

Summary for week of 5 March 2018

- Stocks likely to move higher this week
- Dollar could bounce in second half of the week
- Crude oil likely to strengthen, especially midweek
- Gold choppy this week with some midweek gains likely

US Stocks

Stocks sold off last week as the prospect of rapidly rising rates and a possible trade war conspired to undermine the rebound rally. The Dow lost 3% on the week to 24,538 while the other indexes fared somewhat better as the S&P 500 was off 2% at 2691 and the Nasdaq was down 1% to 7257. The extent of this bearish outcome was somewhat unexpected as I thought we might have seen more residual optimism leading into early March and the upcoming Jupiter station. That said, the down days after Monday's rise were not surprising given the short term midweek Mars aspects which I thought might produce a retest of 2700. It seems the bears are back for real now and they're very hungry.

It was a crazy week as investors had to deal with not only Jay Powell's somewhat hawkish first testimony to Congress on Tuesday but also the sudden move by President Trump to impose tariffs on steel and aluminum. The tariffs have caused a storm of shock and opposition from many corners and opens up the possibility of a damaging trade war which will reduce economic activity in the months and years ahead. The US's trading partners are already threatening retaliation so if the tariffs are allowed to stand, markets will likely react negatively to counter measures from the EU, Canada, and others. Perhaps Trump will backtrack somehow to save face by announcing generous exemptions this week upcoming. Such a move could stabilize markets and induce buyers back into stocks. And yet bond yields remain stubbornly high despite the sell-off in equities and remain the 'clear and present danger' for the stock market in the near term.



The astrological outlook still favors the bears over the next two months or so. Last week's sell-off was not unexpected, although it may have opened up the possibility of a quick retest of the previous Feb 9 low of 2532. I still don't think this is likely this week although the strength of the bears has been surprising. Certainly, the bearish scenario of a hard retest of 2532 (or below) looks more likely now given the planetary influences in March and April. I think the upcoming Jupiter station this week should create some optimism which could fuel a rally. It may not last very long, but a lower high (2730? 2750?) is possible based on some positive alignments. But the approaching Saturn-Mars conjunction on April 2nd and the Saturn retrograde station on April 17th look bearish. As an added wrinkle, the Saturn-Mars conjunction in early April looks quite troublesome in Donald Trump's horoscope and seems very likely to coincide with a significant loss or defeat of some kind. Since Trump's chart symbolizes the US as a whole, there is a greater likelihood that we could see financial volatility rise around that April alignment.

The technical outlook looks more bearish here after last week's decline. One problem is that Friday's low was below 2700 and thus below the 50% retracement threshold. This is an indication that the post-Feb 9th rebound is weak and that lower lows are now more likely in the coming weeks. We can see the declining channel with resistance now around 2750 so that could be an area which bulls lose conviction in the event of another rally attempt. But before that, there is resistance here at 2700 and the 20 DMA. Bulls will have to be able to push above 2700 to extend this little bounce into this week. If bulls cannot push the SPX above the channel at 2750, then a declining channel off the high is possible with support near 2450.

While the SPX failed to hold onto its 50 DMA last week, the Nasdaq fared better as it is not only above its 50 DMA but still very close to its all time highs. Technology may well prove to be the last redoubt of the bulls as any kind of rally in the days ahead may match previous highs, and even push to a new ATH. But bears will rightly note that a double top is bearish and could spark another wave of selling. We should watch the Nasdaq in coming days for any further divergences from the blue chip indexes. Another

ATH would be bullish but any further testing of Friday's low of 7100 could be signal increased downside risk. The German DAX made a lower low last week and provides more evidence that the global correction has further to go. While it is possible that Europe could suffer disproportionately more than the US given the rising Euro, the fallout from Trump's steel tariffs will likely create more downside effects on global growth. The weekly Dow chart shows the MACD bearish crossover still in place although stochastics may be leveling off. Perhaps a bullish crossover is possible if we see some upside this week and next week. This could reverse the sell signal on the weekly chart even if it takes some time to recapture the overbought 80 line. The 10-year yield declined modestly last week but was still very close to the potentially crucial 3% threshold. Normally, a sharp sell-off in stocks would have provoked a move into the safety of bonds that pushed down yields. That never really happened last week as yields fell only slightly. I think a move over 3% is unlikely in the near term, if only because it has been



discussed too widely. Of course, the jobs report on March 9th has the potential to make a 'too obvious' outcome the actual outcome if wage growth exceeds expectations. Higher yields are bearish for stocks.

