

Summary for week of 11 April 2016

- Stocks with mild bearish bias but with gains likely at midweek
- Dollar could retest support at 94 this week
- Crude oil should test resistance by midweek
- Gold likely to move higher this week

US Stocks

Stocks pulled back last week as comments from Fed officials created some confusion among investors about the likelihood of rate hikes this year. The Dow lost 1% on the week to 17,576 while the S&P 500 finished at 2047. This modestly bearish outcome was in keeping with expectations as I thought the first half of the week looked bearish enough to test 2050. We got small declines on Monday and Tuesday which pushed a bit below 2050 and then Wednesday saw a rebound around the Venus-Mercury alignment, which I had suggested could be the least bearish of the first three days of the week. The rest of the week was fairly flat.

Markets look range-bound here as investors try to make sense of the latest Fed speak. Obviously, there is a variation of opinion among Fed officials which can keep investors guessing as to where they may go next. Indeed, the confused messaging from Fed members may well be deliberate in so far as it doesn't tie them to any particular course of action. Therefore, they can be in a better position to react to whatever the next emergency may be in global markets. While China now seems to be quietly trying to sort out its mess, more attention is focusing on Japan where the BOJ may well have lost control.

Despite a comprehensive plan of negative interest rates and more QE asset buying, the Yen is rallying strongly against the Dollar. This is exactly the opposite outcome of what the BOJ wants which is trying to devalue its way to growth. A more generous interpretation would be that BOJ chief Kuroda has been sideswiped by the Fed's recent postponement of rate hikes which has temporarily made the Yen more attractive than the shunned



greenback. If the Yen keeps falling below the crucial 100 support level (it's now at 108), then it could force the BOJ into yet another round of stimulative measures. If these measures do not stabilize the Yen, we could see some significant disruption of global markets.

But for now things are in a wait-and-see mode. We could see US stocks remain in this 2030-2080 range for another week perhaps as Mars approaches its retrograde station on April 17th. As I have noted previously, this is another potential reversal indicator for markets. Since I think the larger decline is more likely to take place in June, we still need a technically damaging decline to occur before that time in order for any rebound to fail and make a lower high. I'm not certain when this first leg down will occur, but time is getting short and we could be on the verge of that first pullback here in April. Even if we get more upside in the coming days, I can't see how the bulls can break out higher and alter what is an increasingly bearish technical set up. While some downside is very likely in April and May, I doubt there is enough negativity there to take out the February low of 1810. We shall see. But even if we get a more middling sort of pullback to 1900-1950 by May, that 1810 level seems certain to be taken out by early July. I tend to think we could see something much lower by then.

So are stocks really topping now? Maybe -- but we will have to see how stocks react to any break below the late March low of 2025. Support is likely around 2025 so if we get more downside this week, we should see some buyers move at or above that level. If they don't, then a sudden wave of selling below 2025 would likely mean the interim top was in and that we are finally going much lower in the coming weeks. We could see another level of support near the 50 DMA at 1974. This would be just a little above that key double bottom interim high threshold at 1950. Below 1950 would be big trouble for bulls as it would likely point to a hard retest of 1810 and eventually lower lows.

But if buyers do move in at 2025 or above, then rebounds are still possible, even if they would be less likely to match the April 1st high of 2075. Stochastics on the SPX is now well below the 80 line while MACD is now in a bearish crossover. Resistance is the high at 2075 although there remains a lot of overheard resistance above that level towards 2100. While the blue chip indexes (SPX and INDU) remain above their 200 DMA, the broader indexes remain at or below that potentially important line. The Nasdaq is sitting on that line which also happens to match its key lows from November and December. The longer the Nasdaq and the Russell 2000 cannot move above that line,



the longer the Nasdaq and the Russell 2000 cannot move above that line, the more likely this rebound will be sold as a failed bear market rally. The weekly Russell chart also hints at perhaps a bit more upside but that it may be running into falling channel resistance near 1130 very soon. In the event of a brief push higher, it could also challenge its 50 WMA at 1154. Even that may be a stretch, however, given the significant horizontal resistance between 1100 and 1154. As economic data and corporate earnings forecasts continue to be lackluster, bond yields are moving lower. It is hard to imagine the Fed raising rates in this environment. A retest of the February low of 1.6% looks increasingly likely. Falling yields would seem to

be bearish for stocks, although central banks could conceivably try to keep things propped up with a creative mixture of bazookas and rainbows.

