

Summary for week of 28 March 2016

- Stocks mixed this week with gains more likely early
- Dollar could retrace early but stronger later in the week
- Crude oil may bounce this week, especially early
- Gold more bullish this week after possible early week test of support

US Stocks

Stocks edged lower last week on falling oil prices and worsening corporate profits. The Dow lost less than 1% to 17,515 while the S&P 500 finished at 2035. This bearish outcome was in keeping with expectations as I thought we would likely see a pullback in the second half of the week. Monday was higher on the Venus-Jupiter influence while Tuesday's eclipse saw stocks push even higher although they reversed lower by the close. This proved to be the turning point for the week as bulls then took profits.

So is this the calm before the storm or just a pause that refreshes? Hard to tell at the moment although given the absence of any obvious economic turbulence one could make a case for a pause where bulls can catch their breaths. It all could go south in a hurry, of course, as this Friday's US jobs report has the potential to confuse markets (and the Fed) further. A strong report with significant wage growth would force the Fed towards a more hawkish stance of raising rates sooner rather than later. Similarly, a weaker than expected report might also spark some selling as it would confirm the view that the global economy is slowing. And it goes without saying that something like another ISIS attack in Europe in the short term would be bad for confidence. They don't call it a 'wall of worry' for nothing.



The planetary picture suggests change is at hand. Saturn's retrograde station on Friday, March 25th could be a game changer, especially since it formed a close 90 degree angle with Jupiter. While I had been uncertain when exactly this might produce significant declines, certainly there is an argument to be made for an imminent reversal now. This is further supported by Tuesday's eclipse which hinted at a micro-reversal of sorts as the major indexes made new highs intraday and then finished lower. My bottom line is that the astrological outlook for 2016 is very bearish and that there are likely going to be three distinct declines: the first in late March and April, the second in June and July and the third in October to December. March has been more bullish than expected thus far but not bullish enough to fundamentally change the bearish technical outlook. The longer stocks stay aloft here in March, the more likely we could see a compression of the two separate down thrusts in April and June into one longer down move.

The technicals still offer hope to the bears on a medium term basis. The SPX topped out at 2056 this week which was very close to that 2080 upside target of the double bottom pattern. It could still push higher, of course, but likely not too much higher. But RSI touched the 70 line early in the week and gives bears some conviction for their view. Stochastics also look poised to test the 80 line again and perhaps this time it may fall below it. MACD is on the verge of rolling over now so that may suggest that at least a pullback is just around the corner.

Support is likely around 2005 (the March 15 low) so we could see buyers move in there in the event we get more downside this week. Below that, the March 10 low of 1975 could be another level where bulls could enter long positions. Even if we are on the verge of a significant >10% correction, one would think that the initial dip would be bought and that we would see a lower high. Only after a lower high, could bulls be persuaded to sell. Therefore, while the technical picture is fairly encouraging to bears, it still suggests that this topping process may have at least another week or two to go. The weekly Dow chart actually shows that the November top took a whole month before lower highs were formed after which stocks sold off more sharply. I suspect this topping process may not take as long as the March high is likely going to be lower than the November. This will convince bulls to surrender to the larger logic of the charts. Weekly stochastics are now overbought and may now be considered more vulnerable to a reversal below the 80 line. The next bearish crossover would likely be a fairly reliable sell signal. Another symptom of the weakness of the market here is that the 20 and 50 WMA are still sloping downwards despite the recent rally. While the Dow and SPX have pushed above their Nov-Dec lows, the NASDAQ has yet to match that feat as last week's high fell just short of it. It also came very close to tagging the 200 DMA, a common feature of a failed bear market rally. With the 200 DMA now sloping downward, the market is looking tired indeed. With more signs of slowdown, bond yields are pushing lower and seem intent on retesting the February low. Lower yields are generally a bearish sign for stocks.



