

## Summary for week of 28 May 2018

- Stocks with bullish bias this week, especially after Tuesday
- Dollar likely to move higher this week
- Crude oil mixed with rebound possible at midweek
- Gold choppy with bearish bias

## US Stocks

Stocks edged higher last week on hopes for a resolution in the US-China trade dispute. The Dow added just 38 points to 24,753 while the S&P 500 finished the week at 2721. This slightly bullish outcome was somewhat unexpected as I thought the late week had more bearish potential. Monday was bullish as expected but the subsequent days generated only very modest selling. Bears only managed a low of 2707 on Thursday before volume dried up before the long weekend.

The market remains in a stalemate of sorts. Bulls accept that some consolidation is normal following the breakout above the falling trend line while bears are seeking another test of the 200 DMA and the possibility of a larger break down. Because of Trump's unpredictable deal-making trade tactics, there is still considerable uncertainty about China. Markets want a deal done sooner rather than later or else there may be more selling. The North Korea geopolitical situation may well have morphed into a sub-plot of Chinese trade practices as China may be wielding its influence with Kim Jong-un in order to get a better trade deal with the US. Meanwhile, bond yields fell again last week as inflation data came in weaker than expected and the Fed indicated it would tolerate slightly higher inflation before raising rates. So it may well be that the rapidly rising rates scenario of "Bondageddon" may not hit markets for some time to come.



The astrological indications are turning more bullish. Last week saw the peaking of the bullish Jupiter-Neptune alignment. This has been a key source of optimism in the month of May which has kept prices elevated. I would think we could see further upside in the weeks ahead as faster-moving planets also form alignments with this Jupiter-Neptune aspect. While the bullish influence may be diminishing somewhat, that may only mean that gains may be more modest. To be sure, the ongoing Saturn-Lunar Node alignment is moving into place. This is a bearish combination which will likely undermine confidence at various times this summer. In the near term, I do not expect it will produce significant pullbacks. A pullback is likely coming in late June around the Mars retrograde cycle (June 26<sup>th</sup>), but there is a plausible bullish case for the month of June ahead of that date. The late summer is looking more vulnerable to a sharp sell-off.

The technical outlook is somewhat bullish. The last two weeks have been range bound between 2740 and 2700 after the triangle breakout. Some consolidation is normal after a bullish breakout although there is often some ambiguity about back testing previous resistance which is now support. It is still possible we could see a hard retest of that falling trend line off the January high at 2670. Such a pullback would not invalidate the bullish breakout and would likely be eagerly awaited by committed bullish investors. This is the approximate position of the 50 DMA at 2673. But we may have already had the back test of that line on May 15 so bulls may be gathering their forces and attempt a breakout higher back up to 2800 and perhaps a retest of the ATH of 2872.

Bears are in a more vulnerable position perhaps since they can't afford a move above the recent high of 2742. This would be a breakout of the 2701-2742 trading range and point to a move up to 2780 at least. Last week was a chance for the bears to force the issue of the back test of 2670 but they were not strong enough to move below the previous week's low of 2701. Clearly, any major developments on the trade front could move markets either way but bulls seem to have the upper hand here. Any move below the 50 DMA and 2673 would be bearish and would likely signal a retest of the 200 DMA at 2634 at least. The weekly Dow chart still has a bullish bias. Stochastics is in a bullish crossover and not yet overbought. Also, note how the long lower shadow candles outnumber the long upper shadow candles. This is a quick indicator that shows that weekly closes have finished closer to their highs instead of their lows. That's generally bullish. Bears can still point to the inability of the Dow to close above the 20 WMA at 24,840 and hence their assertion that this is a range bound market is not without validity. Another test of the 50 WMA at 23,598 is still quite possible, of course, but bulls would likely move in quickly to buy that significant dip. Other indexes show a mixed picture. The Russell 2000 is still back testing its previous week's breakout while the Nasdaq has still not quite matched its putative left shoulder of 7500. There is still a bearish interpretation to this chart given the head and shoulders pattern, but the series of higher lows can be seen as bullish.