This week sets up with a bullish bias as Jupiter stations retrograde on Thursday. And yet the specific days of the week are harder to call. Monday is a case in point as Mars aligns with Jupiter. This has a somewhat bearish bias although I am reluctant to forecast another decline. And yet more downside would not be surprising either. A retest of Friday's low is definitely not out of the question. Tuesday's Moon-Jupiter conjunction looks more bullish so that is perhaps a more reliable indicator of some upside. Wednesday also looks more bullish as the Sun aligns with Jupiter and Pluto. Thursday also leans somewhat bullish as the Moon aligns with Mercury and Venus just as Jupiter turns retrograde. Friday may be the real question mark, especially given the critically important jobs report due out that day. The Moon-Mars conjunction looks bearish although the other indications are not strongly bearish. Nonetheless, I would favor a negative outcome on Friday, especially if we have seen stocks generally rise through the week.



Next week (Mar 12-16) could see some upside on Monday's Sun-Jupiter aspect although this is not a high probability aspect. Tuesday's Moon-Node conjunction seems more bearish and indeed the rest of the week leans more bearish than bullish. Friday the 16th could be especially bearish as Mercury aligns with Mars and the lunar nodes. This looks like a negative week overall and it may begin another leg down. The following week (Mar 19-23) also leans bearish as the Sun is squared by Mars and Mercury turns retrograde on Thursday the 22nd. This occurs just one day after Jay Powell's first FOMC meeting (Wed March 21) where the Fed is expected to hike rates.



Wednesday could actually see some gains as Moon aligns with Jupiter. But the overall picture looks bearish in late March and into April. If we get lower highs in early March (2750? 2780?) then the bearish scenario of a retest of 2532 by April is very much in play. Lower lows to 2450 are also possible although forecasting levels is difficult with planets only. We could get a bounce in late April but there is a real chance for another decline in May which could prove to be a retest of the April low. A sharp rally is likely to begin in May or June and continue through the summer. Higher highs are possible by August. Another correction is likely starting in August and extending into October on the Saturn-Uranus-Lunar Node alignment. This looks like a significant decline although it is impossible to predict where the SPX could be by that time. Q4 looks somewhat bullish but perhaps not strongly so. Q1 2019 may be more bearish, however. Stocks are more likely to turn bullish later in 2019.

Technical Trends

Astrological Indicators

Target Range

Short term trend is DOWN (1 week ending Mar 9)	bullish (disconfirming)	SPX 2700-2750
Medium term trend is UP (1 month ending Apr 9)	bearish (disconfirming)	SPX 2500-2600
Long term trend is UP (1 year ending Mar 2019)	bearish (disconfirming)	SPX 2200-2500

Indian Stocks

Stocks edged lower last week as the rising interest rate environment remained a central concern. The Sensex fell by just 100 points during the shortened Holi week to 34,046 while the Nifty finished at 10,458. I thought we might have seen more upside, especially in the second half of the week but the only positive day turned out to be Monday.

Stocks continue to fight some strong headwinds. Not only did the new Fed Chair Jay Powell deliver more hawkish comments last week, but now we may be on the verge of a trade war after President Trump suddenly announced a tariff on steel and aluminum imports to the US. The tariff announcement may well prove to be more destabilizing to the global financial order as trading partners have already issued threats of retaliation. Whatever the merits of specific tariffs, a growth of protectionism will reduce trade and will certainly impact the corporate bottom line. If protectionism spreads, economic growth will decline and stocks will likely sell-off further. It is possible that the impulsive and unpredictable Trump may change his mind in the days ahead, or at least announce generous exemptions which could forestall any major escalation into a full-blown trade war. But even if he does find a face saving measure, the damage may have been done in the form of rising uncertainty and a new acknowledgement of the fragility of the world economy.



The planetary outlook suggests that the current pullback likely has further to go. This week's Jupiter retrograde station could well bring about some gains but I suspect they won't hold for very long. Some upside is therefore quite possible in March. I would think the most likely scenario now is for a lower high sometime in the first half of the month, perhaps in the 10,600-10,800 range. But the larger problem is that Saturn is becoming stronger as time goes on. April looks like the month with the greatest downside risk as Mars conjoins Saturn on 2 April and then Saturn turns retrograde on 17 April. These dates may not coincide exactly with declines but should be seen as general timing indicators for when stocks are more vulnerable. I would expect support at 10,000 to be broken at some point over the next two months and the Nifty will likely fall further than that.

