

Summary for week of 17 April 2017

- Stocks lean bearish again this week
- Dollar may bounce this week especially in first half
- Crude oil vulnerable to declines this week
- Gold could see some consolidation lower this week

US Stocks

Stocks lost ground last week on geopolitical uncertainty and disappointing retail sales. The Dow declined 1% on the week to 20,453 while the S&P 500 finished at 2328. This bearish outcome was in line with expectations as I thought the ongoing Venus-Saturn square would coincide with some bearish sentiment. The late week saw the biggest declines around the Moon-Mars aspect.

While the downside was long overdue, it still seems like the bears are struggling for every down tick. The confusing and increasingly dangerous geopolitical landscape definitely opens the door to a possible big sell-off, this is still not at all a likely outcome, astrology notwithstanding. It may well be that this week's weaker than expected economic data could have more of an impact on markets. Bond yields are on the way down once again as the key benchmarks have broken technical support with the 10-year yield now below 2.3% for the first time since November. If we see more weak data in the days and weeks ahead, then the Trump rally will likely end as growth assumptions will have to be revised.

So far, the Venus retrograde cycle is fulfilling its bearish potential. Stocks are down 2% since it turned retrograde on March 4th. To be sure, this has been a more modest decline than I would have liked to see. But Venus is now due to end its backwards cycle this weekend and return to direct motion. Does this mean that stocks will begin to rise? Yes and no, since the direction of Venus is only one factor out of many. Even after Venus returns to its usual forward motion on Monday, it will remain in a difficult square alignment with Saturn for most of this week upcoming. That points to



more short term downside in the days ahead. And yet it is important to remember that the bulls are likely to enjoy some gains once Venus separates from Saturn and enters a mutual aspect with bullish Jupiter in early May. But the bears will be offered another good opportunity to take prices lower in late May and early June around the Mars-Saturn opposition. The precise timing of these down-up-down trends may be off somewhat but the takeaway could be that the bears will have another shot starting in May. Now whether we first get a higher high in early May is hard to say with confidence. I suspect not, especially if we get more downside this week (Apr 17-21). Then the next question is whether we could get a lower low (<2320) by, say, late May or early June. That does seem to be a more likely outcome than a preceding higher high although as always that is only a probability and not a certainty.

The technical picture looks decidedly more bearish as bulls failed to break the pattern of lower highs last week. There is horizontal support now at 2320 and it seems a hard retest of that level is imminent after Friday's weak close. Falling channel/wedge resistance is 2370 and support from this wedge is near 2280. We are on the verge of a bearish crossover of the 20 and 50 DMA. The last time that happened was in September before the Trump rally. RSI is still falling and is now getting close to the oversold 30 line. A couple more down days could easily produce a tag of this line. The Bullish Percent Index is also confirming the current down move as the bearish crossover of the 5/10 EMA continues, however modestly. So although the bears have good reason to be hopeful for more near term downside, a rebound may not be far off.

In terms of possible reversal points, 2320 is one obvious possibility. One would think that any intraday move below that point could trigger some stop losses which takes the SPX down to 2300 or even 2280 fairly quickly. Eventually, there will be another touch of the 200 DMA at 2227 although many bulls will likely jump in eagerly around that level hoping that the rally will resume. And it's not an unreasonable assumption given the rising slope of the 200 DMA. However, the weekly Dow chart should give bulls some pause. There are some important medium term sell signals in place now as stochastics is below the 80 line and MACD is in a bearish crossover. Neither of these are guarantees of more downside but they definitely load the dice in favor of the bears over the coming weeks and possibly months. With the astrological indicators looking more bearish over the next 3-6 months, there is that much more reason to take these bearish technical signals seriously. As noted above, bond yields are signalling the increased likelihood of economic slowing which could force bulls to rethink their positions. The 10-year yield finished at 2.23% although some of the decline was the result of geopolitics and safe haven buying. It now seems more likely that we will see a touch of the 200 DMA here at 2% in the coming weeks. More downside in yields should be seen as increasing the likelihood of more downside in stocks.



