

## Summary for week of 20 March 2017

- Stocks mixed this week with gains more likely in second half
- Dollar may test support this week
- Crude oil looks bullish with test of \$51 likely
- Gold trending higher this week with more upside likely next week

## US Stocks

Stocks ended the week fractionally higher as investors remained optimistic despite the Fed's rate hike. The Dow was basically unchanged at 20,914 while the S&P 500 added a handful of points to 2378. This outcome was somewhat unexpected as I thought we might have seen more post-Fed selling. While Thursday and Friday were negative in keeping with the tense Mars and Saturn alignments, the pullback was tiny, especially after Wednesday's sharp rise.

With the rate hike out of the way, markets can return to focus on fundamentals. For now investors have accepted the idea two more hikes in 2017. The interest rate story will only become a problem is inflation data starts to accelerate and the Fed is forced to raise rates more quickly. The other potential pitfall for the market is the ability of the Trump administration to enact its ambitious agenda. The outlook for stocks is still positive although eventually investors will want to see some legislation actually passed. If the new healthcare bill is any indication, markets may have to be very patient as passage is unlikely anytime soon. Aside from legislative roadblocks or rising inflation, geopolitical risks are the other source of uncertainty. The upcoming French election in April/May is a possible game-changer although current betting markets only have the odds of a destabilizing Le Pen win at 30%. While there is usually no shortage of global risks, there does not seem to be any obvious threat to the world economy. At the same time, stock valuations are stretched so far at the moment that if there is something untoward that comes out of left field to shock markets, it could spark a sharp decline.



The current planetary geometry remains a source of concern for bulls. While the failure to see any pullback last week was disappointing, the overall picture for the next couple of months still argues for some downside. Marginally higher highs may be possible in the short term, but the combined effects of the Venus retrograde cycle (until April 15) and the Saturn retrograde station (April 6) should give bears the upper hand at least for a little while. In my view, this initial pullback/correction will be only the start of a larger move lower that takes place this year. The Saturn-Lunar Node alignment that is ongoing from about June until October is likely going to coincide with another decline. It is sufficiently negative that lower lows are the most likely outcome by September-October. That still leaves open the question about the magnitude of the decline. I would not rule out SPX 1800 at some point this year but a lot has to go right for the bears for that to happen. A safer prediction may be a retest of the November low of 2080. Let's first see how strong the bears are in April.

The technical outlook is still bullish on all time frames. So the question is whether the bulls can push to a higher high above 2400 or not. If we see the current round of profit-taking last into this week, then Wednesday's lower high could become more important going forward. A bearish double top is also possible as 2400 is key resistance now. Support is likely near 2370 and the 20 DMA. The SPX has not closed below its 20 DMA since late December when it broke that line in just one session. Not to say that another violation of the 20 DMA will cause a rush to the exits but it could begin a re-assessment of the current Trump rally. Cautious bulls may well be expecting a period of consolidation before another leg higher while bears are hoping for a deeper decline. If the 20 DMA is broken to the downside then we could see 2300 tested which is a bit below the 50 DMA. This would be a somewhat larger pullback but would not jeopardize the Trump rally.

Given the level of bullishness, even if there is a sharp decline to the 200 DMA at 2202, bulls would likely jump in and buy in an effort to maximize any subsequent bounce. Given the planetary alignments in March and April, a pullback to the 200 DMA is conceivable but we've yet to see any evidence for it yet. The Bullish Percent chart is still in a bearish crossover of the 5/10 EMA thus keeping the door open to more downside ahead. The weekly Dow chart remains overbought by most indicators as RSI still sits at a lofty 77. MACD is also still rising although stochastics is pointing lower in light the recent sideways action. A sell signal on stochastics requires a weekly close below 80 and a bearish crossover. We may have to see the Dow break below 20,000 before that condition occurs in stochastics. Despite the Fed hike, yields actually fell on the 10-year Treasury. Traders may be anticipating lower inflation from the ratcheting up of rates. An inflow of foreign buyers seeking greater exposure to the US economy would also account for the move. After the test of 2.6%, yields may remain in the current narrow range in the event of significant new developments.



