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Summary for week of 6 March 2017

- Stocks weak early but likely rebounding later in the week
- Dollar likely to trend higher this week
- Crude oil may test resistance in second half of the week
- Gold rebounding this week, especially after Tuesday

US Stocks

Stocks rose for a fourth straight week as investors welcomed President Trump's first speech before Congress. The Dow gained 1% on the week to 21.005 while the S&P 500 finished at 2383. This bullish outcome was in keeping with expectations although I thought the timing of the rise might have been before Trump's speech rather than after. Nonetheless, the promise of a large move near the Mars-Jupiter-Uranus alignment was largely fulfilled as Wednesday's gain came just a day after. As expected we got some late week downside although this was confined to Thursday's sell-off.

The other news last week was that Janet Yellen essentially confirmed that a rate hike will be forthcoming in the Fed's meeting on March 15th. The market now puts the odds of a hike at 80% suggesting it has been largely discounted already. Can stock valuations withstand these higher rates of borrowing? It's too soon to say although if the Trump administration delivers on its promises, then it is possible that stock prices will continue to rise. The bond market is more skeptical, however, as the yield curve appears to be flattening with short term rates rising faster than long term rates. A flatter curve is usually a sign of an approaching slow-down although this rule has been distorted somewhat by the flow of foreign money into US Treasuries seeking a foothold in the anticipated US expansion.

We are at a bit of crossroads here in terms of the astrological indicators. With Venus now retrograde and Jupiter separating from its alignment with Uranus, there should be less optimistic energy available to fuel significantly

higher prices in the near term. The fading Jupiter-Uranus energy is only a gradual diminution of optimism so it is unclear exactly when stocks could pullback. The Venus retrograde cycle lasts until April 15th and is probably a better timer of changes in sentiment. Venus symbolizes general notions of value and money, so its retrograde cycles are often times when these notions come under review and revision. If the market is overbought, then it is more susceptible to a sell-off. I would therefore expect some pullback to take place between now and the end of the cycle, although it may still take another week or two before there is much selling. I would also not rule out marginally higher highs this week although that would be a fairly sobering prospect.

The technical outlook remains bullish. Last week's higher high and touch of 2400 also tested channel resistance from this Trump rally that has been ongoing since November. Support from this channel is now around 2350. If we see more downside in the short term, I would expect buyers to move in to defend 2350. There is also some horizontal support at this level and the 20 DMA is in close proximity. So one possible technical scenario would see a pullback to 2350-2360 and then another rally attempt but this time to a lower high. This would set the stage for a deeper decline, either to the previous high of 2280 or conceivably to the 200 DMA at 2187. But the bull market would likely not be in obvious jeopardy in the event of a test of the 200 DMA. Barring some shocking developments, buyers would simply move in at the 200 DMA as they have done before in the expectation that the market will make a higher high above 2400.

The percentage of stocks over their 50 DMA is still close to 80%. This is a bit on the high side and argues for a pullback sooner rather than later. Higher levels are possible, of course, although they usually occur after big sell-offs as we saw in January 2016. The weekly Dow chart is still a bears' best friend perhaps as RSI is massively overbought at 80. While the strong upward momentum virtually guarantees that any dips or corrections will be bought, a pullback is likely to offer more attractive entry points than is currently available. The level of support will likely be 20K which is approximately where the 20 WMA is headed. Again, we should expect a pullback to 20,000 to be bought. If this support should fail, then we could see a much deeper decline such as down to the 50 WMA at 18,600 or even the 18,000 level which marked the beginning of the Trump rally. The planetary alignments in the next few weeks suggest a pullback of some size is coming although I'm uncertain if it will break below 20,000 or not. I think it might but it may take another month or two into May before we see the Dow test 18 or 19K. With the likelihood of a rate hike soon, yields rose but only modestly as the 10-year remained in a narrow range. I would think a move above 2.6% would be bullish for stocks in the short term although anything above 3% could shake things up in a more profound way.

