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Summary for week of 21 March 2016

- Stocks mixed this week with greater risk of declines after Tuesday
- Dollar may test support but should rebound
- Crude oil likely to test resistance early but more likely to finish lower
- Gold could rise early but late week looks difficult

US Stocks

Stocks rose for a fifth straight week as Janet Yellen turned dovish once again. Citing ongoing global weakness, the Fed Chair reduced the number of rate hikes this year from four to just two despite the likelihood of higher US inflation. The market responded favorably as the Dow climbed almost 2% on the week to 17,602 while the S&P 500 finished at 2049. This bullish outcome was unexpected as I thought we were more likely to see some selling at the end of the week post-FOMC. As it happened, we did get some modest consolidation before the Fed, but investors took the Fed's bait and pushed stocks higher into Friday.

One wonders how the Fed will even manage to fulfill this lesser target of two rate hikes this year. Global markets would have to stabilize further before Ms. Yellen would dare to hike rates again and risk another sell-off as happened after her ill-fated December hike. If the fragility in Europe and China continues, then there may be few scenarios in which the Fed can raise interest rates again this year. The avoidance of further hikes is probably the only way of saving the bull market, of course, since lower rates keep the Dollar low and keep equities more attractive as risk assets. But as inflation begins to tick higher, Yellen may be faced with a difficult choice: let inflation rise above the Fed's 2% target and allow the stock market rally to continue or raise rates to choke off inflation and cause a large stock market decline. Most of her Keynesian fellow travelers would no doubt prefer higher inflation but that outcome may eventually undermine the Fed's credibility.

Although March has thus far been more bullish than I expected, the astrological indicators still favor the bears in the coming weeks. This week features two possible reversal catalysts: the lunar eclipse on Wednesday and then Saturn turns retrograde on Friday. The Mars retrograde station on April 17th is another likely bearish factor that makes further upside unlikely in the month of April. Given how close the major indexes are to key resistance levels, the astrological indicators paint a more likely picture of a correction in the coming weeks. Just how big it could be is more difficult to say, although I would think it will be larger than a simple 5-7% pullback. Given the strength of this rebound, however, it seems unlikely the SPX low of 1810 will be tested in April. A higher low is therefore more likely in April, perhaps in the 1880-1950 range. If we get a rebound in May as I expect, then we could see a return to this strong resistance zone near 2080. A retesting of the all-time highs at 2135 seems quite unlikely, and I would think a lower high below 2080 is probably more likely. A bearish lower high would be a more appropriate technical set up for a much larger sell-off that I am expecting for June and July.

The technical outlook is still short term bullish although stocks are looking overbought here. The SPX is pushing up against the RSI 70 line as it did in November before it entered a range trade. The upward momentum in this rebound has been strong but one would think a pullback is likely in the coming days. The double bottom target of 2080 looks quite doable here although if reached, it would likely be the basis for some profit-taking. On the other hand, it is close enough to that level that we could see a reversal take place even before it reaches 2080. If we do get a pullback, immediate support is at 2000-2020 near the 200 DMA. Given the overbought nature of the market, one would think a pullback to this level is likely in the coming days. However, the strength of the rebound suggests that bulls would likely buy any dip fairly aggressively, even if it eventually produced a lower high. In other words, we should not look for a sudden reversal on a dime that marks the beginning of a major decline. There is more likely to be a double top with a lower or equal high in this area between 2040 and 2080.

Another indication that the market is overbought is seen in the percentage of NYSE stocks above the 50 DMA ($NYA50R). This is now almost at 90 which is a very rare feat for this indicator and is another reason why some kind of pullback is imminent. The weekly Dow chart clearly shows the bearish potential of the current medium term pattern given the series of lower highs since 2015. In order for this weekly chart to look more bullish, the previous high of 18,000 would have to be surpassed. Stochastics are not quite overbought yet (76) but it is closing in on a point when bulls may prefer to take profits. A bearish crossover that takes place near the 80 line would be a necessary pre-condition for the next wave lower. And even if bulls can keep the rebound going, we can see it would still be some time before the 20 WMA moves above the 50 WMA. From a longer term perspective, the current bearish crossover of these moving averages is another reason to avoid buy-and-hold at this time. Meanwhile, yields on the 10-year Treasury fell again as the Fed reduced rate hike expectations. For now, it seems the bond market does not expect US inflation to become a problem as yields continue to push lower. Of course, with the rest of world slipping into negative rates, the ace up the Fed's sleeve

is that there is no shortage of foreign buyers of Treasuries who are seeking its relatively higher yields. After the test of resistance at 2%, I think yields are likely going lower and may retest the February lows. This should be a bearish indication for stocks.

