

## Summary for week of 9 November 2015

- Stocks vulnerable to declines especially midweek
- Dollar likely to extend rally this week
- Crude oil to remain under pressure
- Gold may bounce early but bearish bias for rest of week

## US Stocks

Stocks rose for the sixth straight week as investors saw the glass as half-full on improving economic data. The Dow gained more than 1% on the week closing at 17,910 while the S&P 500 finished at 2099. I thought we might have seen more downside here, especially in the first part of the week on the Venus-Mars conjunction. Monday and Tuesday were higher, however, with only mild profit taking after that for the rest of the week. While I wasn't certain stocks would fall, this bullish outcome was somewhat disappointing.

So could stocks extend this rebound for another week? I think it's possible but the planetary and technical indicators suggest the odds of more upside are diminishing the further we go into November. From an astrological perspective, it is important to remember that the dominant influences extend over the month as a whole. The Venus transit of Virgo lasts for four weeks. While one week of gains goes against that overall expectation, it does not negate the probable bearish effects of this transit. At least, not yet. The Saturn square with Neptune is exact at the end of November so that is another reason why we should be careful not to suddenly flip to a bullish bias. To be sure, the short term technicals (see below) still look bullish so bears may have to wait until there are more convincing signals. Friday's strong jobs report gave new life to the December rate hike. And yet for all the gnashing of teeth about the unknown ramifications of an end to ZIRP, stocks barely budged Friday. It may well be that the market can handle a rate hike now, at least as long as the jobs and wage data continue to look good. As I suggested last week, bears need for something to go wrong for the market to reverse lower after



this rebound. With stocks now fast-approaching their all-time highs, the prospects for a technically bearish low in November are diminishing. It seems a higher low is the more likely scenario in late November or perhaps early December. And since there should be some upward thrust from the Jupiter-Node conjunction in January, there is a growing possibility of a higher high sometime in the next two months. I would put the odds of a higher high above 2135 at 50% by January. A lot will depend on what kind of damage we get in November. If the SPX falls below 2020 by November 30<sup>th</sup>, then we may not get a higher high by January.

The technicals remain overbought on a daily basis although all signals are still short term bullish. Tuesday's high again pushed RSI to the 70 line before we got some overbought selling later in the week. We can see a rising wedge pattern from the September low which was violated late in the week. Back tests of this support line could still translate into gains next week but the break down of the pattern is another warning that a more significant pullback is likely. MACD is still looking like it will roll over. Tuesday's high topped out at 2116 which is very close to the most conservative upside target of the double bottom pattern. (2000-1880=120; 120+2000=2120). So bears can at least point to this tail-less candle interpretation of the pattern and make a more compelling case that a deeper retracement is now more likely.

But even a retracement back to 2020 would keep the bulls in control although anything below that would spell trouble. Short term, I would think the SPX finds some support at 2060 and the 200 DMA (2063). 2060 (or perhaps 2050) would also be the approximate level of support from a rising channel in the event that the rising wedge morphs into a rising channel. No doubt many bulls will be counting on exactly that transformation. Bulls can also point to the fact that the small cap Russell 2000 had a better week and may be about to close the breadth gap with the blue chip indexes. Friday's gain slightly exceeded the Sept 17<sup>th</sup> high but it is still possible that a sharp reversal from here would reflect that obvious resistance level of the Sept high and early August support. The weekly Dow chart looks overbought as stochastics is over 90 now. It could go higher of course, but it is probably too late to go long. The bearish crossover of the 20 and 50 WMA is still very much in evidence as a sign that the long term outlook is still up in the air. While this is a lagging indicator, it does remind us that corrections back to the 200 WMA as we got in Aug-Sept take longer to either make higher highs or move to lower lows. Many analysts are comparing this correction with 2011. In that case we got the low in early October but the rebound occurred in two stages. The first stage stopped short of a higher high and then there was a 50% retracement six weeks after the low. The higher high finally occurred in February more than four months after the October low. If the market follows the same pattern, that would equate to a higher high in January 2016. But a 50% retracement would take the Dow down to 17,000, if not lower. Treasury yields spiked Friday as investors bet on a December hike. The move above the September high was bullish for yields as it offered more evidence that an interim bottom may be in. Rising rates can be bullish for stocks as long as they don't go up too fast or too far.