This week could see yet another rise in stocks. I'm less bullish than last week, however, as the positive short term aspects look less powerful. Also the early week Mars-Saturn alignment could produce a significant decline, especially now that Venus is retrograde. But even here, the bearish potential on Monday doesn't look that large and it is not what I would call a higher probability bearish set up. A 1% decline is still within the realm of reasonable possibility, however. Gains look more likely as the week progresses as Mercury and the Sun align with Jupiter and Uranus. A rebound could occur as soon as Tuesday, although I think Wednesday and Thursday look more bullish overall. Friday sees a rising bear potential as the Moon aligns with Saturn and Mars and the Lunar Nodes. It is difficult to say where stocks will finish this week. There is a better argument for a pullback this week than last week but there are still some bullish aspects in the mix here. Therefore, I would be prepared for marginally higher highs later in the week just in case. They are likely to reverse lower by next week, however.

Next week (Mar 13-17) looks more bearish as Mars aligns with the Lunar Nodes. This is a moderately reliable bearish aspect. Monday looks slightly bearish although Tuesday could see some buying on the Moon-Jupiter conjunction. The FOMC makes its announcement on Wednesday so we should see more movement then as the Moon opposes Mars. Some significant selling is quite possible on Wednesday and later. Friday also looks bad on the Sun-Saturn square aspect. There is a plausible case for some real selling and hence a test of support at 2350 during this week. The following week (Mar 20-24) looks less dramatic so some rally attempt is likely, especially in the second half of the week as the Sun conjoins Venus. Perhaps this will produce that lower high (2380?) that I mentioned.

Late March and early April look more bearish as Venus aligns with Saturn just as Saturn is about to turn retrograde on April 6th. It seems likely that we will see at least one level of support broken (2350?) and perhaps even two or three (2280? 2200?). I would also not rule out a deeper decline although it is hard to say how these bearish alignments will translate into prices. After a rebound in late April and perhaps early May, I think another leg lower is quite possible. There is a nasty alignment of Mars, Saturn and the Moon's Nodes in late May which should be watched carefully. I would think there is enough pessimism in these aspects to produce a lower low (e.g. 2187 = 200 DMA) although a lot will depend on the size of any preceding rebound. An interim bottom looks likely either in late May or more likely in June. A strong rally is likely to start in June and extend into July and August. However, the Saturn-Lunar Node alignment occurs in Aug-Sep and could be very damaging to stocks since Saturn stations direct in August thus extending the duration of this planetary pattern. I'm tempted to suggest lower lows by September, but it is difficult to say with much any certainty. Q4 is somewhat harder to get a read on although my bias would be towards a fairly neutral performance.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending March 10)	bullish (confirming)	SPX 2360-2390
Medium term trend is UP (1 month ending April 10)	bearish (disconfirming)	SPX 2200-2300
Long term trend is UP (1 year ending March 2018)	bearish (disconfirming)	SPX 1800-2100

Indian Stocks

Stocks ended the week modestly lower as uncertainty surrounding exit polls and the likelihood of a Fed hike put investors on the defensive. The Sensex slipped just 60 points on the week to 28,832 while the Nifty settled Friday at 8897. I thought we might have seen more upside although we did get a test of 9000 on an intraday basis on Thursday. As expected, the entry of Mars into Aries coincided with some instability as Thursday's gains quickly turned into losses.

Along with most global markets, Dalal St. appeared to welcome President Trump's more moderate tone in his speech to the US Congress on Tuesday. If Trump can temper his more extreme positions and govern pragmatically, then there is hope that his pro-growth agenda will carry the day. The rising Dollar notwithstanding, a strong US economy should help India. And yet, if Trump pursues more protectionist policies such as a border tax, trade will suffer and this could reduce global growth. In that sense, the jury is still out on what impact the Trump administration will have on the world economy. But there is consensus now that US interest rates are rising and that should boost the Dollar further. This is a definite headwind for Indian stocks as higher US rates may entice more FII capital to stay home and avoid the added risk of emerging markets.

The astrological picture has become more mixed here in the wake of the Jupiter-Uranus alignment and the start of the Venus retrograde cycle. Jupiter-Uranus is now beginning to separate so that may gradually reduce positive sentiment in the marketplace as compared with February when the aspect was stronger. This is a gradually changing influence so I do not expect any sudden declines as a result. However, the 41-day Venus retrograde cycle presents a clearer challenge to sentiment. Retrograde cycles are said to symbolize periods of review and revision in the areas governed by a particular planet. Venus governs notions of value and worth among other things so it is more likely that we could see the market change the way it operates as a forward discounting mechanism. Notions of value are tied to risk and reward and as Venus moves backwards in the sky we could see greater uncertainty in the markets as valuations are revised. Given how overbought most markets are at present, it seems more likely that notions of value will be revised downward as anticipated future rewards are reduced. For this reason, I believe that stocks are more likely to be lower by the end of Venus retrograde cycle on 15th April.

