

## Summary for week of 2 April 2018

- Stocks prone to more declines this week
- Dollar volatile this week with some upside possible
- Crude oil leans bearish this week
- Gold choppy but more vulnerable to declines

## US Stocks

Stocks bounced last week as trade fears ebbed and bargain hunters moved in at support levels. The Dow rose by more than 2% to 24,103 while the S&P 500 finished at 2640. This bullish outcome was not unexpected as I noted the mix of influences in play. I thought we would likely see some upside but was uncertain if the gains could stick given the persistent negative influences through the week.

Investors breathed a sigh of relief on news of trade talks between the US and China aimed at averting a trade war. If there is news of more progress on the trade front, it would reduce uncertainty and provide a reason for stocks to rally higher. Currently, the market is in a wait-and-see mode as the Trump administration is not a source of reassurance on this issue. Moreover, ongoing turnover at the cabinet level and the deepening Mueller investigation are also likely diminishing the possibility for higher highs in the stock market in the near term. Without stability in the White House, investors may be more reluctant to take major long positions. The fallout over the Facebook data scandal is a new headwind as it threatens to undermine the whole tech sector. Greater regulation over social media seems inevitable which may cut into the bottom line for many companies. On the other hand, stocks may get a boost from earnings season which begins in mid-April (Alcoa is due to report first on April 18). If the tax reforms are boosting the corporate bottom line, then it could shift sentiment.



The astrological outlook still gives the bears the edge for the short term. So far, the late March bearish patterns have played out more or less as expected. The Mars-Saturn conjunction is due on Monday, April 2 and will likely correspond with another bout of volatility during this week. Technical analysis notwithstanding, the planets offer good reason to expect lower lows in April, if not an actual retest of the previous low at SPX 2532. Ideally, we would like to see the planets confirm the technical outlook in order to increase the reliability of the forecast. This is only partially the case here, although I would still have a bearish bias until 1) the technicals improve and the SPX closes over 2700 and/or 2) the Mars-Lunar Node alignment on April 11. I would become more bullish as we go further into April and May. Jupiter aligns with Pluto in April and then Neptune in May. Both planets argue for some kind of significant upside. Higher highs may be difficult to achieve but the March high of 2800 looks doable depending on how low we go in April. After that, another corrective phase is likely starting in June or July.

The technical outlook is mixed. As often happens, both bulls and bears have plausible arguments. Bulls can point to last week's retest of the Feb low and the double bottom as reason to go long. Except for the piercing low on Feb 9, the chart has retested the low of 2600 and the 200 DMA at 2589 and thus presents a compelling case for a rebound, if not a full-on rally. But bears also have a good case for lower lows as the SPX has been in a down trend since the March 13 high. Unless falling trend line resistance is broken at 2680 or so, the trend is down.

Bears may get nervous if the current bounce goes above the March 27 high of 2675 as it may threaten to break above the trend line. The gap fill at 2700 is also a plausible upside target if the current bounce picks up steam. It's not out of the question in the coming days although the planets do not clearly support that view. The bears can also point to repeated tests of 2600 last week so that if there is another one, the odds increase that it will not hold and we will see lower lows. A quick flush down is therefore a real risk with possible downside targets of 2532 (the Feb 9 low) or the measured move at 2450. The bears may also point to the relatively narrow bounce last week as the Bullish Percent Index was negative for the week and thus is a negative divergence with the SPX. It does form a double bottom, however, and thus reflects the plausible bullish setup in the price chart. The weekly Dow chart also contains some bearish elements. The double bottom may be bullish but last week's gain was quite small. Compare that to the bounce following the Feb 9 low and the difference is stark. There is a lot more caution this time around. Stochastics is at 25 and therefore has further to fall before becoming oversold. Cautious bulls seeking an decent entry point for long positions may be waiting for this indicator to move below 20 before considering new investments. An even more cautious bull may be waiting for a bullish crossover in the weekly stochastics. Another interesting development is that bonds are rallying as the 10-year yield broke support at 2.8%. This reasserts the normal relationship between stocks and bonds as bonds become a flight to safety. It may be too soon to assess the implications of this move although any sharp moves would likely upset the delicate balance in asset allocation.