This week is harder to call. I had thought it would be somewhat bearish but after the ongoing strength last week I wonder if we will simply see more sideways movement. There is a mix of aspects in play which makes it harder to forecast in any event. Whether we get any downside may depend on what happens on Monday and Friday. Those are days in which there are negative alignments which have a better chance of delivering some selling. Monday's Mars-Venus alignment doesn't suggest a big decline but it could see some more profit-taking. Tuesday is a toss-up but more downside is possible. However, some upside is likely and probably this will occur Wednesday and/or Thursday as Mercury aligns with Jupiter. Friday is hard to call with a mix of positive and negative aspects occurring on the same day. Bullish Mercury is strong but the positive energy could peak on Thursday rather than Friday. While we are likely to see 2370 tested early in the week, I am less certain about lower levels such as 2350. In any event, the likelihood of some upside in the second half of the week suggests there will be a bounce which may or may not recapture current levels (2378). A retest of 2400 is definitely possible here, especially if the expected early week pullback is characteristically small.



Next week (March 27-31) offers the bears a better chance to take indexes lower. Monday's Moon-Venus conjunction looks a bit bullish but Tuesday and Wednesday seem more bearish as Mercury aligns with Saturn. This is not a high probability bearish pairing but it seems less likely to correspond with gains. Thursday's Moon-Mars conjunction looks bearish. This is a bit more reliable in terms of producing a decline although here again I would not necessarily expect a big drop. Friday could be bullish on the Mercury-Venus alignment. Higher highs above 2400 look less likely here. The following week (Apr 3-7) could be pivotal as Uranus re-enters Aries on



Wednesday and then Saturn turns retrograde on Thursday. Both should be seen as elevating downside risk although neither is a guaranteed short-term bearish indicator. The re-entry of Uranus into Aries could coincide with some significant conflict or violence in the world. This, in turn, could translate into some selling. With Saturn also in focus the following day, there is the potential for some significant movement in the markets. Some early week gains are quite possible but the downside risk rises in the second half of the week. Even if the market manages to maintain its current trading range (2370-2400), the next two weeks of April look more bearish as Venus aligns with Saturn at the time of its direct station on April 15. This is a bearish indication which could see even more downside, possibly down to the 200 DMA at 2202. A rebound is likely in late April and into May but if April brings a pullback I'm less inclined to think this will produce a higher high. More downside is likely in late May and June although I'm unsure it will break below the April low. Once we get to June, however, the bears should be at a distinct advantage as the unusually long alignment of Saturn and the Lunar Node will begin. This lasts for several months due to Saturn's retrograde cycle. Some gains are likely in July but the subsequent period looks bearish. August to October therefore has significant bearish potential. We should expect lower lows with that late summer corrective move.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending March 24)	bearish (disconfirming)	SPX 2350-2400
Medium term trend is UP (1 month ending April 24)	bearish (disconfirming)	SPX 2200-2300
Long term trend is UP (1 year ending March 2018)	bearish (disconfirming)	SPX 1800-2100

## Indian Stocks

Stocks moved sharply higher last week as investors cheered the state elections outcome and the latest Fed decision. The Sensex rose by more than 2% on the week to 29,648 while the Nifty pushed to a new all-time high at 9160. While I thought we might see some upside last week, the size of the gain caught me off guard. The reaction to the state elections was much stronger than expected as was the follow through. Not even a rate hike from the Fed could dampen the enthusiasm as the indices extended the rally for two more sessions.

So with the Nifty at a new high, is this a brave, new world for Indian equities? Possibly, although without confirmation from the Sensex there remains some room for doubt that this is the start of a new leg higher. Previously, I had not ruled out the possibility of a retest of the old high of 9119 but last week was a sobering reminder of how strong this liquidity-driven market really is. While the Fed raised rates last week, Janet Yellen delivered a fairly dovish message about the US economy. That allowed the post-election gains to hold as more FII money poured into the market. Clearly, the new highs give the bullish view of the India economy new legitimacy as the growth is more likely to be able to withstand whatever global headwinds may emerge in the coming months.



