

## Summary for week of 23 January 2017

- Stocks likely bearish this week as Saturn enters Sagittarius
- Dollar mixed this week with deeper retracement possible
- Crude oil vulnerable to declines midweek
- Gold likely to move lower this week

### US Stocks

Stocks remained in a very narrow trading range last week as Donald Trump was inaugurated as president on Friday. The Dow edged lower on the week to 19,827 while the S&P 500 also lost a few points to 2271. The lack of any big moves was somewhat disappointing as I thought there was some late week potential for real declines. That said, I was not certain stocks could break down given the ongoing prominence of bullish Jupiter in the sky.

The markets are still in a welcoming mood for the incoming Trump administration. Trump's forceful inauguration speech asserted that significant economic changes are ahead. Markets may well give him the benefit of the doubt for now but will want to see evidence of new policies and reforms in the coming weeks. Trump is therefore still bullish for stocks although the fallout from his policies may be less positive. A misstep with China or any other trading partner could spark a trade war which would be negative for equities. Even unilateral tariffs levied by the administration may not be well received. So while the pro-business agenda is a clear positive, the consequences of his policies are still a source of uncertainty.



The astrological alignments are still pointing towards a decline in the next two weeks. To be sure, January so far has proven to be more bullish than expected. Last week's Mars-Saturn alignment did not produce any downside although this week's entry of Saturn into Sagittarius is still a bearish influence. The new sign placement of Saturn could also serve as a potential longer term shift in underlying sentiment. The following week also seems

bearish ahead of the Jupiter retrograde station on February 6<sup>th</sup>. After Jupiter turns retrograde, it will align more closely with Uranus in February. My expectation is that this should produce a rebound that lasts for several weeks. Since the late January retracement may well prove to be quite compressed in time and modest in size, we could well see higher highs by early March. As before, a larger decline is more likely to occur in April and May after Saturn turns retrograde.

The technical outlook is still bullish on all time frames. The recent narrow range may indicate a breakout in either direction is imminent. That said, if the SPX breaks out higher then marginal new highs to 2300 look more likely than a major new leg higher. Rising channel resistance is near 2300. Support at 2260 held for another week. In the event of a break of support, the measured move downside target would be 2240. This would match the previous December low and could establish a key neckline of support going forward. If a head and shoulders top does form here, it would still be quite modest as it would have a downside target of just 2200.

In other words, the rally looks very strong still and it will take several significant developments for stocks to turn decisively bearish. Stochastics have slipped under the 80 line but this may not mean much given the other bullish factors. One would think bulls are poised to buy the dips here no matter if it falls to 2240, 2200, or even 2150 and the 200 DMA. The Bullish Percentage is still elevated and has yet to show any signs of failing. The 5/10 EMA bullish crossover is still in effect. The weekly Dow chart looks somewhat more vulnerable to a pullback as RSI has fallen below the 70 line and the MACD histograms are starting to shrink.

A MACD bearish crossover may only be a question of time. A breakdown of support at 19,750 could begin a pullback to the 20 or 50 WMA. However, the bulls are still hoping for a fulfillment of the double bottom target of 20,500. While I would be skeptical about that possibility in the coming days, the prospect for more upside going into March makes it more realistic. Meanwhile, yields moved higher last week on optimism over the incoming Trump administration. The 10-year yield is still below its December high of 2.6% although the recent test of the 50 DMA suggests yields could well bounce higher and retest that level and beyond. High yields reflect a growing economy which ought to be bullish for stocks but they may have an uncertain impact given the high levels of debt.



This week offers the bears another opportunity to take prices lower. Saturn changes signs on Wednesday the 25<sup>th</sup> as it leaves Scorpio and enters Sagittarius. This short one or two-day period around the sign change of Saturn is often bearish and therefore we could see a decline of 1% or more perhaps on a given day. In the current bullish

environment that would be quite an achievement. Monday leans bullish, however, as Venus aligns with Uranus. This is not a strongly positive pairing but it nonetheless offers the possibility of gains. Tuesday looks more bearish as the Moon aligns with Saturn and Mars. A large decline is somewhat more likely here although I am reluctant to go out on a limb and say it is probable. Wednesday also leans bearish as Saturn enters the first degree of Sagittarius. Thursday and Friday are mixed. I think at least one up day is likely as Venus enters Pisces. However, the Venus-Saturn square is exact on Friday so we could also see some selling accompany that alignment. Overall, we should see some downside although it's uncertain how much. Certainly, a sharp sell-off would not surprise me but recent bearish patterns have been very weak in terms of downside. For this reason, I would only have modest downside expectations, although we could well see a deeper pullback and retest of 2240 at some point in the week.



