

## Summary for week of 4 April 2016

- Stocks mixed this week with bearish bias
- Dollar could rebound early but likely to decline further
- Crude oil likely to rebound by midweek
- Gold could rebound this week

## US Stocks

Bulls continued to rule the roost last week after more dovish comments from Janet Yellen suggested the Fed was unlikely to raise rates anytime soon. The Dow gained almost 2% on the week to 17,792 while the S&P 500 finished at 2072. Although I thought we could see some up days last week, the lack of any significant down days created the basis for a winning week. Monday's decline was tiny and Friday's down open coincided with the apparently bearish Mercury-Node conjunction but bulls stepped in and pushed stocks higher by the close once again.

As we enter the month of April, the market is more buoyant than I had expected. While I did not think we would be down too much by now, I didn't think bulls would still be in the driver's seat testing resistance. The topping process is quite protracted as we may have to wait for a lower high before we get any selling. While the decline may be delayed, I do not think it has been canceled. It may be that we will see the SPX push a little closer to its previous high at 2100 before any pullback occurs. And even then, the pullback will likely be bought on the basis of the impressive size of the current rebound off the February low. It is only when that post-pullback rebound fails to make a new high that bulls could be persuaded to sell.

For the moment, however, central banks are continuing to provide all necessary support for buyers as the market isn't pricing in the next hike until late in 2016. But one wonders how long the market can continue to trade higher on liquidity alone and ignore weak fundamentals. Interestingly, even falling oil prices were not enough to



prevent a rebound in stocks this week, breaking a strong correlation over the past several months. That could give bulls added confidence that higher prices are possible.

Astrologically, I had thought the chances were fairly good for a reversal lower to begin near the Saturn retrograde station and second eclipse (Mar 23<sup>rd</sup>). While this seems to have happened in European and Japanese markets, US stocks have continued to melt higher. April still looks more bearish than bullish so we could be seeing a delayed reaction in US stocks as the Fed and its Wall St. surrogates do their level best to keep the game going. Even if April is ultimately lower as I expect, I would be surprised if we got a big decline. A lower high is necessary before any kind of big Wave 3 type selloff can occur. Perhaps early May will be the time of that lower high after which the selling begins in earnest. One possible path for the SPX might be: down to the double bottom Feb 1 interim high of 1940 sometime in late April and then up to the 200 DMA (now at 2155) in early May and then down hard into June and July. Alternatively, we could see a more modest pullback in April only down to 2000, and then yet another lower high near 2080 in early May which precedes the larger sell-off going into June.

The technical picture remained bullish albeit quite overbought. RSI on the SPX sits on the 70 line again. While stocks have exceeded this level in the past without reversing lower, that was usually in a more optimistic QE environment. Daily RSI has not exceeded 70 since late 2014 and even then it only for two weeks. It followed the October bottom so it is not inconceivable that it could happen again following the February bottom. But it does suggest that time is short before a pullback takes place. The SPX is edging closer to the double bottom target of 2080 which is also very close to the December high. 2080 is therefore the first level of resistance with 2100 as the next level of resistance above that. Support is at 2050 or so which is just above Friday's morning low. I would think that any move below 2050 would likely suggest a retest of the 200 DMA at 2155. Bulls may only get nervous if the SPX falls below 2000, however, which is near the Nov-Dec lows. A move below 2000 would complicate the technical picture significantly.

Other indexes are only now touching their Nov-Dec low such as the Nasdaq and the Russell 2000. While these other indexes have also rebounded strongly since February, they are also up against strong resistance here. This is another reason why we are likely to get a pullback very soon. The weekly Dow chart shows the strength of the current rebound as it fast approaches its previous all-time high. Can it go higher? Given the relative weakness of most other indexes, the technicals suggest that the broader indexes are symptomatic of more trouble ahead. The NYSE Composite Index is still fully 10% below its mid-2015 high. My expectation is that the Dow is more likely to fall in line with these other indexes and go lower rather than vice-versa. While Friday's encouraging jobs report gave a small boost to Treasury yields, the trend remains down for the 10-year. Since the bond market expects more economic slowing this year, only central banks will be able to save the stock market since earnings and data are unlikely to suffice.