This week again offers the bears some chances but they may be confined to the early part of the week. The Mars-Venus alignment is exact on Tuesday and this may well depress sentiment on Monday also. Monday may well be more bearish than Tuesday. While I would not be surprised to see two down days in a row, it seems more likely that we could get merely a net negative outcome across both days but with one of them being positive. Some upside is also likely as we move into midweek on the Mercury-Jupiter aspect. This could mean a gain on Tuesday, Wednesday or perhaps even Thursday. Two up days are quite possible here. But Friday's Mercury-Saturn alignment looks bearish so perhaps the rebound (if it happens) will run out of steam by the end of the week. One possible scenario this week would be an early week pullback to support at 2025-2035. This would set up the midweek rebound as buyers move in. Hopefully, the rebound would stall at a lower high (like 2050) and then Friday would see more selling and another move below 2050, perhaps back down towards 2025. I admit this is very much a guess but it does combine some of the relevant planetary and technical factors. Perhaps the SPX finishes between 2025 and 2050.



Next week (April 18-22) we will get our first look at the Mars retrograde period that begins on Sunday the 17th. I am not necessarily expecting any fireworks on Monday the 18th because of this phenomenon, but we should be aware of any possible shifts in sentiment and trading patterns. That said, the early week looks somewhat bearish on the Sun-Saturn alignment. I would be surprised if we got a big decline on Monday, however. Even if the early week turns out to be bearish, the midweek should produce at least one solid up day around the Venus-Uranus conjunction. Wednesday may be the most bullish in this respect. But the late week looks bearish again as Mercury approaches its own retrograde station. I would not rule out a positive week here but it does seem likely that the bears will get at least Monday and Friday as down days. The following week (Apr 25-29) looks more bearish as Mercury turns retrograde on Wednesday the 28th. This looks more like a week where support is broken. Now whether that means 2025 is broken, or something closer to 1975 is broken remains to be seen. We could see an interim low in the first week of May with a rebound likely at the end of that week. The second week of May looks mixed but perhaps with a bullish bias. But by mid-May, the planets look bearish again as Sun and Venus oppose Mars and Saturn. Late May looks bearish so perhaps we will get another interim low then, probably a lower low (1950? 1850?). June and July still looks troublesome as Uranus enters Aries on the day the UK holds its referendum on EU membership. I am expecting they will vote to leave and that this will spark more selling, and possibly even a crash. A lower low below 1810 seems very likely and it could well fall significantly more than that. After an August rebound, more selling is likely in September and October. Basically, I think 2016 will spell the end to the bull market. A significant bottom is possible in Q1 2017.



Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending April 15)	bearish (disconfirming)	SPX 2020-2050
Medium term trend is DOWN (1 month ending May 15)	bearish (confirming)	SPX 1950-2040
Long term trend is UP (1 year ending April 2017)	bearish (disconfirming)	SPX 1400-1700

Indian Stocks

Stocks moved lower last week as the RBI underwhelmed investors with a modest 25 basis point cut in the repo rate. The Sensex lost 2% on the week at 24,673 while the Nifty finished at 7555. This bearish outcome was in keeping with expectations as I thought the early week Sun-Saturn alignment would likely weaken sentiment. As expected, stocks were sold on Tuesday after the RBI rate cut just as this alignment was exact. However, I thought we might have seen more of a bounce after Tuesday but Thursday's decline pushed stocks even lower.

The market had largely discounted a 25-point cut and is still now seeking direction. Without further encouragement on the monetary side, investors may be looking to the government to provide more reason to put their cash to work. For its part, recent comments from Fed officials paint a more complex picture for future rate hikes in the US. Obviously, a weak Dollar is good for Dalal Street but some Fed officials seemed to backtrack on Yellen's dovish stance in recent days. It may well be that the Fed is keeping all their options open in the event they have to move quickly. Japan could well be the next source of contagion as the Yen has risen despite earnest attempts by the Bank of Japan to increase QE and cut interest rates into negative territory. As we are in the midst of an undeclared currency war, there is a delicate global currency



balance these days which cannot accommodate major shifts without significant fallout into other markets. The Yen needs to weaken for Japan to have any hope of recovery, while China cannot depreciate the Yuan too fast or else it will export deflation throughout the world.