The technical outlook is still bullish despite the modest pullback last week. The Nifty touched resistance at 9000 before profit takers moved in late in the week. The trend is still clearly up so bulls are likely full of confidence that any pullbacks will be bought at or near the 20 DMA. Even if support at 8860 is broken, there is considerable horizontal support at 8700. Bulls still enjoy a significant room for error at these levels since a period of consolidation under long term resistance (9000-9100) is very normal. And even if there is a marginally higher high in the days ahead above 9000, the indicators appear to be pointing towards a pullback. MACD is in a bearish crossover and stochastics has fallen below the 80 line. RSI is also no longer overbought.

The Nifty finally broke support from the steeply rising wedge although it may not have much significance. A wedge pattern is forming now and could resolve into a channel with support close to the 50 DMA at 8500-8600. That would be one plausible target area in the even that we see a move below 8860 and then 8700. The 200 DMA is not far off either so a tag of this line would likely bring many more bargain hunters. One possible scenario would a decline that results from a more hawkish Fed announcement on 15 March or perhaps middling BJP election results on 11 March that may make economic reforms more difficult. The weekly BSE chart is clearly pushing up against horizontal resistance near 29-30,000. Stochastics is overbought and above 90 so a pullback becomes somewhat more likely in the near term. However, strong rallies can keep stochastics above the 80 line for some time. And bulls can point to the RSI (=65) as a sign that stocks could have further to rise before becoming overbought by that measure. It seems very unlikely that the Sensex can simply rise through 30,000 without a significant consolidation, say down to 28,000 which would be a 50% retracement. A measured move upside target would put the BSE at 33,000 if there is a duplication of the size of the 2016 rally. That is perhaps a best case scenario for the bulls in the coming year. A worst case scenario, on the other hand, would be another test of the 200 WMA at 25,000. Meanwhile, Tata Motors had a bullish week but it pushing up against some daunting gap resistance. The short term trend is still up, however, so perhaps bulls can at least go

part way towards filling that huge February gap. HDFC Bank (HDB) was mostly unchanged on the week after testing horizontal resistance again. This chart looks bullish with most dips being bought quite readily. I would expect at least a marginally higher high before any possible larger consolidation phase.

This week looks more bullish, especially in the second half of the week. I would expect at least another test of resistance and last week's high of 9000 with a reasonable possibility of a close at or above that level. Monday looks more bearish, however, as the Moon opposes Saturn. A sizable decline is somewhat more likely on this pattern, so it may be difficult for bulls to defend immediate support at 8860. The midweek lacks any clear aspects so it could go either way. But the chances of some upside will rise through Wednesday and especially Thursday as Mercury aligns with Jupiter and Uranus. Friday also has a bullish bias. So while I think March will likely be a bearish month overall, I tend to think we could see some upside this week. Of course, if Monday is very negative, then it may be more difficult for the Nifty to rebound. Nonetheless, my bias would be bullish.

Next week (Mar 13-17) is a short week as Monday is closed for a holiday. The Fed meets on Wednesday so we will likely see either a hike or at least more talk of a hike in the months to come. The week as a whole leans bearish as Mars aligns with Rahu (North Lunar Node) in the first half of the week. I think that the declines are more likely to come on Thursday and Friday actually as Mars will also align with Mercury at that time. Some modest gains are therefore possible on Tuesday or Wednesday but I would expect the late week selling to have the last word on the week.

