

Summary for week of 18 September 2017

- Stocks more mixed this week but further upside possible
- Dollar could retest recent lows this week
- Crude oil mixed this week with early gains more likely
- Gold leans bullish this week

US Stocks

Stocks advanced last week after Hurricane Irma proved less damaging than expected. The Dow gained more than 2% and hit a new record high at 22,268 while the S&P 500 finished the week at an even 2500. This bullish outcome was in keeping with expectations as I thought the entry of Jupiter into Libra would lift stocks. I was uncertain exactly which day would be most bullish but the biggest gain actually occurred on Monday, the day of Jupiter's entry.

The bulls continue to be on a roll as not even seemingly bad news is causing much selling. On Friday, stocks shrugged off the latest North Korean missile test and poor US retail sales data. And in light of President Trump's deal with the Democrats over DACA immigrants, perhaps investors now have more hope that a tax reform deal can be struck sooner rather than later. With Trump more ready to forge deal outside of the narrow confines of an ideologically divided GOP, the odds rise for some real progress. To be sure, passing a bill that cut individual and corporate taxes would be bullish for markets.

The medium term astrological outlook favors the bears although it may be another week or two before any new down trend takes hold.

Previously, I had thought the ongoing Saturn-Lunar Node alignment would have translated into more downside from August to early October. While August was modestly bearish, September has brought new highs yet again. The mid-September gains are not surprising given the current Jupiter in Libra influence, but I had expected the eclipses and the Saturn station to have inflicted more damage. Not so. But the bears are still owed some



downside starting in the last week of September and into October. The key dates in this respect are the Jupiter-Uranus opposition alignment on Sep 27-28 and then the exact Saturn-Lunar Node alignment on Oct 9. Both alignments could have bearish effects. My general expectation is that the Oct 9th alignment marks a lower low rather than the start of a reversal. Looking further ahead, the key question is whether November can generate a significant rebound after some kind of October pullback. Higher highs in November and December look less likely, although it ultimately depends on how deep any preceding pullback will be. As before, I think December and January look bearish.

The technical outlook is bullish on all time frames. The bulls can claim victory with Friday's close at 2500, although round numbers can also prompt pullbacks. When the SPX finally hit 2000 (actually 2010) in September 2014, it quickly reversed lower a few days later and ended up declining 10% by mid-October. It remains to be seen if we will get a similar post-round number pullback this time around. Stocks are not quite at the RSI 70 line yet so we could get more upside in the near term.

Immediate support is at 2490 which saw repeated tests last week. If 2490 is broken, then we could see a gap fill at 2465 which also matches the convergence of the 20 and 50 DMA. While a decline down to 2465 could be jarring for this bullish market, it would nonetheless remain a buying opportunity for dedicated bulls who are riding the medium term momentum. Channel resistance is close to 2520. This could be a plausible upside target whether we get a follow through on the upside this week or if there is a pullback and then the bulls will try for a higher high. While more short term upside is still very possible, the longer term outlook is more uncertain as the percentage of stocks trading above their 200 DMA has made another lower high. This is an indication of the narrowing breadth of the rally. How much longer can the rally last before it suffers the inevitable 10% correction? The weekly Dow chart is still overbought but it is nonetheless quite bullish given the upward sloping moving averages. No matter what kind of pullback or correction may occur in the coming weeks, long term bulls will rightly see any declines as a buying opportunity in this market. Bond yields rose last week after bouncing off support at 2.1% for the 10-year. The FOMC meeting this week could move yields further if the Fed announces the start of its balance sheet unwinding of QE assets. A strong commitment to selling its QE assets would likely push yields up further. Rising yields may only be problematic for stocks if the 10-year yield exceeds 2.6%.