The technical picture is mixed. The Nifty is trading in a narrow range between horizontal resistance at 10,600 and support at 10,300. I would say the bulls have the edge here as there have been more tests of resistance than support. That makes a breakout above 10,600 more likely. The measured move upside target would therefore be 10,900 if we in fact get a close above 10,600. Conversely, if support at 10,300 is broken then the measured move target will be 10,000. This would be a bit below the 200 DMA.

There is now a bearish crossover of the 20 and 50 DMA which hasn't happened since early 2017. While this is not a certain indication of lower lows, it does break decisively with the bullish pattern of the past year where pullbacks were shallow. Also the size of the bounce since the early February sell-off has been small and thus indicates a rise in caution about the rally as a whole. On a more bullish note, MACD has begun a bullish crossover so that could argue for some gains in the near term. The weekly Sensex chart still looks suspect for the medium term, however. Stochastics remains in a bearish crossover and is not yet oversold. This hints at the probability of more downside. MACD is still in a bearish crossover so that is also on the bears' side of the ledger. The measured move downside target is around 32,000 which would create another tag of the 50 WMA as we saw in late 2016. Bulls with a longer term perspective may well be waiting for a tag of the 200 WMA at 28,000. Meanwhile, Tata Motors predictably fell and retested its horizontal support at the February lows. While we could see some buyers playing for a technical bounce in the days ahead, the chart is bearish and looks more likely to fall below support fairly soon. ICICI Bank (IBN) also declined although it may have found some temporary support at the 200 DMA. This line has provided an approximate level of support previously so even if there is additional short term downside, the chart is bullish enough that bullish investors will try to launch another rally.



This week could see some gains, especially later in the week. Jupiter reverses its direction on Thursday and begins a four-month long retrograde cycle. These stations tend to coincide with some upside, although they are usually not strong enough by themselves to start a new up trend. Monday looks bearish, probably because Indian markets will play catch up after the Friday holiday. Mercury is conjunct with Venus for much of the week so that is another bullish factor. I suspect Tuesday may prove to be more positive in this respect as Mercury and Venus align with Rahu and Neptune. Indeed, it is also possible that Monday could end in the green if it happens to open negatively. The entry of Mars into Sagittarius could produce one down day here, with Wednesday or Thursday looking somewhat more likely. While I would lean bullish here, I would not say there is a high probability of gains. To be sure, some upside is likely and therefore we could see a move above 10,600 at some point. If Monday is lower, however, then that might mean a test of 10,300 once again before gains can accrue later in the week. There is a mixture of influences here to be sure, but I would lean bullish nonetheless.



Next week (Mar 12-16) looks more bearish. Mercury and Venus will align with Saturn early in the week while Mercury aligns with Mars and Rahu late in the week. I would expect any gains from the preceding week to be mostly or completely reversed by these patterns. Another test of support at 10,300 looks very possible and a breakdown would not be surprising. The following week (Mar 19-23) could bring some early week gains as Mercury and Venus align with Rahu. However, the Fed will release its latest statement on Wed 21 March and it is widely expected to raise rates. The late week Mercury retrograde station could coincide with some selling following this decision. Late March also looks bearish as Mars approaches its conjunction with Saturn. We could see a tag of the 200 DMA in late March and 10,000 could also be broken. The last week of March and first week of April could coincide with the largest declines during this corrective phase. It is unclear when stocks will bottom -- probably in April or May. A strong rally will begin in May or June and continue through August. Higher highs above 11,171 are not out of the question in Q3. Another correction is likely in September-October. Q4 looks more bullish although Q1 2019 may be bearish again and could interrupt any preceding rally.



Technical Trends

Astrological Indicators

Target Range

Short term trend is DOWN
(1 week ending 9 March)

bullish (disconfirming)

10,400-10,800

Medium term trend is UP
(1 month ending 9 April)

bearish (disconfirming)

9500-10,100

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

bearish (disconfirming)

9700-10,500

Currencies

The Dollar held steady last week after briefly moving to a new high following Fed Chair Jay Powell's hawkish testimony. The USDX moved above 90.5 before settling back under 90 on Friday in the wake of the uncertainty of the Trump tariffs. I was leaning a bit bearish although the week unfolded as expected with gains early and then selling late. While the move above the previous high was bullish, the inability to stay above was not. The Dollar needs to finish above that key resistance level which now is close to the 50 DMA. The double bottom upside target is 92.5. Even if the Dollar bounced here, it would not do much to change the overall bearish outlook given the falling moving averages. The weekly Euro chart could easily withstand a brief pullback to the 20 WMA without undermining the bullish potential of the chart. And yet if we saw the Euro rally further above 1.25, there is more resistance at 1.27 which was previous support. This would be roughly equivalent to 86.5 on the USDX. Since I am generally bearish on the Dollar for the next month or two, I would think the chances are fairly good that we see 86 at some point.