This week again offers arguments for both sides. The first half of the week may be more bearish, however, as the Moon squares Mars on Monday, the Sun aligns with Saturn on Tuesday and then Mercury follows suit on Wednesday. It is therefore possible we could see three down days. Now, the way the market has been drifting higher suggests that these bearish aspects are somewhat less reliable. Nonetheless, I would think the chances are good that the indexes will be lower on Wednesday than they were after the close on Friday. Wednesday is less reliably bearish, however, as Venus is also in the mix that day in its alignment with Mercury. That said, we could get a larger than normal move on Wednesday, albeit in either direction. But the bears definitely have some chances with that pattern. If the early part of the week is bearish, then the late week should see a rebound. This is even more likely since Mercury aligns with Venus and the Moon which is typically fairly bullish. If we do finally see some selling early on, then we could test 2050 on the downside. That isn't saying much if you're a bear but it's a start. I would not be surprised if we saw a retest of the 200 DMA but that could be too much, too soon. Any late week rebound could take the SPX back over 2050 although it may fall short of that level. I would be skeptical about the size of any rebounds here, especially since a pullback is long overdue.



Next week (Apr 11-15) leans more bearish although the market may still be quite choppy. The early week Venus-Mars alignment looks bearish and could produce a test of the 200 DMA. Some midweek upside is likely on the Mercury-Jupiter aspect but Friday looks bearish as Mercury aligns with Saturn. I'm not sure where the SPX will be by the 15<sup>th</sup>. Possibly below 2000 but it's hard to say. The following week (Apr 18-22) comes on the heels of the Mars retrograde station on the 17<sup>th</sup>. This is often a disruptive influence. The early week could lean bullish, but the late week looks very bearish. Late April looks bearish as Mercury stations retrograde in aspect to Mars.



The low for the month of April may well occur in the last week. Early May could see a rebound but I think it will be brief and quite small. It may not even be able to recapture the 200 DMA. I think the bearish influence will intensify by mid-May as the Sun and Venus oppose Saturn and Mars. This should correspond with more downside and a new low below whatever we may see in (late) April. We could be testing 1940 in May and I suspect the SPX will move below that level. As before, the late June period looks very bearish with some crash potential as Uranus enters sidereal Aries while in alignment with Mars. A lower low is likely by July but that could mean either 1770 and the rising trendline support or perhaps 1600. It's hard to say. After a rebound in August, I think stocks are likely to fall further in 2016. The bear market will be fully entrenched by the end of the year.

**Technical Trends**

**Astrological Indicators**

**Target Range**

Short term trend is UP (1 week ending April 8)	bearish (disconfirming)	SPX 2020-2060
Medium term trend is DOWN (1 month ending May 8)	bearish (confirming)	SPX 1950-2020
Long term trend is UP (1 year ending April 2017)	bearish (disconfirming)	SPX 1400-1700

## Indian Stocks

Stocks ended mostly flat on the week after more dovish comments from Janet Yellen hinted that the Fed was less likely to raise rates this year. The Sensex was down fractionally on the week to 25,269 while the Nifty finished at 7713. This neutral outcome was in keeping with expectations as I thought stocks were unlikely to stray too far from the previous week's close. The early week was bearish as expected, although the big down day occurred on Monday while bulls took control on Wednesday rather than on Thursday's Mercury-Uranus conjunction. The high of the week was on Thursday, however, while Friday saw some profit taking on the Moon-Rahu alignment.

After last week's sideways consolidation, the market appears to be seeking direction. A dovish Fed is good news for Indian equities although it is unclear how bullish the absence of any further rate hikes may be going forward. It may make more sense to acknowledge that while further Fed hikes would be bearish, a stand pat stance is merely less bearish or perhaps more neutral. Even if the RBI cuts rates at its next meeting on Tuesday 5<sup>th</sup> April as is widely expected, it is unclear how bullish such a move would be since it has been largely discounted by the market. Mr. Rajan would have to surprise the market with a bigger cut in order for push stocks significantly higher. This is always possible, of course, but the current planetary alignment does not support the notion of a major leg higher in stocks.

With Saturn now in its retrograde cycle following its station of the 25th, there is an increased likelihood for a significant decline in the weeks ahead. It is still unclear exactly when this decline will begin, however. It is possible it could begin as early as this week although it is also conceivable we may have to wait until after the



Mars retrograde station on the 17<sup>th</sup>. The month of April may well only produce a relatively minor pullback that may not fundamentally change the technical outlook for the market. But it may well be the necessary first stage in the larger decline that I am expecting in May, June and beyond. While I am uncertain about exactly where the Nifty may finish April (7250? 7400?), it seems more likely that whatever declines we get in April will be dwarfed by the correction that begins in mid-May and continues through June and into early July as Saturn squares Jupiter, Neptune and eventually Rahu as well. The entry of Uranus into Aries in late June will add an even more unpredictable and potentially dangerous dimension to the market. If anything, 2016 looks like it will be even more bearish than 2015 was.