This week offers the bears another chance. The Mars-Saturn conjunction is front and center on Monday although its impact could be felt throughout the week given the additional alignment with retrograde Mercury. The clustering of these planets make calling specific days more difficult than usual. Nonetheless, I would lean bearish for Monday with an elevated risk of a large decline. That said, I would not be surprised if the decline doesn't materialize. It may require the additional Mercury factor which aligns on Tuesday and Wednesday. Mercury squares Saturn on Thursday so there is another reason that bears may be rewarded for their patience in the event that we get some early week upside. Friday could see some gains as Mercury aligns with Venus although the pattern is not reliably bullish. The planets do not rule out a rise up to 2675 early in the week but the evidence isn't really persuasive. I would think the week as a whole will be lower with 2600 tested again and quite possibly broken. A sharp decline is also possible with these planets although I am reluctant to say that outcome is probable.



Next week (Apr 9-13) looks bearish to start as Mars aligns with the Lunar Nodes. This is a fairly reliably bearish pattern that suggests more downside pressure. The pattern is made more bearish due to the proximity of Saturn to Mars. Lower lows are possible here, too, although it depends how the preceding week unfolds. The second half of the week looks more positive on the Sun-Jupiter-Pluto alignment so that argues for a bounce. I do not have a strong opinion on the week overall. The following week (Apr 16-20) looks more positive on the Sun-Uranus conjunction early in the week. A sharp rise is possible here. The planets appear to improve in late April and May so there is some reason to expect a rebound.



The rise may be fairly strong and could match or exceed the March high of 2800. The rally is likely to peak between late May and mid-June. The Mars retrograde cycle is due to begin on June 26 and could well signal another reversal lower. I would expect another correction into the summer that sees stocks fall more than 10%. Lower lows are possible by August or September although it depends if we get higher highs in May-June. Q4 may be more bullish although I would not expect the rally to be especially powerful. Another pullback is likely in December-January. 2019 looks mixed with more stressful aspects in the first half of the year and perhaps more optimism returning in the second half.

**Technical Trends**

**Astrological Indicators**

**Target Range**

Short term trend is DOWN  
(1 week ending Apr 6)

bearish (confirming)

SPX 2500-2600

Medium term trend is DOWN

bullish (disconfirming)

SPX 2550-2650

(1 month ending May 6)

Long term trend is UP  
(1 year ending Apr 2019)

bearish (disconfirming)

SPX 2200-2500

## Indian Stocks

Stocks advanced last week on positive global cues and reduced interest rate pressure. The Sensex added more than 1% on the week to 32,968 while the Nifty finished at 10,113. This bullish outcome was not hugely surprising although I thought we might have had more midweek selling. Monday's gain on the entry of Venus into Aries was more or less expected, although the Nifty escaped any morning weakness.

The fundamentals appear less positive here although the consensus view assumes no worst case scenarios on trade and interest rates. After the Fed's fairly restrained statement, it is still possible that the market can adjust to more gently rising rates without impacting capital flows significantly. Inflation remains modest in most jurisdictions and this is expected to keep global rates fairly low in 2018 at least. The prospect of trade talks between the US and China removed one major source of worry for investors last week as a damaging trade war may now be averted. It is still early days, however, and given the unpredictability of President Trump, it is unclear when the trade situation will clarify one way or the other. For now, investors are cautiously optimistic that the protectionist impulse can be managed within a broader context of global free trade.



The planetary outlook remains less positive as we head into the month of April. Saturn is still dominant as it conjoints Mars on Monday 2 April and then turns retrograde on 17 April. Some further downside looks likely in the next two weeks although I suspect we are getting fairly close to an interim bottom both in terms of time and price. It is difficult to estimate levels but it seems likely that 10,000 will be tested again and broken. Just how far the Nifty may fall is uncertain. Perhaps not too much further, such as to technical support at 9700 or 9500. The second half of April may be more positive as Jupiter aligns with Pluto and the upswing is likely continue into May as Jupiter aligns with Neptune. If the Nifty bottoms fairly close to 10,000 in April, then it is possible we could see higher highs by May or June. If there is more damage done in April, then bulls will have to content themselves with a lower high at the top of the next rally. Another corrective decline is likely to begin in June as Mars begins its once every two year retrograde cycle. This may produce another 10% correction although the down trend may end sometime in late July or early August. Stocks look more bullish after that, so a decent rally is likely to last into November.

