

## Summary for week of 11 July 2016

- Stocks mixed this week with bearish bias
- Dollar moving higher, especially early in the week
- Crude oil likely to extend declines, although midweek could be bullish
- Gold likely going higher, especially at midweek

## US Stocks

Stocks extended their rebound last week as Friday's strong jobs report brought in more buyers. The Dow climbed about 1% on the week to 18,146 while the S&P 500 finished at 2129. The bullish outcome was not surprising as I thought the Mercury-Jupiter aspect might be sufficient to push prices higher. Friday's gain came somewhat unexpectedly, however, given the apparently tense Moon placement.

The indexes are now poised to challenge their all-time highs as the SPX is just five points shy of 2134. It's a fairly bullish picture for US stocks to be sure, especially compared with the uncertainties that plague Europe and Asia. Even with good jobs growth, the Fed looks unlikely to hike again in 2016 as it monitors ongoing fragility abroad. Continued low rates and decent economic growth is a recipe for higher stock prices as long as it translates into higher earnings.

So far, this post-Brexit period has been more bullish than I expected. While I thought we could likely see some upside this summer, I had been focusing on August and the Jupiter-Uranus alignment as a time window for a possible rebound rally. A more bullish scenario therefore would have stocks rise into early or mid-August.

However, I still can't quite bring myself to see markets rising significantly further from current levels for another month. But the end of the Saturn retrograde cycle on August 13<sup>th</sup> is definitely a potential trouble spot for markets. If the bullish scenario plays out (not likely, but possible) then the Saturn station could mark a significant turning point. As I said, however, I don't quite see stocks rising uninterrupted into that Saturn station. Mars re-enters



Scorpio this Monday July 11<sup>th</sup> and could well be an important new bearish factor that weighs on sentiment. Mars will remain in Scorpio until mid-September. Although the market has been more bullish than I expected, the general picture here is still compatible with the notion of a market that is in a topping process. To state it more neutrally, it has been range bound between 1810 and 2134. As Saturn reverses its direction in August and then aligns with Neptune and the Lunar Nodes in September and October, there will another significant opportunity for the bears either to retest the low end of that range.

The technical picture is still bullish. While the short term trend is clearly up, it is worth remembering that marginally higher highs may not necessarily be that bullish. The amount of overhead resistance at these levels suggests that even a slightly higher high to, say, 2140 may not be that bullish. Breakouts have to hold above resistance in order for them to be technically valid. A daily close above 2134 would count for more although ideally bulls may need a few days above that level in order to persuade the doubters. And remember that the current megaphone pattern anticipates marginally higher highs anyway. Resistance in that pattern is near 2140. If and when that level is tested, then support would be a lower low below 2000, say near 1970.

Horizontal support is currently fairly strong near the 20 and 50 DMA at 2080. Tuesday's low rebounded off that level and should be seen as the dividing line between short term bearish and bullish trends. If the SPX happens to close below 2080, then we could see a retest of 2000 fairly soon. As long as pullbacks are bought at 2080 or above, the bulls will retain control and have a viable chance to put in a higher high. The rally breadth improved somewhat last week although the negative divergence on the Percentage of Stocks above their 50 DMA is still in evidence. The weekly Dow chart now shows a bullish crossover in Stochastics so bears need to be more cautious. RSI is still well below the 70 line so there is some theoretical room at least for higher highs. Europe's ongoing banking problems are seen through the DAX chart which is looking more bearish. Failure to move above immediate resistance at 9800 could be a signal for more downside. If things got out of hand, the DAX could quickly retest its February low. A contagion effect for the US is conceivable. As a sign of these tumultuous times, Treasuries hit new all-time low yields as the 10-year traded below 1.40%.

This week offers the bears a better shot. Mars enters Scorpio on Monday so that suggests the early week leans more bearish. Both Monday and Tuesday have slightly higher chances for declines. Some midweek gains look likely this week as Mercury conjoins Venus. Wednesday and Thursday both lean bullish although Thursday afternoon may be more volatile as the Moon



conjoints Mars. Friday looks slightly bearish as the Moon conjoints Saturn. One possible scenario this week would be some early week profit taking that takes the SPX back to 2100 or possibly even 2080. I would not count on too much downside, however. And I should note that it is very possible that Monday and Tuesday could largely cancel each other out thus limiting the downside potential. And if the midweek is positive as I suspect, then we could see the SPX remain very close to current levels at or even above its all-time high of 2134. Friday may cast the deciding vote in that respect and there is a chance for a decline that day, perhaps more so in the afternoon. Nonetheless, the SPX could finish fairly close to where it is now, maybe just a little beneath it.

