

## Summary for week of 16 April 2018

- Stocks may extend gains this week but late week is uncertain
- Dollar could strengthen, especially in early week
- Crude oil choppy but more upside possible
- Gold mixed but with bullish bias

## US Stocks

Stocks rebounded last week after China seemed to downplay the possibility of further trade tensions. The Dow added less than 2% on the week to 24,360 while the S&P 500 finished at 2656. This bullish outcome was unexpected as I thought we might have seen more down days, especially at the beginning of the week. The midweek bounce was more or less in line with expectations, however.

So the tug of war continues. Is the low in? It's hard to say for sure although I suspect the bears aren't done yet. I had thought that the second half of April would be more bullish than the first half since the planetary alignments looked more positive. This suggested the low might occur in the first half of April. However, the absence of any significant downside last week makes me wonder if bears are owed some more down days. Friday kicked off the Q1 earnings season in disappointing fashion as the big banks did not blow the doors off. After a brief opening rally, the market fell for most of the rest of the day. So much for Trump's big tax cut. It remains to be seen if this week's reports will be any better but there is certainly some reason to doubt the bulls' enthusiasm for earning season now. The market is reacting to the steady flow of news and Trump tweets per usual, but one wonders if there may be a fatigue setting in. Some traders may be adapting to Trump's improvised approach to policy. Trade threats or bombing threats may not move markets as sharply in future as investors may begin to take it all with a grain of salt. And now with the bombing of Syria out of the way and basically over and done with, there is one less thing for investors to worry about.



Previously, I had thought that the planetary factors would improve in the second half of April. I am questioning that now as last week's alignments proved to be more bullish than expected. We still have the retrograde Saturn station coming up on Tuesday the 17<sup>th</sup> which could be significant. I had thought that that this week upcoming would be more bullish with a bearish retrace more likely the following week (Apr 23-27). Now it is possible that this week could prove to be more bearish than expected with further downside possible in the following week. Since late April or even early May looks bearish and there may not be more upside this week (Apr 16-20), then we have to keep the door open to a retest of 2532 and even lower lows, such as 2450.

One reason why I am re-evaluating my outlook is that the technical picture still looks shaky and gives bears some genuine hope for a retest. The charts therefore offer both bulls and bears plausible arguments. Bulls can rightly point to an inverted head and shoulders pattern on the SPX with a neckline at 2670. This pattern has an upside target of 2800 or so. Friday's higher open actually break above that neckline resistance but its inability to hold by the close was a sign perhaps of some inherent weakness on the bulls' side. The gap at 2710 would be the next upside target if we saw more buying this week. Bulls are counting on the bullish double bottom pattern to play out with an upside target of 2790. Support is around the 200 DMA at 2590-2600. It's a very sensible position to be sure that is not without merit.

The bears also have good arguments to justify their reluctance to climb aboard the rebound. Despite the gains last week, volume was low. Even Friday's (false) breakout above the neckline was on low volume, and hence very suspect. Moreover, the SPX is still below its 50% retracement off the high at 2700. So the bounce off the retest of the 200 DMA has been weak and protracted, as if to highlight a lack of conviction.

Friday's rally stopped at the falling trend line in the Dow chart and suggested that further upside could be more difficult. The Dow is also below its 50% retracement level (24,900) thus confirming the weakness of the bounce thus far. If the Dow can climb above that level and close above the falling trend line then that could help the bulls' case. But another down week and rejection of trend line resistance would likely lead to a retest of the low or even a lower low. Weekly stochastics have moved above the 20 line and are indicating a buy signal. While it is possible this could be the only buy signal issued from this correction, it is also possible that stochastics needs to form a positive divergence with a higher low after a retest of lower low on the Dow. The Nasdaq bounced more strongly last week but now could be about to form a right shoulder at 7500 in a bearish head and shoulders top pattern. Meanwhile bond yields crept higher in tandem with stocks last week as the growth outlook improved. For now, the bond market is stable but another move to 2.95% or above could cause problems for equities.