The technical outlook looks mostly bearish. To be sure, the bulls did defend 10,000 last week as that was an important psychological level. The bounce was decent but the range was contained entirely within the range of the previous week. That is only modestly positive and still reflects a prevailing sense of caution. Bulls are still trying to recapture the 200 DMA at 10,180. A falling channel is taking shape and argues for only incrementally lower lows until channel resistance is broken. It is also possible to see bullish falling wedge pattern which typically resolves to the upside. This could give bulls some additional conviction in the event that resistance at 10,200 is broken to the upside.

The moving averages tell an increasingly bearish tale. The 20 crossed below the 50 in March and now the 20 is about to cross below the 200. Stocks need to rally soon or else risk a major bearish shift. We are seeing a slight RSI 5 positive divergence after last week's bounce and stochastics is at 70 and has yet to become overbought. These indicators offer some evidence for further upside in the coming days. The weekly Sensex chart shows the modest bounce last week within the range of the previous candle. Support is holding for now at the 50 WMA as stochastics are now oversold. Further downside is possible, of course, but cautious bulls should be watching for a possible bullish crossover in this indicator. If this moves back above the 20 line, it would be a significant technical buy signal for the medium term. On the other hand, bears may be thinking in terms of taking the correction down to the 200 WMA at 28,370. This line was last tagged in early 2016 and would present a good buying opportunity. Meanwhile, Infosys (INFY) is looking more bullish as it appears to be finding support at the 50 DMA. Last week put in a higher low and we have a promising cup-and-handle pattern. If there is a breakout above horizontal resistance at the January high, then bulls should expect another 10% return in the coming weeks. HDFC Bank (HDB) is holding on to support at the 200 DMA and is trading in a narrow range. A decisive close above the 50 DMA would likely open the door to another leg higher and a possible retest of the January high.



This week looks more bearish as Mars conjoins Saturn and aligns with Mercury. This alignment will be within effective range for much of the week so it is more difficult to forecast precisely when we will get down days. Monday could begin on a positive note as the Moon aligns with Venus although I would be more skeptical about stocks finishing green. Tuesday also offers a modest chance for some gains as the Moon conjoins Jupiter. This is perhaps the more bullish scenario this week: some early week gains followed by sharper selling after Tuesday. But we could just as easily see stocks fall from Monday onwards. Wednesday to Friday look more bearish in that respect and should offset any early week gains, or gains elsewhere in the week also. If there is some early upside, then a test of the 20 DMA at 10,246 is possible. I would think there will be another test of support at 10,000 in any event and I would think the chances are fairly good for a lower low below 9951.



Next week (Apr 9-13) looks bearish to start as Mars aligns with Rahu. Stocks look net negative across both days and may fall on both Monday and Tuesday. Lower lows are very possible. Gains are more likely after Tuesday as the Sun aligns with Jupiter and Pluto. I would be open-minded about the week overall. The following week (Apr 16-20) looks more bullish as Venus is in mutual aspect with Jupiter. This may well coincide with an oversold bounce and could well mark the start of a rally. The end of April looks mixed with the Mercury-Saturn square and Mars-Pluto conjunction both hinting at one or two big down days. May should be more positive as Jupiter aligns with Neptune. Early June looks bearish and could signal the end of the rebound. Higher highs are possible in late May but not probable. I would expect June to become increasingly choppy and volatile with a possible top in the first half of the month. The second half of June may be more bearish as Mars turns retrograde on the 25<sup>th</sup>. June overall looks like a negative month and July also looks bearish as Saturn aligns with Rahu and Uranus. This decline from about early June to early August should be larger than 10% although I am uncertain if it will produce lows below the April low. We shall see. A strong rebound should begin in August and extend into September. Q4 has a bullish bias although December looks very bearish. 2019 should extend the bullish bias although another significant correction is likely in Q2.