Next week (Jan 30-Feb 3) also leans bearish, especially early in the week as the Moon conjoins Mars. Wednesday and Thursday look more bullish as Mercury aligns with Jupiter and Uranus. Friday may be somewhat bearish, however as Mercury then moves on to align with Saturn. Lower lows are possible here relative to the previous week, although the midweek bounce complicates that view. The following week (Feb 6-10) sees Jupiter turn retrograde. This should be bullish although it may not produce gains immediately on the day. But overall, the week leans bullish. February as a whole looks more bullish and the rebound could even extend into early to mid-March. As I suggested above, higher highs are possible in March. A correction looks likely to get underway by April and continue into May. I would expect a test of the 200 DMA at least by this time. More downside is likely during the summer on the protracted Saturn-Lunar Node alignment, mostly in August and September. I would expect lower lows during Q3. With Q4 looking more mixed, the lows for the year may well occur during that late summer period. Early 2018 may well produce another major correction.



**Technical Trends**

**Astrological Indicators**

**Target Range**

Short term trend is UP  
 (1 week ending Jan 27)

bearish (disconfirming)

SPX 2220-2260

Medium term trend is UP  
 (1 month ending Feb 27)

bullish (confirming)

SPX 2250-2300

Long term trend is UP  
(1 year ending Jan 2018)

bearish (disconfirming)

SPX 1700-2000

## Indian Stocks

Shares generally declined last week as investors braced for the impact of possible trade wars from the incoming Trump administration in the US. The Sensex lost less than 1% to 27,034 while the Nifty finished the week at 8349. This bearish outcome was generally in keeping with expectations as I thought the late week Mars-Saturn alignment could coincide with some selling. After a fairly middling week, Friday's decline then had the final, albeit modest, word.

Newly-inaugurated US president Donald Trump wasted no time in laying out his radical "America First" agenda to move the American economy away from global trade. While India is likely well-positioned to withstand some temporary displacement, it seems likely there will be some painful adjustments to be made in the months ahead. More important, however, is what happens to the Dollar as emerging markets continue to rely on yield-seeking FII. If Trump gets his way and launches a major infrastructure program, interest rates will certainly rise quickly and this will boost the greenback to the detriment of Indian equities. In addition, expectations are high for the approaching Budget so we could see bold, new reforms put in place to offset some of these other headwinds. With expectations high, there is always room for disappointment although stocks are generally bullish following the Budget release.



The astrological influences in February look supportive of a positive reaction to FM Jaitley's 1<sup>st</sup> February announcement. Saturn may dampen sentiment somewhat here at the end of January and perhaps into early February but Jupiter's retrograde station on 6<sup>th</sup> February suggests markets will approve of the Budget. Saturn's entry into Sagittarius on Wednesday is likely to coincide with some negative sentiment although it may not produce a large decline. I am uncertain about the immediate reaction the Budget although I would lean bullish in any event. But the month of February looks generally positive as Jupiter aligns with Uranus for most of the month. I would expect the rebound to last into March but it may form an interim high and then begin to reverse lower in that month. April and May look more bearish as Saturn turns retrograde and begins its four-month long alignment with Rahu.

The technical picture remains bullish in the medium term. The break of support at 8400 was not unexpected after the steep rise off the December double bottom. The question now is how deep could the retracement go? Stochastics appears to be breaking lower below the 80 line so some downside may be more likely than not. The most obvious target and support level would be the 8270 area which marks the December interim high between the double bottom. Buyers would be more likely to move in around this area since it is just below the 200 DMA. The short term picture would become more bearish if the Nifty closed below 8270. But if the break below 8270 was short-lived, then it is possible a close to 8170-8200 might not damage the bullish view. Recovery would have to be fairly swift, however. The upside target of the double bottom is still 8640-8700. Last week's high did not quite make it up to 8500 as bulls got cold feet.

