

Summary for week of 10 April 2017

- Stocks more prone to declines this week
- Dollar likely to extend recent rally
- Crude oil may test resistance early this week but with greater downside risk
- Gold looks more bearish although some gains likely later in week

US Stocks

Stocks ended the week slightly lower as the Fed declared its willingness to unwind its balance sheet this year. The Dow lost a handful of points on the week to 20,656 while the S&P 500 finished at 2355. This neutral outcome was somewhat disappointing as I thought there was a reasonable chance for some downside. While Wednesday's intraday reversal lower looked promising for the bears, there was no follow through later in the week on the Saturn retrograde station.

The market remains in a narrow trading range just underneath its all-time highs. So is this a period of normal consolidation before another leg higher or will the March pullback evolve into a larger correction? I would still lean towards more downside in April, at least until the Venus retrograde cycle has concluded on the 15th and perhaps after that date also. I wonder now if some of the expected downside will be delayed rather than nullified. Stocks are down since early March but not as much as I had thought. The alignments still look difficult in April and later in May so we should see more declines. And yet my forecast for a rebound rally in late April and early May could be both weaker and shorter in duration than expected. The shallower the pullback in early April, the more will be "saved up" for later, probably in May and early June.

But April has only just started and the Venus-Saturn square is just closing in this week so more downside is likely. But how much more is unclear. I think the potential is still there for sizable moves lower over the next



two weeks but so far the bears have been quite weak despite some fairly bearish-looking planets. Now the Fed has basically going to raise rates faster due to selling the bonds it bought for the QE program. That can't be bullish for stocks but it may take some time before the market reacts with higher bond yields. And while the Trump administration is still very much a wild card – and now with military action in Syria adding the list of uncertainties – the market is still banking on tax cuts and deregulation. So it may well be this week's start to earnings season that moves stocks one way or the other.

The technical outlook remained bullish for the long term but this protracted consolidation should be raising some questions for the short term. Wednesday's rejection of falling channel resistance at 2375 was another confirmation of the down trend within the falling channel. For now, the pullback has been mild and orderly as the 50 DMA is still acting as support. Any move below that line at 2346 would set a more critical defense of the previous low at 2325. Falling channel support may be close to 2300. Bears can also take some solace from the fact that we may well be on the verge of a bearish crossover of the 20 and 50 DMA for the first time since the Trump rally began.

The current modest consolidation still shows the bearish crossover of the 5/10 EMA in the Bullish Percent Index. If there is some near term upside, however, falling channel resistance is near 2370 with horizontal resistance at 2400. The rising channel dated from the November low now shows resistance at 2430. Support from this longer term channel is 2240. This is in fairly close proximity to the 200 DMA at 2221 so that price level could be an attractive place for cautious bulls to enter new long positions. Obviously, a pullback to the 200 DMA at 2221 would not fundamentally alter the structure of the bull market although the Trump rally would be over for all intents and purposes. My overall sense of the planetary patterns in 2017 suggest that the bears will become strong enough to break below the 200 DMA at some point this year, probably after an early summer rally in July. The weekly Dow chart is still looking quite bearish in the short term as stochastics is still below the 80 line and falling. Even more worrying for bulls is that MACD is now in a bearish crossover after reaching very high levels. While this may not indicate an immediate decline, it looks bearish for the medium term. Meanwhile, bond yields continued to test support as the 10-year touched 2.3%. Friday's yield rise came despite a weak jobs report and hinted that higher rates would be forthcoming in any event.



This holiday-shortened week also looks bearish. The Venus-Saturn square will be close for most of this week and indeed next week as well. With both planets near their respective stations (i.e. reversal of direction), they are both moving very slowly. This increases the potentially damaging effects of the alignment. In addition, Mars changes signs on Wednesday as it enters Taurus on Wednesday. There is a lot going on here that seems unlikely to produce further upside. More declines are therefore more likely. Thus far the bears haven't shown much commitment but this is another plausible scenario for some decent selling. We shall see. Monday's Moon-Jupiter conjunction looks somewhat bullish so we cannot rule out some gains that day. Tuesday's Moon-Uranus looks unsettled and therefore more likely to bring selling. Wednesday and especially Thursday look more bearish as the Moon opposes Mars. There is a reasonable likelihood for a retest of 2320 and 2300.