This week has some decent bearish set ups but the bulls will have opportunities too. Monday's Moon-Mars conjunction looks bearish although the early week also features a potentially bullish Venus-Uranus-Node alignment. Perhaps we will see one down day and one up day across Monday and Tuesday. Monday looks a bit more bearish in this respect, although it could easily go the other way. If Monday happens to finish higher, then I would think the odds rise of a down day on Tuesday. The bears could well be stronger this week in the wake of Friday's Saturn retrograde reversal. That is my working hypothesis at least. Wednesday could be somewhat bullish on the Mercury-Uranus conjunction although it is possible that could manifest in a gain on Thursday. I think it is less likely that both Wednesday and Thursday will be bullish. Friday leans bearish as Mercury aligns with the Moon's Nodes. This is not a high probability bearish pairing but it nonetheless hints at negativity. That suggests the jobs report will disappoint in some way. The week overall seems more bearish although if we get the two up days (or more) that I expect, it is possible the downside may be quite modest when all is said and done. We may get a retest of support at 2005 at some point.



Next week (April 4-8) looks split with the first half of the week leaning bearish and the second half more bullish. Tuesday's Sun-Saturn aspect may be bearish in this respect. The Mercury-Venus alignment is likely to produce some upside on Wednesday and Thursday. Friday looks less positive, however. It is quite possible this could be an up week although a lot will depend on what kind of selling we get on Monday and Tuesday. If we test support early at 2005 (for example), then a late week bounce would make sense. The following week (Apr 11-15) looks more bearish on the Venus-Mars alignment so that may retest support and quite likely break it and move below 2000. The downtrend is likely to continue into the following week after Mars turns retrograde on Sunday the 17th. I would expect 1975 at least by April 22nd and quite possibly more depending on how quickly the selling progresses. I think April as a whole will be negative with only a possible bounce towards the end of the month.



Early May looks more positive but I suspect there won't be enough upside force to break the putative April downtrend. Once the Sun enters sidereal Taurus on May 15th, the bias will become more bearish again as both the Sun and then Venus will oppose the Mars-Saturn pairing in Scorpio. This period from late May into late June looks very bearish and could resemble the classic Elliott Wave 3 down. This should break below 1810 by the end of June. The entry of Uranus into Aries on June 23rd is also worth watching as a potential crash window. We could get a bottom in July (1770? 1600?) which is followed by a rebound into August. Another lower low is very likely in Q4 which could challenge the old highs of 1550-1600 on the downside. The bottom line is the bull market looks very likely to end in 2016.

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Technical Trends

Astrological Indicators

Target Range

| | | |
|---|-------------------------|---------------|
| Short term trend is UP (1 week ending April 1) | bearish (disconfirming) | SPX 1990-2030 |
| Medium term trend is DOWN (1 month ending May 1) | bearish (confirming) | SPX 1900-1950 |
| Long term trend is UP (1 year ending April 2017) | bearish (disconfirming) | SPX 1400-1700 |

Indian Stocks

Stocks extended their gains last week on positive global cues in holiday-shortened trading. The Sensex gained more than 1% on the week to 25,337 while the Nifty finished at 7716. This bullish outcome was in keeping with expectations although the size of the gains were a little greater than forecast. I thought we might have seen some profit taking on Monday but that actually proved to be the most bullish day of the week.

Stocks look more comfortable here in the absence of any obvious signs of global volatility. Could the worst really be over? It seems unlikely for several reasons, not the least of which is the increasingly negative planetary patterns. To be sure, March has been more bullish than expected, although I did note the possibility that we could see stocks rise into the Saturn retrograde station of 25th March. These Saturn stations are often correlated with market reversals, especially in the current circumstance where Saturn forms a tense square aspect with Jupiter. And with Mars due to station retrograde on 17th April, there is a gauntlet of sorts that investors must try to pass through into April. But as always, these planetary patterns carry a margin of error with them so nailing the exact top is very difficult. Certainly, Friday's Saturn station offers a plausible case for the top of this rally but we have to still be flexible about actual turn dates. It is conceivable that stocks could stay fairly strong into early April. The takeaway here is that with increasing downside risk, bullish bets are looking riskier, technical considerations notwithstanding.