The technical picture last week was modestly bullish as the rally paused for normal consolidation. Bulls ably defended 7600 last week as the 20 DMA remained a safe distance below the action. After the fulfillment of the double bottom target of 7700, it is possible we could get further upside to test resistance from the falling channel near 7850. This is very close to the 200 DMA at 7892 and would be an appropriate point of reversal after a significant bear market rally as this one appears to be. Cautious bears may be waiting in the weeds in the event the rally climbs to that level before they endeavour to short. Stocks are not hugely overbought as RSI is still below the 70 line although MACD may be on the verge of rolling over and starting a new bearish crossover. I would think if we got another quick retest of 7600 this week, it would likely fail and produce a quick tumble to 7500 perhaps. The rally will likely not be in jeopardy unless 7400 is broken, which would be almost a 50% retracement off the February low. Below that level, we could get some temporary gap fill support.

The weekly BSE chart is still painting a classic picture of a bear market -- lower highs, lower lows, and downward sloping moving averages. The long term 200 WMA is the exception and reflects the uptrend since the 2009 low. The recent tags of this line was a more bullish indication and reflected the possibility that the secular bull market remains intact, even if the current market is a bear. Stochastics are quickly approaching the 80 line and thus increase the odds of a correction in the near future. While this indicator is less reliable as a sell signal during bull markets, it bears closer watching during bear markets as previous touches of the 80 line and/or bearish crossovers have corresponded with corrections. This chart may only become medium term bullish if we see a high above the December high. This would match the 50 WMA. Meanwhile, Infosys (INFY) continued its rally and retested its all-time highs from October 2015 last week. Friday's close at the high was bullish so it is possible we could see further upside in the days ahead. That said, some period of consolidation just under current levels is also possible as resistance may be significant. Support is likely at the early March high. Only a move below that level would weaken the bullish promise of this chart. Tata Motors also extended its rebound but it is fast coming up against resistance near its Nov-Dec highs. A move above resistance would be bullish as it would confirm the double bottom and suggest an upside target of \$41 (for the US market). The chart looks weak, however, as the 200 DMA could act as resistance here.



This week also looks mixed although the bears could inflict more damage on the days when they are dominant. The early week looks more negative in this respect so if we are going to have a negative week, then the early week would be a more likely time for declines. Monday and Tuesday both have tense Moon alignments with Mars and Saturn, respectively. The Sun also aligns with Saturn on those days so that offers a little more bearish energy. Interestingly, the RBI decision comes down on Tuesday so that may suggest a strong rally after its announcement is less likely. And yet none of these bearish influences are particularly forceful so I would keep an open mind about the market's reaction to Mr. Rajan. A post-RBI gain is not out of the question by the close on Tuesday, especially since the planets look to be improving as the week goes on. Mercury's alignment with Venus could have a protective effect over the market for the rest of the week, even if upside may be modest. A retest of 7600 looks possible this week, especially in the early going. So while I can see downside ahead for April, I'm less certain how much downside we will actually see this week when all is said and done.



Next week (April 11-15) looks more bearish although it will have only three trading days which could limit the downside. The Mars-Venus alignment is closest on Tuesday so declines are somewhat more likely to be focused around that day. The following week (Apr 18-22) could see more downside in the first half of the week but some upside is likely at the end of the week. I would lean bearish here overall but not by much. Late April looks unlikely to coincide with gains as Mercury turns retrograde while in alignment with Mars. I would think the Nifty would be hard-pressed to remain above 7400 by the end of April. We shall see. Some upside is likely in early May



as the Sun, Mercury and Venus all come under Jupiter's aspect. However, the bounce should be short-lived since all three of those fast moving planets will then enter Taurus and come under the difficult influence of Mars and Saturn. I think a steeper decline will likely begin by mid-May so we could be retesting the February low by early June, if not before. By late June, I think we should see the Nifty make lower lows below 6900. We should pay extra attention to the last week of June when Uranus enters Aries on the 23<sup>rd</sup> and Mars ends its retrograde period on the 30<sup>th</sup>. We could well see the Nifty fall to 6400 by early July. After a rebound into August, another leg lower looks very likely in September and October. Stocks may not be able to begin a sustainable recovery until Q2 2017.