Next week (July 18-22) looks mixed. Monday leans bullish on the Moon-Jupiter aspect although it is not particularly strong. Tuesday leans more bearish as Mercury aligns with Saturn. Wednesday's Moon-Venus aspect seems to favor the bulls. Thursday is perhaps more reliably bearish as Moon aligns with Mars. Friday also may see rising uncertainty as the Moon approaches its conjunction with Neptune. Overall, the late week does seem more bearish and could well offset any early week gains that may occur. I would lean bearish overall here. The following week (July 25-29) leans bearish but may start on a positive note on the Moon-Venus alignment but some midweek declines are also likely. Thursday and Friday also contain some significant bearish potential on the Mercury-Mars square aspect.



Some downside is possible in the first week of August and the mid-August period could see a rise in volatility. This coincides with the Saturn direct station on the 13<sup>th</sup> and the Mars-Saturn conjunction on the 23<sup>rd</sup>. September still looks mostly bearish on the Saturn-Neptune alignment and this should be negative enough to break support (2050? 2000?). Perhaps we will see a test of megaphone support at 1930-1950 by September and October. That is one scenario anyway. I think more downside is likely starting in December and this correction should extend well into Q1 2017. This should produce lower lows by April.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending July 15)	bearish (disconfirming)	SPX 2100-2140
Medium term trend is UP (1 month ending Aug 15)	bearish (disconfirming)	SPX 2050-2120
Long term trend is UP (1 year ending July 2017)	bearish (disconfirming)	SPX 1500-1800

## Indian Stocks

Stocks ended mostly flat last week as worries about the solvency of European banks were offset by a favourable domestic outlook. The Sensex finished fractionally lower on the week to 27,126 while the Nifty finished at 8323. I thought we might have seen a little more downside, especially on the Ketu influence on Thursday. Monday saw the high for the week as stocks reversed near resistance at 8400.

The bulls are still in control of the market. The domestic picture is mostly positive as progress on the GST bill continues and earnings are still strong. Global influences are more mixed as Europe and China appear to be more vulnerable to slowdown. Europe may well have another serious banking crisis on its hands before long, although it may take a couple more months to reach the point where it impacts global markets. But the US economy is showing renewed signs of life following Friday's jobs report. Investors have welcomed the prospect of continued growth against a backdrop of ultra-low interest rates. The Fed has become more sensitive to global developments and hence it is unlikely to raise rates for the rest of the year. That is more likely to keep the Dollar relatively low and thus provide a floor for Indian stocks as FII are more likely to put their money to work in emerging markets.



The astrological influences continue to look more bearish. To be sure, the post-Brexit period has been more positive than I expected. While the Mars-Uranus alignment did coincide with some downside, markets have recovered quickly. There are still a number of difficult influences in the weeks ahead but it is conceivable that the larger down move may be postponed until August. Jupiter is still due to align with Uranus in August so we should expect some upside in the first half of the month. Whether or not it could represent a significant market top is less clear. Certainly, it is a plausible enough time window for a top to be put in. If the rest of July is fairly mixed as I expect, then stocks are more likely to form a top around the time of the Saturn direct station on 13<sup>th</sup> August. After that time, the downside risks look greater.

The technical outlook is still quite positive here. Last week's pullback was very modest and did nothing to enhance the bears' chances. Monday's reversal lower at 8400 was just underneath channel resistance. Channel support is near 8200 and the 20 DMA. Bears have yet to test that level although it looks likely in the days ahead. Sentiment may only turn more bearish if we get a close below the 50 DMA, now at 8058. Even then, one would think that a pullback down to the 200 DMA at 7800 would likely be bought aggressively. Basically, the chart is looking bullish in both the short and medium term.

