

## Summary for week of 27 February 2017

- Stocks likely moving higher this week, especially in first half
- Dollar may test resistance again at 102 this week
- Crude oil could finally move above resistance this week
- Gold likely trending higher

## US Stocks

Stocks pushed higher again last week ahead of President Trump's speech to Congress on Tuesday, February 28. The Dow added 1% to 20,821 while the S&P 500 finished at 2367. This modest gain was in line with expectations as I thought the Jupiter-Uranus alignment would likely underwrite the upside for a bit longer.

While the Dow has been making new all-time highs recently, there is growing talk that the Trump rally is likely entering a new and less exuberant phase soon. One possible turning point would be Trump's speech on Tuesday which could create some new dynamics in the market. Bulls are adding to their positions here in the hope that Trump's address will provide more policy details for his pro-business agenda. On the other hand, Trump could disappoint in the speech and that could be the catalyst for profit-taking and some significant consolidation after this rally. The next obvious possible reversal catalyst could be the next Fed meeting on March 15. Thus far, the market gives only a 26% chance of a March hike so if Yellen were to raise rates it could surprise markets and spark some selling. Current economic data does not look strong enough to warrant a March hike, however, so unless we get a strong March jobs report, it's unclear why the Fed would pull the trigger this soon. Further down the road, the French elections in April and May could also destabilize markets as a Le Pen win would call into the question the Eurozone and could spark yet another EU crisis. Given the Saturn retrograde station in early April, this sort of scenario is worth taking seriously.



Astrologically, we are approaching the culmination of the bullish Jupiter-Uranus alignment here in late February and early March. Once these two planets begin to separate, downside risk will increase. I think there is a fairly good chance we will see an interim market top occur next week. It is still possible stocks could move higher after this until perhaps the Fed meeting, although I would think an interim high is somewhat more likely this week. A pullback looks most likely between mid-March and early April. After that, I would expect another rally into early May but the planetary outlook again looks difficult from mid-May to mid-June or thereabouts. Another pullback is therefore very likely during that time window. At this point, I think we will get a lower high in early May which is then sold fairly aggressively into late May and early June. A retest of the 200 DMA is very likely in the coming months, although whether it occurs in late March/early April or in late May/early June is harder to say with confidence.

The technical outlook is a bullish as ever. Stocks are overbought on all time frames and the VIX is near all-time lows. The up trend could continue for a while yet under these conditions although complacency may well be setting in. Stocks have risen above channel resistance and are in an overthrow condition. This can create additional risk of a quick sell-off if and when channel support is finally breached on the downside. For the moment, this channel support is around 2320-2330 just above the 20 DMA. Given the strength of the Trump rally, I would think that any pullback to this line would likely be bought. A move below the line would return the SPX to its longer term channel range.

Even if we do get a deeper pullback in the coming weeks, most market watchers would likely be anticipating higher highs down the road. The market may be overbought, but if conditions are right then stocks can push even higher as they did during the initial QE stimulus. Trump's policies may introduce some uncertainty, but there is the potential that things could go very right for economy in 2017 as the infrastructure spending boosts sentiment. And yet, market breadth measures like the percentage of stocks above their 200 DMA are now into the nosebleed zone above 80%. This is the same place they topped out in 2016 before stocks weakened. However, the lesson from QE is that some extraordinary policies can push these measurements even higher (e.g. to 95%!) before stocks have to correct. I'm skeptical about the market pushing significantly higher this year or next. For that reason, a more conservative assessment of market breadth measures is perhaps more appropriate. The weekly Dow chart is also overbought by any measure and RSI now exceeds it level from 2013. It doesn't mean a decline is imminent but it does mean that a significant pullback is likely soon and given the momentum will be treated by most participants as a buying opportunity. Meanwhile, bond yields fell again last week and are now resting on support at 2.3% for the 10-year. Is the bond market signalling weakness ahead for the US economy? Probably not, as foreigners are likely buying Treasuries in order to hold US Dollar denominated assets. While the rest of global economy may be seen as a series of question marks, the US economy is likely the best of the bunch.