This week offers up at least two bearish influences in Wednesday's lunar eclipse and Friday's Saturn retrograde station. As it happens, Friday is closed for Good Friday so that could mitigate some of the downside. Overall, the week could see both a test of resistance at 2060 or above and could see a pullback also. Monday leans a bit bullish, however, as the Moon aligns with Venus and Jupiter. Tuesday looks less positive as the Moon conjoins the South Lunar Node although I would be surprised if we saw much downside. Wednesday's eclipse occurs with the Sun conjunct Mercury. We could see more intraday volatility here although I'm not certain where the market will finish. After Wednesday, however, there are greater chances for a decline. Thursday will feature a somewhat bearish Mercury-Mars aspect while Good Friday (in Asia and the Futures market) will also have a prominent Mars influence as it aligns with the Sun. Mars is usually bearish. With some upside likely between Monday and Wednesday, we could see 2060 or perhaps even 2080 on the SPX. But the second half of the week should be sufficiently negative to offset any early week gains. For this reason, I would lean bearish on the week, although perhaps not by much. It is possible that we could see stocks stay aloft all the way into Friday's Saturn station although that seems like a stretch at this point.

Next week (March 28-April 1) should start on a negative note as the Moon conjoins Mars. This may be the moment where we have a better sense of how much selling the pullback could entail in the wake of the Saturn station on the previous Friday. We should watch out for a significant shift if sentiment and market mood. Tuesday also leans bearish on the Moon-Saturn conjunction. Some upside is more likely after that as Mercury conjoins Uranus on Wednesday and Thursday. The week as a whole looks negative. The following week (April 4-8) also looks bearish, especially in the first half as the Sun aligns with Saturn. I would expect stocks to struggle generally up until at least the Mars station on April 17th. A possible downside target may be the early February high of 1950. I think the whole decline is likely to be larger than that, but let's see what kind of declines we get in late March first. Late April looks mixed with early May somewhat more bullish but perhaps the rebound will be modest. I am expecting a lower high below wherever we top out at here in March. Mid-May should begin another decline that lasts into mid-June at least. This is the time when we are likely to retest the 1810 low from February. Late June and early July is a potentially dangerous crash window as Uranus enters Aries just a week before Mars stations direct while both are in close alignment. Lower lows are quite possible in this early summer period. After a rebound in August and September, Q4 looks bearish again. We should see the old highs of 1550-1600 broken by Q4, perhaps by quite a bit.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending March 25)	bearish (disconfirming)	SPX 2000-2040
Medium term trend is DOWN (1 month ending April 25)	bearish (confirming)	SPX 1900-1950
Long term trend is UP (1 year ending March 2017)	bearish (disconfirming)	SPX 1400-1700

Indian Stocks

Stocks moved higher last week as investors welcomed the Fed's dovish policy announcement. With only two US rate hikes now scheduled for 2016, the Dollar fell and new money flowed into Indian stocks after the Fed meeting. The Sensex gained more than 1% to 24,952 while the Nifty finished the week at 7604. This bullish outcome was not hugely surprising as I thought we would likely get some upside after the Fed which might test resistance at 7600. We also got some modest selling in advance of the Fed announcement which correlated with Mars aspect to Venus. As expected, we saw a retest of support at 7400 which occurred Wednesday and provided the technical argument for bulls to buy.

While the Fed's renewed sense of skittishness about raising rates was good news for investors, it is unclear how far the Fed and other central bankers can push on this string of monetary policy. More and more analysts and even central bankers themselves realize that there is only so much they can do to boost the economy as the rest of the heavy lifting has to be done by governments through fiscal policy. Of course, no one knows just where the limit of these easing measures may lie although it seems that the Fed is game to try its hand at negative interest rates if and when the time comes. For its part, the RBI has room for positive action for the market including the much hoped for rate cut at its next meeting on 5th April. Of course, minimum measures like a small repo cut may well have been largely discounted by the market already.