This week looks more bullish. After Monday's holiday closing, Tuesday's Full Moon could see increased volatility. There is an elevated risk of some selling here although I'm not convinced it will be a losing day. Bears have been unable to follow through on the downside recently and we could well see another false alarm here. Even if we do end up in the red, Wednesday looks more bullish as Venus begins to align with Jupiter and Neptune. This alignment will be in effect for most of the week so I would expect some significant upside. Even if there is a down day here or there, this bullish pattern should be sufficient to offset the negatives. Thursday sees the Venus-Jupiter-Neptune alignment almost exact and therefore it should correlate with more upside. Unfortunately, the Moon also conjoins Saturn in the afternoon so there is some downside risk here, perhaps so that gains may not hold by the close. Friday is more of a wild card. The bullish influence of Venus will still be in evidence but the Moon again threatens to undermine the rebound. A large move is possible in either direction on Friday, although I would continue to have a bullish bias. Nonetheless, if the indexes are close to resistance, then a sudden pullback is more likely on Friday. Overall, I think there is a decent case for at least another test of resistance at 2742 at some point. I would not be surprised to see stocks rise well past that level, but only if Tuesday isn't too negative.



Next week (June 4-8) also looks bullish and should exceed the previous week's highs. Monday is tough to call as the Moon conjoins with bearish Mars and the Lunar Nodes. While other placements look positive, the Moon's placement raises some doubt about further upside. Tuesday looks more bullish as the Sun and Mercury align with Jupiter. The uptrend should extend into Wednesday at least and could reach new highs (2760/2780?) We could see some significant selling at the end of the week, however. The following week (June 11-15) could also see further gains, although the early week looks more mixed. It is difficult to predict the top of this rally but one possibility is the Mercury-Jupiter-Neptune alignment on June 19. After that, the Venus-Mars opposition on the 21<sup>st</sup> and then Mars retrograde cycle on the 26<sup>th</sup> will be the next major configurations that could move sentiment. The question is whether this late June pullback will end the rally or just be a normal retracement to a higher low after which the rally can resume in July. I am agnostic on this question, as both bullish Jupiter and bearish Saturn are due to strengthen in July. I suspect that the bulls won't be finished in July but they may only be able to put in a marginally higher high in July. That is one possibility at least. A retest of the ATH is possible but I am uncertain if there is enough bullish potential here. Perhaps not. The second half of July looks more bearish as Mars conjoins the South Lunar Node and aligns with Saturn. This may well start another major pullback. August could see bulls fight back for a while but I would think we may only get a lower high. September and October look more bearish generally as Saturn aligns with Uranus and the Lunar Nodes. This looks like it could be a significant correction on the scale of the Feb-April correction. Lower lows are possible. We could get an oversold bounce in October and the end of 2018 also leans bearish. Q1 2019 may be more positive but I would not expect a strong rally. Q2 looks bearish as Saturn conjoins the Lunar Nodes. The second half of 2019 may be more positive, however.



Technical Trends	Astrological Indicators	Target Range
Short term trend is UP (1 week ending June 1)	bullish (confirming)	SPX 2720-2750
Medium term trend is DOWN (1 month ending July 1)	bullish (disconfirming)	SPX 2680-2750
Long term trend is UP (1 year ending June 2019)	bearish (disconfirming)	SPX 2300-2600

## Indian Stocks

Stocks ended a volatile week mostly unchanged as traders absorbed contradictory signals from gyrating oil prices and a rising US Dollar. The Sensex gained less than 100 points on the week to 34,924 while the Nifty finished the week at 10,605. I thought we might have seen more downside given the Sun-Mars alignment and my expectation for early week gains did not materialize. The late week strength was especially surprising.

Stocks finally caught a break on Friday as crude oil prices plunged as inflationary pressures from energy inputs had been weighing heavily on sentiment. If Brent crude can resume its previous trading range of \$60-70, then bulls may gain more confidence and have a more compelling case for higher stock prices. Lower inflation pressures make it easier for the RBI to hold rates steady or even attempt a cut later in the year. The other difficulty is the rising US Dollar which is an entirely separate problem from oil prices. With US rates slated to rise at least two more times this year, large investors may be less inclined to assume the risk of emerging markets. In addition, the cost of Dollar-denominated borrowing is rising in emerging markets and this could be another impediment for growth.



The astrological outlook remains bearish in the medium term although we could see some short term upside in early June. The month of May saw an extension of the rebound due to the bullish Jupiter-Neptune alignment. Now that this alignment has diminished in strength somewhat, the month of June could see choppy markets. The Jupiter-Neptune alignment will still influence sentiment in a positive way since Jupiter will remain in range ahead of its direct station in July. However, the Saturn-Rahu alignment will be coming into force in June and could upset the bullish default further in July and August. Rahu (14 Cancer) always moves retrograde and it will be moving in tandem this summer since Saturn (14 Sagittarius) will also be retrograde. The unusually long period of alignment will likely keep rallies short and fairly weak. However, forecasting just when declines may occur may be more difficult since the alignment will be in force for the next five months. At this point, I think June is likely to experience some weakness from this alignment. But it is also possible that the next correction may not begin until perhaps September. That suggests that we could see a significant, if brief, rally in July and August.