This week looks less bullish than last week. Both Mercury and Mars oppose Neptune through the week so that looks likely to introduce some significant bearish sentiment along the way. It could even produce a bearish week overall although I'm not certain if the positive Jupiter influence has fully manifested yet. Monday could be an

interesting day as the Sun aligns with bullish Jupiter but the Moon conjoins bearish Mars. These influences could offset each other producing a more neutral outcome. And yet, there is a somewhat higher risk of some downside here given the participation of the volatile Moon. Tuesday is another candidate for declines as the Moon aligns with Saturn. Wednesday is harder to call although it seems less negative on paper. The late week leans a bit more bullish perhaps as the Moon conjoins Jupiter. Overall, I would not be surprised if the SPX ended the week above 2500. That is perhaps the most likely outcome. And yet the higher likelihood of declines means that there will be some down days along the way. If the declines are large enough, then it is even possible we could test 2490 and even finish in the red.



Next week (Sep 25-29) offers the bears a chance for a reversal. The Jupiter-Uranus opposition is exact on Wednesday the 27th and could see a weakening of the default positive momentum. It's worth noting that the March 1st interim top occurred just one day after a similar Jupiter-Uranus opposition alignment. Actually, it is possible we could see some downside early in the week also as Mars aspects the Moon on Monday the 25th. And Thursday's Mercury-Jupiter alignment could also mean we get some midweek gains. Friday is the last trading day of Q3 and leans bearish. The following week (Oct 2-6) has a rising downside risk as Venus conjoins Mars and Mars is in mutual aspect with Saturn. Tuesday, Oct 3 looks more volatile in this respect as the Moon opposes Mars. As I said, I think there are some very compelling reasons to expect a pullback in October. It is also possible that the pullback could morph into a 10% type correction by mid-to late October if some of these negative alignments play out. Some kind of rebound is likely in November but I suspect it will be fairly weak and produce a lower high. The bearish influences may gather force by the time of the Nov 20th Mars-Lunar Node alignment. The Dec-Jan period looks mostly bearish on the Saturn-Uranus alignment. In other words, another significant pullback if not outright correction is likely by January 2018. Lower lows are therefore quite possible. Overall, 2018 looks much less bullish than 2017.



Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending Sep 22)	bullish (confirming)	SPX 2480-2520
Medium term trend is UP (1 month ending Oct 22)	bearish (disconfirming)	SPX 2400-2450
Long term trend is UP	bearish (disconfirming)	SPX 1900-2200

(1 year ending Sep 2018)

Indian Stocks

Stocks moved higher on favourable global cues last week as traders largely discounted more North Korean saber-rattling. The Sensex rose almost 2% on the week closing at 32,272 while the Nifty finished at 10,085. This bullish outcome was in keeping with expectations as I thought the early week entry of Jupiter into Libra would produce more upside. Indeed, most of the gains came on Monday and Tuesday as the Nifty tested resistance at 10,100.

The market looks like it wants to move higher in the absence of any tangible obstacles. The North Korea missile launch on Friday may have postponed new highs but it seems to have been largely discounted. More similar missile tests over Japan will not clearly ratchet up the tension so it would take some new developments to significantly change the geopolitical game. The Fed is due to meet on Wednesday this week and markets are also not expecting anything new on that front either. Perhaps Janet Yellen will provide some clues about the pace of possible unwinding of the Fed's QE balance sheet. While it is possible there could be some surprises there, it seems unlikely given the dovish bias of this Fed. For now, the market sees a 55% chance of a December rate hike after Friday's US data. Again, Indian investors have probably discounted another hike in 2017 so it is the speed of the path back to interest rate normalization (>3%) that is more important for financial markets. For now, the Fed is in no rush to get back to those levels.

The astrological outlook looks more bearish in the coming weeks. While August brought a small pullback as expected, September has been surprisingly bullish. This is largely due to the fact that the first week of September was only modestly bearish. Some upside was likely in mid-September on the entry of Jupiter into Libra but time would seem to be running out for the bulls. Jupiter's positive influence may only last another week or two before Saturn's pessimism is likely to take hold once again. As I have previously noted, the August to early October period was marked by a close Saturn-Rahu aspect which would be an impediment for stocks. This bearish aspect is exact on 9th October and highlights the first half of October as another time window when declines are more likely. I suspect we could start to see the current rebound run out of steam before then, perhaps by the final week of September.