Short term, support is at 8300 and resistance is at 8450. Rallies will likely be sold at 8450 and pullbacks will be bought at 8300. If bulls should fail to defend 8300, then 8058 and the 50 DMA might be the next target. A possible measured move upside target may be 8500 which would mimic the size of the late-May rise from 7700 to 8300. The weekly BSE chart looks bullish enough as stochastics has yet to fall below the 80 line. RSI is still well under 70 and MACD is in a bullish crossover. The post-February rebound has almost fulfilled the 61.8% retracement target, however, so we should be alert for signs of the rally faltering as it approaches 27,200 or so. Like the rest of the market, Infosys (INFY) was little changed on the week. The chart still looks fairly bullish as it tries to form a base near support at the 200 DMA from which to rally once again. Bulls should only worry if the June lows are broken, which would indicate an imminent retest of the February low. The chart becomes more solidly bullish if it can close above the May low and the 20 DMA. ICICI Bank (IBN) is attempting to move above its 200 DMA and resume a more solid bullish footing. Currently, however, it seems to be in a no-man's land around the convergence of the key moving averages. A close below the June low may indicate that the post-February rebound is over. Bulls need to push it above the early June high for the chart to have more medium term upside.



This week looks mixed at best as Mars enters Scorpio on Monday. This is a fairly reliable indication for at least one down day, most likely on either Monday or Tuesday. Tuesday perhaps looks more bearish given the Moon-Mars alignment that day. So even if Monday is higher on the positive reaction to the US jobs report, Tuesday could well see any gains nullified and then some. Some upside is more likely to occur on Wednesday and/or Thursday as Mercury conjoins Venus. Friday's Moon-Mars-Saturn conjunction would seem to offer the bears another chance to push prices lower. So while the short term aspects point to a more neutral outcome this week, I would be a bit more cautious about the entry of Mars into Scorpio. This is a negative influence although it can take a week or two to manifest. Mars remains in Scorpio until mid-September so it is very much a medium term bearish influence. I think there are enough positive aspects here to see another retest of 8400 if not higher. And yet depending on when the declines occur, we could easily see 8300 tested again. I also would not be surprised if we got a test of the 20 DMA.



Next week (July 18-22) looks somewhat more bearish. The first half of the week could see some upside as the Moon is aspected by Jupiter. But I would not count on gains given there is also a bearish Mercury alignment with Saturn early in the week. But the late week looks more bearish in any event as the Moon aligns with Mars.

Thursday and Friday seemingly have a greater bearish potential. I think the chances are good that we get a retest of the 20 DMA at 8200 at least, if not to the 50 DMA. The following week (July 25-29) looks bullish to start on the Mercury-Jupiter alignment on Monday and Tuesday. This is a viable bullish pattern which could indicate a rebound if the previous week has been negative.

Thursday and Friday look more bearish as the Moon opposes Mars. The week could go either way although perhaps it will fairly neutral overall. I would be surprised if we got a big move higher (e.g. to a higher high above 8400) or if we broke channel support at 8200. Early August could bring more upside as Mercury and Venus enter Leo and conjoin Jupiter. However, any upside may be fairly limited given the Saturn direct station on 13<sup>th</sup> August. While stocks may not begin to decline on the 13<sup>th</sup>, it nonetheless could be an important warning. The Mars-Saturn conjunction on 23<sup>rd</sup> August also looks difficult. I am expecting August to end on a negative note and September should be quite bearish also given the Saturn-Neptune-Rahu alignment. It is difficult to predict how far the Nifty could fall by September or October. A 10% correction looks likely in any event but that could only translate into a pullback to just below the 200 DMA at 7800. I am expecting lower lows by Q1 2017 which should break below the February lows of 6800.



**Technical Trends**

Short term trend is UP  
(1 week ending 15 July)

Medium term trend is UP  
(1 month ending 15 August)

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

**Astrological Indicators**

bearish (disconfirming)

bullish (confirming)

bearish (disconfirming)

**Target Range**

8200-8400

8200-8500

5000-7500

## Currencies

The Dollar extended its recent rally last week as more danger signals emanated from Europe's troubled banking system. The DX finished the week above 96 while the Euro hung on to 1.10. The Yen also pushed higher to the technically significant 100 level while the Rupee finished unchanged at 67. I was uncertain if the Dollar could extend its rally last week although I have been generally bullish about its fortunes in July. The Dollar is looking bullish here as it appears to be consolidating just under the 200 DMA. The absence of any gain following Friday's jobs report was somewhat puzzling given the upward pressure it could put on interest rates going forward.

