

Summary for week of 13 November 2017

- Stocks with bearish bias this week
- Dollar under pressure early but could rebound later
- Crude oil likely to continue to rise, especially in first half
- Gold could extend gains this week but rally could falter soon

US Stocks

Stocks edged lower on the week breaking a string of eight straight weekly gains. Concerns about the GOP tax plan pushed the Dow lower to 23,422 while the S&P 500 finished the week down five points to 2582. This bearish outcome was somewhat unexpected as I thought we might have seen more late week upside. That said, I did think that the week would be less bullish than the previous week and we finally got the break in this fall rally.

The talk now is about the risks to the GOP tax plan as the Senate offers its sober second thoughts. The Senate is calling the shots here so corporate rates are likely to remain higher longer alongside higher individual tax brackets. In other words, it may be less of a free market windfall than many investors were hoping for. The Senate is still a thorn in Trump's side so much of the optimism may fall by the wayside by the time of the final vote. At this point, I think the market is discounting only a slightly watered-down version of the bill but still one that passes by Christmas. If more problems emerge before Thanksgiving (23rd), then stocks could sell off further as any quick passage could be taken off the table. Opinion polls suggest most Americans are skeptical of the bill and that may be one reason why the Senate is likely to have the last word.



The astrological outlook is leaning more strongly towards some kind of decline in the coming days and weeks. The ongoing Sun-Venus-Jupiter conjunction in Libra was one reason why I thought we would see higher highs in

November. That has come to pass even with the late week pullback. But the second half of November looks less positive as the Sun leaves Libra and enters Scorpio while Mars is energized through aspects with Pluto, the Lunar Nodes and Uranus. Therefore, the planets suggest there is again a rising risk of a larger pullback in the second half of November and into early December. To be sure, I had warned of a similar increased risk in early October but no decline materialized. As always, our knowledge is incomplete and therefore planetary alignments are only probabilistic influences which sometimes fail to deliver. But here we have another situation which exhibits an elevated possibility of declines. Therefore, a cautious approach is warranted, at least until we pass into a more stable planetary arrangement in mid-December.

The technical outlook is bullish despite the late week weakness. Thursday's test of the 20 DMA and subsequent bounce was somewhat bullish as we could plausibly see more upside this week upcoming. However, if we get another retest of 2570 before any additional gains then that would skew the charts towards the bears for the short term. Even then, 2540 is likely more important horizontal support given that it matches key levels from October. It also happens to be the proximity of the 50 DMA. Given the increasing planetary tension in the next few weeks, I would think the odds favour a test and eventual breakdown of the 50 DMA.

Resistance is likely at 2600 now so we could see another push up to that level followed by some consolidation. Beyond 2600, there is a slowly rising channel which rises at a rate of about 10 points per week. Further marginal gains would therefore follow this pattern. The possibility of a larger pullback is still higher than normal given the mixed nature of the Bullish Percent chart. This went sideways last week and there is a still a plausible bearish crossover of the 5/10 EMA. The rally is showing more signs of weakening as the Russell 2000 continues to decline after its early October high. This is largely due to doubts about a significant corporate tax cut which would benefit small business the most. It may be a mistake to read this as a significant divergence with the large cap indexes but it is noteworthy nonetheless. Failure in the tax plan would put additional pressure on all stocks. The weekly Dow chart still looks bullish and hugely overbought. The move above its 200 WMA is looking more and more stretched and argues for a correction soon. Meanwhile, long term yields finally rose last week as data suggesting stronger inflation numbers. The 10-year yield appeared to bounce off support at the 200 DMA and may now be testing its previous high of 2.47%. A golden cross of the 50 and 200 DMA looks imminent and may be one technical reason why yield could rise further in the near and medium term.

This week leans a bit more bearish than last week. I am paying special attention to what happens Monday, the day of the Venus-Jupiter conjunction. While both of these planets are bullish, the conjunction often marks the end of a period of optimism that has preceded it. It can therefore bring about significant selling in its immediate



aftermath. This could happen either Monday or Tuesday. If Monday is lower, then we could see a bounce on Tuesday. Wednesday lacks any clear aspects so it is a toss-up. Thursday's entry of the Sun into Scorpio leans bearish, although not overly so. At the same time, however, Mercury aligns with Mars and Pluto on both Thursday and Friday. Together these influences give the bears a better chance at finishing the week off on a negative note. Even if Monday's Venus-Jupiter conjunction ends up positive, I would still lean negative overall for the week. Possibly somewhere between 2560 and 2580. If Monday is negative, then we could see a larger decline below 2560.



