

Summary for week of 9 May 2016

- Stocks likely to remain mixed with bearish bias
- Dollar could retrace early but strengthening later in the week
- Crude oil mixed with gains likely later in week
- Gold still mixed but further upside possible

US Stocks

Stocks were fractionally lower last week on global growth worries and falling base metal prices. The Dow lost just 33 points to 17,740 while the S&P 500 finished at 2057. This modestly bearish outcome was not out of line with expectations as I thought the week could be fairly choppy. As expected, we got some upside on Monday's Sun-Jupiter aspect which tested 2080 resistance and then sellers took over and tested 2040 by Friday.

Friday's jobs report was initially seen as bad news as the number came in under the key 200K number. However, once support was tested at 2040, buyers began to see reason for optimism as wage growth showed improvement. However, it seems the market has now given up on a June Fed rate hike and is looking toward September. This should be a plus for stocks as long as new data doesn't look overly strong. However, the 0.3% wage growth in April was above the key 0.2% threshold and may be seen as inflationary. I suspect another piece of inflationary data would force investors to price the chance of a June rate hike back in as the Fed needs to take advantage of this relatively calm international situation in order to try to normalize rates. Anyway, I'm agnostic on whether the Fed will raise rates in June although it would certainly take the market by surprise and spark some selling.



The planets are still looking difficult here in May and June as retrograde Saturn moves backwards in the sky towards a closer alignment with Jupiter, Neptune and the Moon's Nodes. These are longer term underlying

sources of pessimism which may manifest at various points during the time that these aspects are close – basically between now and October. It's a long time window to be sure but hopefully I can focus on shorter time windows during that long five-month stretch that have a higher probability of declines. The month of May has one of those shorter term time windows which are more likely to coincide with some downside. This is May 19-24 when Mercury aligns with Jupiter and Saturn and the Sun and Venus oppose Mars. Early June and late June are two more such shorter term bearish windows that could see more selling. June looks more bearish than May, however. The decline should be sufficiently bearish that we may get a meaningful retest of the February low of 1810.

After the see-saw week, the technical picture offers sustenance to both bulls and bears. Friday's gain offered hope to the bulls after the test of resistance at 2040-2050 and the 50 DMA at 2045. Moreover, since this was a higher low with respect to the early April low, the bullish trend of higher lows was preserved thus creating a valid narrative for bullish traders. Stochastics are also oversold so that could argue for more of a bounce in the short term. MACD is in a bearish crossover, however, so even a bounce may be enough to offset that bearish indication.

There is a possible bearish head and shoulders pattern setting up with a neckline in the 2040-2050 area. A right shoulder would be appropriate at 2080 or so. We shall see how the market reacts to 2080 if indeed it gets that high. If the H&S were to play out, the downside target would be in the 1960-1970 range. A pullback of that size would actually satisfy both sides since it would produce a long overdue pullback but stay above that 1950 interim high off the double bottom which is important for bulls. As long as the SPX stays above 1950, there is a plausible argument for being long the market, at least on a medium term basis. Most indexes are still above their early April low, with the notable exception of the Nasdaq. No doubt Apple has a lot to do with this underperformance. But this may be an indication of breadth weakness as the Nasdaq has almost retraced to that crucial early February interim high between the double bottom. Another 2% decline on this index would test that resistance level and open the door to a retest of the February low. The weekly Dow chart now shows a bearish crossover in stochastics. This is perhaps step 1 in a major reversal. Step 2 will be a move below the 80 line. Although not infallible, it would boost the bears' chances in the weeks ahead. In keeping with the markets' concern about a slowdown, bond yields fell again last week, even with the bounce after the jobs report. The chart is looking like yields are more likely to fall further in the months ahead, which would likely be bearish for stocks.