Next week (Apr 17-21) looks fairly uncertain as Mars aspects Saturn early in the week. I would lean bearish on this aspect. Some midweek rebound is possible on the Sun-Mercury conjunction but the late week Mars-Lunar Node alignment is likely going to coincide with some selling, possibly on Friday. I'm not certain if stocks will go to lower lows here but it's possible. The following week (Apr 24-28) looks more positive as Mercury conjoins Uranus at the end of the week. However, there is an increased risk of more downside early in the week (Apr 24-25). Early May should be more positive as Jupiter aligns with Neptune. This doesn't look particularly strong but it may negate some of the approaching Saturn-Lunar Node alignment. This Saturn-Node alignment is likely to depress stocks at various times over the next several months and it could begin to be felt as soon as the second half of May. I would expect some kind of retracement to take place in late May and into early June. A stronger upside move is more likely starting in mid-June and continuing into mid-July. If stocks are going to make a higher high above 2400, this would be the time. I don't think it's probable but it is still possible. A corrective move is likely to begin in July and continue into August and September. This could well prove to be the largest decline of the year. We could finally see the 200 DMA broken on the downside here. Q4 looks quite choppy with early 2018 leaning bearish again.



Technical Trends	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending April 14)	bearish (confirming)	SPX 2300-2330
Medium term trend is UP (1 month ending May 14)	bearish (disconfirming)	SPX 2280-2350
Long term trend is UP	bearish (disconfirming)	SPX 1800-2200

(1 year ending April 2018)

Indian Stocks

Stocks pushed higher last week despite rising geopolitical tensions after the US airstrike on Syria. The Sensex gained fractionally to 29,706 while the Nifty finished at 9198. I thought we might have seen more volatility given the Saturn and Uranus influences late in the week but the early week was more bullish. While I thought we could get some upside on Monday and Wednesday, the subsequent selling was more modest than expected.

The fundamentals still look good although the prospect of another wider Middle East conflict may be worrying some traders. Oil prices spiked this week but there is likely sufficient supply to gradually offset any supply interruption in the event of any worst-case scenarios. Meanwhile, the Fed minutes revealed that bond holdings on its balance sheet would be sold this year and this could push up yields as the market absorbs fresh supply. With the Fed already committed to hiking two more times this year, market rates are likely to rise more quickly. This could have a depressing effect on emerging market equities, all other things being equal.

The planetary alignments look difficult in April and suggest an increased likelihood of a bearish month compared with March. Stocks have been stronger than expected thus far but the Venus-Saturn square is more likely to bring about some downside in the next week or two. While the Saturn retrograde station and Uranus ingress into Aries have so far been non-factors, I would nonetheless suggest caution. Saturn is now approaching a difficult aspect with Rahu which will remain within range until October due to its four-month long retrograde cycle. We are therefore approaching a period where a large correction becomes much more likely. In the short term, I suspect we will see only fairly modest pullback in April, although more retracement is possible in late May on the Mars-Saturn mutual opposition aspect. Whether this is forceful enough to interrupt the bullish pattern of higher highs and higher lows remains to be seen.



The technical picture remains bullish on all time frames. The Sensex finally touched 30,000 last week as bulls are now attempting to confirm the new high on the Nifty. Even if there is some period of consolidation in the short run, the upward momentum is strong so we should expect more upside at some point. The measured move target for the Sensex is still 32,500 so that could be a reasonable technical expectation for committed bulls. The 20 DMA is still acting as support in this rally as pullbacks are being bought aggressively. Support is therefore near 9121. Given the number of near-touches of the 20 DMA, any breakdown would be a significant departure for the current pattern and could indicate a new uncertain phase in the market.

Higher highs would suggest a test of channel resistance at 9400. Bears need to wait for a break in the pattern of lower lows. A close below 9121 would go some ways towards that end, but it seems that 9000 may be more pivotal. Only a close below 9000 would call into question the current up trend as it could signal a retest of the 200 DMA at 8566. For now, bulls have little to fear, however, as long as the Nifty trades above its 20 DMA. The weekly Sensex chart still looks bullish for the medium term outlook. Weekly

resistance is 30,000 so if we get a close above that level there will be a more compelling case for another substantial leg higher in the months ahead. Support is 29,000 so in the event of more retracement, that level will be key in determining how much strength the bulls really have. As long as the Sensex remains above 29,000, money will continue to flow into equities. RSI is getting overbought here, however, so some kind of retracement seems more likely than not. However, the technically overbought condition may be nullified with a modest pullback to 29,000. This could then allow the market to climb higher. Meanwhile, Tata Motors enjoyed a positive week but stayed within its recent trading range. The chart is sufficiently bullish in the near term to argue for at least another test of the 200 DMA. HDFC Bank (HDB) followed the broader indices higher as it made a new all-time high. It's all systems go now as the bullish momentum is likely to continue. Support is likely near the March high (US= \$75). Even if there was a move below that level, it seems likely the 50 DMA would act as support.