This week is mixed with some early bearish signals for the Dollar. The early week Mars-Jupiter alignment favours risk currencies so it is possible we could get a retest of support at 88.5. A rebound is more likely midweek as Mars enters Sagittarius on Wednesday. Friday's jobs report is potentially significant and the planets do not paint a clear picture. There is a slight bullish bias perhaps. Next week (Mar 12-16) looks bearish to start as the Sun aligns with Jupiter but with a rebound likely by the end of the week. Some upside is still possible here. The FOMC meeting is March 21st so that event may loom large for the Dollar. The Mercury retrograde occurs a day after the Fed and looks bearish for the greenback. This would tend to suggest a move lower to perhaps 86 by the end of the March, perhaps lower. The next key date is April 2nd and the Mars-Saturn conjunction. This could coincide with a major event (+/- 3 days) and will likely bring about a large move in the Dollar. I am generally bearish on the Dollar in the near term but I'm less certain if this early April pattern will also be bearish. My best guess is



that the Dollar will likely trend lower in the start of April but that it could bottom out fairly soon after. A rebound is likely to begin sometime in April or May and extend through most of Q3. It should be strong enough to reverse the bear market and take the Dollar back above its 200 DMA. A pullback in Q4 is likely, but 2019 looks fairly bullish, especially in the first half of the year. A move back to 100 on the USDX is possible. Long term, I am more bearish on the Dollar with lower lows more likely in 2020-2022. We could see a return to a sub-80 USDX at that time.

Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending Mar 9)	bearish (confirming)	88-89
Medium term trend is DOWN (1 month ending Apr 9)	bearish (confirming)	86-88
Long term trend is DOWN (1 year ending Mar 2019)	bullish (disconfirming)	85-95

Crude oil

Crude oil fell last week on growing inventories and overall weakness in financial markets. WTI lost 3% on the week to \$61 while Brent finished near \$64. I was mistaken in my forecast for gains as I thought the midweek Mars alignment would be offset by the late week Jupiter influence. This wasn't the case at all as crude moved lower in sympathy with broader markets as the Dollar rallied. Friday was higher but bulls only managed a tiny gain. Monday's rise reversed at resistance at \$64 for WTI and has retraced more than 50% of the preceding bounce. This is a somewhat bearish technical development and raises questions about the possibility of higher highs in the near term.

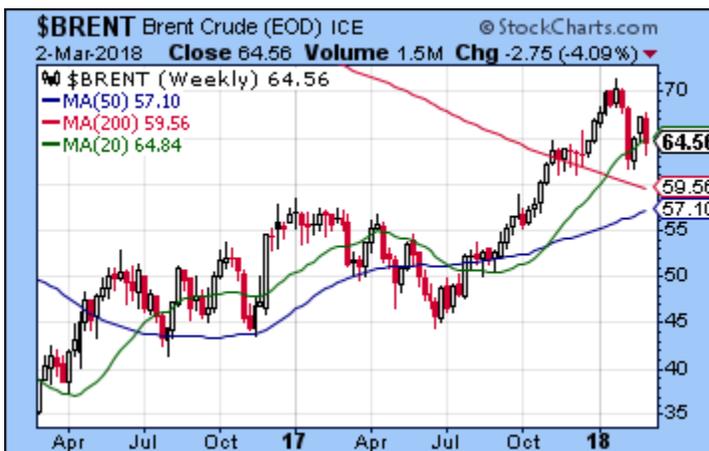
The measured move downside target is now \$56. The bearish crossover of the 20 and 50 DMA is also a warning sign that the rally could be entering a more bearish consolidation phase. Bulls will try to defend the higher low at \$60 to keep buyers interested. If \$60 breaks down, then \$58 would be the next support level. If that fails to hold, then a move to tag the 200 DMA at \$53 is likely. The weekly Brent chart shows the steep rising channel of the recent rally and how that rising trend line has been broken. A retracement of 50% of the eight-month rally off the June 2017 lows would be \$57.50 so that is one possible area of support. This is a bit above the rising trend line



from the 2016 low which now comes in at about \$55. For now, support at \$62.5 is holding as Brent trades above all three key moving averages. This is still a bullish chart for the medium and long term.