**Technical Trends**

Short term trend is DOWN  
(1 week ending 6 April)

Medium term trend is DOWN  
(1 month ending 6 May)

**Astrological Indicators**

bearish (confirming)

bullish (disconfirming)

**Target Range**

9700-10,100

10,000-10,300

Long term trend is UP  
(1 year ending April 2019)

bullish (confirming)

10,000-11,000

## Currencies

The Dollar rose last week as trade war fears receded and positive employment data. The USDIX gained a cent to 89.91 while the Euro slipped to 1.23 and the Yen settled at 106. Bitcoin fell again to 7400 as the retreat from its parabolic highs continues. This bullish outcome for the Dollar was not unexpected as I thought the late week would be more positive following some early week selling. The technical situation is still mostly bearish, although the retest of support at 88.5 early in the week sparked a bounce at least. Friday's close above the 50 DMA was also a small bullish signal since that has been acting as resistance. Bulls need a close above the previous high of 91 to facilitate a bigger up move. Until that time, the chart will be vulnerable to more downside. The more frequently we see a test of horizontal support, the more likely it is to break down. A break down of 88.5 would likely produce a measured move to 86. The Euro continues to move mostly sideways although it is forming a temporary bull flag pattern. These usually resolve to the upside. A test of the 20 DMA at 121 is still possible in the near term and only a weekly close below that level would jeopardize the larger rally. The upside target for the Euro is in the 1.27-1.29 area.



This week may bring increased volatility to currency markets. The early week Mars-Saturn conjunction is fairly unusual, and even more so given its square alignment with Mercury. I am somewhat uncertain about ultimate direction for the Dollar. While I think the Dollar will likely remain under pressure for much of April, I would not rule out some upside this week. Gains are more likely to take place in the first half of the week with the late week looking more likely to produce some downside. Next week looks a bit more bearish, especially in the midweek on the Sun-Jupiter alignment. The Dollar is getting closer to a bottom and will rally strongly in the coming weeks. The bottom looks more likely to occur during the month of April although it is possible it could occur in May. The period from June to August looks quite strong and will likely see the Dollar tag its 200 DMA at least. I would expect the technical situation to improve considerably after this summer rally. Another



corrective phase is likely to begin by September and last into October. Q4 leans bearish but not strongly so. The first half of 2019 looks more bullish. Longer term, the Dollar outlook is bearish for 2020-2022 with a possible retest of its historic lows at 70-75.

Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending Apr 6)	bullish (disconfirming)	89-90
Medium term trend is DOWN (1 month ending May 6)	bearish (confirming)	85-90
Long term trend is DOWN (1 year ending Apr 2019)	bullish (disconfirming)	85-95

## Crude oil

Crude oil moved lower last week as the Bolton-Iran fears receded and the Dollar rose. WTI lost 1% to 64.94 while the Brent held above \$69. This modest bearish outcome was not unexpected as the mix of influences made it difficult to call a direction. The early week gains occurred only intraday into resistance but did not hold to the close. With prices up against horizontal resistance at \$66, the retracement was still in keeping with the bullish view. Immediate support at \$64 did hold last week and will provide another reason for bulls to go long in the coming days. The picture will become more complicated if WTI falls below \$64, however. A period of range-bound trading is possible if there is a move below the 50 DMA which has been acting as approximate support in this recent rally.



The convergence of the 20 and 50 DMA emphasizes the potential technical importance of this level. If we see a daily close below that level, then WTI is more likely to fall further perhaps testing the February low at \$58. Even an extended period of consolidation would not seriously damage the bull trend as we see in the weekly Brent chart. The 20 WMA is acting as good support here at \$66 and would likely hold again if there was a pullback to this level. Below that, convergence of the 50 and 200 WMA at \$58 would likely bring in buyers also.

Interestingly, this is the previous resistance level dating back to late 2016 and early 2017. The long term rising trend line support is now around \$55. Eventually, this line will also converge with the \$58 level and would present an even more attractive entry point for bulls in the event of a deeper retracement.

This week could see increased volatility. Mars conjoins Saturn on Monday and then aligns with Mercury at midweek. My bias would be towards greater downside risk but I do admit there is a wild card element in play this week that should keep bears from being overly confident. We could see a sharp one day rise followed by a couple days of selling. Therefore the overall direction is difficult to say. I think crude is unlikely to suffer a major pullback in April although it may become increasingly clear it is forming a topping pattern. But downside risk may rise during April which could manifest as sharper, sudden pullbacks.