This week could be very interesting. Trump speaks on Tuesday after the markets close. This is just a day after the Mars-Uranus conjunction which aligns with Jupiter. This is a powerful alignment which is suggestive of aggressive and assertive action. The Mars-Uranus component can indicate shocks and surprises. The Jupiter influence here magnifies its effect. High trading volume is likely in the two days leading up to the speech and a big move is more likely than it otherwise would be. I would not say a big move is highly probable however, but certainly it could happen. I would lean bullish on Monday and Tuesday but become more cautious thereafter the wake of this alignment. And I should note that stocks could also sell off as early as Monday although this is a less likely scenario. The case for a decline starting Wednesday (post-speech) is strengthened by the fact that Mars enters Aries that day alongside the Moon. This is a somewhat bearish influence. Thursday also leans bearish although much less so. Friday the 3<sup>rd</sup> will bring the latest jobs report. While the underlying bullish influence of Jupiter may be weakening, the short term aspects actually look fairly good as Venus aligns with the Sun just ahead of its retrograde station on Saturday. So the week as a whole could see some large moves in both directions. I would retain a bullish bias here as the early week could be enough to offset any declines that occur Wednesday and after.



Next week (Mar 6-10) has a mix of influences. The early week seems bearish as Mars aligns with Saturn on Monday. Tuesday looks more bullish, however, as the Moon aligns with Jupiter and Uranus. Mercury aligns with Jupiter on Thursday and Friday so some gains are more likely then. I would lean bullish overall here, although Monday is uncertain. The following week (Mar 13-17) the Fed meets. Mars also aligns with the Lunar Nodes so that seems bearish. I would think markets could sell-off somewhat during the week possibly starting as early as Monday. The rest of March looks bearish and I would expect support at 2320 to break easily and we could see a return to the



Dec-Jan trading range of 2240-2300. Early April is also a possible focus of some negativity as Saturn turns retrograde on the 6<sup>th</sup>. I am uncertain how large a decline we could expect from the Saturn influence. It may only be a marginally lower low relative to the March low. Or it could be a much lower low, perhaps down to the 200 DMA. I'm not sure. Some rebound is likely in late April and early May although I would be skeptical about making new highs. May and June are unlikely to produce much upside as Saturn begins to align with the Lunar Nodes. There is also a real risk of more declines here. A rally is likely in June and July which could keep the bulls interested and perhaps even produce a higher high. I'm skeptical but it's possible. August and September look bearish again as Saturn stations direct in a closer alignment with the Lunar Nodes. Lower lows are very possible by the end of Q3 or perhaps the beginning of Q4. The last quarter of this year is more mixed.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending March 3)	bullish (confirming)	SPX 2350-2380
Medium term trend is UP (1 month ending April 3)	bearish (disconfirming)	SPX 2200-2300
Long term trend is UP (1 year ending April 2018)	bearish (disconfirming)	SPX 1800-2100

## Indian Stocks

Stocks pushed higher last week on dovish Fed expectations and positive domestic cues. The Sensex gained more than 1% on the week to 28,892 while the Nifty finished at 8939. This bullish outcome was in keeping with expectations as I thought the ongoing Jupiter-Uranus alignment would help to support sentiment. I was mistaken in my forecast for one or two down days, however, as stocks rose in each of the four trading sessions.

Things are looking good at the moment as equities are again approaching their all-time highs. State election forecasts suggest favourable outcomes for the BJP on 11<sup>th</sup> March and this should enhance the likelihood of further economic reforms. Also, the Fed seems reluctant to raise rates in March so that may give some breathing room for FII as cash inflows are more likely to continue in the near term. While the Trump-fueled global rally may be getting long in the tooth, there is good reason for bulls to be optimistic as any dips and pullbacks are likely to be bought. As usual, there are any number of possible stumbling blocks as stocks climb the 'wall of worry'. But unless there is a significant shock, the fundamentals argue that pullbacks will be taken in stride and will be buying opportunities.



The planetary picture confirms the notion that the current rally may not have much further to go before we see a significant pullback. The Jupiter-Uranus alignment culminates over the next two weeks and could therefore produce more upside. That could take the Nifty over 9000 and even retest the previous ATH at 9119. I certainly would not rule that out. However, it is also possible that we could see an interim top as soon as this week as the Jupiter-Uranus alignment is joined by Mars on Monday the 27<sup>th</sup>. While I tend to think we could see more upside in early March, I would not rule out a reversal lower this week given the closeness of the Jupiter-Uranus aspect. But it seems more likely that stocks will rise into mid-March. After that, we should be more likely to see a retracement which lasts into April.