The 20 and 50 DMA appear to be turning higher and may follow the 200 DMA higher also. This would create a stronger technical basis for a longer rebound to perhaps 8700 or even the old high of 8900. The weekly BSE chart is looking more bullish now that stochastics have decisively broken above the 20 line and are in a bullish crossover.

Another one-week pullback would likely not alter this bullish crossover. MACD is poised to move higher into its own bullish crossover. If stocks keep trending higher, then it is possible we could see a test of resistance at 29,000. The shallower pullback (50% retracement) in late 2016 gives bulls some reason to expect higher highs down the road. Meanwhile, Infosys (INFY) continued to move lower last week after testing horizontal resistance. Bulls could find support at the December low (and gap) but more cautious bulls may be waiting for the very real possibility that the November low will be retested soon. A double bottom would at least offer a more plausible hope for a significant rally. ICICI Bank (IBN) also moved lower last week. The stock may test its 200 DMA again soon which could offer a more comfortable level for bulls to go long. The chart is still biased towards the upside given the series of higher lows and the rising 200 DMA. A close below the December low would make the chart more bearish.

This week leans bearish again as Saturn enters Sagittarius on Wednesday. This is usually a bearish indication which could coincide with a decline of about 1% fairly close to the day of the sign change. This time around Venus will align with Saturn and Jupiter so that could provide a moderating effect upon the bearishness of Saturn. Monday leans a bit bullish as Mercury aligns with Neptune. Tuesday's Moon-Saturn conjunction looks more bearish, however. Wednesday also leans bearish although if we have seen some significant downside on Tuesday already, then



Wednesday may be less problematic. Markets are closed Thursday for a holiday but Friday looks more bearish as Venus moves into an exact square with Saturn. Overall, I think the chances are fairly good that the Nifty tests 8300 if not 8270 at some point this week. Even if we get some early week upside, I would not expect the gains to be too strong. Therefore, we could see a test of immediate resistance at 8400 and then a test of support at 8300 within fairly short order.

Next week (Jan 30-Feb 3) looks more bullish, especially around midweek. Mercury will align with Jupiter and Uranus on Wednesday and Thursday so that should produce some upside. Budget Day is Wednesday the 1<sup>st</sup> so that falls within that planetary influence. The Moon conjoins Mars on Wednesday so that suggests heavy volumes and bold action – both on part of the government and perhaps traders as well. Friday leans a bit bearish, however. The following week (Feb 6-10) sees Jupiter turn retrograde on Monday so that should create some positive sentiment especially in the second half of the week as the Sun aligns with Jupiter. The up trend should continue into early March at least when Venus turns retrograde on the 3<sup>rd</sup>. March may produce a sideways and choppy market. April looks more clearly bearish as Saturn turns retrograde on the 6<sup>th</sup>. I am uncertain if this retracement will challenge the previous major low of 7900. At this point, I would tend to think it will not, especially in the market rallies beforehand back up to 8700-8900. The more serious alignments begin in June and extend into July and August as Saturn closely aligns with Rahu. A lower low below 7900 looks more likely by August. Q4 looks mixed and seems like an unlikely time for a major new rally.



Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending 27 Jan)	bearish (disconfirming)	8200-8300
Medium term trend is DOWN (1 month ending 27 Feb)	bullish (disconfirming)	8300-8600
Long term trend is UP (1 year ending Jan 2018)	bearish (disconfirming)	7000-8000

## Currencies

The Dollar extended its retracement last week as skepticism grew about the likelihood of a Fed hike in March. The USDX finished below 101 while the Euro pushed above 1.07. The Rupee weakened to the 68 level while the Yen was steady near 114. I thought the Dollar might have bounced a bit more in the second half of the week. The early week was bearish as expected but the rebound fell short on Thursday and then Friday brought in more selling. The Dollar appeared to bounce off support last week at 100. However, the inability to rise above 102 may be signaling a possible head and shoulders top pattern here with a neckline of 100. Failure to close above 102 and the 20 DMA may point to a narrowing trading range. Bulls could try to form a right shoulder in the coming days at 102 but the chart is suddenly looking more vulnerable. The downside target of this pattern would be 96.5 which is just below the 200 DMA. Given the longer term upward momentum of the Dollar, the 200 DMA would likely make a very attractive entry point for bulls. Even if the rally ultimately falters, it seems likely that dips will continue to be bought and that at worst the Dollar will fail to make a lower high in the 100-102 range. In the medium term, the Dollar rally may only be in trouble if there is a move below the August low of 94.