### Technical Trends

Short term trend is UP  
(1 week ending 8 April)

### Astrological Indicators

bearish (disconfirming)

### Target Range

7600-7800

Medium term trend is DOWN  
(1 month ending 8 May)

bearish (confirming)

7400-7700

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

bearish (disconfirming)

5000-6400

## Currencies

It was another bad week for the Dollar as Janet Yellen's dovish comments talked it down to fresh lows. The USDX ended the week at 94.6 while the Euro bounced towards 1.14. Most other risk currencies rose as the Rupee Index pushed towards the 66 level. The Dollar decline was surprising as I thought we might have seen a midweek bounce. The Dollar is testing key support levels now as it falls closer to 93-94. While the chart is still long term bullish, obviously the rally is reaching a critical phase here. The Dollar has basically gone sideways since October. Moreover, it has carved out a falling channel since its January high. It has fallen below its 200 DMA and now the 20 and 50 DMA are sloping sharply downward and both have moved below the 200 DMA at 97. While buyers could step in near support here, the medium term outlook for the chart is looking more uncertain. The weekly Euro chart is pushing up against important resistance at 1.15. A weekly close above 1.15 could fundamentally change the outlook for the Euro as it would finally break out of its trading range. The upside target would then be close to 1.25. Intraday moves above 1.15 may be less telling, however, as the August 2015 spike to 1.17 quickly reversed lower.

This week could see the Dollar bounce early on. The Sun-Saturn alignment on Monday and Tuesday offers some possibility for a safe haven play. But there is also a Mercury-Venus alignment that is in effect for much of the week so I would think there will be some downside from this pairing, especially after Tuesday. It is possible we could see the Dollar move lower overall here, although I would think it is unlikely that it will undergo any significant breakdown. The Dollar may test support again at 93-94 early next week but the late week should see a bounce. I had thought the Dollar was likely to begin a rally in late March and April but so far that view has been mistaken. I think there is still considerable bullish potential in April but we will have to see if these support levels hold. The astrological outlook for May and June still looks very bullish for the Dollar. The most bearish



scenario would have the Dollar rally back to its previous highs at 100.5. This is perhaps more likely now that the Dollar is testing support here in April. Nonetheless, there is a real chance that the Dollar could exceed its old highs by early July. The Dollar should remain strong through 2016 and into 2017 with higher highs very possible in February 2017.

Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending April 8)	bearish (confirming)	94-95
Medium term trend is DOWN (1 month ending May 8)	bullish (confirming)	96-98
Long term trend is UP (1 year ending April 2017)	bullish (confirming)	105-110

## Crude oil

Crude oil fell sharply last week as prospects for a coordinated supply cut fell apart. WTI lost 7% on the week closing below \$37 while Brent finished at \$38. This bearish outcome was somewhat unexpected since I had been slightly bullish biased. However, the early week gains didn't hold as Monday saw a reversal lower. The late week was more bearish and was broadly in keeping with my expectation for a failure of the rally. The technical picture on crude looks quite uncertain here. After tagging its 200 DMA is in classic bear market rally fashion, crude is now retracing and testing support. Critical in this respect may be \$35 for WTI (\$37 for Brent) which was the



interim high in late January between the double bottom. I would think a close below this late January high would indicate another retest of the recent lows below \$30. That said, there should be buyers in the event that crude continues to slide towards \$35. If we get a bounce here at \$35-37, then initial resistance is likely at \$40. Bulls will be able to rest more easily if we get a weekly close above \$40. The weekly Brent chart suggests that the bear market is still in effect. The chart suggests that rallies tend to fail as they approach resistance which is a previous support level.