This week (Apr 17-21) could be more choppy but still with a bearish bias. Monday and Tuesday have an added bearish risk due to the Mars aspect of Saturn. I would not say this is a high probability negative outcome but the risk is there. Monday looks somewhat more negative than Tuesday. Wednesday could be more positive on the Sun-Mercury conjunction. Thursday also could go either way although the Mars-Mercury alignment is close enough that it could translate into some downside. Friday's Moon-Mars square looks more reliably bearish. While some gains are very possible this week, I'm not convinced the week as a whole will be positive. There seems to be enough negativity here that lower lows are more likely at some point. Therefore, a test of 2320 is very likely and I think 2300 will be in play also. Who knows – 2280 may be within reach if the early week turns out to be negative.



Next week (Apr 24-28) looks more mixed with the possibility of some significant gains. The gains are unlikely to make April a winning month overall, however. Monday could be bearish to start as Mars aligns with the Lunar Nodes (Rahu). However, the Moon will approach an aspect with Jupiter in the afternoon which could set up a possible reversal higher. Perhaps Monday still finishes down or just mixed but with lows occurring in the morning. A significant move in either direction is likely on Tuesday as the Moon conjoins Mercury and Uranus. There is still some downside risk to this alignment but the upside potential seems larger. An up day is definitely possible. More gains are somewhat more likely on Wednesday and Thursday although Friday looks bearish.



The following week (May 1-5) looks more bullish as Mercury returns to direct motion and conjoins Uranus. The first half of May in general looks bullish as Venus aligns with Jupiter. It is possible we could see the previous high of 2400 retested at some point in May although I tend to think the bulls will not be that powerful. We shall see. The second half of May looks more bearish as Mars aligns with Saturn. This is likely to coincide with a significant pullback at least. At this time, I do not have a strong opinion if we will see lower lows by late May or into June although I would lean that way somewhat. Perhaps we could see a retest of the 200 DMA at 2227 by that time. It's a possibility. A rebound is likely to begin in June and extend well into July as Jupiter stations direct. This should be a fairly strong rally. While we cannot rule out higher highs above 2400, it seems unlikely to negate some of the significant downside that could well precede it. Another move lower is likely starting in August as Saturn aligns with the Lunar Node (Rahu). It is possible we could see a lower low by September although a lot will depend on how strong the early summer rally is. Q4 looks mixed at best.

Technical Trends

Astrological Indicators

Target Range

Short term trend is DOWN

bearish (confirming)

SPX 2280-2300

(1 week ending April 21)

Medium term trend is UP
(1 month ending May 21)

bullish (disconfirming)

SPX 2230-2350

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

bearish (disconfirming)

SPX 1800-2200

Indian Stocks

Stocks slipped last week on weaker macro data and disappointing earnings from Infosys. The Sensex lost almost 1% to 29,461 while the Nifty finished at 9150. This bearish outcome was more or less in keeping with expectations as I thought the Venus-Saturn alignment was likely to take prices lower. Tuesday saw a modest gain on the Full Moon but the other sessions finished in the red. However, the declines were fairly modest as only Friday brought a test of the 20 DMA.

The bulls are still very much in control as the upward trend remains uninterrupted. The positive sentiment was further confirmed as investors largely shrugged off the ongoing geopolitical uncertainty in the Middle East and in North Korea. Weaker US inflation data may confuse the market about Fed intentions going forward, however. A slower rise in US interest rates should be net positive for Indian stocks, and yet if the slowdown is deeper than anticipated, it would become bearish for more emerging markets.