Some of these currency risks are reflected in the increasingly tense astrological indicators. Saturn just turned retrograde in late March and it will soon be joined by Mars on 17th April. Both malefic planets will therefore be retrograde simultaneously in the destructive sign of Scorpio from 17th April until 29th June. This is a bearish influence that makes strong rallies more unlikely during that period. And if we include the difficult aspects between Saturn and Jupiter and Saturn and Rahu, the downside risk in for this time frame is significantly increased. It therefore seems quite likely that this second quarter of 2016 will see further declines in stocks.

The technical picture worsened slightly last week as initial support at 7600 was broken. While this broke the strong uptrend that had kept price above the 20 DMA, bulls can still believe that this is a normal consolidation within a larger rebound. 7400 is likely more of a make-or-break support level as it represents a 50% retracement off the March high. A close below 7400 could spell trouble for stocks as it would likely indicate a retest of the February lows was probable. Resistance is now 7600 so any close above that level could spark more buying as bulls anticipate higher highs. So is this pullback over? Stochastics isn't yet oversold so perhaps that may mean we get more downside. MACD is now in a bearish crossover so that may also embolden bears to see how low they can take the market here. Certainly there is some horizontal support here at 7550 so we will see if Friday's bounce is extended into Monday.

But the Nifty chart appears to be following a familiar pattern where rebounds are sold as they approach the 200 DMA. This is what a bear market looks like, of course, and while we didn't quite get a tag of the 200 DMA it was close enough that bulls may be wondering if it's going to happen at all. And given how close the high at 7800 was to resistance of the falling channel, it would take a very courageous bull to stay the course here. The longer the Nifty cannot recapture 7600, the more doubt will creep into the market. Conversely, a quick move back above 7600 could bring about a retest of 7800 and perhaps a little higher. The weekly BSE chart is looking more bearish now that there is a bearish crossover in stochastics. After a tag of the RSI=50 line, we may be seeing a repeat of previous similar tags that have marked the interim tops of rallies during this large decline that began in 2015. Meanwhile, Infosys (INFY) suffered a significant retracement after retesting its all-time high. The retracement was expected, although the size of it was perhaps larger than bulls might have liked. It looks like it may have found support on Friday which matched its January highs. I would think that we will see at least another rally attempt to retest the all-time high in the near term. HDFC Bank (HDB) lost ground last week although it may have outperformed other banks. The chart is still bullish in the long term although it looks increasingly range bound here between its December high and February low. If it is forming a large top, it may require a deeper retracement (e.g. tagging of the 200 WMA) before it can resume its bullish rise.



This week leans bearish in the first half as Mars aligns with Venus. Monday looks worse than Tuesday in this respect as the Moon is opposite Mars and Saturn on Monday. Tuesday also looks somewhat bearish although this is less reliably negative. Wednesday looks somewhat more positive as Mercury comes under the aspect of Jupiter. With no trading on Thursday or Friday this week, the early week negativity may well be decisive. I would think global markets could lean positive towards the end of the week so Indian stocks could miss out on some of that late week rebound on the Mercury-Jupiter aspect. One possible scenario this week could see the Nifty slip below 7500 on Monday and Tuesday. A retest of 7400 is even possible here, although I don't think the planets that sufficiently negative for that outcome. If Wednesday is as bullish as I expect, we could see the Nifty recover its current level of 7550. In other words, we could easily see a fairly neutral week here. I would still maintain a cautiously bearish stance here if only because April is looking difficult. That said, I would not be shocked to see stocks finish a bit higher here.



Next week (April 18-22) may begin on a negative note as Venus aligns with Saturn on Monday. It is possible we could begin to see some additional negative fallout from Mars turning retrograde on the 17th. But even if we get a couple of down days early on, the late week looks bullish on the Venus-Uranus conjunction. At worst, this looks like a retest of support at 7400 followed by a rebound. A more bullish scenario would see a retest of resistance at 7600 by the 22nd. The last week of April leans bearish as Mercury turns retrograde while in alignment with Mars. There is significant downside risk during this week. We could retest 7400 and even break below it. The first half of May looks mixed at best. Late May looks very bearish as the Sun and Venus oppose the Mars-Saturn duo. A retest of the February low of 6900 is possible by early June. After a technical bounce in mid-June, stocks are likely to fall again in late June as Uranus enters Aries on 23rd June and aligns with Mars. This is a dangerous and potentially explosive combination. Interestingly, it correlates closely with the UK referendum on EU membership. I expect the UK to vote to leave the EU and this will have huge negative consequences for financial markets. Indian stocks are likely to be caught up in the fallout from this development. It is difficult to estimate where the Nifty will be by July. It seems very likely to be below 6800, and the old high of 6400 may be within reach. I think stocks are likely to remain in a downtrend for the rest of 2016 and early 2017.