The technical picture looks bullish. Last week's repeated tests of resistance at 10,100 were an indication that momentum may be building to break to new highs. After a series of higher lows over the previous weeks, the Nifty chart leans decidedly bullish. Die-hard bulls will focus on the measured move upside target of 10,500 as the next resistance level if the previous high of 10,137 is taken out. Bears don't have much to hold onto here, except perhaps that the previous pullback happened much quicker than the subsequent rebound indicating a possible skittishness of the market at these lofty levels.

In the event of a pullback, there is immediate support at 10,000 with secondary support at the convergence of the 20 and 50 DMA at 9900. Given the strong momentum of the rally, the bulls could easily afford a pullback to 9900 without causing much worry about the likelihood of eventually hitting higher highs. It's really only a close below 9900 that may cause some sober second thoughts among bullish investors. If that were to occur, then it could open up the possibility of a retest of the 200 DMA at 9200. The weekly Sensex chart is still quite overbought and hints long term bulls may be better served by waiting for a correction before committing new money. MACD is still in a bearish crossover and trending lower but weekly stochastics is now in a bullish crossover and shows a medium term buy signal. This mixed picture of technical indicators reflect the indecision of the market at current levels. While marginally higher highs are looking likely, it may be overly optimistic for bulls to expect significantly higher highs. Meanwhile, Tata Motors bounced off support last week and is now in a no-man's land well below resistance of the June-July lows. The bounce will only be for real if there is a move back above the June low. For now, the bounce looks strong enough that it could continue for the short term at least. HDFC Bank (HDB) followed the indices to test its recent highs. The technical picture is bullish and is leaning towards a breakout higher. Support is at the 50 DMA and only a close below that line would diminish this otherwise favourable technical picture.

This week looks less bullish than last week. That said, I would not be surprised if the Nifty finished higher given the range of influences here. Jupiter's alignment with the Sun and Venus looks positive but the Mercury-Mars-Neptune alignment could offset much, if not all, of that optimism. I would also think the first half of the week leans somewhat bearish as the Moon aligns with Mars and then Saturn on Monday and Tuesday. Thursday and Friday look more positive with Friday's Moon-Jupiter aspect a reasonable bet for an up day. One possible scenario would be an



early week pullback to at least 10,000 or some other higher low and then another push up to resistance by Friday. The aspects are sufficiently dense that we could also see other intraweek patterns unfold, however. I am more bearish about October so bulls should be careful in the event that the pullback begins sooner than expected. To be sure, the technicals don't offer much support to the bearish view this week, but the planets nevertheless offer a reason for some caution.

Next week (Sep 25-29) looks more bearish. Monday's Mercury-Saturn square aspect looks quite bearish and could produce a noteworthy down day. Wednesday's Mercury-Jupiter-Uranus alignment looks more bullish and should translate into some upside in the midweek. But the Jupiter-Uranus opposition aspect is exact on Wednesday and could signal a reduction in optimism. The following week (Oct 2-6) looks more bearish as Venus conjoins Mars and Saturn aspects both of them. Wednesday the 4th could be more bearish as the Moon joins the alignment. I would think support (10,000? 9900?) could be tested and even broken. We shall see. October looks more bearish than September as Venus enters Virgo on the 9th and remains there for the rest of the month. And with Saturn entering Sagittarius on the 25th, there is less likely to be higher highs made during the month of October. Some kind of rebound still looks more likely in November but I am uncertain how strong it could be. Another period of turbulence is likely in December-January as Saturn moves further into Sagittarius. I would expect lower lows to occur in January, including the possibility of a test of the 200 DMA by that time.



Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending 22 September)	bullish (confirming)	10,000-10,150
Medium term trend is UP (1 month ending 22 October)	bearish (disconfirming)	9600-9800
Long term trend is UP (1 year ending September 2018)	bearish (disconfirming)	8000-9000

Currencies

The Dollar rebounded modestly last week as Korean tensions receded and hurricane damage was less than expected. The USDX pushed above 92 at midweek before settling at 91.65 on Friday. The Euro slipped to 1.194 while the Yen index weakened to 110 and the Rupee traded above 64. The Dollar is trying to build a base at horizontal support here at the 91-92 area. With the FOMC meeting this Wednesday, there is a real possibility for some upside if Janet Yellen reiterates her commitment to sell QE assets. More clues on a possible December hike would also have the ability to move the Dollar. Of course, bulls could have the market go against them suddenly too if the Fed is more dovish than expected. The midweek bounce last week reversed at the resistance provided by the 20 DMA. It will therefore likely take another test of that line as well as a weekly close above 92 to build a more solid bullish case for the Dollar. This week's Fed meeting may therefore tell the tale. The weekly Euro chart is similarly trading in a narrow range between 1.19 and 1.21. Any failure to make new highs above 1.21 could spark some selling and we could see a wider range trade between 1.17 and 1.21. The Euro only becomes bearish if it falls below 1.17. Alternatively, if the Euro first tests 1.21, then the chances grow for more upside, perhaps to the long term upside target of 1.25. This would translate to about 87-88 on the USDX.



This week leans bearish. While I am fairly bullish on the Dollar over the next 2-3 months, I think there the current decline could last a bit longer. The Mercury-Neptune alignment on Wednesday also offers some confirmation to the notion that the Dollar is less likely to rally after the FOMC meeting. And further downside is also very possible. The effects of the alignments are less clear than I would like, however. Next week (Sep 25-29) looks bearish to start on the Mars-Neptune opposition. Some rebound is possible later in the week but lower lows still look quite possible. October is probably a more likely time when a Dollar rebound can take hold. The time around the Mars-Saturn aspect on Oct 11 could mark a significant rise in the Dollar. Other reversal dates are also possible, however. A retracement is likely in November but it may be a higher low. Further upside is likely in December and January. A recapturing of the 200 DMA at 98 is conceivable in Q1 2018. However, the Dollar is likely to weaken again by March and remain somewhat bearish until June 2018. I am uncertain if the bearish trend in the first half of 2018 will produce lower lows, however. The second half of 2018 looks more positive.



Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending Sep 22)	bearish (confirming)	90-91
Medium term trend is DOWN (1 month ending Oct 15)	bullish (disconfirming)	91-93
Long term trend is UP (1 year ending Sep 2018)	bullish (confirming)	96-99

Crude oil

Crude oil moved higher last week as US rig counts continued to fall. WTI rose more than 4% closing just under \$50 while Brent finished the week above \$55. This bullish outcome was in line with expectations as the midweek brought gains with Jupiter's entry into Libra. The late week was stronger than expected, however, as bulls took prices right up to key resistance. The retest of the 200 DMA and the previous July high of \$50 was a bullish development. While the real proof of a stronger up trend requires a close above \$50 for WTI, the technicals look favourable. If there is an immediate retracement from here, then it is important that bulls can defend the \$48 zone near the 20 and 50 DMA. A move below \$48 wouldn't necessarily negate the bullish case, as long as buyers entered at or above the previous low of \$46. Conversely, a close above \$50 would be important and could also produce a quick short squeeze up to \$52. The current cup and handle pattern has an upside target of \$54 for WTI. The weekly Brent chart still looks bullish for the medium term. But is important that bulls can retest resistance at \$57. There is a lot of overhead resistance at that level so it seems likely to take several weeks before any new highs are possible. Therefore, we could see Brent trade within its current upper range of \$52-57 for a little while longer.



This week looks less bullish and more mixed. The early week could see some follow through to the upside as Mercury aligns with Neptune on Tuesday. The indications for FOMC day on Wednesday are not clear, however.