This week is a mixed bag. Venus moves deeper into Virgo where it tends to have problems while Mars approaches its often bearish conjunction with the Moon's Node. Between these two influences, there is a plausible scenario for a pullback. However, there are some bullish aspects along the way that will likely offset some of the negativity. Monday's Sun-Jupiter alignment is bullish so it would not surprise me if we got another retest of 2120 at that time. But Tuesday and Wednesday sees the approach of the New Moon in Libra. This looks a bit difficult although I would not say there is a high probability of declines. Nonetheless, since I think we will get some downside this week, this is a more likely time window for them. Thursday also leans a bit bearish as Mars exactly conjoins the Lunar Node. Friday may be a bit biased towards the bulls as Mercury aligns with Jupiter. I think the bearish alignments here do justify a bearish stance, even if I would not be shocked if we got some upside along the way. Last week's decline was very modest so we will have to see if the bulls can maintain their dominance in the market. I think they are on thin ice now, although I would not rule out another week of retesting of resistance and very modest declines.



Next week (Nov 16-20) may start on a bearish note as the Sun conjoins Mercury as both planets enter Scorpio. There is a risk of a significant decline on either Monday or Tuesday. Assuming the SPX has not finished above 2120 in the previous week, a retest of 2060 is very possible here. Some midweek buying is possible (if not probable) but the late week looks difficult as Mercury aligns with the South Lunar Node).



Thursday's Moon-Sun-Mercury square also looks bearish so we could get another large decline on that day. With two big down days possible, I would expect support at 2060 to be broken. We may even see 2020 tested at some point. The following week is Thanksgiving so there will be less trading and likely smaller moves. Some upside is possible on Monday's Venus-Uranus opposition but I would think the bears can also look forward to some downside on the Mercury-Saturn conjunction on Tuesday and Wednesday. Wednesday is probably the more bearish of the two days given the Full Moon but there will only be half a trading day because of the holiday. Friday is hard to call but I would lean bearish in any event on the week. Venus enters Libra on Monday, November 30<sup>th</sup> so that suggests a positive day. I think the first days of December are likely to see further gains. The second week of December looks more bearish as Mars aligns with Uranus and Pluto. This could produce a retest of the Thanksgiving Week lows. I think the second half of December leans bullish, as does the first week of January. We could see a higher high at that time, or perhaps a retest of the lower November high of 2120. We shall see. The second half of January looks bearish and could see a retest of the Nov-Dec low. The early February rebound looks short-lived and will likely produce a lower high which will be sold. Late February and March look quite bearish. I would expect 1880 to be tested at some point. April looks mixed and May should see a rebound to another lower high. (2000?) June looks very bearish, however, so I would think there is a plausible scenario whereby 1880 is broken, if it has not been already. 2016 is shaping up to be mostly bearish with lower lows quite likely.

## 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

bearish (disconfirming)

bearish (disconfirming)

bearish (disconfirming)

## Indian Stocks

Stocks ended the week lower as investors remained wary of the impact of a possible Fed rate hike. The Sensex lost more than 1% closing at 26,265 while the Nifty finished the week at 7954. This bearish outcome was in keeping with expectations given the early week Venus-Mars conjunction. I thought we might have got a little more upside on Monday, Wednesday and Friday but none of these played out. Wednesday did see the high of the week but bulls could not maintain the upward momentum. Friday again saw some upside intraday, but bulls took profits quickly rather than holding their positions over the weekend as the market closed flat.

November is thus far living up to its bearish billing as the pullback continues apace. The market appears to be pricing in an early rate hike although it has yet to react to Friday's very strong US jobs report. This report has pushed the likelihood of a December hike above 75% so there may be additional fallout in emerging markets as investors brace for the worst. While the hike would be quite tiny – from 0.125% to just 0.25% it may force many institutions to rebalance their portfolios and hedge a portion of their carry trade on the Dollar. This would suggest some outflow of FII capital from India. While markets can try to rationally assess risk, the truth is no one really knows what will happen if rates really start to rise sharply, both through Fed actions and more positive US data. The more inflation pressure in the US, the sharper the rate rise, and the greater potential for disruption in emerging markets. I think we may still be some months away from seeing the dominoes fall on this question of the US interest rates and the ascending Dollar. For now, I think