Although the global financial terrain shows hopeful signs of stabilization, the astrological indications remain somewhat difficult in the coming weeks. So far March has been somewhat more bullish than I expected and yet I highlighted the last two weeks of the month as a more important time for when stocks could struggle. There are several difficult alignments upcoming that suggest that the downside risk outweighs the upside potential. Saturn turns retrograde on Friday 25th March, just as it squares Jupiter. Both of these are possible reversal catalysts. There is also a lunar eclipse this week on Wednesday thus completing the two-week eclipse window in March. Eclipses tend to be associated with periods of change and when they occur after a period of rising prices as is the case here, the chances for a reversal lower is heightened in the days following the second eclipse. And with Mars turning retrograde in mid-April on the 17th, there is likely to be further downward pressure that may well transform a simple pullback into a larger decline.

The technical outlook suggests a pullback may be likely in the coming days as the indices consolidate under resistance. There is a significant amount of horizontal resistance at 7600 which could make further gains a little less likely in the short term. To be sure, the bulls have control after Wednesday's retest of support at 7400 so the chart leans short term bullish. Friday's close was bullish because it closed a bit above Monday's intraday high. If we see a close clearly above 7600 then the Nifty could conceivably push to channel resistance at 7900 near the 200 DMA. Bulls no doubt believe that even if this is only a bear market rally, a tag of the 200 DMA is not unusual in an otherwise hostile investment environment.

Any move below 7400 would be bearish, obviously and would likely bring about a gap fill and test of 7200. That is the more crucial support level for this rebound as it the interim high between the double bottom at 6900. If 7200 should break down that it would be a signal that the Nifty may be going to make lower lows. The weekly Sensex chart shows this same important resistance area near 25,000. The measured move from the October rebound (25,000 + 2500 = 27,500) suggests a rebound of 2500 points is possible. This would put the Sensex very close to current levels (22,500 + 2500 = 25,000). Since we are already there, we could see some bulls pull the chute and get out of long positions if 25,000 is not broken quickly to the upside. Stochastics still has more room to run before becoming overbought although previous rebounds in October and December fell well short of the 80 line before turning lower. The falling channel comes in just above 26K very close to the 50 WMA. Even if this rebound pushed to that level, the chart would still be quite bearish. Meanwhile, HDFC Bank (HDB) continues to move higher towards its 200 DMA. A close above the 200 DMA would be bullish, especially in light of the fairly long period of sideways consolidation in March. Infosys (INFY) extended its rebound also last week after testing support the previous week. It is now within range of its all-time high. The chart is long term bullish so it seems more likely than not to eventually break above that October high.

This week is extra-short due to holiday closings on Thursday and Friday. As it happens, the more bearish looking alignments occur at the end of the week so the fact that markets are closed could help support prices a bit longer. Monday looks a bit bearish on the Moon-Mars aspect but this is not particularly strong. Some consolidation is possible but it may not do much damage. Tuesday looks better as the Moon conjoins Jupiter and highlights the approaching Venus-Jupiter aspect. Wednesday's lunar eclipse may be less positive and introduces a more realistic possibility of a decline. Even here, however, I would be careful about expecting too much downside. In fact, none of the aspects this week look high probability bearish. I would therefore expect fairly small moves in either direction this week. The planets this week don't strongly support the notion of a strong move above resistance at 7600 and neither do that look conducive to a sharp decline. That said, I would lean a little bullish here.

Next week (March 28-April 1) looks more bearish with Monday and Tuesday looking more negative than positive as the Moon conjoins Mars and Saturn. We should be watchful for a possible shift in sentiment in the wake of Saturn's retrograde station. With its change in direction from forward to backward, the market could also reflect this change. Some midweek upside is likely on the Venus-Ketu conjunction but the end of the week looks more difficult. I think this week overall leans bearish. The following week (April 4-8) could see some gains in the first half of the week on the Mercury-Venus alignment but the late week looks more bearish. I am unsure if there are enough negative influences here to push the Nifty below 7200 by early April, however. The month as a whole looks bearish enough but I would not expect lower lows in April. Another rebound is likely in late April and continuing into early May. But this rebound may not alter the basic market outlook and seem unlikely to form an interim high which is above whatever high the Nifty makes in March. Late May looks bearish again and should begin another decline that lasts into June and early July. This should be a larger decline given the destabilizing entry of Uranus into Aries on the same day as the UK votes on EU membership. To add to the stressful atmosphere, Mars makes its direct station just a week later in close angular alignment with Uranus. At minimum, I would expect a retest of the old high of 6400 by July. The rest of 2016 looks no better with Q4 especially looking very bearish as bearish Saturn aspects Rahu and Neptune for many weeks.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending 25 March)	bullish (confirming)	7500-7700
Medium term trend is DOWN (1 month ending 25 April)	bearish (confirming)	7000-7200