The following week (Mar 20-24) also has some bearish potential. I would not a big decline is probable but there is a risk of more downside on the Venus-Mars alignment from early in the week. The late week Mercury-Jupiter aspect should coincide with a rebound. Late March and early April look more decidedly bearish as Venus aligns with Saturn just as Saturn turns retrograde on 6th April and then Venus turns direct on the 15th. I think declines are the most likely outcome and it is possible some of them may be unexpectedly large declines. We could easily see the 50 and 200 DMA tested at 8500. April could also end up being a negative month although a rebound is more likely in the second half. May looks mixed but does not offer up a compelling case for an extended rebound. In fact, I would retain a bearish bias through May and June as Saturn aligns with Rahu. This suggests that lower lows are very possible in June. This could well take the Nifty below the 200 DMA. A rebound is more likely to begin in June and continue into July but I would skeptical about a higher high in July or August. A lower high seems more likely which will then be followed by another decline in September and into October. I am agnostic on whether this is a lower low, however. Q4 looks more bullish.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending 10 March)	bullish (confirming)	8900-9050
Medium term trend is UP (1 month ending 10 April)	bearish (disconfirming)	8600-8800
Long term trend is UP (1 year ending March 2018)	bearish (disconfirming)	7500-8500

Currencies

The Dollar moved higher last week as odds of a March rate hike rose following comments by Fed Chair Janet Yellen. The USDX briefly touched 102 before settling lower while the Euro finished the week at 1.06. The Rupee Index held its ground below 67 while the Yen moved up to 114. This bullish Dollar outcome was in line with expectations as I thought the late week would be bullish. While a Fed hike seems all but certain on March 15th, it is unclear how much that could move the Dollar. If the forward guidance language remains the same, then the Dollar may not rise too much farther in the near term. Nonetheless, the technicals on the Dollar are looking better here as a rising channel is forming after the early February low. Bulls will want to keep the pattern of higher highs and higher lows going, of course, so support is likely near the 20 DMA at 101. A close below that level would suggest that the Dollar may be range bound for a while longer. The weekly Euro chart still looks vulnerable to declines despite the gain on the week. A retest of resistance at 1.08 would tilt the scales towards a breakout higher whereas continued sideways movement below 1.07 would give the bears more hope for an eventual retest of 1.04-1.05 and then a breakdown of that key support level.

The Dollar this week leans bullish. The early week Mars-Saturn alignment looks bullish and could well test 102 again. However, some selling is likely in the second half of the week as Mercury aligns with Jupiter. My bias is still bullish here although an overall decline this week would not be surprising. Next week (Mar 13-17) also leans bullish as the Fed is due to meet Wednesday the 15th. The Sun-Saturn square aspect in the second half of the week suggests that the Dollar will rise after the Fed statement. I would expect a move above 102 by the end of the week. More upside seems likely at the end of March and early April

as the Saturn retrograde station should boost the greenback. I would expect a retest of 104 at least. I would expect this rebound to peak sometime in April after which we should see the Dollar retrace. While a rally is possible in late May and June, I would be less inclined to forecast a higher high in June. It's still possible, of course, but the planets do not make a compelling case. More retracement is likely in July but a rebound should occur in August and September around the Saturn-Lunar Node alignment. A higher Dollar (105-108) is still possible at this time. Q4 looks more mixed with a bearish bias. Early 2018 also seems bearish so we could see the Dollar retreat significantly at that time.

Technical Trends (Dollar)	**Astrological Indicators**	**Target Range**
Short term trend is UP (1 week ending Mar 10)	bullish (confirming)	101-102
Medium term trend is UP (1 month ending Apr 10)	bullish (confirming)	102-105
Long term trend is UP (1 year ending March 2018)	bearish (disconfirming)	98-102

Crude oil

Crude oil slipped a bit last week on Dollar strength with a Fed rate hike looking more likely in March. WTI finished at $53.33 while Brent settled below $56. I thought we might have seen more upside in the first half of the week but bulls could not puncture resistance. The late week was more bearish as expected as Thursday saw a significant sell-off. While Thursday was bearish enough, the technicals on crude remain mostly bullish. The ascending triangle is still intact as Thursday's low was higher than the previous interim low. Eventually, buyers should overwhelm sellers and take crude above resistance at $56. At least, that is the technical outlook. Prices have moved higher since the test of the 200 DMA in November. Time may be on the bulls' side here as sideways consolidation is more likely to push higher rather than collapse lower. This would only change if we got a retest of the December low at $51. Even then, it would only invite a test of the 200 DMA at a higher level such as $49 and would be seen by most participants as a good entry for a long trade. The chart is still bullish and

presents a plausible case for higher highs eventually. The weekly Brent chart is somewhat less positive, however, as the current sideways move seems to indicate a weakening up trend after the January 2016 low.