stocks have further to fall in the short term while Venus transits Virgo and Saturn has yet to align exactly with Neptune. Both are negative influences which have the likelihood of outweighing any potential bullish upside from Jupiter. As a general guide, the bearish bias may continue until the Sun-Saturn conjunction on 30<sup>th</sup> November. As it happens, this is the exact same date that Venus exits Virgo and enters the more auspicious confines of Libra. I would therefore consider this a possible turn date for this retracement. Since we are still three weeks away from this date, it is tempting to think that the stocks will break below the September low of 7600 at some point this month. I'm less confident this will be the case, although it is obviously quite possible. As usual, it may make more sense to carefully triangulate between the timing clues of astrology with the levels provided by the technical charts. For example, if the Nifty is still at 7700 on November 25<sup>th</sup>, then time would likely be running out on the possibility of a lower low below 7600. That might be one reason for bulls to consider taking long positions.

The technicals became more bearish last week as support at 8000 did not hold. This was a fairly important technical level with four prior touches in August and September. It also roughly coincided with the 50 DMA. 8000 may now be seen as resistance. An intraday move above might not be enough to suggest bulls are back in the game. We may need to see a close above 8000, or better yet, 8050 which was Wednesday's low. The daily chart looks more bearish now, especially after the inability to recapture the 200 DMA two weeks ago and the subsequent sell-off. On the other hand, the Nifty is getting more oversold now so a bounce may be just around the corner. However, bulls may be in a better position to go long once RSI falls below 35, if not 30. For now, it looks like it may have further to fall.

If resistance is around 8000, support is likely close to current levels at 7950. The rising trend line off recent lows comes in almost exactly at Friday's close. An intraday move below 7950 would put many bulls on alert as a close would violate that trend line. Interestingly, Friday's close represents a 50% retracement of the high at 8340. In other words, if this pullback is going to end and reverse higher, it has to happen very soon. A close below it would definitely raise the possibility of a retest of the low at 7600. I'm unsure if there would be much interim buying at 7700 or 7800 although there is some horizontal support at those levels. The weekly BSE Sensex chart looks more bearish now after apparently retesting resistance at the 50 WMA. Moreover, last week's decline has produced a bearish crossover both in stochastics and MACD. Bulls are swimming decidedly upstream in this chart. The falling channel now has support near 24,000 and one would think it is only a matter of time before it is tested. Meanwhile, Infosys (INFY) lost ground last week but remained in a mostly bullish pattern as it tested its 50 DMA. This chart only gets bearish with a close below its 200 DMA. ICICI Bank (IBN) also had a tough week and is now retesting its August low. There should be more buyers coming in at or near current levels as bulls search for a bounce. The chart still looks bearish and the rebound looks likely to fail, perhaps struggling to recapture even its 50 DMA. I would think it is likely this stock is going to lower lows eventually.



This Diwali week leans bearish as Mars conjoins Rahu in the second half of the week. As it happens, the market will be closed on Wednesday and Thursday so perhaps there will be less damage inflicted on stocks. Astrologically, Wednesday and Friday look somewhat more bearish as the Moon aligns with the Sun and Saturn, respectively, on those days. Monday's Venus-Rahu conjunction actually looks somewhat bullish, even if that seems counterintuitive given the probable downside reaction to Friday's US jobs report. Perhaps an early sell-off is reversed before the close on Monday. In any event, bears should be cautious and avoid over-confidence.

Tuesday could go either way although the Sun-Jupiter alignment may give bulls some hope. Even if we get some early week upside, it may be difficult for the Nifty to stay above 8000 for long given strengthening of Mars on Wednesday and after. With no trading on Wednesday and Thursday, we are more likely to see declines concentrated on Friday as the Moon conjoins Saturn. It is possible that the Nifty could end close to current levels, although the Mars-Rahu conjunction is an added risk factor that should not be ignored. The question is whether its negative influence on sentiment can be minimized. I would retain a bearish stance here in any event but I would not expect much downside.