This week could see Friday's bounce extended for a couple of days. The early week leans somewhat more bullish in this respect. Venus aligns with Jupiter on Monday and Tuesday and should produce at least some upside even

if not for both days. At the same there is a possible problem with Monday's Sun-Mercury conjunction. This has a certain unpredictable quality and it has coincided with some declines in the past. A fairly large move is more likely on Monday because of it. While I would not be shocked if stocks actually fell, I would nonetheless expect a gain on Monday and even into Tuesday. Another reason why I think the early week leans bullish is because the second half of the week seems more negative. Wednesday perhaps is only slightly bullish while Thursday and Friday look more bearish as Venus aligns with Saturn. However this week ultimately plays out, I would remain a bearish here although stocks may not end up too far from where they are now if the early week gains occur. So perhaps we could see a rise up to that potential right shoulder at 2070-2080 by Tuesday which is then followed by some selling. I think there is a reasonable chance we could get another test of that neckline at 2040-2050. But it seems quite likely to break – either this week or next week.



Next week (May 16-20) looks more bearish. In the event that stocks do not pullback much in the previous week, it seems more likely that bears will prevail. I am uncertain just when a decline is most likely, however. The late week seems quite bearish as Mercury aligns with Saturn. But even the first half of the week does not seem free of negativity as the Sun enters Taurus and thereby opposes Mars. And yet, the Venus-Uranus aspect should boost sentiment somewhat on Monday and Tuesday. I would therefore lean bullish in the early part of the week and then shift to bearish after Wednesday. The following week (May 23-27) also looks bearish, especially in the first half of the week as the Sun and Venus oppose Mars. A breakdown of support is likely by this time, either at 2040 in a more bullish scenario or perhaps 2000 in a more bearish scenario. The first days of June also look bearish (Sun-Saturn opposition) so we could see an interim low of some kind then. June looks bearish overall and is likely to see 1950 tested by mid-June and then 1875 tested as well by the Mars station on June 29th. I think 1810 is in the mix here also. And if the entry of Uranus into Aries on June 23rd coincides with the instability that I am expecting, we could see actually a much bigger decline. Anything is possible around this Uranus-Mars alignment in late June. After a probable rebound in July and August, I would expect more downside in September and October. It's difficult to say for sure, but lower lows are quite possible. I am generally bearish on stocks in 2016 and early 2017. At minimum, I would expect 1600 tested by the end of the year, and we could well be below that by February 2017.



Technical Trends

Short term trend is DOWN
(1 week ending May 13)

Astrological Indicators

bearish (confirming)

Target Range

SPX 2020-2060

Medium term trend is UP
(1 month ending June 13)

bearish (disconfirming)

SPX 1950-2000

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

bearish (disconfirming)

SPX 1400-1700

Indian Stocks

Stocks lost ground last week on more growth concerns in Asia and a lack of FII liquidity. The Sensex lost almost 400 points on the week closing at 25,228 while the Nifty finished at 7733. This outcome was somewhat more bearish than expected as the early week gains did not take hold. After Monday's sell-off, we did some upside on Tuesday around the bullish Sun-Jupiter aspect but unlike in other markets, stocks could not finish in the green. As expected, the Mercury-Mars alignment put some pressure on sentiment in addition to the bearish midweek Sun-Saturn alignment.

Indian stocks will now react to Friday's US jobs report which was weaker than expected. The consensus is that this effectively takes a June rate hike off the table for the Federal Reserve. This should therefore be bullish for stocks as it keeps the Dollar weak and entices more money to flow into risk assets like stocks. But even the consensus view had some dissent as some analysts regarded the larger than expected US wage growth as inflationary. It is therefore not impossible that the Fed could still hike in June, but it looks less likely. A September hike looks like a better bet in that respect.



So with a hike postponed again, does that signal the all-clear for Indian stocks? Not according to the upcoming planetary alignments which are looking increasingly difficult. That said, not all difficult alignments will coincide with actual declines but we should treat them as increasing the probability of declines. The longer term alignments are turning more difficult as retrograde Saturn approaches its square aspect with Jupiter (exact 26th May) and its square aspect with Neptune, which is exact 18th June and again on 10th September due to retrograde motion. Saturn then forms a square aspect with Rahu on 7th October. The dates may not coincide with significant market moves but are listed to indicate a temporal midpoint zone when influences may be felt. And when the frightening Uranus-Mars alignment in late June is added to mix, we have a very tense and difficult outlook overall.

