsure if Thursday's holiday closing might mitigate the downside. As it happened, it did not and only pushed them forward into Friday. Perhaps unsurprisingly, gold is testing that channel support near 1060. While the lower low was clearly bearish, it does give some hope to bulls looking for a significant bounce here. The channel has been fairly reliable thus far so some kind of rebound looks more likely than not from a technical perspective. Channel resistance would be near 1150 if that rebound took shape. We can also see that gold is oversold in both stochastics and RSI. A rebound has to happen sometime fairly soon. MACD may be forming a positive divergence at least so if we can get a bullish crossover, there may be more upside prospects in the weeks ahead. The gold chart would only become bullish in the medium term if we got a close above channel resistance at 1150 and then a close above the previous high of 1200. Until that time, the chart looks as bearish as ever.



This week looks more bullish as Venus enters Libra. This is a classic bullish transit for gold although it could be delayed in its effects due to Monday's Sun-Saturn conjunction. I'm not sure how Monday will play out since we could easily see a decline or a gain, although I would think a gain is a little more likely. Nonetheless, I would look at any declines as buying opportunities for bulls since the Venus in Libra influence could last for several weeks in December. Thursday and Friday also look bullish as Mercury aligns with Jupiter. Gold could suddenly reverse higher this week, perhaps as high as 1100. Next week may be more bearish, however, as Mars aligns with Uranus and Pluto. I would not expect gold to retest 1060 and the late week may be bullish enough to offset some of the losses of the first half of the week. Gold should trend higher until at least Christmas week and it may even retest channel resistance at 1150. Some consolidation is possible in late December and early January but it may not be overly negative and therefore form a higher low above 1060. More upside is likely in mid-January and continuing into February. Where this rally tops out at is unclear. 1200 is possible but it may fall short. At some point in February, I think the rally will fail as Saturn's aspect to Jupiter starts to bite. This should coincide with a correction in gold that lasts through March and April. A retest of 1060 is very possible by April, if not lower. A rebound is possible in May but more downside is likely in June and July. Lower lows are the most likely outcome in the summer with gold finally falling below 1000.

Technical Trends

Astrological Indicators

Short term trend is DOWN
(1 week)

bullish (disconfirming)

Medium term trend is DOWN
(1 month)

bullish (disconfirming)

Long term trend is DOWN
(1 year)

bearish (confirming)

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