The technical outlook is mixed. Last week's low occurred just below the 50 DMA at 10,400 as buyers stepped in on cue. This was a key support level which held and kept the bullish story going. The low represented a 50% retracement from the recent high. The subsequent bounce offers hope to both bulls and bears. Bulls can now look forward to more upside and a possible retest of the high at 10,900 as last week put in a higher low compared with March. Bears will look at last week and see the bounce as mostly technical in nature and not really indicating much conviction by bulls. The 20 DMA at 10,668 may now act as resistance and could prove to be a better barometer of the rebound. A close above that line would suggest a retest of the May highs and a possible retest of the all-time high in January.

Stochastics are below the 20 line on the daily chart and are now pointing upwards suggesting more upside is looking likely in the coming days. If support at 10,400 is broken, then we are likely to see a retest of the March low of 10,000. In terms of measured moves, bulls will be looking at the upside target of 11,300 as measured from March low. Bears, on the other hand, are focusing on a completion of the down move from the January high which as a target of 9700 or so. The weekly Sensex chart still looks bullish. After the previous week's reversal candle, last week's doji with the longer lower shadow looked more bullish. Price appears to be bouncing off the 20 WMA which has acted as intermediate support in the past. Stochastics is not yet overbought although it may be rolling over here. Another down week this week could create a bearish crossover which would be bearish, especially since it is almost at the 80 line. A weekly close below last week's low would likely lead to a retest of the 50 WMA at 33,179 at very least. Meanwhile, Tata Motors fell further as expected as it retested its 2016 low. We should see a bounce soon although it will likely be sold fairly soon after. It may take some time for a tradeable bottom to be established for a sustained rally to take place. Infosys (INFY) had a positive week as it retested its January high. After the rebound from this small pullback, the chart argues for higher highs in the near term.



This week looks mixed. For the bulls, the approach of the Venus-Jupiter-Neptune alignment should produce some upside, probably midweek. I would expect two up days from this alignment as it is quite positive. But Tuesday's Full Moon casts a shadow over the early part of the week. The Full Moon aligns closely with Saturn and Rahu and could coincide with at least one significant down day, possibly two. Tuesday looks more bearish in this respect, but Monday is also a question mark. It is difficult to know if the down days will offset the up days. I would keep an open mind about where we may end up this week. Friday is particularly hard to call in that respect as the Venus alignment is exact and hence very bullish but nasty Mars aligns with Mercury that day also and could undermine sentiment. Or both influences could simply cancel each other out. If we do see some early selling, I would expect last week's low to hold. How high we may bounce is harder to say. Perhaps the Nifty finishes the week fairly close to its current level.



Next week (June 4-8) looks bearish to start as Mars conjoins Ketu and aligns with Saturn. I would expect some significant declines from this pattern, most likely on Monday and/or Tuesday. Wednesday looks more bullish as the Moon, the Sun and Mercury align with Jupiter. This bullish influence could manifest as early as Tuesday or perhaps as late as Thursday. Friday looks more negative as the Moon aligns with Mars and Rahu. While it's possible we could see support at 10,400 tested again, I tend to think early June will have a more bullish bias. I am uncertain if the Nifty will test its previous high of 10,900. The following week (June 11-15) looks more bearish as Mercury opposes Saturn. As we approach late June, the cosmic dice will be loaded for the bears as Venus opposes Mars on the 21<sup>st</sup> and then Mars turns retrograde on the 26<sup>th</sup>. I would expect a significant pullback at this time. Another rally should begin by mid-July and extend into August. Higher highs (>11,171) are possible by the end of August or early September. A significant correction is likely to occur by mid-September as Saturn aligns with Uranus and Rahu. This should extend into October. Overall, Q4 leans bearish and should bring at least a 10% decline off the Aug-Sep high. 2019 may well begin mixed with possible additional downside. However, I would expect a substantial rally to begin by May and that should help to produce a bullish year overall in 2019.