The technical outlook is bullish on most time frames. The Nifty has followed a sharply rising channel higher since the December low. Channel resistance is 9100 although horizontal resistance may well be more important at this point. The Nifty has matched last September's high just under 9000 so that should be considered the most important resistance level in the short term. A close above 9000 should be seen bullish and would indicate that a test of 9119 will be forthcoming.

The Nifty is quite overbought on a daily basis as RSI is above 70. In the event of a pullback, support is likely near the 20 DMA, now at 8775. I would think that any pullback down to that level will be bought aggressively by bulls hoping for eventual higher highs. At the same time, bears may be anticipating a pullback here near 9000. Even if a retracement creates a higher low relative to December low, it could still forestall the rally for some time. However, the weekly BSE chart shows a bullish pattern which now resembles an ascending triangle. This pattern has an upside target of 37,000 at least. If we see a close above 30,000, then this target could become more plausible over the medium term. The bull market will only be called into question in the event of a move below the previous low of 26,000. As the long term 200 WMA rises above 25,000, it is possible that the next tag of that support line could well be fairly close to 26,000. Although a tag of that level would reflect a large decline, it still would be properly seen as a buying opportunity by most market participants. Meanwhile Tata Motors (TTM) bounced off support last week but is still trading below its 200 DMA. The double bottom pattern has provided a decent rationale for bulls but the gap must be filled above current levels in the chart. If there is another move lower in the coming days, then there is greater risk of a weaker sideways trade, if not another test of support of the December low. HDFC Bank (HDB) was mostly unchanged on the week as it pushes up against horizontal resistance from the previous high. The strength of the current rebound suggests we should see another push higher and retest, even if higher highs may not occur. In the event of a double top, the subsequent retracement would more likely produce a higher low such as near the 200 DMA which would be a buying opportunity. A move below the 200 DMA would be more problematic, however.



This week looks somewhat bullish as Mars aligns with Jupiter and Uranus early in the week. There is a possibility of a large move higher here on this pattern, especially on Monday or Tuesday. That said, the presence of Mars in the mix raises the probability of declines. This is something of a two-tailed outcome scenario. However, I think gains are more likely than declines here, especially up until Wednesday. After that, some profit-taking becomes more likely. The entry of Mars into Aries on Thursday looks more bearish. I would expect at least one down day from this pattern. Friday leans somewhat bullish as Venus aligns with the Sun. Overall, I think there is a decent case for the bulls this week and 9000 may well be within reach. A close above 9000 is also very possible. If the early part of the week is bullish as expected and tests 9000, I am uncertain if Friday's close is likely to be above that level. Given the likelihood of a decline midweek, the high for the week could come either on Tuesday/Wednesday or Friday.



Next week (Mar 6-10) also leans bullish. Even I am wrong and the preceding week produces some selling, this week looks more solidly bullish. That said, the extent of the upside may be more modest. Monday's Mars-Saturn alignment leans bearish, however. But the bulls should stage a comeback later in the week on the Mercury-Jupiter alignment. It is possible we could see a higher high during this week. The following week (Mar 13-17) looks more uncertain as Mars aligns with Rahu. As it happens, there will be a Fed meeting this week also so there is some additional chance of a negative market reaction. Late March also leans bearish so a retracement is perhaps most likely during the second half of the month and lasting into early or mid-April. I am uncertain how large this decline may be although I would not rule out a test of the 200 DMA at 8450. That seems like a stretch now but it would only amount to a 5% pullback and a fairly normal 50% retracement. After a rebound in April-May, we may not see a higher high. I think stocks are likely to struggle as we move into June as Saturn aligns with Rahu. July may bring a rebound but I would be skeptical about the prospects for a higher high here, too. August and September could see more weakness in stocks as Saturn stations direct. A significant rally off of the September low is likely in Q4 2017.



