

Summary for week of 26 March 2018

- Stocks may rebound after possible lower lows Monday
- Dollar mixed this week with possible early downside
- Crude oil may rise early but pullbacks likely later
- Gold mixed but with bearish bias

US Stocks

Stocks fell sharply last week on trade war worries and more instability in the White House. The Dow fell more than 5% to 23,533 while the S&P 500 finished at 2588. While I thought the week would be bearish, I did not expect the decline to be this large. As expected, most of the damage was done after Wednesday's FOMC meeting as Mercury turned retrograde on Thursday just as bearish Mars was squaring the Sun. Monday was surprisingly bearish, however, so that was the first clue that the bears would likely rule the roost for the week.

Markets are clearly rattled now as Trump's 'shoot first and ask questions later' approach is bad for sentiment. Trump went ahead with his promise to slap tariffs on Chinese imports and this brought a muted and measured Chinese response. But we are still early days in this strange, new protectionist world. Clearly, investors are now trying to gauge the downside risks in the event that things get out of hand. For now, the damage seems superficial but that is often how trade wars begin. If the Chinese carry through with their threat to stop buying US Treasuries, things could turn nasty in a hurry. Without China buying US debt, interest rates would rise which could choke off credit thus reducing economic activity. For now, markets will be watching to see if things settle down or if further tariffs are imposed by either side. Ironically, the Fed meeting proved to be a non-event as Chair Jerome Powell hiked rates 25 points as expected and suggested there would only be two more hikes in 2018. That was basically good news for investors before Trump decided to upset the apple cart.



The astrological picture continues to favor the bears. The problem now is assessing how much more downside there could be in the near term. To be sure, there are more negative planetary alignments in the next two weeks. For this reason, I would not expect a major rally occurring just yet. That said, I have missed the magnitude of the selling both in early February and now here in late March. The margin of error in interpreting planetary positions is significant and that means that astrological inferences should be considered probabilistic only. I thought we would test 2600 in early April but here we are already. This means either that 1) I was off in my timing and that stocks could bottom and begin to rebound next week or 2) we will have further to fall into that bearish early April alignment of Mars-Saturn-Mercury. I prefer this second scenario so we are more likely to see lower lows over the next two weeks. But as always, nothing is certain.

The technical outlook is bearish for the short term. Friday's decline took out the March 2 low and thus opened the door to a retest of the Feb 9 low of 2532. But not all retests are created equal. It is possible the SPX could reverse higher from here since it got *close enough* to 2532 by tagging the 200 DMA (at 2588) for a second time. In other words, a rebound from here would count as a retest after which stocks could rally and perhaps resume their bullish advance to higher highs. Sounds a bit optimistic but this is what bulls are contemplating this weekend, and not without some justification. The other possibilities would be 1) a hard retest of 2532 after another 50 point decline over the next two weeks or 2) a measured move decline down to about 2450. This matches the size of the initial decline off the late January high as measured from the March 13 high of 2801.

The daily SPX chart shows that stocks are oversold now as RSI is below the 30 line and stochastics is below the 20 line. This is no reason to think that stocks can't fall further although it may give bulls some courage to attempt a short term bounce next week. If we do see a bounce, then resistance would first be 2600 and then 2620 and more importantly, 2650. A move over 2650 would likely dispel the gloom and could accelerate the rebound. The Nasdaq suffered a greater loss last week, mostly due to Facebook, although it remains well above its 200 DMA. While this could reverse higher at any time, there could be still be another test of the 200 DMA in the days ahead. The measured move downside target is 6700 which would be just a bit below the 200 DMA. This is one rationale at least for why we could see more selling in the coming days. The weekly Dow chart hints that a bottom may be very close here. This week's close almost matched the Feb 9th intraday low and is close to tagging the 50 WMA (= 250 DMA). Last week's big red candle is more bearish than the spike low from Feb 9 and argues for lower lows ahead, however. If the measured move target comes to pass -- a big if -- then we could see the Dow fall below 22,000. Stochastics is not yet oversold below the 20 line so that could encourage bears to press their luck for lower lows in the coming days and weeks.