The astrological outlook still leans bearish for most of the rest of April. The Venus retrograde cycle ends this weekend and could thereby temporarily provide a lift to sentiment. However, Venus is still in close alignment with Saturn this week so this may offset any benefit. While we could see some gains in the last week of April, the month as a whole will probably end in the red. May looks mixed at best as the Venus-Jupiter alignment in the first half of the month could lift stocks for a short time. After that, however, the rest of May looks more prone to declines. Looking further ahead, the unusually long Saturn-Rahu alignment is likely to begin to put pressure on stocks in May and continue right through to October. This doesn't mean the market will fall throughout that period, however. What is more likely to happen is that we will see at least two significant down trends. These will likely have an intervening rally but the bearish sentiment will probably prevail and create lower lows by October. It is still possible we could see higher highs above 9300 in May or perhaps July. But after July, I would think the second half of 2017 will look more bearish.



The technical outlook remains mostly bullish. The bears were unable to break below the 20 DMA and thus revealed the ongoing strength of the market. Horizontal support at 9100 is still quite solid. A close below that level could invite a retest of the gap at 9000. However, the daily Nifty chart still looks as bullish as ever with a series of higher highs and higher lows. A close below 9000 would change that pattern and introduce a new dynamic. In the event of a close below 9000, we could see the increased possibility of a 50% retracement of this rally to 8600. Interestingly, this would approximate the 200 DMA at 8586 and would be a logical place for cautious bulls to take new long positions.

Conversely, resistance is the previous high at 9300 with channel resistance near 9400. It is worth noting, however, that the Nifty has already fulfilled its measured move target in this 2017 rally which was near 9200. The weekly Sensex chart has yet to fulfill this target which is near 32,500 and is based on the relative sizes of the 2016 rally (22,500-29,000) versus the 2017 rally (26,000-32,500). Bulls will insist that stocks have further to climb although bears would likely argue that the rally breadth is weak and suggests a period of consolidation under previous long term resistance at 30,000. The weekly indicators are still moderately bullish but RSI has already touched the 70 line and is coming down from that overbought level. Bulls are hoping for a second touch which could represent higher highs as they did in mid-2016. MACD is still rising and is not yet showing signs of rolling over. Stochastics is similarly well over the 80 line. The talk on Friday was the Infosys (INFY) earnings disappointment which produced a 5% decline in US trading. The share price had been previously struggling to regain its 200 DMA so it was vulnerable to more downside. Now it seems likely to revisit February lows in the near term. Tata Motors (TTM) also had a tough week as the chart is now pointing to more downside in the near term. After making a lower high below its 200 DMA, bulls will have their work cut out for them if they hope to prevent a similar retesting of the February low.

This week (Apr 17-21) also leans bearish. Monday and Tuesday seem moderately bearish as Mars aspects Saturn. This is often a difficult alignment and this may be the case here given the ongoing Venus-Saturn square aspect. Some upside is possible on Wednesday and Thursday although I would not be overly bullish there. The week as a whole still seems vulnerable to declines and they could occur on any day. Thursday's Moon-Jupiter aspect makes it a bit more bullish than Wednesday but not by much. Friday leans bearish on the Mercury-Mars alignment. I would



expect 9100 to be broken at some point this week, probably in the first half. Any potential rebound looks like it should create a lower high and then Friday may be bearish enough to again take the Nifty to 9100 and perhaps even to test gap support at 9000. A bounce is coming soon enough but it seems unlikely to begin this week. Next week or the first week of May are somewhat more likely time frames for a rebound.

Next week (Apr 24-28) looks bearish in the first half as Mars aspects Rahu. I would expect lower lows at some point between Monday and Wednesday. Tuesday is somewhat more bullish on the Moon-Jupiter alignment. Thursday also looks somewhat bullish on the Mercury-Uranus conjunction. However, Friday's Moon-Mars conjunction looks suspect. The following week (May 1-5) looks more bullish as the Sun aligns with Jupiter and Neptune. I would expect a fairly bullish trend to be in place into mid-May at least as Venus and Jupiter are in mutual aspect. Higher highs above 9300 are possible on this pairing although I am reluctant to say it is probable. It is definitely something that bears should be aware of, however. Then the second half of May looks more bearish as Mars aligns with Saturn, especially in the final week of May. A significant pullback is likely to persist into early June. At this point, I cannot say if this will be a lower low relative to any low we see in April. A rebound is likely to begin by mid-June and this could continue into July. Higher highs are possible by July. Bulls should not get too comfortable, however, as the Saturn-Rahu alignment will tighten in August and September. Some significant decline is likely around that time. The lows of the year are likely to occur as a result of this alignment in the second half of 2017, probably some time in Sep-Oct. Q4 looks mixed overall with another corrective move likely in early 2018.