### Technical Trends

Short term trend is DOWN  
(1 week ending 1 June)

Medium term trend is UP  
(1 month ending 1 July)

### Astrological Indicators

bullish (disconfirming)

bearish (disconfirming)

### Target Range

10,500-10,700

10,300-11,000

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

bullish (confirming)

10,000-11,000

## Currencies

The Dollar moved higher again last week on hopes for a trade deal with China and uncertainty over the new Italian government. The USDX finished above 94 while the Euro settled below 1.16. This outcome was not so surprising although I thought we might have had a deeper retracement early in the week. The Dollar rally shows no signs of slowing here after that brief test of support at the 200 DMA in the previous week. It is possible it could reach the previous high of 95 before we get a more significant pullback. The rally has been so strong recently that not even the 20 DMA is acting as support yet. A pullback to that line looks inevitable fairly soon, however. The strength of the move looks likely to change the medium term outlook to bullish as the 200 DMA is finally leveling out. If the rally continues in June as I expect, we will see a golden cross of the 50 and 200 DMA. The weekly Euro chart is near a retest of a previous low at 1.16. The head and shoulders top pattern is taking shape now. We are likely to see a bounce soon and if the 1.16 holds as support, then that would be the potential neckline. The right shoulder would be in the 1.20 area and then the Euro would sell off more aggressively. The downside target to this potential pattern is 1.07.

This week is likely to see more gains for the Dollar. The early week may see a pullback as Tuesday's Full Moon may increase uncertainty. But the Venus-Jupiter-Neptune alignment is likely to boost the Dollar and more than offset any possible declines in the early week. The high for the week could well come on Friday. Next week (June 4-8) looks like it will bring more upside as the Sun and Mercury align with Jupiter. It's difficult to predict levels but a break over 95 is looking likely. I would expect the Dollar to continue to rise through the rest of June at least. We could see a change in sentiment after the Mars retrograde station on June 26<sup>th</sup>, however. The chances are still fairly good that more upside could occur in early July but gains may be more modest. If June



unfolds as I expect, we could see the USDX approaching 100 by early July. It seems incredible but let's see how it negotiates key resistance at 95 first. A significant retracement should begin by August although it may start in late July. A period of consolidation is possible from August to November. Another move higher is likely in late November and December but it is possible the high for the year may occur in the summer. 2019 looks fairly bullish, especially in the first half of the year. We could see a retest of the 2018 highs (100?) in 2019. The second half of 2019 looks more bearish, however. Longer term, I think the Dollar is likely to weaken in 2020 and beyond.

Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is UP (1 week ending June 1)	bullish (confirming)	94-96
Medium term trend is UP (1 month ending July 1)	bullish (confirming)	97-99
Long term trend is DOWN (1 year ending June 2019)	bullish (disconfirming)	94-100

## Crude oil

Crude oil fell sharply last week on rising inventories and a stronger Dollar. WTI plunged 5% on the week to \$67.88 while Brent fell more modestly to \$76.45. This bearish outcome was not surprising as I thought the late week would see some selling. As expected, the early week was bullish but gains were small as prices peaked on Tuesday. This increased the likelihood of a bearish second half of the week. So the much-anticipated retracement has finally begun. How far will it go? Technically, there is rising channel support from the 2017 low near the 50 DMA at \$65-66 for WTI. We should expect a bounce at or near this level. But the size of last week's decline could shake the confidence of the bulls. Any bounce may be tentative and therefore we should be watching carefully how strong any rebound may be. The outlook is murkier if that channel support is broken as the next level of support could be closer to \$60 and the 200 DMA. The weekly Brent chart shows a possible reversal candle after reaching its upside target of \$80 from the Q1 ascending triangle. There is dual support at \$70 for



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Brent – from the rising channel and from the previous high. A pullback to \$70 therefore is looking fairly likely, especially given the bearish astrological indications over the coming weeks. Crude will remain in longer term rally mode as long as it stays above the rising channel off the 2016 low. This is near the 200 WMA and \$57.

This week is likely to see more downside pressure. The early week may be more bearish in this respect as the Sun aligns with Saturn and the Lunar Nodes on Monday and Tuesday. The Monday holiday closing in the US may abbreviate some of the downside potential here but it still leans bearish. The late week Venus alignment with Jupiter and Neptune looks more bullish but I am unclear how much upside we should expect. Friday’s Moon-Saturn conjunction may actually be bearish for crude so that could limit the bullish influence to Wednesday and Thursday. I would shift towards a bearish bias this week in any event even if we end up finishing slightly positive.



