

Summary for week of 9 April 2018

- Stocks likely to see more downside although bounces could be strong
- Dollar likely under pressure this week
- Crude oil mixed but with possible upside
- Gold still choppy but with bullish bias

US Stocks

Stocks ended a turbulent week lower as trade war fears continued to percolate despite White House denials. The Dow fell by less than 1% to 23,932 while the S&P 500 finished at 2604. This bearish outcome was in keeping with expectations although the midweek rally was unexpected and mitigated the extent of the downside. Monday was lower on the Mars-Saturn conjunction although the midweek Mercury alignment ended up being positive. As expected, however, the SPX tested key support at 2600 on both Monday and Friday.

The Trump administration is directly responsible for current turmoil in the markets as all of Trump's tough talk has rattled investors. While it is often downplayed as merely a negotiating tactic, the Chinese are taking it seriously and have responded in kind with sweeping tariff proposals of their own. So far, nothing has been enacted but Trump's unpredictability is keeping markets off balance. It may all be a bluff, of course, but the pattern of escalating retaliatory tariffs may be too difficult to step back from. Fed Chair Jay Powell's remarks on Friday sparked a deeper sell-off as he indicated no obvious concern with current volatility in the stock market. For the moment, there is no "Powell put" to backstop the market in the event for more turbulence. The Fed likely realizes that asset prices are over-valued and deserve a healthy correction while maintaining its goal of raising rates back to the normal range.



In terms of astrological influences, I think we are getting closer to a reversal higher. The Mars-Saturn conjunction has proved to be bearish as we witness the ongoing retest of the Feb 9th low. The Saturn retrograde station takes place on April 17th so that could be a kind of last chance date for the bears. There are still good technical arguments for a lower low at 2450 but they remain hypothetical at this point. We could just as well see the SPX retest the Feb 9th low of 2532 and then reverse higher going into May. Friday's decline was largely related to the Mars-Lunar Node alignment. Due to Mars' relatively slow speed, it is possible we could see more selling early this week as Mars will remain within range of the Lunar Node, Rahu. I am uncertain if there is enough negativity this week to reach 2450 but 2532 looks more doable. And the late week may well be more bullish which may begin a rebound. It's not certain, of course, but there are some indications there from the Sun-Jupiter alignment on Wednesday that offer some possibility that a lasting rebound may be close at hand.

The technical outlook is quite bearish. The midweek rally to 2670 gave bulls hope that maybe the low was in. But the resulting double top looks bearish and is arguing for more retesting of support at the 200 DMA at 2593. While this line is holding for now, the more often it is tested, the more likely it will break. And the pattern in the chart is clearly bearish as both the 20 and 50 DMA are sloping downwards now. Anything is possible, of course, as 2593 could hold and the bulls could finally take control after Friday's retest. But the danger seems stronger on the downside.

If we do get a bounce this week, then resistance will be at 2620 initially and then to the 20 DMA at 2679. A move above 2679 would likely lead to a gap fill at 2700 at least. If it moved above 2700, then the next level of resistance would be the falling trend line at 2750. This would be the bears' last stand of sorts, after which bulls would likely press towards retesting the all-time highs at 2872. We should also be alert to a possible inverted head and shoulders (bottom) with a neckline at 2670. The higher low and right shoulder is 2586 and if bears cannot push to match the April 2 low of 2553, then the upside target would be around 2790 in the event of a move back above the neckline of 2670. This would approximately match the previous March 13th high. One possible clue that the market are close to a turn higher is the Bullish Percent chart. One the face of it, it shows a bearish lower low in early April. That argues for more downside in the short term. And yet, it is worth noting that Friday's decline was tiny and did not share the relative size of the price decline. This may be a clue that the market internals are slowly improving. The weekly Dow chart provides more evidence that we are getting close to the bottom as stochastics is now below the 20 line. Of course, it could fall further but bears should not press their luck now. A move back above the 20 line on a weekly basis would be a buy signal, albeit with the usual caveats. Meanwhile, bond yields remained under pressure as Friday's selling saw some safe haven buying, especially after the weak jobs report. Maybe the Fed won't raise rates two more times this year, let alone three. The April 2nd low of 2.72% is important as it corresponds with bearishness in the equity markets and diminishing growth expectations generally. A move lower in rates would likely mean more downside in stocks.