Technical Trends

Short term trend is UP
(1 week ending 21 April)

Medium term trend is UP
(1 month ending 21 May)

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

Astrological Indicators

bearish (disconfirming)

bullish (confirming)

bearish (disconfirming)

Target Range

9000-9100

9100-9300

7500-8500

Currencies

The Dollar traded lower last week as geopolitical worries pushed investors into gold and the Japanese Yen. The USDX finished down half a cent at 100.5. The Euro was unchanged while the Yen strengthened to 109 and the Rupee settled at 64.5. I thought we might have seen more early week upside but the Dollar reversed lower on Monday just under channel resistance at 101.5. As expected, the late week was more bearish although the Dollar found support at 100. The market also reacted to weaker macro data and a decline in inflation which reduced the prospect of sharply higher interest rates in 2017. Much of the Dollar rally is rooted in the expectation of higher growth and rising rates and if the economy should suddenly weaken, then we could see the rally end. The reversal at resistance was bad news for the bulls as they will have to prevent the even more negative scenario of a lower low below 99 and the 200 DMA. A close below 99 would be quite bearish and could call into question the rally as a whole. Nonetheless, falling channel support is still around 98 so a test of that level would not signal the decisive end to the rally. I had wondered if the rally might run out of gas in late April or early May but perhaps I was off in that forecast. With time probably running out, perhaps the most bulls can expect is a quick run up to resistance at 101.5. The weekly Euro chart made a higher low so that is also in keeping with the possibility of more upside.

This week could see a bounce in the first half of the week on the Mars-Saturn alignment. It is possible we could see another test of 101.5. However, the late week looks more bearish so some downside is more likely and it could offset any early week gains. I am therefore uncertain where the Dollar will finish. Next week could see more upside in the first half on the Mercury-Uranus conjunction. The late week may again see gains eroded. May looks more bearish so we could see the Dollar trade below the 200 DMA, perhaps well below if late April turns out to be more bearish than anticipated. A rebound is likely to begin in July or August and should extend into October. Higher highs above 104 in the second half of 2017 are possible although we will have to see where the bottom to the spring retracement is. Another retracement is likely in early 2018 which will likely take the Dollar well below its 200 DMA.



Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is UP (1 week ending April 21)	bullish (confirming)	100-101
Medium term trend is UP (1 month ending May 21)	bearish (disconfirming)	98-100
Long term trend is UP (1 year ending Apr 2018)	bearish (disconfirming)	98-102

Crude oil

Crude oil added to recent gains last week with ongoing geopolitical worries in the Middle East. WTI rose 2% to \$53 while Brent finished the week above \$55. The momentum is still clearly up after the March double bottom. The measured move upside target is close to \$58 for WTI. Resistance is still strong at \$54-55 so that any close above that level could spark a significant move higher. Bears may be content to defend current resistance although a more cautious approach may be to wait until after any breakout higher. The chart may only become less bullish on a close below \$50 which could indicate a retest of the previous low of \$47. Immediate support is just below \$53 now with another support level near \$51.



The weekly Brent chart is still bullish as the current rally follows the pattern of three consecutive positive weeks after a pullback. Some consolidation is possible after these three up weeks although it does not look likely to undermine the current bullish momentum. Channel resistance is \$60-62 in the event of a breakout above \$58. While the chart looks bullish with the upward sloping moving averages, the significant amount of resistance at \$57 is noteworthy. Previous rallies have had much less horizontal resistance to contend with. This time around the \$57 level was heavily contested in the market for two months. It may therefore be less likely to be broken quickly.