The technical picture turned more bearish last week after the Nifty traded below the 200 and 20 DMA. Bulls could still see the cup as half-full, however, as support at 7700-7750 held for three trading sessions. This was essentially a gap fill and bodes fairly well for a rebound this week. Stochastics are oversold now so that is another technical factor that could encourage some buyers to enter the market. Bulls still have control as last week was a higher low relative to the April low which suggested a normal consolidation after this strong post-February rebound. The rebound rally will be in jeopardy only with a move below 7500. Arguably, selling may increase even at a higher level than that (e.g. the 50 DMA at 7588) as the Nifty is now following a rising channel. A bearish breakdown of support could therefore occur closer to 7600.

The 200 DMA at 7833 may well act as resistance in the short term or perhaps 7900 which is where Tuesday's rally reversed. 8000 is still significant resistance above that level so bulls will have their work cut out for them. The weekly BSE chart is starting to look more bearish here as there have been two down weeks since the tagging of the 50 WMA as resistance. To be sure, there appears to be some support near the 20 WMA at 24,850 so all is not yet lost for the bulls. But stochastics are now in a small bearish crossover. This is part one of a meaningful two-part sell signal. The second part occurs when weekly stochastics closes below the 80 line. This doesn't always foreshadow more downside, but it often does. The 20 and 50 WMA are still in a bearish crossover and the 50 WMA is still sloping downwards. This chart still contains several bearish elements which makes long positions more risky. Meanwhile, Tata Motors (TTM) had a bad week although after touching the 50 DMA it enjoyed a significant bounce later in the week. Bulls need to retest the late-April high to have any hope for higher highs. A reversal lower at a lower high could spell trouble. Infosys (INFY) also pulled back to its 50 DMA but it may have found some tradeable support there. This stock looks likely to attempt another rally although it is unclear if it has enough upward momentum for a higher high.

This week could see some upside but I don't know if gains will hold by Friday. Monday leans bullish on the Venus-Jupiter aspect so gains are more likely on Monday or perhaps Tuesday. The Sun conjoins Mercury on Monday will could increase the chances of a larger than normal gain. Jupiter also stations direct on Monday so that is an additional bullish factor. Tuesday looks a little less bullish and Wednesday even less so. Wednesday is harder to call in that respect – it could go either way. But as the week progresses, the outlook seems less favourable for stocks. Venus aligns with Saturn on Thursday and



Mercury aligns with Pluto on Friday. It is possible that the week could end up fairly close to current levels when all is said and done. One possible scenario would be an early rally back to the 200DMA at 7833 or even 7900 and then another test of 7700-7750 by Thursday or Friday. I would not be surprised if we got a winning week here although with May looking mostly bearish, bulls should be extra careful in long positions as their luck is more likely to run out. Overall, I think the Nifty could finish fairly close to 7700.

Next week (May 16-20) looks more bearish, especially at the end of the week. Mercury moves into close alignment with Saturn through the whole week, however, so declines could occur at any time. Tuesday and Wednesday could see some upside as Venus aligns with Uranus. The late week looks more troublesome with Friday presenting a somewhat higher risk of a decline. I would think the Nifty should fall below 7700 if it has not already done so. The following week (May 23-27) looks more bearish as Mercury ends its retrograde cycle in alignment with Saturn. The Sun and Venus also oppose Mars so that increases the likelihood of downside, especially in the first half of the week. 7500 is within reach before the end of May. A rebound is possible in the second week of June but late June looks more volatile. A sharper decline is possible in the last week of June on the entry of Uranus into Aries. There is a possibility that we could see the February low retested on this decline. But let's first see how much damage we get in May. Some rebound is likely in July and August but it could be very choppy. Another bearish phase is likely to begin by September and last into November or December. I would expect lower lows by early 2017.