**Technical Trends**

Short term trend is UP  
 (1 week ending 3 March)

Medium term trend is UP  
 (1 month ending 3 April)

**Astrological Indicators**

bullish (confirming)

bearish (disconfirming)

**Target Range**

8950-9050

8600-8800

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

bearish (disconfirming)

7500-8500

## Currencies

The Dollar was largely unchanged on the week on more cautious comments from Trump's Treasury Secretary Mnuchin. The USDX finished the week just over 101 while the Euro fell below 106. The Rupee strengthened to the 67 level while the Yen finished at 112. This neutral outcome was in line with expectations as the planets did not provide a compelling case for either outcome. The currency market may be waiting on this week's Trump speech to Congress as well as the next Fed meeting in March. The Dollar could go higher if Trump delivers a plausible outline for more spending and a more sensible trade policy. I would think a reasonably coherent speech will be

welcomed by the market and could take the Dollar higher. Of course, even if Trump botches it, Janet Yellen will have her own opportunity to kick-start the Dollar rally again if she suddenly raises rates in March. At the moment, the market is not anticipating a hike. Even if one is not delivered, her language could shift towards a more hawkish policy in reaction to new Trump spending initiatives. The Euro seems more vulnerable to declines in that respect as the French election in April opens the door to a possible Le Pen win which would wreak havoc in the EU. After failing to move above resistance at 1.08, the Euro may well be on its way to retesting critical support at 1.04-1.05. A Le Pen win would likely be catastrophic for the Euro and could take it down below parity overnight. Even a rate hike and a strong Trump speech could weaken the Euro further, although less dramatically.

This week looks more bullish for the Dollar. There is a real possibility of some retracement in the early going on the Mars-Uranus conjunction. However, the late week could be more bullish as the Moon conjoins Venus. While I would not be surprised if the Dollar didn't move much this week, I would lean towards a bullish bias here. A retest of recent horizontal resistance at 101.7 is quite possible. Next week looks bullish also, especially early in the week on the Mars-Saturn alignment. A move above 102 looks quite likely. More gains are also likely in mid-March perhaps as a result of the FOMC meeting. The rally should continue into early April and may well retest the highs at 104. I would not rule out a higher high although I am reluctant to predict it. The rest of April and May looks more bearish so a retracement is more likely then. A weak rally is possible in June but generally the early summer looks like the Dollar could be under pressure. A retest of the 200 DMA is possible by July.



Another rally in August and September is likely although a higher high may not occur. Q4 looks mixed but will likely see the Dollar stay at the top of its trading range. A deeper retracement is more likely to occur in Q1 2018.

Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is UP (1 week ending Mar 3)	bullish (confirming)	101-102
Medium term trend is UP (1 month ending Apr 3)	bullish (confirming)	102-104
Long term trend is UP (1 year ending March 2018)	bearish (disconfirming)	98-102

## Crude oil

Crude oil edged higher on the week on Dollar weakness. WTI posted a marginal gain to finish just under \$54 while Brent settled above \$56. This modestly bullish outcome was in line with expectations as I thought we could see some upside. Crude continues to push higher as the intraday highs are now at \$55 for WTI. With lows being bought aggressively at the 20 DMA, the technical outlook looks positive for a breakout higher. The higher lows are creating an ascending triangle pattern. The technical trends look so bullish that perhaps the only question is whether the breakout resolves into a gently rising channel or whether there is a short squeeze that produces a quick rise to \$60 and above. Of course, ascending triangles do not inevitably play out as expected as there can be some unexpected news. Key support is \$51 so even if there is a sudden rally in the Dollar, one would think that any dips would be bought aggressively above that level. Any move below \$51 would be more problematic for the rally as it would undo much of the technical advantages that bulls had created over recent weeks. The weekly Brent chart perhaps looks more equivocal as price appears to be moving more directly sideways. Without decisive new highs, there is a risk that the current one-year long rebound could run out of gas.



This week looks bullish again. With the Moon transiting watery Pisces, there may be more positive sentiment for crude. Tuesday and Wednesday look most positive in this respect. It is more likely that we could finally get a close above resistance at \$55 or above. Some retracement is more likely to occur on Thursday and/or Friday. The Mars-Uranus conjunction packs a punch so there is an added unpredictability to this week. In other words, I would not be shocked if oil suddenly sold off. However, I think the more likely scenario is for gains.