This week looks uncertain with some downside possible. While the planetary alignments favour more upside in May, there is still a higher probability of some kind of pullback or consolidation here in the second half of April. The early week Mars-Saturn aspect looks bearish and could produce a net decline across Monday and Tuesday. The midweek looks somewhat less bearish, especially on Thursday's Moon-Jupiter aspect. Friday looks somewhat more negative again. Overall, there is a plausible picture this week for further consolidation under resistance. A retest of \$50-51 is also not out of the question.

Next week (Apr 24-28) looks somewhat more bullish although Monday could see some selling. I would not necessarily expect a strong bounce but it seems somewhat more likely than not given the Moon transit of watery Pisces. The following week could also offer support to bulls as Venus moves away from its alignment with Saturn and begins to oppose bullish Jupiter. Generally, I think May should lean bullish and therefore there is additional support to the notion of higher highs for crude. How much higher is harder to say but I would think \$58 for WTI is quite doable. Even with some pullback in late May and early June, I think crude should remain in the current up trend through July. Higher highs look likely. A major correction is most likely to occur in August and September when Saturn aligns with the Lunar Node (Rahu).



Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending Apr 21)	bearish (disconfirming)	\$50-52
Medium term trend is DOWN (1 month ending May 21)	bullish (disconfirming)	\$52-58
Long term trend is DOWN (1 year ending Apr 2018)	bullish (disconfirming)	\$45-60

Gold

Gold moved higher last week on geopolitical concerns and Dollar weakness. Gold rose more than 2% on the week to 1288. While I expected some late week gains, I thought we might have seen more early week selling. As it happened, only Monday was modestly lower. Gold has broken above resistance at its 200 DMA at 1260. Resistance is now likely stronger around 1300-1320 which was its previous support level. While this rally is further evidence for a lasting rebound, it is not uncommon for bear market rallies to make forays above the 200 DMA for short periods of time. I'm uncertain if this current rally can be sustained over the next several months. I do think there is room for more upside in May and again in June-July. This argues for somewhat higher highs even after periods of consolidation are factored in. But it seems less likely that gold can withstand a correction that is likely to occur in late summer. In the longer term, gold needs to move above its previous high of 1375 before it can resume its bull market. This could confirm the bull trend of higher highs and higher lows after the low of 1050 from December 2015. I would not rule out 1375 at some point in 2017 although I am uncertain if there is enough upside to push it above this level.

This week looks less positive than last week.

Some upside is still likely as Thursday's Moon-Jupiter aspect should produce an up day. Before that, there is some downside risk as Mars aspects Saturn early in the week. It is conceivable we could see some upside during midweek on the Sun-Mercury conjunction. Friday's Moon-Mars alignment looks more negative, however. Overall, there is a case to be made this week for consolidation, perhaps with a retest of support at 1260.

Next week (Apr 24-28) looks more bullish as Mercury conjoins Uranus in the second half of the week. Some additional early week retracement is somewhat more likely. But May generally looks fairly bullish as Venus aligns with Jupiter for much of the month. It seems fairly likely now that we will see a move to 1300-1320. Late May and early June should bring a significant pullback, however, and could retest key support (1260? 1220?). Another move higher in late June and July could retest recent highs and even push to new highs (1375?). But as I have mentioned, the Saturn-Lunar Node alignment in August and September looks bearish and should coincide with a significant correction. A retest of significant lows is likely on this alignment (1200? 1125?).



Technical Trends

Short term trend is UP
 (1 week ending Apr 21)

Astrological Indicators

bearish (disconfirming)

Target Range

1240-1260

Medium term trend is UP
(1 month ending May 21)

bullish (confirming)

1260-1320

Long term trend is DOWN
(1 year ending Apr 2018)

bearish (confirming)

1200-1300

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