This week is a mixed bag of influences although the Friday holiday could reduce the downside risk somewhat. There is some reason to expect a bounce early in the week as Venus enters Aries and conjoins Uranus. This bullish conjunction takes place Wednesday but gains are more likely in the days leading up to it. But the problem here is that there two more bearish alignments that are in focus: the Mercury retrograde to the Lunar Nodes and the approach of the Mars-Saturn conjunction. These are both bad news patterns that will persist throughout the week so I would be reluctant to forecast a sustainable rebound. While we could see some sharp up days, we could also see some more down days given these negative aspects. It is very difficult to call. I would lean a bit more bearish on Wednesday and Thursday given these aspects. Even if Monday looks bullish on the Venus influence, we cannot rule out a lower low intraday, perhaps at the open. If Monday leans bullish, then Tuesday leans a bit bearish on the Moon-Node-Mercury alignment. But we should keep an open mind about all days this week. Volatility will remain high I think, even if we get a bounce. I am reluctant to suggest key levels that may be tested. If Thursday is bearish as I expect, then some preceding gains may be negated and the SPX could end up fairly close to current levels. But it's hard to say.



Next week (Apr 2-6) will feature the Mars-Saturn conjunction on Monday. The week as a whole leans bearish and could bring a lower low. That is my general expectation depending on what happens in the preceding week. I tend to think the declines may occur after the conjunction given the broader Mercury alignment. In the event stocks have bounced, this week is likely to see them move lower. The following week (Apr 9-13) may be more bullish as Jupiter aligns with Pluto. The early week could see some selling on the Mars-Lunar Node alignment but it may not be enough to turn the week bearish. I would be cautiously bullish here. I would expect the bulls to regain control in the second half of April and for more upside in May as Jupiter aligns with Neptune. It is very possible we could see 2800 in May although a lot depends on where stocks bottom beforehand. June looks more bearish, however, as the Lunar Nodes align with Saturn and then Mars turns retrograde late in the month. This could be a simple pullback or perhaps another full-blown correction. I would lean bearish here and favor a correction scenario that extends into July. Lower lows are possible in Q3, of course, although it's too soon to say. A rebound is likely in Q4 which could possibly produce higher highs above 2872, but Q1 2019 looks more bearish. Actually, the first half of 2019 looks more bearish with the second half perhaps more positive.



Technical Trends

Short term trend is DOWN
(1 week ending Mar 30)

Astrological Indicators

bullish (disconfirming)

Target Range

SPX 2550-2650

Medium term trend is DOWN bullish (disconfirming) SPX 2580-2650
(1 month ending Apr 30)

Long term trend is UP bearish (disconfirming) SPX 2200-2500
(1 year ending Mar 2019)

Indian Stocks

Stocks fell again last week on concerns over a possible US-China trade war. The Sensex lost almost 2% to 32,596 while the Nifty finished at 9998. This bearish outcome was in keeping with expectations as I thought the combined effect of the Mars-Sun and Mercury-Rahu alignments would likely take stocks lower. As expected, the late week saw the larger declines although Monday proved to be unexpectedly negative.

The prospect of declining global trade is a new headwind for stocks here. While the announced tariffs between the US and China are still very small in dollar terms, they could nonetheless mark the start of a new and uncertain trade regime. China's response to Mr. Trump's tariff was comparatively modest and reflects a willingness to avoid escalation. Investors will cast a close eye on matters going forward, however, in the event of new impediments to free trade. Even if the immediate economic impacts of the tariffs are tiny, the uncertainty surrounding the trade issue is enough to reduce confidence and damage sentiment. Trump's unpredictability may have served him well against partisan foes in Washington, but it is less likely to play well on the international stage.



The planetary outlook remains difficult in the near term and argues for more downside. Our main focus is on the Mars-Saturn conjunction on 2 April. This is often a tense pairing and it is made more problematic due to the

slowing velocity of Saturn ahead of its retrograde station on 17 April. The Mars-Saturn influence is therefore more likely to create additional pressures on stocks for at least the next two weeks. Some gains are still likely during that period but I would think the bears will continue to have the upper hand. At the same time, we are now closer to the bottom than the top so it is best to think about when the next up trend may take place. By mid-April, I am expecting sentiment to gradually undergo a shift as Jupiter aligns with Pluto. Jupiter will then align with Neptune in May which may well underwrite the next rally. I still doubt the prospects for higher highs above 11,171 but we will have to see how far the current correction goes. June and July look bearish again as Mars turns retrograde and then Saturn aligns with Rahu and Uranus. Lower lows are looking quite possible in Q3.

The technical picture is looking more bearish now. Friday's break below support on the Nifty was telling. After flirting with the 200 DMA for much of the week, bulls appeared to throw in the towel on Friday. Horizontal support at 10,050-10,100 was also broken. Rallies will therefore have to be that much more forceful going forward as the temptation may be for weak bulls to take profits in the event of another test of resistance at 10,100. A close above the 200 DMA at 10,172 would be bullish and may return the Nifty to its previous trading range between 10,100 and 10,600.