Next week (Mar 6-10) could see additional gains, especially on Wednesday and Thursday as the Moon transits Cancer. While the chances for a breakout above resistance are good in March, the likelihood of some retracement rises around the Fed meeting on the 15<sup>th</sup> as Mars aligns with the Lunar Nodes. I would not necessarily expect a sudden reversal lower but rather a topping pattern that lasts into late March or even early April. It is possible declines could take hold as early as the second half of March, but it is also possible that may occur starting in early April. I would expect a retest of the 200 DMA by early or mid-April in any event. A rebound is likely in late May or June but I am uncertain if this could indicate a higher high. I would be skeptical about that more bullish scenario. More downside is indicated by the Saturn-Node alignment in August and September. This suggests that support at the 200 DMA is likely to be retested and may even be broken.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending Mar 3)	bullish (confirming)	\$55-57
Medium term trend is UP (1 month ending Apr 3)	bearish (disconfirming)	\$48-52
Long term trend is DOWN (1 year ending March 2018)	bullish (disconfirming)	\$45-60

## Gold

Gold continued to rally last week on perceptions that the Fed was reluctant to raise rates despite rising US inflation. Gold rose more than 1% to 1258. This bullish outcome was somewhat unexpected as I thought we might see more early week declines. Selling was muted, however, and we did see some of the anticipated buying around the Mercury-Jupiter alignment during the mid and late week. Gold is looking good here as it is testing its 200 DMA now at 1264. Support may be provided by the 20 DMA at 1228 in the event of any pullback. This rebound could easily push above the 200 DMA in the coming days. The question is whether gold has the staying power to remain above 1264. Support from the rising channel has been steady since the December low but resistance has been flattening indicating the formation of a bearish rising wedge. Gold is currently pushing up against resistance so it could continue to rise further in the near term. But a break below channel support at 1240 could raise questions about the durability of this rebound. Secondary support may well be closer to 1200 in the event that the 20 DMA is breached. The interim low at 1180 figures prominently in this respect as any move below that level would make subsequent rallies less reliable. Overall, the chart still looks bullish so one would expect any dips to be bought.



This week could see more upside on the Mars-Jupiter-Uranus alignment. The early week seems more bullish in this respect and I would hold a bullish bias into Wednesday in any event on the Moon-Venus conjunction. A large move is possible on this alignment. And I should admit that a sudden decline is also a conceivable outcome although it seems less likely. The bullish bias here paints a good case for a close above 1264 and we could see something well above that. Thursday and Friday look more problematic for gold as the Mars enters Aries. This is perhaps a good argument for modest profit taking after some early week upside.

Next week (Mar 6-10) is more mixed as Venus turns retrograde on the 4<sup>th</sup>. The reversal of the direction of Venus may coincide with a shift in gold sentiment although I would not expect any sudden collapse. The early week looks bearish on the Mars-Saturn alignment but it seems unlikely to change the up trend. The Mercury-Jupiter alignment on Wednesday and Thursday will likely bring the bulls back into the picture and it is possible we could even see higher highs. I'm uncertain about that prospect, however. But by the following week gold may come under more pressure. The FOMC meeting takes place around a Mars-Lunar Node alignment which is likely to coincide with some selling. This could bring some significant retracement that lasts through the rest of March and into early April. Gold could test 1200 very quickly here and even 1180 may be in play. I'm agnostic about the month of May but it may be a period where gold forms a higher (?) low from which a new rally begins in June and July. While this could produce several straight weeks of gains I would be skeptical about the possibility of

higher highs. Another move lower is likely to begin in late July and continue through August and into September as Saturn aligns with the Lunar Node. Lower lows are quite possible on this alignment. Gold may be in a better position to begin a more durable rally in Q4 and then in Q1 2018.

<b>Technical Trends</b>	<b>Astrological Indicators</b>	<b>Target Range</b>
Short term trend is UP (1 week ending Mar 3)	bullish (confirming)	1250-1280
Medium term trend is DOWN (1 month ending Apr 3)	bearish (confirming)	1180-1230
Long term trend is DOWN (1 year ending March 2018)	bearish (confirming)	1100-1300

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