This week looks mixed. Like last week, the medium term influences look bearish as Saturn is retrograde and in aspect with Jupiter. I would therefore maintain a bearish bias in April although rallies are still possible. The short term aspects are more mixed this week. The early week leans bearish on the Sun-Saturn alignment. Monday looks more bearish than Tuesday in this respect. It is possible that WTI may well test \$35 early in the week. Midweek could be more bullish, however, as Mercury aligns with Venus and the Moon. Wednesday and Thursday look more bullish than other days this week. This suggests we could get a test of support early and then a rebound. I would not be surprised if crude finished higher here although the bigger picture still looks challenging. Next week also has an elevated downside risk. The early week leans a bit bearish on the Mars-Venus alignment while the midweek could see a rebound. Friday looks bearish again, however. I would think it will be difficult for crude to stay above support at \$35 on these influences. It seems more likely that it will fall below that level by late April. It is unclear to me if there are enough negative influences to push crude back under \$30 by the end of April. We should get some kind of bounce in the first half of May but it may not be very strong. My guess is it will be another lower high which prompts another wave of selling in late May and June. Crude is likely to retest its lows again in June and July. Lower lows are very possible here. A strong rebound is likely to begin in July and continue into August. Another corrective phase is likely in late 2016. It is unclear if this will produce lower lows, however.



**Technical Trends**

**Astrological Indicators**

**Target Range (WTI)**

Short term trend is DOWN  
(1 week ending April 8)

bullish (disconfirming)

\$36-38

Medium term trend is DOWN  
(1 month ending May 8)

bearish (confirming)

\$30-38

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

bearish (confirming)

\$20-30

## Gold

Gold finished modestly higher on the week as more dovish comments from Fed Chair Janet Yellen further reduced the likelihood of imminent rate hikes. Gold rose less than 1% and finished at 1223. This bullish outcome was in line with expectations as I thought the early week gains would be sufficient to keep gold above 1220. This proved to be correct as Tuesday's rise pushed gold to 1240. The late week was more mixed as forecast as gold consolidated on profit taking. The gold chart is looking more difficult here as there are obvious signs of a topping process as price is following a declining channel after the early March high. Support at 1200 is still fairly solid, however, as Monday's test of that level prompted a strong rebound. Friday's intraday fall towards 1200 was also bought but the negative close was somewhat less encouraging. But bulls have to be growing a bit nervous now as this week's rebound formed another lower high. Of course, as long as 1200 is intact, then this rally can continue. But if gold does not move above 1240 and the 20 DMA (1244) soon, I would think the odds will favor another test of 1200. This is unlikely to fail on the first try, but if there is a second try, then 1200 may well be broken. If 1200 is broken, then the downside target would be around 1120. This would still be a higher low relative to the December low and would still offer a longer term bullish perspective for gold. Conversely, I would think any close above 1260 would be bullish and would likely indicate higher highs in the near term. Resistance in that more bullish scenario would become 1300.



This week looks mixed again for gold but with a bullish bias. The early week leans bearish as the Sun aligns with Saturn. Monday looks more bearish than Tuesday although I would expect a net negative outcome across both days. This suggests a move below 1220 and likely another test of that 1200-1210 area. While I would not be shocked if gold moved below 1200 briefly, I'm not confident that there is enough negativity here to produce a technical breakdown of that magnitude. The midweek looks more bullish as Mercury aligns with Venus. If we do see some early week selling, then this argues for a rebound. This could begin as early as Tuesday. The late week Sun-Uranus conjunction should coincide with more upside, perhaps into Thursday. Friday looks less bullish so if we have seen some gains then Friday could see some profit taking. Overall, I think we could see gold move higher here, although that may depend on the potential negative days of Monday and Friday. 1240 looks doable at some point and perhaps we will even move above that level.

Next week (Apr 11-15) may begin on a bullish note as Mars aligns with Venus. However, the late week looks more bearish as the Sun enters Aries so that could represent a significant change in sentiment. Mars turns

retrograde on Sunday the 17<sup>th</sup> so that is another potential indicator for a reversal lower. Therefore, even if gold manages to remain in its recent trading range of 1220-1260 into mid-April, the likelihood of a bigger move lower will increase after the 17<sup>th</sup>. I am expecting gold to break support at 1200 sometime in April and it could even fall to 1120 by early May. That is one scenario at least. A bigger decline is likely to begin by mid-May and continue into June. This correction could retest its December low of 1050. After a strong rebound in July-August, gold should fall again into Q4. A lower low is very possible by the end of the year.

<b>Technical Trends</b>	<b>Astrological Indicators</b>	<b>Target Range</b>
Short term trend is DOWN (1 week ending April 8)	bullish (disconfirming)	1220-1240
Medium term trend is UP (1 month ending May 8)	bearish (confirming)	1160-1220
Long term trend is DOWN (1 year ending April 2017)	bearish (confirming)	800-1000

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