Next week (Apr 9-13) looks a bit bullish although again the picture is mixed. Monday leans bearish but Tuesday and Wednesday may be more bullish as the Sun aligns with Jupiter. Mid-April may be more bearish as Mars aligns with Pluto. There could be a risk of breaking through \$60 assuming that hasn't already happened. We could see another bounce higher into early May on the Jupiter-Neptune alignment but it may be short-lived. I would not necessarily expect higher highs from this pattern, especially if April has been mixed to bearish. Late May looks more bearish and June should see a larger retracement. I would expect WTI to fall to its 200 DMA at \$54 by June or July. As always, projecting levels is more speculative, but the planetary alignments suggest a more protracted bearish period which indicates lower lows. A temporary break below \$54 is also possible. A late summer rally is likely in August and September which should put the bulls back in charge. This bullish bias should continue for most of the rest of 2018.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending 6 Apr)	bearish (disconfirming)	\$60-67
Medium term trend is UP (1 month ending 6 May)	bullish (confirming)	\$60-70
Long term trend is UP (1 year ending Apr 2019)	bullish (confirming)	\$60-75

## Gold

Gold fell last week on receding trade war fears and a stronger Dollar. Gold lost more than 1% to 1327. This bearish outcome was not unexpected as I had a negative bias for the week. We did see one up day on Monday but it was surprisingly modest. Gold continues to trade in this range between support at 1310 and resistance at 1360 or so. Based on the size of the range, a breakout higher would have an upside target of 1410 and a breakdown of 1310 would have a downside target of 1260. The long term story for gold looks bullish as the ascending triangle and inverted head and shoulders patterns both point to an eventual move much higher, perhaps to 1700. But gold bulls have been forced to be very patient as there have been innumerable tests of resistance at 1350-1375. While the medium and long term technicals are bullish, it seems that gold will likely need a catalyst to finally break out of this range. This could be geopolitical uncertainty or further Dollar weakness, perhaps as a result of slowing economic data or more tough talk on trade from the White House. The March jobs report is due this Friday April 6 so that could offer more fuel for gold bulls. If the data is soft, then that could reduce expectations for Fed rate hikes this year. Conversely, a strong jobs report with significant wage gains would keep the door open to four rate hikes which would be very bearish for gold. While the gold chart would be short term bearish if it fell below 1310, the bulls' "buy the dips" mentality would only be broken if price fell *below* the downside target of 1260.



This week could see some significant moves. The Mars-Saturn conjunction on Monday looks bearish although I admit it is not a reliably bearish indicator. There is an increased risk of volatility in financial markets over the next couple of weeks but I am uncertain how this will affect gold. Perhaps we will see some early week selling followed by gains in the second half. It is therefore possible that gold will continue to trade in the 1310-1350 range. I would lean bearish in any event although I would not be surprised if gold actually closed higher.

Next week (Apr 9-13) could see more volatility. There are some significant bearish alignments in the early week which could retest 1310 or even go lower. But the second half of the week may be more bullish as the Sun aligns with Jupiter. We should see gold move higher into mid-April as Venus aligns with Jupiter. The exact opposition takes place April 17<sup>th</sup>. Another dip is likely in late April as Mars conjoins Pluto. I would not expect this to create a lower low, however. May looks more bullish as Jupiter aligns with Neptune. A move above 1350 is possible, assuming that April hasn't been too bearish. Gold should reverse lower in June as Saturn aligns with the Lunar Nodes. This bearish pattern in June and July looks more powerful than any preceding bullish pattern in April or May. For this reason, I would expect lower lows sometime during the summer. Another rally should begin by August and extend through much of Q4. Higher highs are possible by November. However, a correction is likely in November-December which may well extend into Q1 2019.

<b>Technical Trends</b>	<b>Astrological Indicators</b>	<b>Target Range</b>
Short term trend is UP (1 week ending Apr 6)	bearish (disconfirming)	1280-1340
Medium term trend is UP (1 month ending May 6)	bullish (confirming)	1300-1375
Long term trend is DOWN (1 year ending Apr 2019)	bullish (disconfirming)	1250-1450

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