Long term trend is UP (1 year ending March 2017)	bearish (disconfirming)	5000-6400

Currencies

The Dollar fell sharply last week after the Fed surrendered to the uncertainty of the global economic situation and took some of its expected rate hikes off the table. The USDX lost more than a cent finishing just above 95 while the Euro climbed towards 1.13 and the Rupee strengthened to 66. I had been uncertain about last week although the size of the post-Fed decline was surprising. As expected, we did see some positive moves before the Fed. After breaking below the February low, the Dollar is looking more bearish here and is carving out a falling channel since December. While 95.5 did not hold as support, the Dollar could still find some horizontal support at lower levels near 93-94. Resistance is now at 95.5 so any close above that level could begin a new rally. But with the channel now in play, rallies may be sold as price approaches the 50 DMA which is near channel resistance. The weekly Euro chart continues to show a sideways pattern of consolidation after its sharp decline in 2014. It may be testing important penultimate resistance if it can reach 1.14 but the bullish game changer would still seem to be a weekly close above 1.15. Unless that happens, the Euro looks range bound.

This week could see the Dollar bounce back. Monday looks somewhat bearish as the Moon conjoins Jupiter. This could produce a retest of Thursday's low of 94.5. But the midweek looks more bullish as Wednesday's lunar eclipse sees the Sun conjoin Mercury. The late week Venus-Saturn-Jupiter alignment offers some hope to Dollar bulls. I would not be surprised to see the Dollar enjoy a strong bounce here although I would not be shocked either if it barely climbed its way back to 95.5. Next week looks more volatile with bigger gains likely. The early week looks bullish as does the late week with some declines likely on Wednesday. Perhaps the Dollar can recapture its 200 DMA at 97. Early April also looks fairly bullish so I would expect a retest of that falling channel resistance at 98 by mid-April. I am uncertain if it could move to the 100 level, however. Late April and early May should see another retracement lower. The second half of May will likely see that retracement reversed. By June, we should see the Dollar again testing resistance at 100.5 with a possibility of making higher highs by July. After another consolidation under resistance in August, the Dollar should move up again in September and

into Q4. These should be higher highs again, probably beyond the 105 level. A significant top in the Dollar could come in Q1 2017.

Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is UP (1 week ending March 25)	bullish (confirming)	95-96
Medium term trend is UP (1 month ending April 25)	bullish (confirming)	98-100
Long term trend is UP (1 year ending March 2017)	bullish (confirming)	105-110

Crude oil

Crude oil continued to surge higher last week as the Fed crashed the Dollar after Janet Yellen acknowledged that future rate hikes may be more infrequent than she previously indicated. WTI climbed 6% closing above $41 while Brent added a more modest 3% to $41. This bullish outcome was unexpected as I thought the late week might have brought more downside. Only Friday was negative and only after a large run-up after the FOMC meeting on Wednesday. While I allowed for some midweek gains, the size of move was surprising. With WTI now sitting north of $40, sentiment may be turning on crude oil as more investors believe the worst is behind them. A lot still depends on the Dollar, however, and whether it falls back to earth after staging an enormous rally over the past two years. The Fed doesn't want a strong Dollar but even with fewer rate hikes planned for this year, it remains the best currency of a bad lot. From a technical perspective, there is some reason for bulls to expect a pullback here as WTI is about to tag its 200 DMA. This also roughly corresponds with the double bottom upside target so we could see the upward momentum fade rather quickly here or at least take a pause. Support is now near $38 for WTI so any move below that would endanger this rebound. Most likely buyers would move in eventually, probably above that critical $34 level. In any event, I would think that support at $38 should hold in the event of an initial pullback in the days ahead.