What makes a reversal lower even more compelling is that stocks have now climbed into a significant zone of resistance. The technical picture therefore argues for some kind of pullback very soon and therefore the planetary influences would appear to add further evidence to that view. On the other hand, it is also possible that the RBI could cut rates on 5th April which would be bullish for stocks, at least in the short run. With the Sun in aspect with Saturn on the 5th, I can't quite see a huge bullish reaction taking place but it is something we cannot rule out.



The technical outlook remains bullish in the short term as the rally continues apace. But with the double bottom target of 7600-7700 now fulfilled, we may wonder where the Nifty will go next. The next obvious level of resistance is the falling channel off the all-time high of 9119 from last March. This is currently near 7850 so that is an argument perhaps for a little more upside. This would also be just below the 200 DMA at 7902 which is a common destination for many bear market rallies. The tagging of the 200 DMA need not be exact, however, but merely has to be in the ballpark.

The market looks a little overbought as RSI is pushing up against the 70 line. If resistance is near 7850, support is likely at 7600. The momentum of the recent rally would suggest that any pullback to 7600 would be bought initially. A breakdown of 7600 could open up the next support level at 7400. This would likely not jeopardize this rally which began after a test of hard channel support at 6850. If the channel is seen as 1000 points wide, then 7400 represents the halfway mark. This is currently the location of the 50 DMA. Above this line, the market has the chance to push higher and challenge resistance of the falling channel. Below this line, the market looks likely to retest recent lows and perhaps fall to lower lows. The weekly BSE chart moved above resistance at 25,000 last week but is now quickly approaching 25,500. This also has a lot of horizontal resistance as we have seen no less than six weekly lows at or near this level. Meanwhile, Infosys (INFY) pushed higher towards its all-time high. Although the chart is clearly bullish, we could see some profit taking around these levels as bulls consolidate their gains. The pattern of higher lows and higher highs suggest another higher high in the medium term. HDFC Bank (HDB) fared less well last week as price appeared to pause at channel resistance and the 50 WMA. This chart looks more topy than INFY, for example, as prices have drifted lower after the October 2015 high. A higher high is required to make this chart bullish again. Otherwise, there is a bearish bias here.

This week looks mixed and choppy. The early week conjunction of the Moon with Mars and Saturn is likely to produce at least one down day on either Monday or Tuesday. I would lean towards a Tuesday decline although it is an open question. Monday's Venus-Ketu conjunction hints at more optimism so I would not be surprised if the week began on a positive note. Wednesday looks negative again on the Mercury-Saturn alignment although this is not a strongly bearish influence. Thursday's Mercury-Uranus conjunction offers the bulls some upside. Friday could go either way but I would lean a bit bearish



here as the Moon aligns with Rahu in the afternoon. With both positive and negative days likely, it is difficult to call an overall direction this week. In the wake of the Saturn retrograde station, there is an opportunity for bears to see if they can inflict more damage on the down days. I would be surprised if we got much downside actually, although a down week is possible. Depending on the sequence of days this week, we could easily see channel resistance tested at 7850 although it seems less likely to finish at that level.

Next week (Apr 4-8) leans bearish to start as the Sun aligns with Saturn and Jupiter. This will be closest on Monday and Tuesday. The second half of the week looks more bullish as the Sun conjoins Uranus and Venus aligns with Mercury. It is possible we could get a positive week overall here. The following week (Apr 11-15) looks more bearish as Venus aligns with Mars. This is only a three-day trading week but there may be enough downside here to erase any gains from the preceding week. The rest of April leans bearish although perhaps only moderately so. Early May could see a small rebound as Mercury, Sun and Venus are aspected by Jupiter. But the planetary picture turns more decisively negative in the second half of May. A test of channel support at 6800 looks likely by June with some high volatility possible in late June as Uranus enters Aries on the 23rd. This late June and early July period is likely to produce some significant declines which could conceivably retest the old highs of 6400 on the Nifty. The rest of 2016 should remain in a down trend will lower lows likely in Q4 and Q1 2017.