This week again features bullish and bearish alignments. The early week leans bullish on the Venus-Jupiter alignment on Monday and Tuesday. One of these days is likely to be positive, but I'm less certain about both of



them. Saturn turns retrograde after the close on Tuesday so the bears' chances may improve after Tuesday, or perhaps as early as the close on Tuesday. While I would not be surprised to see more downside on Monday, the planets do not make a strong case for it. I think there will be another move lower but I'm not convinced it can occur this week. One plausible scenario this week would be a retest of Friday's high at 2680 on Monday or Tuesday. 2700 is also not out of the question. But Wednesday and Thursday look more bearish with Friday leaning more bullish on the entry of Venus into Taurus. Overall, I would think the bulls have a chance to push higher at some point during the week although I am not sure the gains will hold. I would be surprised if the SPX pushed all the way to falling trend line resistance at 2740. While the planets are bullish, they don't look sufficiently positive for a big breakout higher. If the SPX finishes below the gap fill resistance at 2700- 2710, then it is still possible we could see a retest of the 200 DMA or below over the next two weeks or so.



Next week (Apr 23-27) looks more bearish as Mars conjoins Pluto. The early week looks unclear so it may be mixed. The second half of the week looks more bearish as Mars conjoins Pluto and Mercury aligns with the Lunar Nodes and Saturn. This looks like a good bet for a down week overall. Could it end up retesting the 200 DMA at 2600? It's possible but a lot will depend on how bullish the preceding week is. The following week (Apr 30-May 4) also has a bearish bias as Mars enters Capricorn and aligns at the midpoint of Saturn and the Lunar Nodes. Whether we could see a continuation of the down trend is difficult to say, however. But the downside risk is elevated there. I think May should bring a substantial bounce in any event as Jupiter aligns with Neptune. I would expect at least a 10% rise off the bottom (wherever it is) and the rebound could extend into June. However, more weakness is likely in June as Mars turns retrograde on the 25<sup>th</sup> and a further decline is likely in July. Lower lows are possible in the summer but I would be reluctant to say they are probable at this point. A rebound may begin in August and extend into Q4 but it does not look especially strong. There are likely to be significant periods of consolidation along the way, such as late September and early October. But my general view is that the rest of the year is less likely to produce lower lows. The first half of 2019 may see more choppiness with some significant declines. The second half of the year looks more bullish, however.



**Technical Trends**

**Astrological Indicators**

**Target Range**

Short term trend is UP  
(1 week ending Apr 20)

bullish (confirming)

SPX 2620-2700

Medium term trend is DOWN

bullish (disconfirming)

SPX 2600-2750

(1 month ending May 20)

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

bearish (disconfirming)

SPX 2200-2500

## Indian Stocks

Stocks rallied last week on improving inflation data and a reduction in trade war concerns. The Sensex gained 500 points to 34,192 while the Nifty finished at 10,480. This bullish outcome was somewhat surprising as I thought we might have seen at least one or two down days last week. However, the bullish midweek alignment of the Sun and Jupiter held sway for much the week and coincided with five straight positive days.

Investors are hopeful that some stability can return to equities as Q4 earnings season begins. Even a partial recovery from previous quarters would likely do well to bolster sentiment, especially given the current favourable macro environment. If geopolitical issues like Syria and the US-China can stay on the back burner, then we certainly could see further gains in the coming months. However, rising interest rates in the US is still a significant headwind as the Fed shows no willingness to postpone future hikes even if the current turbulence in the stock market continues. Higher rates in the US will mean that more capital is repatriated out of emerging markets such as India and that could undermine some of the liquidity-driven gains we have seen in recent years.



The planetary outlook is mixed at best in the short term. In the wake of the Saturn-Mars conjunction, we have seen stocks rise with the Jupiter-Pluto alignment. While this is a strongly bullish configuration, it may not last for much longer. Indeed, it is exact today (Saturday) and will begin to separate. This is one hint that the recent rebound may not have too much further to go. Saturn turns retrograde on Wednesday the 18<sup>th</sup> this week and that could indicate a potential shift in sentiment in the near term. I think stocks will come under increased pressure over the next two to three weeks. Just how much of a decline we could see is harder to say. A retest of the 200 DMA at 10,200 is quite possible but lower lows below 9900 may have to wait. The Jupiter-Neptune alignment should bring another rally attempt in the month of May. June looks more tense as Saturn aligns with Rahu and Mars turns retrograde on the 27<sup>th</sup>. I think lower lows are more likely by July or August.