Late May looks very bearish as the Sun and Venus oppose the Mars-Saturn duo. A retest of the February low of 6900 is possible by early June. After a technical bounce in mid-June, stocks are likely to fall again in late June as Uranus enters Aries on 23rd June and aligns with Mars. This is a dangerous and potentially explosive combination. Interestingly, it correlates closely with the UK referendum on EU membership. I expect the UK to vote to leave the EU and this will have huge negative consequences for financial markets. Indian stocks are likely to be caught up in the fallout from this development. It is difficult to estimate where the Nifty will be by July. It seems very likely to be below 6800, and the old high of 6400 may be within reach. I think stocks are likely to remain in a downtrend for the rest of 2016 and early 2017.

Technical Trends

Short term trend is DOWN
(1 week ending 15 April)

Astrological Indicators

bearish (confirming)

Target Range

7500-7600

Medium term trend is DOWN
(1 month ending 15 May)

bearish (confirming)

7300-7600

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

bearish (disconfirming)

5000-6400

Currencies

The Dollar drifted lower last week on the prospect of poor corporate earnings and reduced inflation pressure. The USDX slipped closer to the 94 level while the Euro flirted with 1.14. The Yen continued to strengthen against the greenback to 108 and the Rupee Index finished near 66.5. I wondered if we might see more weakness last week although I had thought we might have got some early week upside. As it turned out the Dollar only managed a flat performance early on. Can the Dollar hold support here at 94? Certainly, there are technical reasons to think that more buyers will enter the market fairly soon and begin a rebound. Bulls may also note the emerging falling wedge pattern in 2016 that offers the possibility of a sharp rebound. The rebound could go as far as the 50 DMA near 96.5 which is also the previous high. This may not be enough to change the overall recent down trend in the Dollar but it would at least postpone a more seriously disruptive breakdown of support at 93-94. A strong bounce off this support level would fit best with the planetary indicators, although the picture would become significantly more complicated if the Dollar fell below 93.



This week could see the Dollar test support at 94. Some upside is possible in the early week on the Mars-Venus alignment but I would not expect a large bounce. It seems more likely that any early week rebound fades below 95. The midweek Mercury-Jupiter aspect suggests more downside into Thursday. This could see a hard retest of 94 if not a bit below. Friday looks more bullish, however, as Mercury aligns with Saturn. Overall, I would lean a bit bearish for the Dollar this week although a forceful rebound is likely coming very soon. Next week could generate a change in sentiment as Mars turns retrograde on the 17th. An early week bounce is more likely although the late week could bring about profit taking. We may therefore have to wait for the last week of April before a significant rebound occurs in the Dollar as Mercury turns retrograde on April 28th. The month of May looks more bullish again and we should finally see the Dollar move higher. This rally will last into June and perhaps



early July. There is enough bullish planetary energy for the greenback to retest its recent highs of 100.5. I would not be surprised if it exceeded this level. 2016 looks bullish for the Dollar and I think higher highs are probable at some point. Whether this first occurs in July or in Q4 remains to be seen. We could see a significant high in the Dollar in Q1 2017.

Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending April 15)	bearish (confirming)	94-95
Medium term trend is DOWN (1 month ending May 15)	bullish (confirming)	96-98
Long term trend is UP (1 year ending April 2017)	bullish (confirming)	105-110

Crude oil

Crude oil rebounded strongly last week on falling US supply data and renewed hopes for an OPEC production freeze. WTI gained 8% on the week to \$39.66 while Brent settled just under \$42. I thought the early part of the week would be bearish and indeed Monday saw a small decline although WTI crude remained above support at \$35. While I thought we would see a midweek rebound, the size of the bounce was larger than expected. The bottom line is the bull story is still intact after the successful defense of support at \$35. Resistance is likely near \$40 with \$42 and the 200 DMA sitting just above that level.

Another tag of the 200 DMA looks possible here although it may not be enough to bring much new firepower into the rally. Crude really needs to make a new high for the bulls to claim victory. If crude were to suddenly reverse lower before testing its recent high, or worse, reversing below \$40, then a quick retest of its low of \$35 would be risky business for the bulls. The size of Friday's gain makes this more bearish scenario less likely perhaps but it is something to consider. The weekly Brent chart is showing signs of life although it is quickly coming up against resistance from the November and August lows. While this rebound looks hopeful for bulls, I would think that after such a huge sell-off, the chart needs to confirm the January low with a harder retest closer to \$30. We shall see.