Perhaps this suggests a neutral reaction to the Fed statement. I'm not sure. The late week leans a bit bearish as Mars opposes Neptune on Friday. Overall, I am agnostic on where crude may finish this week.

Next week (Sep 25-29) looks more bearish as Mercury aligns with Saturn on Monday the 25th. A sharp decline in the early week is possible and that could be followed by choppy trading for the rest of the week. A retest of support at the 50 DMA (\$48) is one possible scenario here. The following week (Oct 2-6) could bring a bounce but it may be short-lived. The Mars-Saturn alignment on 11 October could bring some downside which may last into the end of October. Lower lows below \$46 are possible in October. November could see a rebound but it could be somewhat weak. By the end of November, crude could turn bearish again. December and January are likely to bring a significant retracement. Lower lows below \$46 or even \$40 are definitely possible by early 2018. A rebound is more likely by February and it could last into May or June.



Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending Sep 22)	bullish (confirming)	\$48-52
Medium term trend is UP (1 month ending Oct 22)	bearish (disconfirming)	\$44-48
Long term trend is DOWN (1 year ending Sep 2018)	bullish (disconfirming)	\$45-60

Gold

Gold retraced last week on easing Korean tensions and a stronger US Dollar. Gold broke support at 1340 on Monday and trended lower for the rest of week before settling at 1325 on Friday. This bearish outcome was surprising as I thought the Jupiter influence might have extended the rally. While I have a bearish bias for gold for late September and into October, it is possible that my expected pullback has arrived ahead of schedule. The technicals are still bullish for the short term as Friday's low tested the 20 DMA. Another zone of support is likely at 1300-1310. The rally could likely endure a further pullback to this level without serious damage. However, a close below 1300 could be trouble for the gold bulls. Whether gold bounces from here at 1325 or from 1300, it is incumbent on bulls to at least carry out a test of the previous high at 1375. The size of the recent rise suggests that gold will get to 1375-1400 eventually. This week's FOMC statement could have a significant impact on gold and it is possible that Janet Yellen may want to talk up the Dollar in order to prevent further currency instability. Even a slightly hawkish statement about raising rates or selling QE assets could be bearish for gold.

This week leans bullish as the Sun aligns with Jupiter on Monday and Tuesday. Wednesday's New Moon is hard to call and it could go either way. It seems less positive than the early week and may reflect an increased level of caution on the FOMC day. The late week looks bullish again as the Moon conjoins Jupiter on Friday. So while I am somewhat bearish on gold in the coming weeks, there is a chance for some upside this week. A move back above support/resistance at 1340 looks likely and even a retest of 1360 is possible if the Fed doesn't do too much damage.

Next week (Sep 25-29) looks somewhat less bullish. Some gains are quite possible on Tuesday-Wednesday as Mercury aligns with Jupiter. However, the late week carries more downside risk. I am uncertain if the week as a whole will be bearish, however, but it seems less positive than the preceding week. The following week (Oct 2-6) looks more bearish as Saturn aligns more closely with the Lunar Node and Venus conjoins Mars. While we should see some upside in mid-October, late October also seems bearish as Saturn enters Sagittarius and Venus transits Virgo. One possible scenario for October is that we could see gold range bound between 1300 and 1375. I would still lean bearish in any event. November will probably be more bullish although late November looks less positive. I am uncertain if gold will test 1400 at some point in Q4. It seems less likely. And yet December and January still look quite bearish and raise the very real possibility of a lower low in gold, probably below 1300 and perhaps closer to the old support level of 1200. We should see gold begin a strong rebound by March 2018 and that may continue until June at least.



Technical Trends	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending Sep 22)	bullish (disconfirming)	1330-1360
Medium term trend is UP (1 month ending Oct 22)	bearish (disconfirming)	1280-1340
Long term trend is DOWN (1 year ending Sep 2018)	bullish (disconfirming)	1200-1400

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