However, the planetary picture does not offer clear support to this bullish view. Of course, it now seems I was mistaken in my belief that we would see a reversal lower in March following the typical post-Budget rally in February. I had thought that the February Jupiter-Uranus alignment would have weakened by now and that we would see more signs of weakness in the market. Not so. While I remain convinced there will be a pullback in late March and especially in April, it is possible this may only be another pullback before another new high is reached in May or June. While a pullback into April is very likely, I'm unsure how big it will be. This makes the prospect of a higher high in May or June more uncertain. More broadly, however, the more bearish alignment for 2017 is still the Saturn-Rahu pattern that takes shape in June and lasts into September and October. This is a very bearish pattern which is likely to coincide with a correction that is larger than any simple bull market pullback.

The technical outlook is bullish on all time frames. The new high on the Nifty sets up a challenge for the Sensex to close above 30,000 in order to match the bullish breakout. Tuesday's post-election gain created a gap up which could be seen as a breakaway gap (bullish) or the start of a possible island reversal (bearish). A gap fill is likely in the coming days with horizontal support at 8950 which is near the 20 DMA. A move below 8950 would complicate the outlook somewhat as it would return the Nifty to its previous trading range. In that case, the downside target would be closer to 8700 and the 50 DMA. Bullish investors would still see this kind of steeper pullback as an opportunity to buy stocks cheap and so we should expect all dips to be bought fairly aggressively no matter where they may bottom out.

The weekly BSE chart is overbought as RSI is on the 70 line. It could go higher, of course, if current investment conditions continue as before. One possible upside target would be near 33,000 which is the measured move target based on the size of the rally from Feb to Sep 2016. If this rally was repeated, then the Sensex would reach 32,000-33,000 while the Nifty would reach 9800. This is not a prediction, however, but rather an extrapolation of the technical logic of the current rally. Given the astrological outlook, I would be skeptical about the ability of the indices to reach those levels in 2017. Nonetheless, the strength of the recent move higher suggests that higher highs are more likely in the coming days and weeks. But if we see only a marginally higher high, then we could eventually see a pullback down to rising channel support near the 50 WMA at 27,000. A decline of that size would still only amount to a 10% correction and would present committed bulls with a good opportunity to go long once again. Meanwhile, Tata Motors (TTM) gained last week but remains mired in its contested price zone near the 200 DMA after a gap fill. The technicals look mixed with the rising 200 DMA looking bullish but the lower highs looking bearish. The bullish double bottom may cast the deciding vote for now but the outlook isn't clear. HDFC Bank (HDB) is looking more positive, however, as last week saw a retest of its previous high. Momentum is to the upside so a breakout higher seems more likely than not as long as the March low holds in any pullback.



This week could see some profit-taking early on. But I am uncertain if it will be enough to produce a down week Monday's Mars-Venus alignment looks somewhat bearish so that argues for a possible retest of support at 9050 on Monday and Tuesday. Some upside is likely after that on the Mercury-Jupiter alignment on Wednesday and Thursday. Friday also leans a bit bullish as the Moon aligns with Jupiter. Friday has an added downside risk, however, due to the Sun-Rahu alignment. The planets therefore offer some support to the notion that we could see some profit-taking early on followed by another push to last week's high of 9200. I am uncertain if there is enough positive energy this week to create a higher high, however. Even if we do see higher highs, I would think that a decline into the previous trading range is still more likely.



Next week (Mar 27-31) looks more bearish. Mercury enters Aries on Monday so that could favour the bears somewhat. Tuesday's Moon-Venus conjunction leans bullish and may offset any preceding decline. Wednesday's Mercury-Saturn alignment is bearish, however, and we could see a sizable decline on this aspect. Thursday also leans a bit bearish on the Moon-Mars conjunction. Even if Friday is positive, the week should be negative and may even retest support at 9050, if not lower. The following week (Apr 3-7) could be pivotal for the market as Uranus re-enters Aries on Wednesday and then Saturn turns retrograde on Thursday. Both of these factors increase downside risk significantly.