The technical outlook is cautiously bullish. Last week pushed up against horizontal resistance at 10,500 and climbed above the 50 DMA. While this was a bullish development, there is a lot of overhead supply from 10,500 to 10,600 which could mean that further upside may come more slowly and only after some consolidation. The other problem for bulls is that the Nifty chart shows a head and shoulders topping pattern with Friday's high forming a right shoulder. More upside would likely keep this pattern in play, although a move above 10,600 would reduce the probability of its completion. With a neckline at 10,000, this pattern has a downside target of 9000. I would be surprised if we got that level any time soon, although it is more possible by July.

Interestingly, we can also spot a possible inverted head and shoulders bottom pattern forming with a neckline of 10,450 or so. This pattern has an upside target of 10,900. A move back down to form the right shoulder at 10,100 could produce a sharp bounce. Thus, the higher low of 10,100 would be a potential gift to bulls. The weekly Sensex chart is looking more bullish. We have seen three straight weeks of gains and now stochastics is turning up in a bullish crossover and is above the 20 line. This is a classic buy signal.

At the same time, it is important to note that there is often a retest of the lows which produces an equal or higher low on stochastics and thus a positive divergence. This is more often the case in longer corrections such as in Dec 2016 and Feb 2016. So confident bulls could have already taken it as a buy signal, while cautious bulls may wait for the retest and confirmation of the signal. If the rebound weakens and fails, then the downside target of that head and shoulders pattern would be around 28,500. This is exactly where the long term 200 WMA is currently and it may well be a level worth watching in the coming months. Meanwhile, Infosys (INFY) was first to report earnings on Friday. While profits were in line with expectations, the stock got hammered in US trading down 7%. The chart had formed a double top previously with a downside target very close to the 200 DMA. We may well see a test of the 200 DMA in the days ahead. Long term, the chart is still bullish. HDFC Bank (HDB) lost some ground last week but remained in a narrow range between its 50 and 200 DMA. A death cross of the 50 and 200 DMA is very possible in the coming days but support is holding for now.

This week leans bullish. The Venus-Jupiter alignment takes place on Tuesday and could coincide with some upside between Monday and Wednesday. I think Monday is bearishly biased as Mars aligns with Neptune. It does not seem like a large decline given the overall factors on both sides. If Monday is, in fact, lower, then chances for a rebound look good for Tuesday and/or Wednesday. Higher highs are also possible at some point this week, assuming that any early week selling isn't too serious. Saturn turns



retrograde before the start of trading on Wednesday so we should pay attention to any potential shifts for the second part of the week. The short term aspects look less positive in that respect so there is a somewhat heightened risk of some selling. I would not expect too much downside in any event. One possible scenario this week might be an early retest of support at 10,400 or a bit below and then a rebound back to 10,500 or perhaps even 10,600. Even if the late week is choppy, there is a decent chance that the Nifty finishes higher this week.

Next week (Apr 23-27) looks more bearish as Mars conjoins Pluto. The early week looks a bit bullish on the Mars-Jupiter alignment so further upside is possible. However, the second half of the week is more bearish with the worst-looking days being Thursday and Friday. There is a relatively high probability of a decline here and that decline could be larger than normal, perhaps 2%. This could well be the time when that potential inverted right shoulder is formed at 10,100. Alternatively, it could also be the start of a test of the larger head and shoulders neckline at 10,000. The following week (Apr 30-May 4) is very likely to have some down days also, probably between Tuesday and Thursday as Mars enters Capricorn. It is hard to say if this will form a lower low, however. The month of May generally looks more bullish as Jupiter aligns with Neptune. I would expect a lower high sometime in late May. But June may be bearish again as Rahu aligns with Saturn and then Mars turns retrograde at the end of the month. This is likely to produce a significant decline across June and July. I would expect lower lows here, including the possible head and shoulders target of 9000 on the Nifty. A rebound is likely in August and September to a lower high (10,500?) with the rally likely weakening by November. After a sharp correction in December and January, stocks may resume their upward climb through much of 2019.