Technical Trends

Astrological Indicators

Target Range

Short term trend is UP
(1 week ending 1 April)

bullish (confirming)

7600-7800

Medium term trend is DOWN
(1 month ending 1 May)

bearish (confirming)

7200-7400

Long term trend is UP
(1 year ending April 2017)

bearish (disconfirming)

5000-6400

Currencies

The Dollar bounced last week following some hawkish comments from several Fed governors. The USD closed above 96 while the Euro slipped below 1.12 and the Rupee weakened above 66. This bullish Dollar outcome was in line with expectations as the eclipse and Venus alignment boosted sentiment. While the bounce was strong, the Dollar may simply be tracing out a falling channel here with resistance near the 50 and 200 DMA. In other words, we could see the DX rise above 97 without altering the short term bearish outlook. The clustering of moving averages near 97 is an indication that the Dollar is likely to move significantly lower or higher in the coming weeks. Failure to close above the 50 DMA, however, would be bad news for Dollar bulls and it could hasten a steeper sell-off. The weekly Euro chart shows a rejection of the February high. This is a signal of ongoing caution about the Euro and the market's anticipation of further easing measures by the ECB down the road. With the Euro trading in a range of 1.08 and 1.13, it will take a breakout either lower or higher to signal the next price trend. From a longer term perspective, the chart looks as if it is building a bottom from which it can rally. The recent crossover of the 20 and 50 WMA is an artifact of this extended sideways trading range.



This week also looks bullish for the Dollar. We will likely see some retracement on Monday or Tuesday as Venus aligns with the Moon's Nodes. However, Wednesday and Thursday look more bullish on the Mercury-Uranus conjunction. I would lean bullish overall this week although it may not quite recapture the 200 DMA at 97. Next week also leans bullish, especially on Monday and Tuesday. After some retracement on Wednesday's Moon-Venus conjunction, the Dollar could resume its rally into Friday. We could see it close above the 50 DMA at this time. I am uncertain if it has sufficient energy to push all the way back to 100, however. We could see a small retracement take place in late April and early May but the Dollar looks likely to put in a higher low. This could set the stage for its next move higher which should begin in mid or late May. A retest of 100.5 is likely by June and there is a good chance for a breakout higher by July. After consolidation in August, the Dollar should begin another rally starting in September. Higher highs above 105 are quite possible by Q4 and Q1 2017.



Technical Trends (Dollar)

Short term trend is UP

Astrological Indicators

bullish (confirming)

Target Range

97-98

(1 week ending April 1)

Medium term trend is UP (1 month ending May 1) bullish (confirming) 98-100

Long term trend is UP (1 year ending April 2017) bullish (confirming) 105-110

Crude oil

Crude moved lower on the week following more data indicating a supply glut. WTI finished below \$40 while Brent ended the week just above that level. This bearish outcome was in line with expectations as I thought the midweek eclipse would likely reverse any early week gains. Monday was higher but stopped short of the 200 DMA and then the sellers took over. As expected, we did see a test of support at \$38 on Friday although buyers moved in before the close. Crude is undergoing a normal consolidation here after a fairly strong rally. The point at which bullish consolidation could become a failed bear market rally is probably \$34/36. As long as crude stays

above that late January high, bulls can continue to believe. It will be important to watch price action at key support levels above that, however. Buyers moved in at \$38 on Friday which was a bullish sign. I'm less confident that a quick retest of \$38 will be able to hold above that level. This rally still seems tenuous given the massive sell-off that has preceded it. Failure to hold at \$38 would invite a test of support at \$36 would also have to be bought fairly aggressively in order to keep the rally going. This rally is less impressive on the weekly Brent chart although the size of the bounce is larger than the previous bounce in late summer 2015. A durable bottom would require a bullish crossover of the 20 and 50 WMA. However, we are not there yet. Indeed, the downward sloping lines of all three weekly moving averages illustrate just how bearish the crude oil market still is.