Next week (Nov 16-20) looks more bearish as the Sun and Mercury conjoin in the first degree of Scorpio. This is not a high probability bearish influence but it does lean bearish nonetheless. Monday's Moon-Jupiter aspect is more bullish and hints as a positive start to the week. Tuesday is more bearish as the Scorpio influence becomes stronger. Of course, Scorpio in itself is not the problem but rather that Saturn is in Scorpio now. Thursday and Friday are perhaps the most bearish days of the week as Mercury aligns with Ketu. I would expect a move below 7900 at this time, assuming that the Nifty has managed to remain above that level by that time. The following week

(Nov 23-27) looks bullish to start as the Venus opposes Uranus. This could be a sharp rise. However, more selling is likely in the second half of the week as Mercury conjoins Saturn. We could get a significant low in the market during this week. Then Monday the 30<sup>th</sup> offers the possible turn date as Venus enters Libra and early December should be bullish. The second week of December could be very bearish, however, as Mars opposes Uranus. Whether this forms a higher low or lower low is hard to say. I would lean towards a higher low, however. The second half of December looks more bullish as Jupiter conjoins Rahu (North Lunar Node). This could represent a rally back above 8000 or even 8300. January looks choppy with more upside likely although there will be sharp declines mixed in, especially in the second half of January. Another rise is likely in early February but the market will become bearish again in late February as Saturn squares Jupiter. A major corrective phase is likely to extend through March and into April. Lower lows are very possible, including Nifty 7000. June and July look bearish also including a heightened risk of a global crash in late June. I think the chances are good that the Nifty will trade below 7000 at some point during 2016, probably around mid-year.



## Technical Trends

Short term trend is DOWN  
(1 week)

Medium term trend is UP  
(1 month)

Long term trend is UP  
(1 year)

## Astrological Indicators

bearish (confirming)

bearish (disconfirming)

bearish (disconfirming)

## Currencies

The Dollar made significant gains in the wake of the strong jobs report as more traders bet on a December rate hike from the Fed. The USD finished above 99 for the first time since April as most other currencies sold off including the Euro and Rupee. While I thought the Dollar might well push above 98 last week I missed Friday's huge gain. Support is now at 98 although given this interim higher high, bulls could tolerate a pullback to the 97 area. There is now significant upside momentum as bulls will have 100 in their sights. While a hard retest of that level is likely, it will be more difficult to move above it. Nonetheless, the chart is still bullish as the 200 DMA is still sloping upward. Bulls can breathe easier now we have seen price move above the convergence of the 50 and 200 DMA in a more significant way. The weekly Euro chart is now similarly pointing to a retest of the March low at 1.05. The chart is bearish although it is possible it could find support there. However, the longer term trend is still down so after the failed rebound in 2015, I think there is an increased risk of lower lows in 2016.

This week leans bullish again for the Dollar. The Mars-Node conjunction tends to be bullish and will likely maintain the upward momentum. Monday's Moon-Uranus opposition offers a slight advantage to the bulls and we could see further upside into midweek. The late week is more mixed perhaps, although I would keep a bullish bias throughout. I think there is a good chance that we will see 100 tested at some point this week. Next week may begin on a bearish note as the Moon is aspected by Jupiter. However, there is still the possibility of more upside as Mercury aligns with the South Node late in the week. My general expectation is that we get a significant



high in the Dollar sometime in late November. As we move into December, I would think the chances of a retracement lower will rise. The second week of December will see another push higher but I'm less convinced it will form a higher high. A deeper retracement will likely occur in December and January. This will likely return the USDX back into the 94-98 trading range. Another move higher is likely to begin in February and continue into March and April. The Dollar is likely to remain bullish through most of 2016 and may trade mostly in the 98-105 range.

**Technical Trends (Dollar)      Astrological Indicators**

Short term trend is UP (1 week)	bullish (confirming)
Medium term trend is UP (1 month)	bullish (confirming)
Long term trend is UP (1 year)	bullish (confirming)

**Crude oil**

Crude oil slumped last week as the Dollar strengthened against most commodities. WTI lost 4% on the week and closed below \$45 while Brent finished below \$48. As expected, we did some upside early in the week but bulls failed to reach \$50. Sellers then took over as the midweek Mercury-Saturn alignment correlated with some downside. Things are looking dicey for crude now as Friday's low retested support. After the lower high, there is a growing risk that the previous low of \$42 will be tested. It could withstand another test without failing although after last week's lower high, bears may be more actively shorting. A break below \$41 would be bearish and would invite a retest of the low at \$38. The weekly Brent chart offers evidence for both bullish and bearish views. Is crude building a tradable bottom or are these small rallies delaying the inevitable lower low? A retest of the August could form a bullish double bottom from which a more sustainable rally could be launched. Obviously, a close below the August low would be more definitive evidence that lower lows are ahead.