Next week (Nov 20-24) is shortened for the Thanksgiving holiday in the second half. Monday the 20th could be significant as Mars aligns with the Lunar Nodes. This is a bearish pairing which could correspond with some downside. Tuesday also has a somewhat elevated risk of a decline although perhaps less so. Wednesday looks more bullish and Friday looks more bullish still on the Mercury-Uranus alignment. I would be bearish overall even if the late week could bring a bounce. The following week (Nov 27-Dec 1) could see gains early on the Venus-Mercury alignment. However, bears should note the late week entry of Mars into Libra. Some downside is likely



although I am uncertain if it will negate the possible preceding gains. Then in early December Mercury turns retrograde while conjunct Saturn. This looks bearish and could well produce lower lows at that time. A breakdown of the 50 DMA at 2540 looks likely and we could see something closer to 2500. I would think that the second half of December could bring some upside. But gains likely won't stick and lower highs look more likely. January and February are likely to see more downside pressure. The key question now is whether we get lower lows (2400?) in early 2018 relative to December. I think it's very possible but let's see what happens in the next few weeks. Another failed rally to a possible lower high in April is very possible which would then be followed by a sharp correction that lasts into June. Overall, 2018 looks bearish although a significant recovery is likely to take place in the second half of the year.

Technical Trends

Astrological Indicators

Target Range

Short term trend is UP
(1 week ending Nov 17)

bearish (disconfirming)

SPX 2550-2580

Medium term trend is UP
(1 month ending Dec 17)

bearish (disconfirming)

SPX 2450-2540

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

bearish (disconfirming)

SPX 2200-2600

Indian Stocks

Despite reductions in GST tax rates on Friday, stocks closed the week lower amid earnings pressure. The Sensex lost 1% to 33,314 while the Nifty finished at 10,321. This bearish outcome was somewhat surprising as I erroneously thought the late week strength would be enough to offset any weakness in the first half.

Sentiment has become more mixed following the pullback. The reduction in the various GST rates is likely to give a boost to the consumer sector and this should help the economy as a whole. Going forward, markets are more likely to see the GST as a net positive, even if government revenue may suffer on the long term. Global cues are perhaps a greater source of concern as there are growing signs of problems facing the Trump tax reform in Congress. A watered-down version of the tax cuts is looking more likely, although it may take longer than many market bulls had hoped. This could reduce growth expectations for the US which would likely have a knock-on effect globally.

With the planets looking more tense here in November, there is more reason to expect this pullback has further to go. The benefic influence of Jupiter is likely to wane starting next week after its conjunction with Venus. And Saturn is likely to become more powerful as we move into November.

This is likely to preclude higher highs for a while yet and keep the pressure on stocks. My general view is that we will see lower lows in December, probably in the first week. While predicting levels is difficult, I think 10,000 is very possible on the Nifty and 9700 would also not surprise me. Some kind of bounce looks likely in late December and early January but I would be skeptical about the possibility of higher highs. More problems look likely in Q1. A more sustainable rebound to higher highs may have to wait until the second half of 2018 and into 2019.



The technical picture hints at more short term downside. Tuesday's decline was large while the late week recovery was very modest indeed. There appears to be some active horizontal support at 10,250 around the mid-October high. If that cannot hold, then a move down to 10,100 or even 10,000 becomes more likely. A move to 10,000 would represent a 500-point decline and would roughly equal the previous pullbacks in size. Resistance is 10,400 so bulls will need to move above that level to push for higher highs. A rejection of 10,400 would be bearish and would likely spark another, deeper sell-off.

The bearish crossovers in stochastics and MACD offer the bears some hope that further downside may be the path of least resistance. And yet the inability of the Nifty to achieve its upside target of 10,600 suggests that a recovery from current levels is still possible. That would be the bullish view, at least. The weekly BSE chart still depicts a strongly trending bull market. A major correction down to the 200 WMA could shock some complacency out of the market but would not fundamentally alter the technical arguments for higher highs in the future. A return to the long term trend line is inevitable and is perhaps more likely now given how far price has moved above the line. Further upside may be possible in the short term, but higher highs will only postpone the eventual retest of the 200 WMA (27,000). Meanwhile, Infosys (INFY) continued to rebound above the 200 DMA last week. The chart is looking stronger now and one would expect a retest of horizontal resistance of the July-August support levels. It will be important to see if bulls take profits if and when the stock tests the early August lows. A rejection of that level would indicate a possible return to its current trading range in the area of the 200 DMA. ICICI Bank (IBN) was unchanged on the week after making a higher low midweek. It is making a quick retest of resistance at its July high so that should be seen in a bullish light. I would expect higher highs fairly soon.