### Technical Trends

Short term trend is UP  
(1 week ending 20 April)

Medium term trend is DOWN  
(1 month ending 20 May)

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

### Astrological Indicators

bullish (confirming)

bullish (disconfirming)

bullish (confirming)

### Target Range

10,300-10,600

10,300-10,800

10,000-11,000

## Currencies

The Dollar slipped last week on weaker consumer sentiment and geopolitical worries over Syria. The USDIX fell modestly to 89.5 while the Euro settled at 1.234 and Bitcoin bounced to finish back above 8000. The bullish Dollar outcome was in line with expectations as I thought the midweek could see renewed weakness. For the moment, the Dollar remains above key support at 88.5. The trading range is narrowing here as a pennant pattern is taking shape. The pennant is neutral as it is a continuation pattern. The bias here is down as 86.5 could be a downside target. Resistance is 90.5 with a possible upside target of 92.5. A move above 90.5 would make this chart more bullish as the current sideways pattern looks like bearish consolidation on the way to lower lows. And yet the Euro weekly chart is less a bull flag now than a sideways rectangle. This suggests a different dynamic may be in the cards as it argues against another simple move higher. The 20 WMA is offering support for now but a close below 1.22 could shake up the current stalemate. The longer term outlook still looks bullish for the Euro after the breakout from the long bottoming area at 1.04-1.15 in recent years.



This week could see the Dollar bounce. The Sun-Uranus conjunction in the first half of the week argues for some strength although the overall situation is still fairly mixed. A large move is possible on this pattern although I would not say it is a high probability either. The late week looks more bearish as Venus enters Taurus. It is difficult to suggest an overall direction this week given the potentially offsetting patterns in play. I would retain a bearish bias just in case although some upside surprises are more likely along the way. Next week could begin on a bullish note but the Mars-Pluto conjunction leans bearish for the Dollar. Lower lows are possible at the end of April.



I am expecting the Dollar to bounce in May, possibly as soon as the first week. While May could be choppy, there is reasonable chance that it could gradually rise throughout the month. The rally should extend into June and July as the Dollar should undertake a substantial rally. While it is difficult to project upside targets, I would expect a retest of the previous high of 95 at least, if not higher. Let's see how it unfolds. The rally could enter a corrective phase from August to October. At this point, I would not say lower lows are probable. Q4 looks mixed with a bearish bias. The Dollar is likely to trend lower through 2019 and 2020.

### Technical Trends (Dollar)

Short term trend is DOWN

### Astrological Indicators

bearish (confirming)

### Target Range

88-90

(1 week ending Apr 20)

Medium term trend is DOWN    bullish (disconfirming)                      88-92  
(1 month ending May 20)

Long term trend is DOWN        bullish (disconfirming)                      85-95  
(1 year ending Apr 2019)

## Crude oil

Crude oil soared last week as traders reacted to the possible US attack on Syria. WTI gained 8% on the week to \$67 while Brent settled above \$72.

While I had been bullish on the week, the size of the gain was somewhat surprising. Tuesday's Sun-Jupiter-Pluto alignment took hold on Monday and remained in force for the rest of the week.

Tuesday saw the largest daily gain. With Friday's missile strike now out of the way, prices are more likely to return to normal. Of course, an escalation of hostilities is always possible but the general expectation is that the strike was a one-off against the Assad regime. In technical terms, the higher high was bullish and we can see Friday's

close at rising channel resistance. This argues against further upside in the near term. Channel support is just above \$62 for WTI and the 50 DMA. If Syria settles down as expected, then we should see prices again test support fairly soon. While some modest risk premium will likely remain, crude may drift lower. The weekly Brent chart shows how last week's candle is testing long term channel resistance. Price could continue to climb up this channel incrementally for some time. However, if we look at the more steeply rising channel from mid-2017, we can also see where there is more upside room, perhaps to \$80-82. This may become a more viable target if the military situation in Syria happens to escalate. This \$80 level also approximates the upside target of the previous ascending triangle pattern. The pattern was broken to the upside last week, so \$78-79 is looking somewhat more likely now.