This week looks mixed. I think the Dollar is entering a retracement phase here in late January and early February so I would lean bearish but not necessarily be bearish for this week. That said, there are some positives here such as the entry of Saturn into Sagittarius on Tuesday and Wednesday. After last week's profit taking, there is a plausible case for another test of resistance at 102.-102.5. We could easily finish higher on the week although Friday looks negative for the Dollar. Next week (Jan 30-Feb 3) looks more bearish as Venus enters Pisces. The retracement should continue into mid-February at least. I think there is a good chance of moving below 100 at some point. I wouldn't think a move down to 96.5 is likely, however. The planets don't look that bearish. A reversal higher will likely take place sometime in February, most likely in the middle of the month. The Dollar should continue to rally into March and April. Depending on how low it goes in February, I would think that higher highs are quite possible by April. The Dollar should decline significantly starting in June and July. After another rally in August and September (lower high?) the Dollar may gradually trend lower in Q4. A sharper decline is more likely in Q1 2018.



Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is DOWN	bullish (disconfirming)	101-102

(1 week ending Jan 27)

Medium term trend is UP (1 month ending Feb 27) bearish (disconfirming) 98-100

Long term trend is UP (1 year ending Jan 2018) bullish (confirming) 98-105

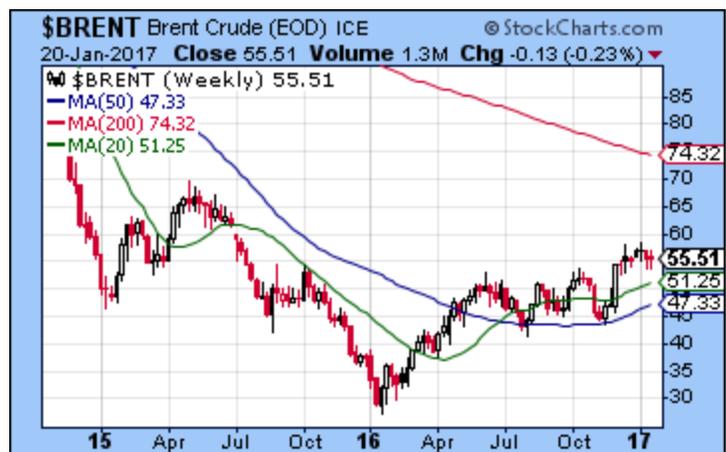
## Crude oil

Crude oil rebounded last week on the weaker Dollar and improved economic growth forecasts. WTI gained almost 2% to move back above \$53 while Brent settled above \$55. This bullish outcome was unexpected as I thought crude would continue its retracement. I have been expecting a significant retracement into February but last week's gain may have complicated matters somewhat. Bulls are not giving up easily here after the previous week's break of support at \$52. Resistance is \$54 and bulls will need to achieve a close above that level in order to retest the December high. Crude may be in a range here of \$51-54. A quick retest of \$51 could produce a

breakdown and lower low if it happens quickly. A close below \$51 would invite a retest of the 200 DMA at \$48. Bulls would consider that a solid buying opportunity since previous tests of that line have generated strong rebounds over the course of this rally. The weekly Brent chart still shows the current bull trend of higher highs and higher lows. With prices near the upper end of this channel, there may be less incentive for bulls to go long. Some investors may therefore be waiting for a pullback to the 50 WMA near \$47. The year-long rally would only be in jeopardy if there is a weekly close below the November low at \$45. If that happened, then there would be an increased risk of an eventual retest of the early 2016 low of \$26.

This week crude is again at risk of some declines. The entry of Saturn into Sagittarius on Wednesday looks bearish for the midweek period. Gains are possible on Monday, however, but Tuesday looks more bearish. Friday may be somewhat bullish as Venus enters Pisces. Overall, I would think the bears have a better chance here. Next week also leans bearish, especially in the first half. Perhaps we will see a retest of \$51 by that time, if not below. This retracement will likely end in early February, possibly after the Jupiter retrograde station on Feb 6<sup>th</sup>.