This week could well produce another round of volatility like last week. Big intraday moves are likely. Mars is still fairly close to Saturn this week and it also remains in a bearish alignment with the Lunar Nodes in the early part of the week. For this reason, I would lean bearish for Monday and Tuesday. Monday is probably more bearish than Tuesday since the Sun aligns with Jupiter and Pluto on Tuesday. If Monday sees lower lows (2553? 2532?), then that would suggest a rebound on Tuesday. Wednesday's Venus-Neptune alignment also looks a bit bullish so that could indicate further gains. It is possible there could be very strong gains. Some late week selling is also likely as Thursday's Mars-Neptune alignment could give the bears another chance to test the low. Friday could be bullish as the Moon aligns with Jupiter in the morning. Overall, this looks like a bearish week with lower lows likely. Whether or not we see a lower weekly low is less clear, however. I would think the chances are good that we see a retest of 2553 (Apr 2 low) and even 2532 is quite possible. But the rallies could be strong and may offset some of the serious downside. I'm not sure. I would not be surprised to see the SPX fall below 2500 although I am reluctant to predict it. 2450 remains a plausible technical target in the near term.



Next week (Apr 16-20) could see some upside early in the week on the Venus-Jupiter aspect. Monday and Tuesday could both be bullish and may produce a significant rally. I would therefore be surprised if the SPX could make a lower low after this date. Wednesday the 18th looks bearish while Thursday and Friday lean bullish. The following week (Apr 23-27) could be bearish as Mercury squares Saturn and Mars conjoins Pluto. My guess is this will not produce a lower low (e.g. 2450), but we will have to see how the preceding two weeks unfold. May leans bullish overall as Jupiter aligns with Neptune. While higher highs are looking less likely, a decent rally could take the SPX back up to 2800, for example. The period from mid-May to mid-June are likely to see a topping process. The second half of June looks more bearish as Mars turns retrograde near the end of the month and then Saturn aligns with Uranus and the Lunar Nodes in July. Lower lows (2200?) are very possible in the summer, assuming that the intervening rally has been fairly modest as forecast. We should see stocks rebound starting in August-September and extending into November. Another sharp sell-off is likely in December-January. Stocks may remain vulnerable to corrections in the first half of 2019 but the second half looks more promising.



Technical Trends

Short term trend is DOWN
(1 week ending Apr 13)

Astrological Indicators

bearish (confirming)

Target Range

SPX 2530-2620

Medium term trend is DOWN bullish (disconfirming) SPX 2600-2700
(1 month ending May 13)

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

Indian Stocks

Stocks pushed higher last week as positive earnings forecasts offset renewed trade war fears. The Sensex rose 2% on the week to 33,626 while the Nifty finished at 10,331. This bullish outcome was unexpected as I thought we would see more late seek selling. The early week gains were not surprising, however, as the Moon aligned with both Venus and Jupiter. Wednesday's decline was also in keeping with expectations as retrograde Mercury was squared by Mars and Saturn. But Thursday's gain was very surprising and provided the lift for the week.

After the RBI delivered a much-anticipated status quo statement, investors can take some comfort in its dovish language which postpones any further rate hikes well down the road. Inflation risks are real, especially in the energy sector, but there are no immediate threats. The same cannot be said for the trade friction between the US and China. After an apparent climb down the previous week, the mercurial Trump has again increased the stakes by proposing more tariffs on Chinese goods. Some observers discount the mounting tariff talk as merely a negotiating tactic by the pugnacious president designed to strike a better deal. This is very possible, but the market nonetheless doesn't like uncertainty and there is a growing risk that it may be difficult for either side to stand down after the ratcheting up of conflict in recent days.



The planetary outlook still favours the bears in the near term. While I was wrong about last week, most of the negative influences are still in play. Mars is now past its conjunction with Saturn but it is still in alignment with Rahu on Monday and Tuesday. And then Saturn will turn retrograde the following week on 17 April. Bullish Jupiter will still align with Pluto here in April so the picture is still somewhat mixed. The Jupiter influence likely had a hand in last week's gain, the Saturn influence notwithstanding. My expectation is that some of that Saturn energy has not yet manifest so we should still expect some downside pressure this week and perhaps into next week as well. And yet because of last week's rise, it is possible this may only produce testing of the previous low rather than lower lows. We shall see. If the previous low of 9951 holds, then it is possible we could see a retest of the high at 11,171 by June. June is likely to bring another correction lower which should last into July. At this point, it is too soon to say if lower lows are likely in Q3.