Next week (June 4-8) should start off bearish as Mars conjoins the South Lunar Node. We should see one or possibly two down days on Monday and Tuesday. However, I would think Wednesday will be bullish with the Moon-Jupiter alignment and this could bring a significant bounce that lasts for the rest of the week. I am uncertain if the week will be bullish or bearish overall although I might retain a bearish bias just out of caution. The following week (June 11-15) looks bearish as the Mars-Lunar Node alignment continues and Mercury opposes Saturn later in the week. It may be difficult for bulls to produce much of a rebound here under these influences. Lower lows are also quite possible. Generally, I would be bearish for most of the month of June. There may be some strength towards the end of the month, however, so we should expect a rise in late June and early July. Late July looks bearish again but it is possible this could be an equal or higher low which would signal a more sustainable rally taking hold in August and September. We could see additional upside in October and November although another correction is likely to begin in November and extend through December. The first half of 2019 looks quite bullish so we are likely to see rising prices. The second half of 2019 looks much more bearish, however.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending 1 June)	bearish (disconfirming)	\$64-67
Medium term trend is UP (1 month ending 1 July)	bearish (disconfirming)	\$57-65
Long term trend is UP (1 year ending June 2019)	bullish (confirming)	\$60-75

## Gold

Gold bounced off long term support last week as uncertainty about North Korea rattled financial markets. Gold rose 1% on the week to 1303. This bullish outcome was unexpected as I thought the bears would be strong enough to keep the pressure on. The bounce has returned gold to resistance at the 200 DMA. Friday's inability to follow through on Thursday's rally was a possible red flag for bulls, however. If the rally has further to go, it needs to close above the 200 DMA and 1310 in the next few days. Currently, it is sitting at falling trend line resistance at 1303. If, on the other hand, we get a retest of support at 1280 then there is a risk that it could breakdown. Bulls will likely feel confident that 1280 will hold a retest for now as it matches support from the medium term trend line from the 2017 low. Bears are looking for a further decline to the measured move target of 1260. Overall, the chart looks bearish here so last week's bounce should be viewed as mostly technical. The bounce will become more persuasive if there is a close above 1323 and the 50 DMA. Until then, bulls will likely be quick to take profits, assuming there are no major geopolitical developments. The long term outlook still argues for more upside but the bottoming process could have several more months to go. The long term bullish outlook depends on price staying above the long term trend line support now at 1230 or so. Below this level, the bullish case becomes harder to make.



This week looks mixed with a bearish bias. After Monday's holiday closing, Tuesday leans bearish as the Full Moon aligns with Saturn and the Lunar Nodes. Perhaps this will produce a retest of last week's low of 1280. Wednesday looks more bullish as Venus aligns with Jupiter and Neptune. I would expect at least one positive day from this alignment and two up days would also not surprise me. It does therefore mean that bulls may well get a bounce although I'm uncertain if it will move back above 1310. Friday looks like it could produce a large move as Mars aligns with Mercury just as Venus exactly aligns with Jupiter. This is a bit of a wild card for a move in either direction although I would retain a bearish bias just in case.

Next week (June 4-8) also leans bearish on the early week Mars-Nodal conjunction. The midweek could see some upside but the late week is likely bearish again. I think lower lows are possible here, such as below 1280 or even 1260. The following week (June 11-15) could see some early week gains but the late week opposition of Mercury and Saturn looks bearish. This could well prove to be a range week. After June 20<sup>th</sup>, gold looks more bearish as Venus opposes Mars while Mars turns retrograde. The late June-early July period could well see more downside pressure with the possibility of lower lows. Depending on what has transpired in June, we could see support at 1230 tested or perhaps lower. A stronger bounce looks likely in the second half of July and this could extend into August and September. Whether this finally breaks above resistance at 1360 is hard to say as a lot

will depend on how low gold goes beforehand. Gold should remain fairly strong through to November although Q4 looks choppy at best. Another retracement is likely by December. 2019 looks mixed with more upside likely in Q1 but less optimism in Q2.

<b>Technical Trends</b>	<b>Astrological Indicators</b>	<b>Target Range</b>
Short term trend is DOWN (1 week ending June 1)	bearish (confirming)	1270-1310
Medium term trend is DOWN (1 month ending July 1)	bearish (confirming)	1230-1280
Long term trend is DOWN (1 year ending June 2019)	bullish (disconfirming)	1250-1450

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