Support is now at 95.5. A close below that level would be bearish and would return the Dollar to its previous lower half of the trading range. The measured move upside target could be 97.5 which would mirror the 200 pip double bottom interim rise. The weekly Euro chart is trading in a narrower range and may be preparing for a breakout. There is still a good argument to be made for its current base-building phase in advance of a major move higher. And yet with all the troubles with Italian banks, one wonders how that bullish technical story could play out. Over the past two weeks the Euro did break below its rising channel support so it may be merely back testing that resistance level at 1.12 here before moving lower. A move below 1.08 would likely mean a return to the 2015 low of 1.05.

This week could see more upside for the Dollar. I would think the early entry of Mars into sidereal Scorpio should be positive. There is a reasonable chance that we get a close above the 200 DMA and it is conceivable that the measured move target of 97.5 is within reach. The second half of the week looks more bearish, however, as Mercury conjoins Venus. This could coincide with a significant decline, perhaps back under the 200 DMA Friday leans somewhat bullish so I would lean bullish overall. Next week could see more upside, although I would not be surprised if a deeper retracement began. A retracement is likely to take hold sometime in late July or early August. August looks more bearish, at least until the Mars-Saturn conjunction on the 23<sup>rd</sup>. I would expect a higher low in August, possibly to 93-94. Another Dollar rally should begin sometime in the second half of August and continue through most of September. This could well take the DX back up to 100. A reversal lower should begin by October and extend into November. My general expectation is that this will be a higher low. The Dollar looks set to rally again in early 2017, possibly to a higher high above the 100 level.



Technical Trends (Dollar)

Astrological Indicators

Target Range

Short term trend is UP (1 week ending July 15)	bullish (confirming)	96-98
Medium term trend is DOWN (1 month ending Aug 15)	bullish (disconfirming)	95-98
Long term trend is UP (1 year ending July 2017)	bullish (confirming)	100-110

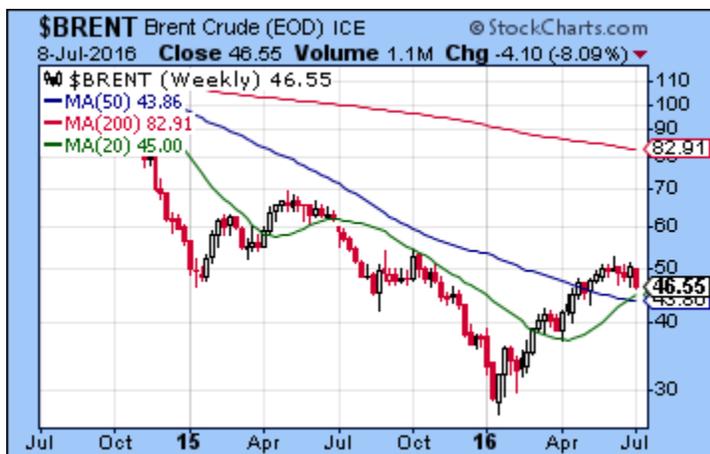
## Crude oil

Crude oil fell sharply last week on both demand concerns and a supply glut. WTI lost almost 8% on the week to \$45 while Brent settled under \$47. This bearish outcome was unexpected as I thought the early week bullishness would be enough to offset any late week selling. As it happened, Tuesday was lower and Wednesday's gain wasn't enough to break the down trend. The late week selling then accelerated around the Saturn and Nodal influence. The close below support at \$46 for WTI was potentially quite bearish as it indicated a deeper retracement ahead. Support may be close to \$44 as that represents a 50% retracement from the April low of \$36 to the high



of \$52. The 200 DMA at \$41 may also bring in buyers in the event of a deeper pullback. The imminent crossover of the 20 and 50 DMA also seems to be pointing towards a deeper pullback. In the event we get a rally, resistance is likely around \$50. Even a rally up to \$50 would not be enough to change the down trend which has now been established due to the lower low below \$46. The bulls need a close above \$51 or ideally \$52. The weekly Brent chart reflects how prices appear to have reversed lower right at resistance near \$50. The bullish crossover in the moving averages could provide some support although it is worth noting they have not done so previously. Perhaps their convergence near \$45 will provide a more compelling argument for bulls.