Early week gains are more likely but a reversal lower should happen in the second half of the week. Friday in particular looks bearish. The first half of April is likely to see some kind of down trend take hold as Venus aligns with Saturn around the end of its retrograde station on 15<sup>th</sup> April. A rebound is likely in late April and into May. I am uncertain if this could produce a higher high, however. More downside looks likely in late May and into June. This may keep the indices range bound although I would not rule out lower lows below the April interim low either. After a strong rebound in July, the market will enter a more bearish period as Saturn aligns closely with Rahu for several months. A lower low is likely in September or October. Q4 looks mixed although a decent rally is likely into early 2018.

### Technical Trends

Short term trend is UP  
(1 week ending 24 March)

Medium term trend is UP  
(1 month ending 24 April)

### Astrological Indicators

bearish (disconfirming)

bearish (disconfirming)

### Target Range

9050-9150

8800-8950

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

bearish (disconfirming)

7500-8500

## Currencies

The Dollar sold off following a fairly dovish Fed statement last week. The widely anticipated rate hike did little to arrest the decline as the USDX barely finished above 100. The Euro climbed above 107 while the Yen Index moved lower to 112 and the Rupee strengthened to 65. The bearish Dollar outcome was somewhat surprising as I thought the rate decision would be bullish. The Dollar appears to be retesting its recent low at 99.5 after failing to make a new high above 102. A close below 99.5 would be more bearish. A test of the 200 DMA is not out of the question in the near term although many in the market would likely still see it as a buying opportunity. As the same time, a move below the previous low would set up a more clearly defined falling channel. The weekly Euro chart shows the possibility of an inverted head and shoulders which could propel the Euro higher in the months to come. This isn't well-formed, however, so for now the Euro will still have to contend with horizontal resistance at 1.08. A weekly close above this level would be decidedly bullish.



This week could see the Dollar recover. The early week leans bearish on the Mars-Venus alignment, however, so some follow through on the downside is somewhat more likely. Tuesday and Wednesday looks more bullish. The late week could see the Dollar lose much of those gains on the Mercury-Jupiter alignment. While I would lean a bit bullish here, I would be surprised to see a big move higher. Next week looks more bullish on the Mercury-Saturn alignment during midweek. I would expect a net gain on the week. April looks bullish in general including during the first week as Saturn turns retrograde. A sharp spike higher is quite possible on this pattern and the subsequent Venus-Saturn square could see the Dollar move back to 102 and above. While some retracement is likely in late April and early May I would not expect the new up trend to be reversed. The Dollar should stay strong and well above its 200 DMA until June. A sharp decline is more likely in June and July and this could well retest the 200 DMA if not lower. But the bulls will return in the late summer and into early fall on the Saturn-Lunar Node alignment. At worst, this should retest the previous June high (104?) and could even be a higher high.



Technical Trends (Dollar)

Astrological Indicators

Target Range

Short term trend is DOWN (1 week ending Mar 24)	bearish (confirming)	100-101
Medium term trend is UP (1 month ending Apr 24)	bullish (confirming)	102-104
Long term trend is UP (1 year ending March 2018)	bearish (disconfirming)	98-102

## Crude oil

Crude oil recovered somewhat less week after a dovish Fed statement encouraged traders that rate hikes would be gradual. WTI finished 2% higher on the week closing above \$49 while Brent gained 1% and settled just below \$52. This bullish outcome was somewhat unexpected as I did not foresee the post-FOMC gains. We did get a marginally lower low early in the week, however, as WTI traded in the \$46 range. While the recent decline no doubt scared off some bulls, the chart still looks bullish over the medium term due to the higher low which bounced off standard support of the 200 DMA. But last week's gain was arguably an oversold technical bounce only which may not have much momentum. A move back above resistance at \$51 would be bullish and would make the case for a return to the previous highs of \$54-55. But the longer WTI fails to move above \$51, the weaker this bounce becomes and it could become prone to another sell-off. The weekly Brent chart saw a test of the potentially important support line at the 50 WMA last week and is attempting to mount a rebound. Previous tests of the 50 WMA have seen gains in consecutive weeks following the test so it may be that much more important that we get follow-on gains this week. If the market equivocates on the bounce, it could indicate a retest of the low and raise the possibility of a breakdown of support.