This week looks mixed although I think the chances are fairly good for some consolidation. I am still expecting a significant decline to begin over the next week or two but it may be that we will have to wait for Saturn to turn retrograde on Friday before any retracement begins in earnest. Some gains are somewhat more likely on Monday but the midweek looks more volatile, especially on Wednesday's lunar eclipse. A quick move above the 200 DMA looks doable although crude may not finish above that line by the end of the week. A retest of $38 also looks very possible here, possibly on Wednesday or Thursday. Next week looks more bearish although it could begin on a positive note as Venus conjoins the South Lunar Node on Monday. I think the chances are good that we get another retest of support at $38 although the midweek patterns look bullish enough that we could see a bounce. April looks fairly bearish around the Mars retrograde station on the 17th. This suggests that a test of the more important support level $34 is likely. I tend to think this level will not hold but we will have to see. Crude may be range bound in May somewhere between $30 and $40. But more downside looks likely by late May. By June, I would expect the February lows to be tested and probably broken. After a rebound that starts in July and continues into August, I think crude is likely to weaken again in September and into Q4. We should see WTI trading close to $20 at some point by the end of the year.

Technical Trends	**Astrological Indicators**	**Target Range (WTI)**
Short term trend is UP (1 week ending March 25)	bearish (disconfirming)	$38-40
Medium term trend is DOWN (1 month ending April 25)	bearish (confirming)	$28-34
Long term trend is DOWN (1 year ending March 2017)	bearish (confirming)	$20-30

Gold

Gold pushed modestly higher on the week thanks to Janet Yellen's scaled-back interest rates increases for the coming year. After trading as low as 1226 on Tuesday, gold finished the week at 1256. This modestly bullish outcome was not surprising as I thought the early week selling would likely be partially offset by some post-Fed buying. Ultimately I had been unsure where gold would finish given the real mix of planetary influences last week. As it happened, the post-Fed gains were still not big enough to change the technical outlook as Thursday's high remained below the high of the previous week. The chart still looks quite bullish to me, however, as bulls more or less defended support at 1240 and pushed prices above that level by Friday's close. The lower highs were perhaps a little worrying to bulls and now we can see a more neutral pennant pattern in the making. But pennant patterns are typically continuation patterns so the uptrend is more likely to resume once resistance is broken at the old high of 1287 (or 1273 on a closing basis). So as long as gold can keep making higher lows, the chart is bullishly biased, astrological influences notwithstanding. While more money is moving into gold, 1200 could be a make-or-break support level. If for some reason, gold trades below 1200, then we could see a rush to the exits as stop losses are triggered. There is no sign of that now, however, as the bull trend is still intact. But failure to make a new high above 1273/1287 (to say nothing of the last major high of 1300) and then a fall below 1225 could raise some worried eyebrows among gold bugs.

Gold looks more bearish this week. Monday's Moon-Jupiter conjunction could offer some upside to the bulls but even there I'm not sure how solid that influence could be. Even Tuesday's Moon-Lunar Node conjunction could conceivably bring more upside although that is also not a reliable pattern. Wednesday's lunar eclipse looks more bearish while Thursday looks like perhaps the most bearish day of the week as Mars aligns with Mercury and the Sun. I'm not convinced gold will be bearish enough to break support at 1226 but there seems to be more reason for bulls to be cautious. I also don't think the chances are very good for the rally to make higher highs this week. Next week (March 28-April 1) also leans bearish as we will assess the fallout (if any) from the Saturn retrograde station on Friday the 25th. The early week looks very mixed with a strong gain possible on Monday and Tuesday on the Venus-Node conjunction. However, the Moon-Mars conjunction suggests some measure of volatility on those days as well. The second half of the week looks more bearish as Mercury conjoins Uranus. It is possible we could see another rally attempt during the week but perhaps reaching a lower high.

Early April looks more bearish so we are likely to see a move below 1227. We could see a hard test of 1200. I'm uncertain if there is enough negativity to break below that level, however, although I would nonetheless lean

bearish. The Mars retrograde station on April 17th could be an important time in any pullback. I suspect gold will begin to rally after this date and the rally should extend into May. Whether this produces a higher high (>1300) is unclear. Gold will come under renewed pressure by late May and will likely fall sharply in June, especially in the second half of June. There is a good chance that we will see gold retest its recent lows of 1050 at some point in July. A rebound will begin in mid-July and extend into early September. Another corrective phase is likely to begin in September with lower lows likely by the end of the year.

Technical Trends	**Astrological Indicators**	**Target Range**
Short term trend is UP (1 week ending March 25)	bearish (confirming)	1220-1260
Medium term trend is UP (1 month ending April 25)	bearish (confirming)	1160-1220
Long term trend is DOWN (1 year ending March 2017)	bearish (confirming)	800-1000