This week looks more bullish. The early week leans bearish, however, as Mars aligns with Jupiter. This could coincide with a decline on Monday and perhaps Tuesday although I tend to think we will only see one down day. The outlook is more bullish after Tuesday in any event, as the Moon enters Scorpio on Wednesday. Friday leans bearish as the Moon conjoins Mars. I would not necessarily expect a large gain this week, especially if the early week brings a large decline.

Next week (Mar 12-16) looks a bit more bearish, especially after Tuesday. Some early week gains are possible on the Sun-Jupiter alignment but it may be difficult for WTI recapture \$64, and even less so the previous high of \$66. While the downside risk is rising, I would not expect any large down moves here. Late March looks more bearish although the FOMC meeting on the 21st actually looks bullish for crude. More downside is likely in April as Saturn turns retrograde on the 17th. Previously, I had expected a correction in late March and April which might test the 200 DMA at \$53. I still think a test of the 200 DMA is more likely than not, but it is possible it may only occur somewhat later, such as in June. There are some strong alignments in April which could prove to be more choppy and hence there could be sharp gains at that time also. The Jupiter-Neptune alignment in early May looks bullish, for example. A retest of the highs is also possible by late April or early May. I am expecting the Dollar to begin to rally in May or June so it is possible that crude oil could only move significantly lower once the Dollar strengthens. The correction may last through much of the summer. A rebound is likely to begin by September. Q4 looks more bullish although I would be reluctant to predict higher highs above \$66. At this point, 2019 may see more downside, especially in Q2 and Q4.



Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is DOWN (1 week ending Mar 9)	bullish (disconfirming)	\$60-65
Medium term trend is UP (1 month ending Apr 9)	bearish (disconfirming)	\$56-65
Long term trend is UP (1 year ending Mar 2019)	bullish (confirming)	\$60-75

Gold

Gold ended the week lower after hawkish testimony by new Fed Chair Jay Powell. Friday's gain limited the downside damage, however, as gold lost less than 1% on the week to 1323. I thought we might have seen more upside but Wednesday's gains did not hold and then Thursday saw a sharp sell-off. The break of support at 1310 was bearish and opened up the possibility of more downside. The double top downside target would be 1260 if we see gold move below 1310 in the near term. But Friday's bounce back above 1310 suggested a technical grey area which would be resolved in the coming days. If gold trades above 1310 this week, then Thursday's bearish breakdown will be nullified. I would think a weekly close above 1330 would effectively negate the temporary breach of support at 1310. Conversely, if gold falls below 1310 this week then Friday's rise to 1323 will lose its bullish technical importance. To be sure, the medium term outlook for gold is bullish as the multi-year inverse head and shoulders and ascending triangle point to higher prices in the future. 1700 would be a longer term target over the next 1-2 years as the previous range of 1040 to 1360 is duplicated on the up side. More immediately, the upside target of a move above the previous high of 1360 would be 1410 or so.



This week looks choppy and therefore hard to forecast. The early week leans a bit bearish as Mars aligns with Jupiter on Monday. However, the Mercury-Venus conjunction also occurs early in the week and should introduce more optimism into the gold market. Midweek leans more bullish as the Moon aligns with Jupiter on Wednesday. The late week looks less bullish, however, as Saturn aligns with Mercury on Friday. This could reflect a negative reaction to the US jobs report although the indications are far from clear.

The planets also look mixed for the next week (Mar 12-16) with some early week gains more likely. However, the late week looks bearish and I would tend to lean bearish for the week overall. The following week is the FOMC on the 21st and there are some indications for a bullish reaction. I had previously thought there were enough bullish indications to at least generate a retest of resistance at 1360 in March. I am less confident of that now. It's still possible but I would not be surprised if we don't get another move up to 1360. I am more uncertain about what may happen in late March as Mars approaches its conjunction with Saturn in early April. This could be a volatile time in financial markets generally so gold *should* benefit. And yet the planetary alignments are not clearly bullish. It may be that the rise in April is short-lived. Late April and May look more bullish as Jupiter aligns with Neptune but higher highs are not clearly indicated. The period from May to August looks more bearish for gold, however, so that suggests that even if we do see some sharp, safe haven type rallies in March and

April, they are less likely to be durable. I would think gold will fall below 1300 in the summer and a retest of 1200 is possible. Q4 may be more bullish for gold so that could mark the start of a sustainable rally that extends into 2019.

Technical Trends	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending Mar 9)	bullish (disconfirming)	1310-1350
Medium term trend is UP (1 month ending Apr 9)	bullish (confirming)	1270-1400
Long term trend is DOWN (1 year ending Apr 2019)	bullish (disconfirming)	1250-1450

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