This week is a shortened one due to Friday's holiday closing. There is an elevated risk of some significant declines this week, although some positive days are likely to offset the downside. The Venus-Saturn square is within range through the week so that could coincide with some selling. Also, Mars enters Taurus on Thursday so that is another source of potential negative sentiment. In addition, Mercury turns retrograde on the weekend while Tuesday's Full Moon aligns with irascible Mars. Bears could surprise the market with their



strength as we could see some unusually significant downside. And yet after last week's uneventful outcome, I'm less confident in calling for any big declines. We could see some upside on Thursday's Sun-Uranus conjunction. Tuesday's Full Moon also offers the possibility of gains. But if the early week is negative, then it is very possible we could see 9121 tested and probably broken. I am reluctant to forecast a test of horizontal support at 9000, however. If there is some late week upside, then perhaps there is a back test of the 20 DMA near 9100-9130. Overall, I think the week looks bearish.

Next week (Apr 17-21) also looks less likely to produce gains. Mars aspects Saturn on Monday so that may tip the scales in favour of the bears. The Sun-Mercury-Rahu alignment occurs on Thursday and seems bearish. Moreover, Mars will align with Mercury on Friday so that is another tense aspect. The following week (Apr 24-28) could begin on a bearish note as Mars aspects Rahu. However, the late week Mercury-Uranus conjunction looks more bullish so that could spark a rebound. Early May leans bullish also as Jupiter aspects both Mars and Venus. We could see some significant upside although I am uncertain if a rally here could produce higher highs. The late



May Mars-Saturn opposition should coincide with significant downside which extends well into June. Just where the Nifty may be by the middle or end of June is hard to say. I suspect it will be lower than its current levels. July should bring a rebound but a lower high is more likely. August and September are likely to be bearish as Saturn aligns closely with Rahu. At minimum, we should see a retest of the 200 DMA by this time, although the Nifty could fall much further. The lows for the year look like they could occur in September or October. Q4 looks choppy and early 2018 should see another major correction.

Technical Trends

Astrological Indicators

Target Range

Short term trend is UP
(1 week ending 14 April)

bearish (disconfirming)

9050-9150

Medium term trend is UP
(1 month ending 14 May)

bearish (disconfirming)

8900-9200

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

bearish (disconfirming)

7500-8500

Currencies

The Dollar extended its recent bounce last week after Friday's jobs report was sufficiently strong to confirm the Fed's goal of raising rates in June. The USDX finished above 101 while the Euro slipped below 1.06. The Yen held firm at 111 while the Rupee strengthened further to the 64.5 level. This bullish Dollar outcome was in keeping with expectations as I thought the Venus-Saturn square would boost the reserve currency. The Dollar is now pushing up to resistance in the falling channel as bulls will face a possible reversal at 101.5. A close above that level would suggest more upside while a reversal back down could mean another retest of the 200 DMA at 99.



While the long term trend in the Dollar is still bullish, the recent trend since the December high has been bearish. At some point, Dollar bulls will need to see some evidence that the long term up trend will re-assert itself. A close above 101.5 would partially achieve that goal, as would a move above the previous high of 102. The weekly Euro chart still looks fairly weak although as long as it can remain above the February low, bulls will have some hope that the rebound off the recent low could go further. After this two-year long basing pattern, one might think the Euro was primed for a breakout higher. And yet at the same time, the inability to stage much of rebound after such a steep decline is a sign of ongoing weakness.

This week could see more gains for the Dollar. The Venus-Saturn square is likely a bullish influence which should negate any other bearish influences this week. Some retracement is perhaps more likely early on Monday or Tuesday but the rest of week looks more positive. I think the chances are good that we will at least see a test of channel resistance at 101.5 if not higher. Next week should also see some gains although I'm less certain they will hold by the end of the week. Nonetheless, I think 102 is possible. This Dollar rebound will likely run out of gas in late April or early May, probably topping out at 102-103. May looks like a period of consolidation and



retracement with June also looking mixed at best. Another test of support at the 200 DMA at 99 looks likely and I would not be surprised to see the Dollar fall further than that. However, more upside is indicated by the Saturn-Node alignment which will tighten in August and September. I would expect the Dollar to at least retest its previous high by early Q4 and higher highs may also be possible. 2018 should see a more significant correction.

Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is UP (1 week ending April 14)	bullish (confirming)	101-102
Medium term trend is UP (1 month ending May 14)	bullish (confirming)	100-102
Long term trend is UP (1 year ending Apr 2018)	bearish (disconfirming)	98-102

Crude oil

Crude oil posted large gains last week following the surprise US attack on Syria. WTI rose 4% on the week to \$52 while Brent ended the week above \$55. This bullish outcome was not unexpected as I thought the Moon's transit of Cancer could bring some midweek upside. However, I did not expect to see the strength continue into Friday. The rebound is suddenly looking better here as geopolitics once again promise to add a price premium. Friday's intraday high touched key resistance at \$53 for WTI. The prospect of further military tensions between the US and Russia could produce even more quick upside. Production is still expanding in the US so

if Syria calms down the oversupply problem will eventually prevail and prevent any significant rise in prices above \$55. Key support is still near \$50 so bulls can breathe easy above that level. In the event of a soothing of geopolitical jitters, bulls will have to defend \$50 in order to keep the rally going. A quick reversal that occurs below \$55 and a move below \$50 would be bad news for bulls as it could mean a retest of the recent low of \$47. The weekly Brent chart shows the bounce off the 50 WMA underway with more upside likely. From this longer term perspective, one would think the bulls have a good chance of success here as the chart is clearly pointing to at least channel resistance near \$60. Rebounds can fail, of course, but so far, this rebound off channel support is looking like it has further to go.



This week could see some downside on the Venus-Saturn square. Some upside looks more likely on Monday or perhaps into Tuesday. Monday's Moon-Jupiter conjunction is probably the better bet for some gains. But more upside means we could see a test of horizontal resistance at \$54-55. It's definitely possible we could see that retest this week. However, the late week looks more bearish so I would lean bearish overall, even with Friday's holiday closing. Previously, I had thought we would see a retest of the low of \$47. I would have my doubts if we will get that kind of decline here. Some downside is likely this week and next week on this alignment but the run up thus far may mean a higher low, such as \$50.



Next week could begin on a bearish note as Mars aspects Saturn. A sharp decline is possible on Monday or Tuesday. Some gains are possible midweek but overall this looks like a negative week. The following week (Apr 24-28) looks more bullish as the Moon transits the sign of Pisces. I would expect another rebound to commence here and continue into early May. Another retest of resistance at \$55 is very possible, as are higher highs. Late May and early June looks bearish again but it may not produce significant downside. More upside is likely in late June and into July. There is also a reasonable chance for higher highs at this time. Another correction is likely to begin by August. September may bring a rebound but Q4 looks choppy.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending Apr 14)	bearish (disconfirming)	\$48-52
Medium term trend is DOWN (1 month ending May 14)	bearish (confirming)	\$42-48
Long term trend is DOWN (1 year ending Apr 2018)	bullish (disconfirming)	\$45-60

Gold

Gold enjoyed a modest gain last week despite news of the Fed's intention to reduce its balance sheet and thereby push rates higher. Gold rose \$6 to 1257. This bullish outcome was unsurprising as I thought we could see some upside early in the week and again on Friday. Friday's session was significant as we saw a spike to 1273 after the US attack on Syria. The rally failed to hold by the close, however. The technicals still look bullish here as dips are being bought to produce a series of higher lows. Resistance is still at the 200 DMA at 1261 but pressure appears to be building for an eventual breakout. Friday's failure to break above resistance could be interpreted either way perhaps. If there is a close above 1261, then there may be relatively little resistance up to 1300 or so which was previous support. The fact that Friday's gains could not hold should give bulls some caution. For the bears, stochastics are below the 80 line and MACD may be rolling over, however, so there is some possibility of a pullback. But bears will need a close below support at 1240 for any significant retracement to get going. 1200 remains an important interim support level if 1240 is broken. If 1200 is broken, then a retest of the low at 1125 becomes more likely.

This week looks more bearish as Venus aligns closely with Saturn. There is still the possibility of some upside, however, as the Sun approaches its conjunction with Uranus on Thursday. (Friday is closed for a holiday.) My expectation is for the Venus-Saturn influence to negate the bullish influence of the Sun-Uranus although I do acknowledge some possibility for moves in both directions here. If gold suddenly broke out higher I would not be surprised. However, there is a greater bearish potential from Monday to Wednesday which should see some declines.

Next week (Apr 17-21) leans bearish also especially on Monday and Tuesday as Venus remains aligned with Saturn. Gold will likely retrace here and could test support (1240?). The last week of April looks more bullish as Venus breaks free from Saturn and Mercury aligns with Uranus. This could produce a stronger rebound that lasts into May. A move back to resistance (1261? 1300?) looks fairly likely. Late May and early June should be bearish and will likely see a pullback after the rally. This looks like it will be a higher low and therefore could keep a significant rally in place. A reversal lower will likely begin sometime in July and continue through August and September as Saturn aligns with the Lunar Node (Rahu). This looks very bearish for gold and could retest key lows (1200? 1125? 1040?). Q4 looks choppy but could bring some recovery.



Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending Apr 14)	bearish (disconfirming)	1240-1260
Medium term trend is UP (1 month ending May 14)	bullish (confirming)	1250-1300
Long term trend is DOWN (1 year ending Apr 2018)	bearish (confirming)	1200-1300

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