This week looks somewhat bullish, especially in the second half of the week as Mercury aligns with Jupiter. The early week could see some modest selling but I would be surprised if we got a big move lower. I think even a retest of last week's lows is unlikely and with some improvement after Tuesday, crude could well finish higher this week. Perhaps a retest of \$51 is looking likely and I would not be surprised if it finished above that level. Next week looks more mixed with rising downside risk, on Wednesday's Mercury-Saturn alignment and Thursday's Moon-Mars conjunction. A retest of the 200 DMA is



possible here. As we move into April, I think crude is likely to be under pressure, at least until the Venus direct station on April 15. I am uncertain if we will get a lower low in April but it's possible. Late April and early May should see a rebound but weakness is likely to return in late May and through much of June. A strong rebound is likely to lift crude prices into July but more weakness is likely on the Saturn-Nodal alignment through August and September. Lower lows are possible including perhaps a retest of \$26.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending Mar 24)	bullish (confirming)	\$49-51
Medium term trend is UP (1 month ending Apr 24)	bearish (disconfirming)	\$40-46
Long term trend is DOWN (1 year ending March 2018)	bullish (disconfirming)	\$45-60

## Gold

Gold enjoyed a positive week following the dovish Fed statement on Wednesday. Gold gained more than 2% on the week to 1230. I thought we might have seen more downside post-Fed on the Sun-Saturn following some strength on Tuesday. As it happened, however, gold pushed higher on Wednesday and then didn't look back. The gain was a much-needed outcome for beleaguered gold bulls after a bearish month so far in March. While the bounce was a reaction to the Fed, it was also a technical bounce off support at 1200. Bulls will need to build momentum here in order to convince skeptical fence-sitters that this bounce has legs. While the pullback closed below the 50 DMA, it is still a higher low and thus supports the view of a rebound off the December low. The break of the rising channel was nonetheless bearish so we could see more of a sideways move here albeit still bullish in its bias. For the moment, the 20 DMA is above the 50 DMA and therefore provides evidence for upward momentum. Stochastics is rising in a bullish crossover after being oversold so that may give bulls added confidence in the current up move. Gold needs a close above the 200 DMA for this rally to continue and enter its second phase. If not, it will likely fall back and retest its December low.



This week looks bullish as Mercury aligns with Jupiter and Uranus in the second half of the week. The early week may see some retracement on Monday's Mars-Venus alignment. But the situation may improve as early as Tuesday. Even if we get some early week selling, I would expect a higher low (1220?) and then buyers should return. The planets look bullish here so a move above 1250 cannot be ruled out.

Next week also could produce some upside, especially in the early week on the Venus-Lunar Node alignment. By Wednesday's Mercury-Saturn alignment, the bulls could be in a more challenging situation. I'm not certain a significant decline is likely but more upside could be difficult. Still the week as a whole may well be positive and could retest the 200 DMA at some point. April looks more bearish, however, as Venus approaches its square with Saturn on the 15<sup>th</sup>. Some upside is possible on April 3-4 but I would think a down trend will emerge sometime shortly after that. I think we should see at least see a retest of 1200 by mid-April and it is quite possible we could revisit the December low of 1130. A bounce is likely in late April and early May but the rest of May and early June looks bearish. Perhaps we will see gold trade in a lower range at this time (1130-1200?). A rally is likely to begin in mid-June and extend into July. This may well produce another test of the 200 DMA and perhaps higher. Gold should reverse lower sometime in July or early August and will likely trend lower through September and October. Lower lows are very possible. A sustainable rebound seems more likely in late 2017 and especially into early 2018.

<b>Technical Trends</b>	<b>Astrological Indicators</b>	<b>Target Range</b>
Short term trend is UP (1 week ending Mar 24)	bullish (confirming)	1240-1270
Medium term trend is DOWN (1 month ending Apr 24)	bearish (confirming)	1150-1200
Long term trend is DOWN (1 year ending March 2018)	bearish (confirming)	1100-1300

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