The technical picture is now somewhat mixed although with a bearish bias. Bulls rebounded strongly last week after the test of key support at the 200 DMA and the 10,000 level. While the bounce was much-needed by the bulls, the bearish pattern of lower highs is still evident and may give some bulls pause in the event of another bout of selling. Bulls will have to fight to reclaim the March high of 10,478. If this level is superseded, then there is a much more bullish slant to the chart. A retest of the 11,171 would then become more likely.

A move back up towards 10,500 could create a messy right shoulder of a head and shoulders topping pattern. Bulls will begin to feel the pressure to push above this level fairly soon or risk getting bogged down in the self-fulfilling prophecy of this negative chart pattern. If we assume a neckline of 10,100, then the pattern has a downside target of about 9000. MACD is in a bullish crossover and stochastics is not yet overbought so there is good reason to think the current rebound may continue. The moving averages look a bit more troublesome, however, as a potential death cross of the 50 and 200 DMA may be coming. The weekly Sensex chart shows support from the 50 DMA with resistance likely near the 20 WMA at 33,900. Stochastics is starting to turn up so that is another indication that the bottom could be close. But it should be noted that previous corrections have often taken several weeks of stochastics near the 20 line before a final breakout higher. Another retest of the previous low at 32,500 may be necessary before a sustainable rebound. Meanwhile, Tata Motors (TTM) enjoyed a strong bounce last week before stopping at resistance at the 50 DMA. This is fairly strong horizontal support so there may be some consolidation in the days ahead before there is more upside. A retest of the low is possible here as investors will want some confirmation that chart is in a better position to support a rally. Infosys (INFY) lost ground last week as it slipped below its 50 DMA. The chart looks range bound between the January high and the February low. Although it is medium term bullish, bulls may need to defend the February low in the days ahead in order to prevent a deeper retracement. The next support level would likely be the 200 DMA.



This week leans bearish but may see moves in both directions. The early week is perhaps more bearish as Mars aligns with Rahu on Monday. Indian stocks will likely play catch up with the US market from Friday anyway, but the Monday planets look bearish in their own right. Tuesday's Moon-Ketu conjunction and Mars-Venus alignment also would seem to give bears some advantages. The chances are good for a retest of the Wednesday low of 10,100. If we get that retest Monday, then Tuesday could see it break down. The planets look more bullish on Wednesday as the Sun aligns with Jupiter and Pluto. Some midweek gains are very likely this week with Wednesday and Thursday being the most likely days when we could see some upside. If we have seen some selling early on, then there is a very good chance for a strong rebound. It is difficult to say where this rebound will top out at. Wednesday looks more bullish than Thursday. Some downside is possible on either Thursday or Friday although I would not say it is a high probability. With significant moves in both directions likely this week it is more difficult to make an overall call. I would not be surprised by a moderate outcome in either direction, say, from 10,100 to 10,500.



Next week (Apr 16-20) looks more bullish as Venus aligns with Jupiter on Tuesday. Monday is less bullish and is more of a toss up, although I would retain a slight bullish bias. Wednesday could be slightly bullish and Thursday looks more strongly bullish. Friday is slightly bearish. Depending on what has occurred in the previous week, it is possible we could see resistance at 10,500 tested and even broken. The following week (Apr 23-27) looks more bearish although I would not expect a hugely negative week. Some upside is likely in the first half of the week while the Mars-Pluto conjunction in the late week should coincide with declines. The month of May looks mostly bullish as Jupiter aligns with Neptune. It is an open question whether the Nifty can retest its all-time high. In any event, a sharp move lower is likely to begin in early or mid-June as Saturn aligns with Rahu and Mars. Mars turns retrograde in late June and that could intensify the selling pressure. I would expect at least another 10% correction in June and July. It is unclear at this point if we will see lower lows. A rebound should begin in August and extend well into Q4. Another sharp correction is likely in December and January 2019. Looking ahead to 2019, I would expect the bull trend to resume with a strong likelihood of higher highs.