This week could see more downward pressure on crude. There is bullish potential early in the week, especially on Monday as the Moon enters Libra. But bearishness is more likely to increase midweek as Mars conjoins the North Node (Rahu). Overall, I think the chances are good that we at least see WTI retest the October low of \$42. I would think there is also a good chance that it will violate that low. Next week may also have a bearish bias as the Sun and Mercury enter Scorpio on Tuesday and Wednesday to conjoin Saturn. The late week may also see some selling as the Sun and Mercury align with the South Node (Ketu). Thursday is more bearish than Friday.



We could see the August low of \$38 tested here. December looks more bullish although I suspect trading will be choppy. One plausible scenario would be a retest of \$38 in late November and then a rebound into December and January. Previously, I thought we could see a significant rally during this period. I am less convinced of that now. Nonetheless, I would think that the chances of further downside in December and January will be reduced as the Jupiter-Rahu conjunction is likely to support prices. Even if the rally extends into February, it may not make a higher high. Perhaps it will move above the October high (WTI=\$52) but I think it will be hard pressed to match the June high of \$62. A major correction is likely to begin in late February and continue through March and April as Saturn aspects Jupiter. Lower lows are very possible.

**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 suffered a sharp decline last week as the rally in the Dollar pointed to a December rate hike. Gold lost more than 4% on the week closing at 1088. This bearish outcome was very much in keeping with expectations as I thought the double affliction of Venus conjoining Mars and entering Virgo in the same week would likely mean a test of support. Interestingly, gold also declined on Friday despite the apparently bullish combination of Moon-Jupiter. The technical situation of gold looks more precarious than ever as it is testing its summer lows. While some buyers will no doubt enter the market near 1080 and try their luck for a bounce, the chart is still pointing to lower lows ahead. While gold is oversold here and therefore we should see some kind of rebound, it may be short-lived. Resistance may be near the 50 DMA at 1137 which would be about a 50% retracement of the recent decline. Gold could conceivably put in another lower high at 1150 or 1160 but it seems likely any such rally will be sold. If we do see support broken at 1080, then the next stop may well be the 1000 area.

This week offers the bulls some opportunities for a rebound off support although with Venus still debilitated in Virgo and the Sun also debilitated in Libra, I would not expect too much upside.

Monday leans bearish as the Moon transits Virgo so we could get a hard test of 1080 and perhaps 1070. Tuesday and Wednesday are more bullish due to the Sun-Jupiter alignment so that argues for some kind of rebound, possibly up to 1100 and above. Thursday and Friday look more problematic, however, so we could see more selling. I am agnostic on whether gold finishes higher or lower this week. I would not be surprised either way. I would maintain a bearish bias in any event although the short term aspects suggest that a sudden price collapse is unlikely. Next week (Nov 16-20) could begin positively but the Sun and Mercury enter Scorpio on Tuesday so that could spark some selling that lasts through much of the week. There is a good chance that we will see gold break below 1080 here, perhaps significantly below. An interim low is more likely to occur sometime between the 18<sup>th</sup> and the 27<sup>th</sup> of November. Moreover, I would lean towards the 18-20th period as marking the low. The Thanksgiving week will likely see at least one up day on the Venus-Uranus aspect early in that week. Friday the 27<sup>th</sup> may be bearish on the Sun-Saturn conjunction but with a shortened trading day, it may not do much damage. Venus leaves Virgo and enters Libra on Monday the 30<sup>th</sup> so we should see a stronger rally for gold heading into December. Gold should continue to rally into January as Jupiter conjoins the North Node (Rahu). We could see an interim high of some note on January 14<sup>th</sup> around the Sun-Mercury conjunction. I would not be surprised to see gold rally back over \$1200 by early January or early February although a lot will depend on what kind of low we get in November. If we do get a shock low to 1000 in November, then it may rally to a lower high such as 1150. In any event, March and April look bearish so the lows will be tested again. Gold leans bearish for 2016 overall so the odds are that we will see it trade below 1000 at some point, either in April or perhaps in July.



**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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