Technical Trends

Short term trend is DOWN
 (1 week ending 13 May)

Medium term trend is UP
 (1 month ending 13 June)

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

Astrological Indicators

neutral (disconfirming)

bearish (disconfirming)

bearish (disconfirming)

Target Range

7600-7800

7200-7500

5000-6400

Currencies

The Dollar finally bounced last week as slowing economic data pushed more investors into safe havens. The USDIX finished the week just below 94 while the Euro slipped to 1.14. Commodity currencies like the CAD and AUD fell sharply while the Rupee pulled back more modestly. The long-overdue bullish outcome was in keeping with expectations. As expected, we did see some early week declines which temporarily broke support at 93 on Monday and part of Tuesday. But the recovery was swift as the Dollar gained against the rising tension of the Mercury-Mars alignment. The Dollar even finished with a small gain Friday after the weaker than expected jobs report which supposedly took a June rate hike off the table. The technicals are looking better here after the shake out of weaker bulls early in the week. The fact that the USDIX actually traded slightly below 92 for a while on Tuesday could be seen as ominous as it is a lower low relative to previous significant tests of that support level. Alternatively, this kind of piercing low may have been exactly what was needed to trip a lot of stop losses before a decent rebound was even possible. I suspect this latter bullish interpretation may prove to be more correct although time will tell. 94 is now resistance so any close above that level will likely mean that the DX can push to the 50 DMA above 95 in the near term. A continuation of this forceful rebound this week could provide enough upward momentum for a stronger bull run. The weekly Euro chart still looks fairly bullish, however, after the test of resistance at 1.15. The longer the Euro trades near 1.15 the more likely it will break above that level.



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This week could see some early retracement on the Venus-Jupiter aspect. Monday is more bearish than Tuesday although both look like they could prove problematic for the Dollar. Nonetheless, I think the Dollar is likely to stay in this uptrend for several weeks now. I would think the chances of a hard retest of last week's low are fairly small. Perhaps only 93 may be tested this week, if that. The late week seems a bit better so the Dollar may finish fairly close to current levels. Next week (May 16-20) looks a bit more bullish perhaps, especially at the end of the week when Mercury aligns with Saturn. Some retracement is likely early in the week. The end of May looks more bullish as the Sun-Mars opposition is likely to increase anxiety which will enhance the Dollar's safe haven status. I think the chances are good that it hits the 50 DMA by the end of May, and it could easily exceed that level and make a run to the 200 DMA at 96.82. June looks bullish also with an interim high likely in late June or early July. This could well be in the 99-100 resistance area. I think the Dollar will remain bullish for most of 2016 and into early 2017 at least. I would expect higher highs above 100 at some point, either during a panic buying climax in late June or perhaps in February 2017. Higher highs are likely in early 2017 in any event.



Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is UP (1 week ending May 13)	bullish (confirming)	93.5-94.5
Medium term trend is DOWN (1 month ending June 13)	bullish (disconfirming)	97-98
Long term trend is UP (1 year ending May 2017)	bullish (confirming)	105-110

Crude oil

Crude moved lower last week on oversupply concerns amid weaker signs of global growth. WTI fell by 2% finishing below \$45 while Brent declined by 4% to just above \$45. This bearish outcome was somewhat unexpected as I thought crude would get an early week boost. This never materialized, however, as prices struggled to recover the rest of the week. Crude remains in a bullish trend as it consolidates after testing resistance at \$45-50. The fact that buyers moved in near support at \$43 and the 20 DMA is evidence that the bulls still have control. But bears may still have the last laugh as there may be a bearish rising wedge pattern forming now. This pattern still allows for higher highs above \$46 but a violation of the support line could bring about significant selling pressure. WTI is about to make a golden cross of the 50 and 200 DMA so that no doubt is keeping bulls in the game, especially as the slope of the 200 DMA is leveling off and may be about to turn higher. Besides the rising wedge support at \$43 for WTI, \$40 is likely more crucial support which divides bulls and bears. A daily close below \$40 would be bearish and may anticipate a retest of the February low. The weekly Brent chart shows how price is now up against horizontal resistance at \$50 as well as the 50 WMA.