This week looks mixed. Some upside is more likely in the first half of the week as Venus conjoins Jupiter on Monday. I would have a bullish bias through to Wednesday although that day has a rather less positive outlook. The second half of the week leans more bearish as the Sun enters Scorpio on Thursday and Mercury aligns with Mars on Friday. I would keep an open mind about where the indices may finish this week – it could be higher or lower. But gains do seem to be front-loaded here in the early going and there may not be enough positive energy to break above 10,400. We shall see. If, for example, the Nifty closes at resistance at 10,400 on Tuesday or Wednesday, then I would think that would increase the likelihood of some retracement lower later on. And even if



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we get a quick rally up to the previous high at 10,500, November's outlook is sufficiently mixed to bearish that we could be seeing a bearish double top pattern. That is another scenario to consider at least.

Next week (Nov 20-24) looks more bearish as Mars aligns with Rahu early in the week. This could again test support at 10,250 and possibly fall below it. However, the second half of the week looks more positive as Venus aligns with Ketu and Mercury aligns with Uranus and Saturn. Given the mix of influences here, this is a difficult outcome to predict with confidence. I would retain a general bearish stance but we cannot rule out some upside. A lot will depend on what kind of damage the Mars-Rahu alignment inflicts. The following week (Nov 27-Dec 1) could be bullish to start on the Mercury-Venus alignment but the second half of the week looks more bearish as Mars enters Libra. Thursday's Moon-Mars conjunction looks especially volatile. I would expect more downside is likely in early December. This looks more likely to test 10,000-10,100 at least. A rebound is likely by mid-December and that could extend into early January. Higher highs are conceivable, although not probable I would say. However, Q1 still looks mixed at best and it is possible the Nifty could move to lower lows (9700?) Q2 looks more bullish and that could also generate higher highs. A significant pullback is likely around June-July but the second half of 2018 looks more bullish.



Technical Trends

Astrological Indicators

Target Range

Short term trend is DOWN
 (1 week ending 17 November)

bearish (confirming)

10,200-10,400

Medium term trend is UP
 (1 month ending 17 December)

bearish (disconfirming)

9800-10,250

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

bearish (disconfirming)

9000-10,500

Currencies

The Dollar slipped last week on worries that the GOP tax plan might not survive. The USD closed at 94.28 down half a cent while the Euro ended the week at 1.166. This bearish outcome was unexpected as I thought the late week would be more bullish. In the end, the Dollar tested resistance at 95 but again failed to push above it. With growing doubts about Trump's tax reform, bulls perhaps are feeling fortunate that at least it found support Friday at 94. The support at 94 is likely fairly strong since it represents the intersection of some horizontal support as well as the rising channel support. A move below 94 would likely entail a deeper decline to the 50 DMA at 93. But for now, the Dollar rebound is still intact as it clings to the 20 DMA. The current up move requires more progress on taxes, however, so any delays or setbacks in Washington would likely take the Dollar lower once again. The weekly Euro chart shows the common currency finding support just below the convergence of the 20 and 200 WMA. 1.16 is just above the previous resistance level at 1.15 and therefore is more likely to hold despite repeated tests. Any move below 1.15 would therefore suggest significant new weakness as it would mark a return to the previous trading range.



This week looks mixed. Some early week declines are possible here with Monday's Venus-Jupiter conjunction. The late week Mercury-Mars alignment looks a bit more promising, however. If the early week is bearish then it is possible we could see the Dollar fall below 94. This would complicate the technical outlook somewhat but I would still think the chances are good for higher highs in the weeks ahead. The week as a whole is difficult to call although I would retain a bullish bias. Next week (Nov 20-24) looks more bullish as Mars aligns with the Lunar Nodes early in the week. A test of resistance at 95 looks more likely here. The late week may see some retracement.



Late November looks mixed with more retracement possible, although I would not say lower lows are probable. Early December should be more bullish as Mercury turns retrograde while aligned with Saturn. This could even be a sharp move higher, possibly above resistance at 95 and even producing a test of the 200 DMA at 96.6. The Dollar rally is likely to reverse lower by January or February. This should produce a retracement phase that lasts for at least two months, and possibly into Q2. This down move could be significant and could retest the lows of 91-92. The Dollar will then likely bounce again starting in May-June and last for much of the summer.

Technical Trends (Dollar)

Short term trend is UP

Astrological Indicators

bullish (confirming)

Target Range

94-95

(1 week ending Nov 17)

Medium term trend is DOWN bullish (disconfirming) 95-97
(1 month ending Dec 17)

Long term trend is UP bullish (confirming) 96-99
(1 year ending Nov 2018)

Crude oil

Crude oil pushed higher again last week on growing concern about the political stability of the Middle East. WTI gained more than 2% to \$56.74 while Brent finished the week above \$63. This bullish outcome was in line with expectations although all of the upside occurred on Monday. Last week's gain pushed prices above resistance of the rising channel from the June low and suggested growing upside momentum. Support is now near \$55 which is the previous horizontal resistance so we could see many buyers come in to defend that level in the event of a retracement. Any move below \$54-55 could indicate that last week was a false breakout. It is difficult to say just where resistance may be at this point. Last week's high of \$58 for WTI is the immediate resistance level.