This week leans bullish as the Moon's transit of Cancer in the second half is more likely to coincide with gains. Some early week declines are possible, especially on Monday's Mars-Saturn alignment. A retest of last week's low is quite possible. But the late week should be more positive and therefore we could well get a retest of resistance at $55. I think time may be running out on the bulls here in March as the prospects look less bullish as the month progresses. Next week leans more bearish as Mars aligns with the Lunar Node in the first half of the week and then with Mercury later on. Neither aspect seems clearly positive, although surprises are still possible. Nonetheless, we could get a retest of $51 fairly quickly. Late March and early April also seem bearish so we should see a retest of the 200 DMA at least by the time the Venus retrograde cycle is over on April 15th. Whether or not prices are above or below that level is harder to say but I think the bias should be down going into that date. Late April and early May could see a rebound but it may not be too strong. A sideways market is possible through May and June with a bullish bias. Another move lower is likely to begin in late July or August and continue into September. Whether this is a lower low relative to April is hard to say. It's possible. Q4 looks much more bullish so any rebound should break out of any potential bearish pattern.

Technical Trends	**Astrological Indicators**	**Target Range (WTI)**
Short term trend is UP (1 week ending Mar 10)	bullish (confirming)	$55-57
Medium term trend is UP (1 month ending Apr 10)	bearish (disconfirming)	$48-52
Long term trend is DOWN (1 year ending March 2018)	bullish (disconfirming)	$45-60

Gold

Gold sold off last week after investors prepared for a rate hike and a stronger Dollar going forward. Gold fell by more than 2% to 1226. I thought we might have seen more upside, especially early in the week. However, gold only tested the 200 DMA at 1264 and could not produce a close above that level. As expected, gold sold off in the late week with most of the declines occurring around the entry of Mars into Aries. While bulls' may not have welcomed the decline last week, the technicals still look positive. The initial rejection of the 200 DMA was not unusual so some kind of retracement is compatible with further upside. Bulls will try to defend 1220 here in order to keep the clearly positive momentum going. If gold falls below 1220, however, bulls may be able to rely on 1180-1200 as the next line of defense which would keep this rebound going. While the astrological indicators seem more bearish in March and April, the technicals do not confirm this view. Gold will only become bearish if we get a close below 1180 or some extended sideways trade between 1180 and 1220. Bulls may be able to justify a pause in the current rebound but after a few more weeks, a new high above the 200 DMA will be necessary to bring in new buyers. Without a new high in another month or two, the rebound will end and bulls may be heading for the exits.

This week could see a rebound, especially later in the week. Monday's Mars-Saturn alignment looks bearish and we could even see 1200 tested fairly quickly. Tuesday looks somewhat more bullish so perhaps that will coincide with a rebound. But the Mercury-Jupiter alignment on Wednesday, Thursday and perhaps even Friday looks bullish and should deliver some upside. I would lean bullish on the week overall, although if Monday is down big, then all bets are off. Nonetheless, the late week does look positive so that suggest we could see gold higher.

Next week (Mar 13-17) is the FOMC and I would think we will get a hike or at least more hawkish language that drives the Dollar higher. Gold is more likely to decline here, especially on Thursday and Friday on the Sun-Saturn square. I would think a retest of 1220 is possible although a lot depends on how the preceding week goes. The following week could see a modest bounce but it seems unlikely to retest the 200 DMA. Late March and early April look more bearish again as Venus aligns with Saturn at the time that Saturn is completing its retrograde cycle. There is an additional bearish risk here in early and mid-April that we should take seriously. I think we could see gold fall under 1200 and even 1180 may be in jeopardy. A rebound is likely in late April and early May and we could see a higher low in May. I would not expect a huge rally here. But May looks problematic overall so any rebound is likely to be quite mixed. July and August look more bearish so a retest of

the April low is very possible. I am uncertain where this late summer low may be relative to the previous low. In any event, gold may be in a better position to launch a more sustainable rally in Q4 and Q1 2018.

Technical Trends	**Astrological Indicators**	**Target Range**
Short term trend is UP (1 week ending Mar 10)	bullish (confirming)	1230-1260
Medium term trend is DOWN (1 month ending Apr 10)	bearish (confirming)	1180-1230
Long term trend is DOWN (1 year ending March 2018)	bearish (confirming)	1100-1300

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