This week looks similar to last week albeit with more downside risk. Like last week, there is a bullish looking Jupiter alignment on Monday, this time with Venus. A similar Jupiter influence did not produce gains and in fact coincided with declines, possibly due to the larger alignment with bearish Saturn. This counterintuitive bearish result may in fact occur again. The midweek is bearish as Venus aligns with Saturn. But the late week could see buyers return on the Sun-Uranus alignment on Thursday and Friday. I think the month of May is likely to be bearish and support at \$40 will likely be tested repeatedly and eventually broken. We could see the first of those tests of \$40 this week. Next week looks bearish although some upside is possible early around Tuesday's Venus-Uranus alignment. The late week may have more downside risk as Mercury aligns with Saturn ahead of its direct station. I would think WTI falls below \$40 by May 20th and \$35 is very possible during the week of May 23-27. June also looks bearish and a retest of the February low is possible by the end of June. A rebound is likely to take hold in July and August. I am uncertain how strong this will be but it may not be enough to put in a higher high about \$50. Another down trend is likely in September and October.



Technical Trends

Astrological Indicators

Target Range (WTI)

Short term trend is UP
(1 week ending May 13)

bearish (disconfirming)

\$40-45

Medium term trend is UP
(1 month ending June 13)

bearish (disconfirming)

\$35-40

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

bearish (confirming)

\$20-30

Gold

Gold finished modestly lower last week despite rebounding strongly after the weak US jobs report. Gold settled Friday at 1289. The week did not quite unfold as expected as I thought we would see more early week gains on the Sun-Jupiter aspect. While gold did trade above 1300 on Monday and Tuesday, it could not hold by the close on either day. The midweek retracement found buyers at 1280 which indicated the strong rally was still intact. The inability to close above 1300 last week may be a sign that rally is weakening, especially from an astrological view. It may be that the Saturn-Jupiter aspect may finally be showing its bearish influence just ahead of Jupiter's return to direct motion on Monday, May 9th. After its four-month long retrograde cycle, this imminent change in Jupiter's direction is something to watch carefully. A sudden reversal in gold price is possible around this direct station on Jupiter. The next exact square aspect will not occur until May 26th, however, so it is also possible that a deeper retracement may not occur until around that date. Technically, gold still looks very bullish. The chart seems to want to go above 1300 especially given the very shallow retracement to 1280 last week. Previously, I had noted a possible upside target of 1360 based on the previous trading range. However, if gold continues to trade in this narrower trading range of 1280-1300, then a breakout may only produce a new target of 1320. Bears will need to see a close below 1260 or even the 20/50 DMA before the chart will look more favourable for shorting. And a close below 1200 would signal a more serious reversal of the current rally.



This week offers the bulls another chance as Venus aligns with Jupiter on Tuesday. The Sun conjoins Mercury on Monday so that is another possible bullish influence for gold early in the week. A big move is possible here. I should note, however, that with Jupiter reversing direction on Monday also, there is something of a wild card effect here. We could see a sharp gain but also a large decline, perhaps even both in quick succession. I think the second half of the week is more bearish, however. I am unclear where gold could finish this week. A move above 1300 is very possible here and yet a close below 1280 would also not surprise me. I think there is still some upside potential here in early May before the Sun enters sidereal Taurus on May 14th. After that date, gold looks likely to come under more pressure. The week of May 23-27 looks more bearish in that respect. I would think that a deeper retracement is likely at that time. But if gold moves above 1300 this week, then that deeper retracement may only take it back to 1260-1280.

Early June also looks bearish as the Sun and Venus align with Saturn. Perhaps we will see a return to that 1200-1280 trading range at that time. Late June looks more volatile and I would think a move below 1200 is likely then. It could retrace all the way back to the 200 DMA at 1151 by early July. Previously, I had wondered if we could get a retest of the December low of 1050 by July. That seems a little too ambitious now as the rebound has

lasted longer than I anticipated. July and August still look bullish so a significant rebound is likely after the May-June swoon. September and October look bearish again and should begin another significant down move that lasts into early 2017. A retest of 1050 is more likely in Q4 and Q1 2017 with sub-1000 still a distinct possibility.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending May 13)	bullish (confirming)	1280-1320
Medium term trend is UP (1 month ending June 13)	bearish (disconfirming)	1200-1250
Long term trend is DOWN (1 year ending May 2017)	bearish (confirming)	800-1000

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