There is also an argument to be made about \$58 as the upside target for the measured move from the June low. The resistance trend line from 2016 comes in around \$60 so that may be another area to watch. The weekly Brent chart shows that resistance trend line from 2016 at \$68-70 so further upside is perhaps more likely. In the event of a pullback, support would be near the previous high at \$57-58. So instead of a rising wedge pattern, Brent may be forming a rising channel from its 2016 low. If resistance is \$68, the support is near \$50.

This week also looks bullish but it could be choppy as well. More gains are likely here given the Venus-Jupiter conjunction on Monday. This influence could manifest at various points in the week, in the event that Monday happens to be bearish. However, I think Tuesday-Wednesday has a somewhat greater chance of producing some downside. But the late week may still bring a rebound. I am generally bullish for crude in November but the positive influences will diminish. We could still have another week or two of gains although I do think the bears will have more down days to enjoy also. Let's see.



Next week (Nov 20-24) could be very important given the Mars-Lunar Node alignment early in the week. This looks bearish but I would acknowledge the possibility of sharp gains also. A neutral outcome looks unlikely in any event. So we could either get a quick push up to \$60 WTI or perhaps a sharp pullback down to support at

\$50-54. The following week looks less positive as Mercury conjoins Saturn. Early December is perhaps a higher likelihood of producing a decline as Mercury turns retrograde on the 3rd. The pullback could be significant. We could see a rebound in late December but January and February seem fairly bearish and could produce lower lows. A move back below the 200 DMA is possible. A strong rebound is likely starting in Feb-March and extending into Q2 2018.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending Nov 17)	bullish (confirming)	\$56-60
Medium term trend is UP (1 month ending Dec 17)	bearish (disconfirming)	\$50-54
Long term trend is DOWN (1 year ending Nov 2018)	bullish (disconfirming)	\$50-70

Gold

Gold finally posted a winning week last week as the Dollar retreated on US political concerns. Gold climbed \$5 to 1274. This bullish outcome was in line with expectations as the Venus-Jupiter conjunction was likely to generate some optimism. However, the gains were modest as Thursday's high of 1290 was a much lower high than the previous one at 1310. Friday's sell-off was a grim reminder of how weak bulls have been recently. Nonetheless, the winning week gives bulls some technical bragging points at least as a base may be forming at support at 1270 and the 200 DMA at 1263. This support really must hold here or else gold could end up back down at 1210 fairly quickly. The problem for bulls is that any failure at 1270 could trigger a wave of sell stops as the technical logic of the chart becomes a self-fulfilling prophecy. It will be interesting to see the market action if there is an early week pullback to 1270 or just below. The bearish scenario can be put aside, however, if gold can move above last week's high of 1290. This would give credibility to the view that gold has found a tradeable bottom. But the chart as it stands now would suggest that bullish scenario is less likely to occur. The current retracement from the 1360 high in September is greater than 50% as measured from the previous



low of 1210. From a momentum perspective, pullbacks that are greater than 50% often indicate a soft market and are less likely to produce higher highs in the near term.

This week could give the bulls another decent chance at some upside. My general view is that gold is headed lower soon but I am uncertain when it will break support at 1270. It could happen as early as this week but the planets do not look bad enough. I would therefore not be surprised if we got more upside, especially early in the week. After the Sun enters Scorpio on Thursday, the odds for a decline increases. Bulls should therefore be careful here.

Next week (Nov 20-24) looks volatile as Mars aligns with the Lunar Nodes early in the week. I would have a bearish bias given the elevated risk of a larger than normal decline. At the same time, a choppy market is also possible. There is more energy available here so think prices could have larger movements. The following week (Nov 27-Dec 1) would seem to offer bears more negativity as Mercury aligns with Saturn. Early December also seems bearish and could coincide with a move down to 1210. That's very possible. Even if we get a bounce in late December, January may also be bearish enough to create more downward pressure on gold. Lower lows should not be ruled out in January and I would think the chances are good for at least a retest of 1210. Beyond that, it is difficult to say. Overall, Q1 2018 looks bearish but we should see a strong rebound emerge in Q2.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending Nov 17)	bullish (confirming)	1270-1300
Medium term trend is DOWN (1 month ending Dec 17)	bearish (confirming)	1220-1270
Long term trend is DOWN (1 year ending Nov 2018)	bullish (disconfirming)	1200-1400

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