However, the chart pattern resembles a head and shoulders top with a downside target of about 9000. If the Nifty cannot recapture its 200 DMA this week, there is a greater risk of this deeper decline. There may be intermediate support at 9700, however. The weekly BSE chart is testing support at the 50 WMA. It is finding some horizontal support that dates back to the previous resistance highs from Q3 2017 before they flipped into support. It is not unreasonable to think that we could see a rebound here. The other relatively bullish piece of evidence in this chart is that stochastics is now oversold below the 20 line. It is not yet in a bullish crossover so the bottoming process has at a little ways to go yet. But it has taken the first step. Once we see a bullish crossover, then we will wait for the final confirmation of a move back above the 20 line. This may be a more prudent entry point for cautious medium term bulls. Meanwhile, Tata Motors (TTM) fell with the rest of the market. The new lows suggest that is likely going to make a round trip back to its 2016 low in the coming weeks. While a bounce is likely at that level, the longer term outlook isn't bullish. A breakdown of that low (US\$22) is something to watch for. ICICI Bank (IBN) broke support last week and appears to be headed lower. A retest of its October low is imminent. More worrying is that price is well below the 200 DMA and we may be only a couple of weeks away from a death cross of the 50 and 200 DMA.



This week is difficult to call. It will be a very short three-day week due to holidays on Thursday and Friday. There are both bullish and bearish influences in play. The Venus-Uranus conjunction is exact Wednesday and is likely to produce at least one positive day. The entry of Venus into Aries occurs across Monday and Tuesday so either of those days is perhaps more likely to coincide with some gains. And yet Monday ought to lean negative given the very sharp sell-off in the US on Friday. Perhaps we will see a gap down open followed by a reversal higher by the close on Monday. That is one possible scenario at least. But the bearish alignments that punished stocks last week are still close at hand. The Mercury-Rahu alignment is still close although I suspect it may be less detrimental this week since it is past the exact station (i.e. the change in direction). But Tuesday's Moon-Rahu-Mercury alignment will highlight this pattern again so Tuesday has an added bearish risk, especially in the afternoon. Wednesday leans a bit bearish as Mars, the Sun and Saturn all align within two degrees. By itself, this is a very bearish pattern. However, the Venus-Uranus conjunction could offset some of the negativity. The bottom line is this week could go either way. I think lower lows are very possible either on Monday (at the open) or Tuesday. An up day would also seem fairly likely although whether we see the Nifty back at the 200 DMA hard to say. Despite my bearish bias, I would not be surprised to see a positive week across the three days.



Next week (Apr 2-6) looks more bearish. Mars conjoins Saturn on Monday and Tuesday just as the Sun conjoins retrograde Mercury. This is a mostly negative pattern. We could see lower lows here. A midweek bounce is possible in the wake of the Mars-Saturn conjunction but it seems unlikely to dictate the outcome for the week. The late week looks bearish as Mars aligns with Rahu. I would think lower lows are likely and that 9700 is also possible, even if we have seen some upside in the preceding week. It is possible we could see a bit more downside in the following week (Apr 9-13) as Mars and Venus align with Rahu. I am uncertain which week the Nifty will form an interim low. The first half of April is more bearish than the second half so that is a better bet perhaps. As Jupiter aligns with Pluto in mid-April, there is a greater likelihood for a positive shift. A rebound is likely to begin in April and continue into May as Jupiter aligns with Neptune. My expectation is that this rebound forms a lower high which is then sold in June. The Mars-Ketu conjunction in early June aligns with Saturn and should mark another significant decline. This bearish period in June-July may be another 10%+ correction and therefore lower lows are possible. Stocks should recover in August and begin a more bullish phase that extends through most of Q4. 2019 looks generally bullish although volatility will likely remain high.



Technical Trends

Astrological Indicators

Target Range

| | | |
|--|-------------------------|-------------|
| Short term trend is DOWN (1 week ending 30 March) | bearish (confirming) | 9700-10,100 |
| Medium term trend is DOWN (1 month ending 30 April) | bullish (disconfirming) | 9700-10,300 |
| Long term trend is UP (1 year ending March 2019) | bearish (disconfirming) | 9500-10,500 |