This week looks bullish to start. Tuesday's Venus-Jupiter alignment suggests at least one more up day on Monday or Tuesday. And yet, with the Syria situation likely off the table for a while, one would think that some retracement is more likely on Monday. The planets do not offer clear evidence for a sudden retracement on Monday although I do think that the current rally is in its final phase here in April. The late week looks more bearish actually so I'm not sure how that will relate to geopolitics. Just where crude may finish the week is hard to say. Higher highs are possible but maybe not probable given the likelihood of some selling after Tuesday.



Next week (Apr 23-27) looks more bearish as Mars conjoins Pluto late in the week. Early week gains are still possible, although the likelihood seems less than the preceding week. The late week looks more bearish although declines could take place at any time. A significant decline is possible so bulls should be careful. The month of May is bearish to start but could see a strong bounce in the second week. I would be less inclined to think crude could begin a major rally in May, however. But there is a possibility of a two or three week rally in May. June looks more bearish, however, as Saturn aligns with the Lunar Nodes and then Mars later in the month. Lower lows look likely here including a possible retest of 200 DMA. The down trend is likely to continue to most of July. A rebound is likely to begin by August and September. Q4 should have a bullish bias although gains may be fairly modest. Prices should remain fairly firm in the first half of 2019 but a significant correction is likely in the second half of the year.



Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending 20 Apr)	bearish (disconfirming)	\$64-68
Medium term trend is UP (1 month ending 20 May)	bullish (confirming)	\$62-70
Long term trend is UP (1 year ending Apr 2019)	bullish (confirming)	\$60-75

## Gold

Gold pushed higher on Dollar weakness and geopolitical tensions over Syria. After trading as high as 1370 on Wednesday, prices settled at 1347 at Friday's close. This bullish outcome was more or less in line with expectations as I thought the midweek Sun-Jupiter-Pluto alignment would coincide with some gains. While gold did manage an intraday high at 1370, the wall of resistance at 1360-1370 looks as solid as ever. The convergence of the 20 and 50 DMA is acting as support here at 1340. The series of higher lows recently suggest the bulls are gaining in strength. Can they push it over the top and actually get a close above 1360? The technicals suggest it is only a matter of time. A breakout above resistance has an upside target of 1410. On the other hand, another failure to move higher from here would likely frustrate bulls once again and could spark a rapid sell-off. 1335 is recent horizontal support so any close below that level would negate the bullish momentum of the past week. 1310 is still key support in the event of a deeper retracement. A breakdown of 1310 would invite a move down to 1260 or so. The medium term outlook would still be bullish if we got to 1260 although it would suggest a protracted period of consolidation. The longer term price target is still 1700 based on the ascending triangle and inverted head and shoulders pattern over the past several years. While the target seems doable, it is unclear just when it can be reached.

This week could see more upside although I am uncertain where the week will finish. Tuesday's Venus-Jupiter alignment looks bullish and so we could well see another test of 1370 at some point. It is possible we could see one or two up days from this Venus-Jupiter influence. Monday's New Moon is more of a question mark, however. One possibility is that gold will sell-off Monday as the geopolitical risk premium comes off following the missile strike but that buyers will re-enter the market on Tuesday and perhaps Wednesday. That is one scenario at least. The late week leans bullish as Venus enters Taurus on Friday.

Next week looks more bearish as Mars conjoins Pluto later in the week. I would lean bearish for the week. Further downside is also possible in the first week of May. While the planets still offer some upside for gold in May, this pullback could retest support, perhaps down to 1310. The second week of May looks more bullish so we could see gold attempt another move higher. I am agnostic on whether gold can hit 1410 in May. It's possible but it would require that any late April or early May pullback isn't too big. June and July look more bearish as Saturn aligns with the Lunar Nodes and Mars. This looks like a fairly serious correction which is likely to retest the 200 DMA at 1300 and quite possibly go to 1260 or below. Another strong rally is likely to begin by August and gold should remain in a general up trend for the most of the rest of 2018. Another sharp correction should begin in November and a bearish bias may prevail for the first half of 2019.



<b>Technical Trends</b>	<b>Astrological Indicators</b>	<b>Target Range</b>
Short term trend is UP (1 week ending Apr 20)	bullish (confirming)	1340-1380
Medium term trend is UP (1 month ending May 20)	bullish (confirming)	1340-1410
Long term trend is DOWN (1 year ending Apr 2019)	bullish (disconfirming)	1250-1450

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