Technical Trends

Short term trend is UP

Astrological Indicators

bearish (disconfirming)

Target Range

10,100-10,500

(1 week ending 13 April)

Medium term trend is DOWN
(1 month ending 13 May)

bullish (disconfirming)

10,300-10,700

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

bullish (confirming)

10,000-11,000

Currencies

The Dollar held steady last week as the market weighed the weak jobs report against the possibility of averting a trade war with China. The USDX finished the week just under 90 while the Euro settled under 1.23. I had been slightly bullish on the week as I thought the early week could bring some upside. The Dollar appears to be forming a bottom here in a narrow range between 88.5 and 90.5. The convergence of the 20 and 50 DMA at 89.60 is providing support for now. The longer price can stay above that level, the more likely the Dollar will breakout higher. Any move below 89.60 would likely invite another retest of the low at 88.5, however. A breakdown of 88.5 would have a downside target of 86.5. A break out above 90.5 would have an upside target of 92.5. This is very close to the 200 DMA so there may be an additional logic for this kind of move at some point. And yet the weekly Euro chart argues against a significant Dollar rally. The current consolidation resembles a bull flag which is a continuation pattern. The more likely outcome is for a breakout higher with an upside target of 1.27 at least. The 20 WMA is currently acting as support so any weekly close below 1.216 could cause some bulls to rethink their position.



This week leans bearish. It is possible we could see some Dollar upside on Monday but the Tuesday to Thursday period looks more negative as the Sun aligns with Jupiter. Generally, I think the Dollar is likely to bottom in the month of April although I am agnostic on whether it will break support at 88.5 and fall towards 86.5. Next week (Apr 16-20) also looks somewhat bearish on the Venus-Jupiter alignment so more downside pressure is possible. The odds of a rebound rise as we get into late April as Mars conjoins Pluto. This looks bullish for the Dollar and may well begin a larger move higher. The month of May



looks more bullish on the Jupiter-Neptune alignment although trade could be choppy with occasional sell-offs that retest support. The stronger up moves are more likely to take place in June and July. The rally may consolidate starting in August and a correction may last into September and October. Q4 looks mixed with a possible bearish bias. The first half of 2019 may be more positive but weakness will likely prevail in the second half of the year.

Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending Apr 13)	bearish (confirming)	88-90
Medium term trend is DOWN (1 month ending May 13)	bullish (disconfirming)	88-92
Long term trend is DOWN (1 year ending Apr 2019)	bullish (disconfirming)	85-95

Crude oil

Crude oil fell last week on renewed fears of a trade war between the US and China and the possibility of slowing growth. WTI lost 4% to \$62.06 while Brent finished the week at \$67.11. This bearish outcome was not unexpected as I thought we would see increased volatility from Monday's Mars-Saturn conjunction. Monday did produce a decline although Friday's loss may have been more technically significant which broke below the 20 and 50 DMA. These lines were not key support but it puts the pressure on bulls to prevent further damage. Friday's close was a hard retest of Wednesday's intraday low as the rising trend line support was also tested. A break down here would invite a possible quick trip down to \$59-60. Conversely, last week's intraweek high of \$64 is now resistance as bulls have their work cut out for them. The chart is still bullish given the long rally and the more recent series of higher lows. The double top is one possible thing to watch out for, especially if we retest the February low in the coming weeks. The rally in crude oil could reverse lower in the event of a break below \$59.



Long term support may be provided by the 200 DMA at \$55 although that is a bit above the long term trend line. The weekly Brent chart shows support for the current rebound off the February low provided by the 20 WMA. The chart is bullish and has an upside target of \$78 if there is a weekly close above 71. But the current consolidation phase could gradually morph into a correction if the breakout does not occur fairly soon.

This week may see some volatility but there is a chance for gains. The early week Mars-Lunar Node alignment may see a continuation of Friday's decline. Monday is more vulnerable than other days in this respect. But the Sun-Jupiter alignment could well see prices bounce as early as Tuesday. I think we could see two significant up days this week as Friday also looks bullish. It is difficult to call weekly outcomes given the possibility of one or two sharply negative days. Nonetheless, I would think that declines will be bought fairly aggressively. This tilts the scales towards the bulls.