This week looks mixed for crude. The early week should coincide with some gains as Venus conjoins the Node and Mercury makes a passing alignment with Jupiter on Monday and Tuesday. The rest of the week looks more choppy, however, with more gains possible but also some increased risk of declines. The short term aspects actually look fairly bullish this week but the medium term influences like retrograde Saturn are bearish. I would think some downside is still likely but there could be some strong up days mixed in here. Overall, this week could see another move above \$40 perhaps including a tag of the 200 DMA for WTI but I would be skeptical about its ability to close above that level. Even if it does hold above \$40, I suspect it won't last. Next week looks more bearish, especially early in the week. Another move below \$40 is likely and we could see \$38 broken on the downside. Let's see. The rest of April leans bearish as Mars turns retrograde on the 17th. I would think we will get a test of that technically crucial \$34 level at some point in April. After a little bounce in early May, crude looks likely to move significantly lower. This could start as early as May 10th. I would expect the January lows to be tested in June or July with lower lows (\$20?) very possible. After an August rebound, another dip is likely in September and October. The trend should be down for the year although I'm not certain if we will see lower lows by Q4.



| Technical Trends | Astrological Indicators | Target Range (WTI) |
|---|-------------------------|--------------------|
| Short term trend is UP (1 week ending April 1) | bullish (disconfirming) | \$38-41 |
| Medium term trend is DOWN (1 month ending May 1) | bearish (confirming) | \$28-34 |
| Long term trend is DOWN (1 year ending April 2017) | bearish (confirming) | \$20-30 |

Gold

Gold lost ground last week in the face of a recovery in the Dollar and more hawkish comments from members of the Federal Reserve. Gold fell 3% to 1216. This bearish outcome was in keeping with expectations although I thought we might have seen more upside on Monday. As it turned out gains appeared only on Tuesday. I was also off the mark in my forecast for a larger decline on Thursday when in fact Wednesday saw the sellers move in. Gold lost support at 1220 on Friday although this did not spark a wave of stop losses. As we have noted previously, 1200 is likely more important as a technical support level. Any move below that should be watched carefully. This incipient gold rally needs to stay above 1200 to reward the faithful. There could be a little support at 1180 but I suspect that if 1200 is broken on a closing basis, we could see gold approach 200 DMA at 1138. And if we are witnessing the formation of a topping head and shoulders pattern, the downside target would be close to 1120. As gloomy as a pullback to 1120 may be, at least it would be a higher low relative to the December low and could offer bulls a cheaper entry point for long positions. Stochastics have fallen below the 20 line so that perhaps argues for a bounce in the coming days although MACD is still falling in a bearish crossover. If we get a bounce, then initial resistance may be near 1240-1250. It may be worth noting that the 20 DMA (at 1247) previously acted as support but now may act as resistance.



This week looks mixed with some upside likely early in the week on the Venus-Node conjunction. The late week looks a little more problematic but maybe not all that bearish. The short term aspects actually lean towards a positive week but the medium term influences like Saturn now retrograde could make things more bearish. I'm agnostic on how this week will end up. I think there is some reason to think we will get a bounce off support, either at 1200 or more likely from current levels near 1220. I suspect gold will finish higher this week. Next week looks more bearish especially in the early part of the week. This could be another test of support (at 1220?). The late week looks more bullish so I think the chances are good that support will hold. Gold looks more vulnerable to declines after Mars turns retrograde on April 17th. Perhaps it will manage to hang onto 1200 here. I'm not sure. Early May looks bullish enough but it may not be strong enough to post a higher high above 1280. By mid-May the bounce will probably run out of steam and gold will start to sell-off. The down trend will likely accelerate in late June and into July. This suggests that the rally will be largely negated and we could even see a retest of 1050, if not actually lower lows. A rebound will last from early July to mid-August perhaps with another decline likely in September and October. By early 2017, we could see gold trading below 1000.

| Technical Trends | Astrological Indicators | Target Range |
|---|--------------------------------|---------------------|
| Short term trend is UP (1 week ending April 1) | bullish (confirming) | 1200-1240 |
| Medium term trend is UP (1 month ending May 1) | bearish (confirming) | 1160-1220 |
| Long term trend is DOWN (1 year ending April 2017) | bearish (confirming) | 800-1000 |

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