Currencies

The Dollar slipped again last week on trade war worries combined and a relatively dovish Fed statement. The USDIX fell 1% to just above 89 while the Euro rallied to 1.235. As stocks plunged, the Yen strengthened as a safe haven move to below the 105 level. This bearish outcome was in keeping with expectations as I thought the post-FOMC period would likely be bearish and the low for the week occurred on Friday. The Dollar's technicals remain weak here after the supposedly bullish double bottom in February. The inability to rally much afterwards is an indication that the lows at 88.5 may well be retested and there is a rising risk of lower lows ahead. Currently, the 50 DMA is acting as resistance so any close above that line (89.72) could indicate a more positive outlook. If support at 88.5 breaks, then the downside possibilities may be a measured move to 86.5. Bulls will have to defend 88.5 in order to create a more stable sideways range from which to launch a rally at a later date. The weekly Euro chart is showing a bear flag which has a bullish bias in the event of a breakout to the upside. The measured move upside target is close to 1.28-1.29. However, a bearish breakdown below 1.21 could mean the rally is over for now and the Euro has entered a new phase. But for now, the chart looks bullish and is arguing for higher highs.



This week looks mixed for the Dollar. The early week leans more bearish, however, as the Sun remains aspected by Mars. Another test of support at 88.5 is quite possible on Monday or Tuesday. However, the rest of this holiday-shortened week may be more bullish. There is a Venus-Uranus conjunction on Wednesday which offers some possibility of producing a large move. I am not highly confident of the direction but the move could be strong. However, my bias would be bullish for the Dollar. This move could take place as early as Tuesday. I would lean bullish for the week overall, albeit with a big asterisk. Next week looks more bullish as Mars conjoins Saturn on Monday, April 2. Some weakness is more likely late in the week, however. Here again there is some uncertainty about the direction. A larger than normal move is possible during this week but I would not be surprised to see the Dollar fall further, especially given its weak technical condition. I think we should be getting close to a bottom for the greenback. I think the chances are good that it can occur in April, although I would not necessarily expect any rebound to be very strong in May. The Dollar rally should pick up steam in June and July and we could finally see a tagging of the 200 DMA during the summer. Another retracement is likely to begin in August and extend into September and perhaps October. Lower lows are possible, although it is difficult to be definitive on that score. Q4 looks mixed with a slight bearish bias. Generally 2019 looks more bullish, especially in the first half. Longer term, 2020-2022 seems bearish and could indicate a return to historic lows for the Dollar.



| Technical Trends (Dollar) | Astrological Indicators | Target Range |
|--|-------------------------|--------------|
| Short term trend is DOWN (1 week ending Mar 30) | bearish (confirming) | 87-90 |
| Medium term trend is DOWN (1 month ending Apr 30) | bearish (confirming) | 85-90 |
| Long term trend is DOWN (1 year ending Mar 2019) | bullish (disconfirming) | 85-95 |

Crude oil

Crude moved sharply higher last week on Dollar weakness and concerns over the stability of the Trump administration. WTI gained 5% on the week to just under \$66 while Brent settled just under \$70. This bullish outcome was in line with expectations although the size of the move was a bit surprising. Also, Friday was higher despite some apparently bearish alignments. The price equation is getting more complex here after the appointment of Iran hawk John Bolton by the White House. Thus, the 'Bolton premium' factors in a possible supply interruption from rising geopolitical tensions with Iran, up to and including military action. However, the possibility of a

trade war with China would argue the other way in favor of reduced demand as economic activity would likely fall in the event of declining global trade. The technical outlook is still somewhat bullish as crude is showing a double top pattern. This is an open-ended pattern in that a close above \$66 for WTI would likely encourage more buying. But resistance may be fairly strong at that level so it may take some time to break above it. Key support is \$64 so as long as bulls can defend \$64, then the chances of a bullish breakout are higher. A close below \$64 would introduce more uncertainty into the technical outlook, however, as it could signal a more bearish interpretation of the double top pattern. I would think that as long as bulls can create an ascending triangle pattern with another higher low, such as \$62, then the default bullish bias would remain intact. \$62 is therefore more important than \$64 in that respect. A move back to \$60 would be more bearish and could indicate a more sideways move, if not an outright rejection of resistance at \$66. The weekly Brent chart is bullish over the medium term. The current consolidation process looks normal and the bull market should continue. As long as new retracements can form higher lows, such as happened in Q3 2016, then prices will continue to rise. Key trend line support is \$54-56.

This week looks more mixed and therefore harder to call. The early week could see more upside as the Moon transits Cancer on Monday and Tuesday. I would say this is a moderate bullish probability influence. At least one of those days is a good bet for a rise with Tuesday looking a bit more bullish than Monday. The problem is that crude is very close to resistance. Can it breakout higher? It's possible. But the rest of the week looks more bearish. Thursday's Moon-Neptune opposition looks more bearish than Wednesday, for example. I am keeping an open mind about weekly outcomes this week although I have a small bearish bias.