This week leans bullish as Mercury aligns with Jupiter during midweek. We could see some weakness on Monday or Tuesday as the Moon opposes Saturn. However, the Jupiter influence offers a chance for gains which may negate any possible early weakness. Friday could see early gains but there is a possibility of a midday reversal lower. Overall, I think the chances are fairly good for a move above \$40 and a retest of the previous high. Next week could see some profit taking early in the week in the aftermath of the Mars retrograde station on Sunday the 17th. But the late week Venus-Uranus conjunction suggests that the dip will be bought, perhaps fairly aggressively. I would not rule out a new high by April 22nd. The last week of April offers the bears a better opportunity as Mercury aligns with Mars at the time of its retrograde station on the 28th. This should coincide with some significant selling which will likely take prices back under \$40. May and June look more bearish and we should see crude retest its January lows. A lower low is very possible by early July. There is a likelihood of more downside in September and October. This suggests that any intervening rebounds may be unreliable and that crude could well end up trading closer to \$20 later in the year.



Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending April 15)	bullish (confirming)	\$40-42
Medium term trend is DOWN (1 month ending May 15)	bearish (confirming)	\$32-38
Long term trend is DOWN (1 year ending April 2017)	bearish (confirming)	\$20-30

Gold

Gold extended its rebound last week on uncertainty about the Fed's next move. Gold rose more than 1% on the week closing at 1240. This bullish outcome was in line with expectations as I thought the midweek Mercury-Venus alignment would boost gold towards 1240. As expected, we did some early selling on Monday which briefly moved below 1220. Buyers moved in quickly on Tuesday, however. The technicals offer plausible stories for both bulls and bears. Bulls can point to this normal sideways consolidation above 1200 after a nice rally off the December bottom. Bears can also take heart that gold has failed to reach a new high since early March and it may be forming a head and shoulders pattern. Gold found support at the 50 DMA several times last week so bulls may be hoping for an ascending triangle breakout higher. This triangle has an upside target of 1280 or so. However, the inability to trade above the previous week's high of 1245 is somewhat worrisome for bulls. A brief rally to 1260 would look like a right shoulder and could encourage some selling. With a possible neckline at 1200, the downside target is 1120, just below the 200 DMA. While a decline to 1120 would put the bulls back on their heels, it would still constitute a higher low and could be a lower entry point for buyers. Longer term, however, gold bulls need to see a high above the January 2015 high of 1300 otherwise the chart remains suspect.



This week leans bullish again as Mercury aligns with Jupiter midweek. The early week could be somewhat more bearish on Monday's Moon-Saturn opposition. Wednesday and Thursday look like the most bullish days of the week. Friday sees the probabilities shift towards the bears although the Mercury-Saturn alignment that day may not amount to much. Nonetheless, I think the chances are fairly good for some upside this week and we may see that potential right shoulder at 1260 put in at some point along the way. Even if Monday is lower, I suspect gold will stay above 1220 and then rebound again by midweek.

Next week could see the bulls get another opportunity as Venus conjoins Uranus on the 22nd. It is possible gold could reach 1300 at some point in April. I would not rule that out. That said, gold looks more vulnerable towards the end of April as Mercury turns retrograde while in alignment with Mars. This may not be enough to produce a negative month overall for April but it could at least hint at the decline to come as the medium term influences are looking less positive. Saturn's aspect with Jupiter has been in place since March but has yet to coincide with any downside. This situation has to change but it's only a question of when. The Saturn-Jupiter square is in effect until June so there is plenty of time for the bearishness of Saturn to manifest. After this March-April topping process, gold is likely to reverse lower by mid-May at the latest. I am expecting the decline to last from May through June and into early July. This could well retest the previous low of 1050. A strong rebound is likely to

begin in mid-July and last into August. Although strong, I'm skeptical it will fundamentally change the bearish technical outlook for gold. Sub-1000 is possible by Q1 2017.

Technical Trends	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending April 15)	bullish (disconfirming)	1240-1260
Medium term trend is UP (1 month ending May 15)	bearish (confirming)	1200-1260
Long term trend is DOWN (1 year ending April 2017)	bearish (confirming)	800-1000

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