Next week (Apr 16-20) also looks bullish, at least in the first half of the week. The Venus-Jupiter alignment suggests gains on Monday and Tuesday. The late week may be less bullish although perhaps not quite bearish. I would think we could see another retest of the highs in mid-April and I would not rule out higher highs. The following week (Apr 23-27) looks bearish as Mars conjoins Pluto. Some sharp declines are more likely during this week. May could begin on a bullish note as Jupiter aligns with Neptune. Higher highs are therefore possible in the first half of May. But I suspect prices will start to weaken by late May and June should bring another significant pullback, if not outright correction. July may also have a bearish bias. This extended period of weakness from about mid-May to late July may well produce a retest of the 200 DMA perhaps a test of the long term rising trend line. Prices should recover in August and September and begin another significant rally which extends over most of Q4. Higher highs are possible.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is DOWN (1 week ending 13 Apr)	bullish (disconfirming)	\$60-65
Medium term trend is UP (1 month ending 13 May)	bullish (confirming)	\$62-70
Long term trend is UP (1 year ending Apr 2019)	bullish (confirming)	\$60-75

Gold

Gold pushed higher last week on the poor jobs report and ongoing fears of a possible trade war. Gold rose by less than 1% to 1336. While I was leaning bearish, this bullish outcome was not too surprising. I had noted the likelihood of some volatility last week although I was unsure how the Mars-Saturn conjunction might play out. As it happened, Monday was sharply higher but the midweek saw stability return. But the upshot is that gold remains pinned within its purgatorial range between 1310 and 1360. Both bulls and bears may be wondering how long this stalemate can last. Bulls have the medium term chart in their favour as horizontal resistance has been repeatedly tested. A series of higher lows and the consequent ascending triangle pattern over the past two years suggest bulls are getting stronger. Bears are likely thinking short term as support at 1310 has actually been tested more often than resistance at 1360. It may require a major news development one way or another to finally move out of this range. If there is a breakout above 1360, then the immediate target would be the 1410 area. Long term, the 1700 area would be the upside target of the triangle pattern. A breakdown of 1310 would likely involve a move down to 1260. While this would violate the 200 DMA at 1295, similar breaks of that moving average have seen buyers move in fairly quickly. That may well happen again. Therefore, the medium term gold outlook would only become bearish if there is a move below 1260.



This week looks choppy. I would lean a bit bullish perhaps but it really could go either way. Some large moves are possible in both directions. My bullish bias this week rests on the Sun-Jupiter alignment that occurs on Tuesday and Wednesday. Monday is harder to call. If Monday isn't overly negative, then perhaps there will be another retest of resistance at 1350-1360 by midweek. That is definitely a possibility here. Thursday and Friday look more bearish so we could see moves in both directions this week. I would not be surprised by any outcome here.

Next week (Apr 16-20) looks more bullish as Venus aligns with Jupiter early in the week and then the Sun conjoins Uranus at midweek. If there is going to be a break above resistance, this could be the more likely week for it to occur. A breakout is possible although if the preceding week has been more negative, then obviously the bulls will have further to go. The following week (Apr 23-27) could see a pullback, especially in the second half of the week on the Mars-Pluto conjunction. The first half of May looks bullish as Jupiter aligns with Neptune. Higher highs (1375? 1410?) are very possible at that time. The second half of May could see more downside as Venus opposes Saturn. This looks like it could begin a more significant correction that lasts into June and July. As always, it is difficult to forecast levels, but I would think there is enough bearish influence to take gold below 1310 at least, depending on how high its preceding top is. A tag of the 200 DMA at 1290 seems plausible and

1260 may also be in the cards. Gold should begin a new move higher by August and this may continue through the rest of 2018. The next correction is likely to begin in November and last into January 2019. Longer term, the outlook for gold is mostly bullish.

Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending Apr 13)	bullish (confirming)	1310-1360
Medium term trend is UP (1 month ending May 13)	bullish (confirming)	1310-1410
Long term trend is DOWN (1 year ending Apr 2019)	bullish (disconfirming)	1250-1450

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