This week could well bring some follow through on the downside. The early week leans bearish, especially on Tuesday when Mars enters Scorpio and aligns with the Moon. Monday is also a question mark in this regard. There is a good chance that crude will be at least net negative across both days and I would not be surprised to see two down days in a row. Gains are more likely by Wednesday and into Thursday as Mercury aligns with Venus. Friday looks unsettled, however, as the Moon conjoins Saturn. I would lean towards a bearish outcome overall this week. Next week looks more mixed with some good upside likely by the middle of the



week. A weekly gain is possible here although the chances for a more solid rebound will increase by the last week of July. Late July and the first half of August therefore look more bullish. Depending on where crude bottoms out in July, I think we could see a higher high above \$52 in August. Late August and September will likely bring a fairly deep retracement. At this point, I'm uncertain if it will be above or below the possible July low (\$41?). It may well make a higher low. October and November should coincide with a strong rebound. Another major correction will likely begin in December and extend well into Q1 2017.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is DOWN (1 week ending July 15)	bearish (confirming)	\$42-46
Medium term trend is UP (1 month ending August 15)	bullish (confirming)	\$42-50
Long term trend is DOWN (1 year ending July 2017)	bearish (confirming)	\$30-50

## Gold

Gold pushed higher last week as worries about the European banking system enhanced its safe haven appeal. Not even the strong jobs report was enough to take the shine off gold as it rose almost 2% on the week to 1367. This outcome was somewhat more bullish than expected as I thought we might have seen more early week downside but it never came to pass. The rally continues here although last week saw some resistance at 1375. This is somewhat higher than the 1360 level I mentioned previously as a measured move target. Gold may well consolidate at these levels before trying to hit 1400 which would be the next major resistance level. The chart looks very bullish as all three moving averages are sloping upwards and are bullish aligned. Short term support is likely near 1330 but any pullback to that level would presumably be bought quite aggressively. This is what happened Friday as the intraday low at 1336 was bought and gold ended slightly higher on the day. Bears will need to play the long game here and wait for a lower high before any downside moves become more attractive. Bulls may also be taking the longer term view as they are hoping for at least a retest of the old support levels from 2011-2013 at 1530. So far, the bullish view looks more compelling.



This week leans bullish again as the Sun aligns with Jupiter on Monday and then Uranus on Friday. Wednesday also looks bullish as the Moon transits Libra. I would be surprised if gold doesn't post another gain this week. I think 1400 is quite possible although I am agnostic about whether that actually happens. Certainly, this mid-July period looks favourable for gold as Jupiter is gathering steam as it moves towards its alignment with Uranus in early August. I don't expect gold to continue this latest rally for the next four weeks, however. But the bias should be bullish until at least Jupiter enters Virgo on 11<sup>th</sup> August. Significantly, this is just two days before Saturn ends its retrograde cycle and returns to direct motion. In other words, these are potential influences which may change the prevailing trend in gold.

Next week (July 18-22) also looks fairly bullish as it does the last week of July. I would expect more choppiness as we enter August. September looks like it will produce a significant pullback although it may not be deep enough to derail the current rally. Even if we get a 10% correction from a high above 1400, gold would still be above 1260. October and November should see another move higher, although I'm uncertain if it will reach a higher high. December should bring another corrective move lower which will likely extend into Q1 2017. This looks like it will be a larger retracement than anything we see in September. The current gold rally will likely come to an end by Q1 2017.

<b>Technical Trends</b>	<b>Astrological Indicators</b>	<b>Target Range</b>
Short term trend is UP (1 week ending July 15)	bullish (confirming)	1370-1400
Medium term trend is UP (1 month ending Aug 15)	bullish (confirming)	1350-1450
Long term trend is DOWN (1 year ending July 2017)	bearish (confirming)	1000-1300

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