Next week (Apr 2-6) has a greater downside risk as Mars conjoins Saturn. This powerful pairing could coincide with some major developments in financial markets. Although I would lean bearish overall, there is a wild card element here, too. The following week (Apr 9-13) looks mixed but I would lean bullish here as the Sun aligns with Jupiter and Pluto. The rest of April looks choppy although I would not say it will be bearish enough to



create a significant pullback. An upside bias looks clearer into mid-May as Jupiter aligns with Neptune. However, late May should produce a larger pullback which extends into June. This is a more likely time for a deeper retracement which could extend into July. Crude may end up testing the 200 DMA and trend line support at \$55 (Brent) during this time. A rally is likely to begin in summer, probably in July or early August. This may produce a bullish bias for the rest of 2018.

| Technical Trends | Astrological Indicators | Target Range (WTI) |
|--|-------------------------|--------------------|
| Short term trend is UP (1 week ending Mar 30) | bearish (disconfirming) | \$64-67 |
| Medium term trend is UP (1 month ending Apr 30) | bullish (confirming) | \$60-67 |
| Long term trend is UP (1 year ending Mar 2019) | bullish (confirming) | \$60-75 |

Gold

Gold moved sharply higher last week after a dovish Fed statement and ongoing turmoil in the Trump White House. Gold gained 3% before settling at 1349 on Friday. While I thought we could see some upside, I focused on the first part of the week. Friday's gain was particularly unexpected. After testing support at 1310 once again, gold has quickly tested resistance from the falling channel of the January high. There is a lot of resistance from 1350 to 1375 which dates back to 2016. Clearly, the medium term outlook is still bullish, no matter how obvious the ascending triangle pattern may be. A move toward 1375 would create a higher high and would be bullish. Even if that occurred, we could still see gold consolidate as long as it maintained the logic of higher lows. This would entail staying above support at 1310, or an even a higher support level. A move below 1310 would likely take gold much lower, perhaps to 1260. Such a move would not negate the longer term bullish set up, however. Previous retracements have broken below the 200 DMA, as it last did in December, but gold has bounced back. The multi-year bullish bottom formation will likely entice bulls to buy dips and deeper retracements as they have their eye on the long term upside target of 1700. Certainly, the



fundamentals look bullish as the Dollar is weak, and the Trump administration seems disorganized as its economic and foreign policy seems unpredictable and improvised. This kind of uncertainty is bad for business confidence but likely very good for gold which acts as a geopolitical safe haven.

This week could see some more big moves in both directions. The early week leans a bit bearish as Mars aspects the Sun and both are aligned with Saturn. However, some of this downside may be offset by the often bullish conjunction of Venus and Uranus on Wednesday. Both bullish and bearish alignments will be within effective range throughout the week so that makes intraweek moves harder to call. While I had previously thought we might have a bearish week, I am less confident of that result now. I would still lean bearish overall, but not by much. I would therefore not be surprised if we got a breakout higher to 1375 or if we saw another retest of 1310.

Next week (Apr 2-6) also contains some downside risk on the Mars-Saturn conjunction on Monday. The early week therefore is more likely to see declines while the late week could bring a bounce. The following week (Apr 9-13) should also lean bullish as the Sun aligns with Jupiter and Pluto. My general expectation is that gold should begin to rally after an early April low. Whether this is above 1310 or below is hard to say. It is very possible we could see gold rally to 1400 or above in May as Jupiter aligns with Neptune. The rally will likely end in late May as Saturn begins its unusually long three-month alignment with the Lunar Nodes. A correction is likely to take place in June and July and could see gold erase its preceding gains. A test of key support (1260? 1210?) is likely during the summer. Another rally should begin in late summer, probably in August. This looks like a fairly strong up move and should extend into Q4. A sharp correction is due in November will likely continue into Q1 2019. The longer term outlook for gold is mostly bullish.

| Technical Trends | Astrological Indicators | Target Range |
|---|--------------------------------|---------------------|
| Short term trend is UP (1 week ending Mar 30) | bearish (disconfirming) | 1310-1360 |
| Medium term trend is UP (1 month ending Apr 30) | bullish (confirming) | 1300-1375 |
| Long term trend is DOWN (1 year ending Apr 2019) | bullish (disconfirming) | 1250-1450 |

Disclaimer: For educational and entertainment purposes only. The MVA Investor Newsletter does not make recommendations for buying or selling any securities. Any losses that may result from trading are therefore the result of your own decisions. Financial astrology is best used in conjunction with other investment approaches.

Before investing, please consult with a professional financial advisor.

©2018 Christopher Kevill