Another rally attempt looks likely for the rest of February and into March. The rebound does not look overly strong so we could see crude stay within that rising channel. That would be the default scenario at least if the current technical situation holds up until March. April



and May should see another move lower. I would not expect a dramatic decline here. After a bounce in June and July, a stronger correction is likely in August and September. It is perhaps more likely that we will see a major technical breakdown and a possible retest of \$26 then, although I would not say that outcome is probable just yet. Q4 looks mixed with a stronger rebound more likely in early 2018.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending Jan 27)	bearish (disconfirming)	\$49-52
Medium term trend is UP (1 month ending Feb 27)	bullish (confirming)	\$52-56
Long term trend is DOWN (1 year ending Jan 2018)	bearish (confirming)	\$35-50

## Gold

Gold added to its recent rally last week as the Dollar fell amid more skepticism about an early Fed rate hike. Gold gained less than 1% on the week closing at 1204. This bullish outcome was somewhat unexpected as I thought the early week might be more negative. Instead, gold rose in Tuesday trading and retraced modestly thereafter. The gold bulls still have the reins here despite the rally stopping at resistance last week at 1220. The next move out of that range of 1200 and 1220 could signal the next medium term direction for gold. A close above 1220 would go a long way towards silencing the naysayers. It could indicate this is more than just a technical bounce doomed to fail. Of course, gold is still on the wrong side of the 200 DMA at 1270 so bulls still have a ways to go before they can re-establish a bull market. Even getting back to 1250 will be a tall order as it would represent a 50% retracement off the recent low. A breakout to the upside above 1250-1270 still seems unlikely anytime soon given how modest this current bounce has been. Gains thus far have been cautious and small. It's not a bad base from which gold could rally but it has yet to show signs of really taking off. If we do see a retracement here, then the confluence of the 20 and 50 DMA at 1175-1185 might be one area to focus on.



This week contains some important downside risks, primarily the Saturn sign change on Wednesday. While this is an indirect influence on sentiment, it still looks risky for gold bulls here. Monday looks more bullish on the Venus-Uranus alignment but bulls should be more careful after that. The late week also contains some bearish potential on the Venus-Saturn square aspect. We could get a test of resistance at 1220 early in the week but another retest of support at 1200 looks even more likely. These Saturn influences could also produce a breakdown of that level.

Next week (Jan 30-Feb 3) looks more bullish. Monday's Moon-Node conjunction has a bearish bias but things could improve after that. The Moon-Venus conjunction on Wednesday looks bullish although Friday's Mercury-Saturn alignment could be more negative. A rebound looks quite possible in any event. The following week (Feb 6-10) could also see further upside as Jupiter turns retrograde on Monday the 6<sup>th</sup>. This week has a more reliable bullish influence than the previous week. I would expect the rally to continue through much of February and into March. I am uncertain how high gold could climb into March. 1270 looks quite doable at this point, however. Then gold will reverse lower in late March and into April. The decline could be steep. After a late April rebound, gold could retest its April lows in May or early June. We could see the low of 1130 tested very easily, if not lower. After a June-July rebound which probably puts in a lower high, another big move lower is likely in August and September as Saturn aligns with the Lunar Nodes. Gold will reverse higher in Q4 and could build a more sustainable rally into 2018.

<b>Technical Trends</b>	<b>Astrological Indicators</b>	<b>Target Range</b>
Short term trend is UP (1 week ending Jan 27)	bearish (disconfirming)	1160-1200
Medium term trend is DOWN (1 month ending Feb 27)	bullish (disconfirming)	1200-1250
Long term trend is DOWN (1 year ending Jan 2018)	bearish (confirming)	1000-1300

Disclaimer: For educational and entertainment purposes only. The MVA Investor Newsletter does not make recommendations for buying or selling any securities. Any losses that may result from trading are therefore the result of your own decisions. Financial astrology is best used in conjunction with other investment approaches.

Before investing, please consult with a professional financial advisor.

©2017 Christopher Kevill