

Summary for week of 25 June 2018

- Stocks vulnerable to more downside this week, especially around midweek Full Moon
- Dollar mixed this week with more retracement possible early
- Crude oil choppy with gains possible early and late
- Gold volatile this week with bearish bias in first half

US Stocks

Stocks generally fell last week as persistent trade war worries undermined sentiment. The trade-sensitive Dow lost 2% on the week to 24,580 while the S&P 500 declined by less than 1%. This bearish outcome was in keeping with expectations as I thought the late week Venus-Mars opposition would likely coincide with some selling. The early week proved to be somewhat more bearish than expected as the Venus-Saturn alignment offset most of the optimism of the Mercury-Jupiter-Neptune alignment. That said, the indexes followed an unusual pattern of declining overnight and then trying to rebound during the day session.

While markets are still basically bullish, there are some areas of concern. Trump's tariff threats are unlikely to go away anytime soon. While they may be seen as a negotiating tactic, it seems increasingly likely that US protectionism in some form is here to stay. This is one reason why the multinational-heavy Dow has fallen for eight straight days before Friday's modest bounce. Global companies are more likely to feel in the pinch in a trade war as costs rise and products disappear behind tariff walls. This is also one reason why the small-cap Russell 2000 index has been the best performing major index in 2018: small caps make products in America largely for Americans. Even if the Fed goes through with its intention of two more rate hikes this year, the US economy is still leading the world and will therefore be the preferred destination of the lion's share of the world's capital for the near term. A recession is still possible next year as higher rates put the squeeze on borrowers but for now there seems to be room to grow.



The astrological outlook is bearish in the near term. This week's Full Moon on Wednesday the 27th looks likely to coincide with another round of volatility. This should translate into more downside pressure which takes out last week's lows. And yet I don't think it will be sufficiently damaging to end this rebound off the February or May lows. The Full Moon is a higher probability bearish event due to the conjunction with Saturn. Saturn, of course, is currently aligned with the Lunar Nodes so this increases the probability of some difficulty next week and perhaps the week after. As I have noted previously, the Saturn-Lunar Node alignment is in effect until Sep-Oct and it will serve to occasionally recalibrate market sentiment in a negative way. As it happens, however, this unusually long Saturn-Lunar Node alignment will be countered by a Jupiter-Neptune-Pluto alignment for July and into August. This Jupiter alignment looks like it could coincide with some upside in July at least, if not also in August. For this reason, I would not be overly bearish this summer.

The technical outlook remains fairly bullish. Despite last week's pullback, bulls can still rely on a series of higher lows and rising moving averages. The failure to break above the Mar 13th high at 2800 was somewhat disappointing but not really surprising either. Friday's close settled on the 20 DMA and offered hope that the consolidation after the retest of 2800 might be over. Interestingly, the SPX is also sitting very close to channel support from the rising trend line from the May 3rd low. So there is some bullish argument that stocks could finally begin to rally again and retest the ATH at 2872.

Bulls will first try to break above the falling trend line from the June 13th high of 2792. A close above 2770 would just above do it but bulls could not muster up enough buyers last week. However, bears may be looking for a bit more downside here. The measured move retracement after the May 13th high to the May 29th low suggests we may have further downside to go in the near term. From the June 13th high, a similar sized retracement would forecast a low of 2725. The SPX is close to that level now, but it is possible we could see that in the coming days. The 50 DMA at 2714 could also be a possible downside target in the event that we get more bad news about trade. More ambitious bears may also dwell on the rising wedge that has been forming since April. Last week's decline slipped below that trend line and could well indicate some additional downside. We can also note the bearish rising wedge pattern on the NASDAQ and Russell 2000 charts. Once broken, these wedges can still resolve into bullish rising channels. But they still suggest some downside is more likely than not in the near term. The weekly Dow chart still looks bullish in the long term due to rising 50 and 200 WMA and MACD seems on the verge of a bullish crossover. But stochastics is weakening just as it approaches its overbought 80 line. It would not be surprising if this rolled over as soon as this week.



This week is all about the Full Moon. Wednesday's Full Moon occurs while in conjunction with bearish Saturn within one degree. Full Moons are typically bearishly biased in any event as volatility tends to rise a couple of days on either side. This has definitely been the case recently as the last interim low on May 29th occurred on a Full Moon. The April 2nd low occurred three days after a Full Moon. The May 3rd low occurred four days after a Full Moon. The fact that the June 27th Full Moon occurs in conjunction with Saturn loads the dice in favor of the bears. I'm not necessarily expecting a huge decline but the odds of one are higher than they otherwise would be. I would therefore expect some significant selling to take place as early as Monday and as late as next Monday, July 2nd. The Moon forms a bad angle with the Lunar Nodes and Saturn on Monday the 25th so we should see a decline then. The Jupiter-Venus square aspect will be close so we cannot rule out some upside as well. However, my view is it will not last very long, if it happens at all. Tuesday looks less bearish perhaps, as the Moon improves its condition. If Monday is negative, then we could see a bounce Tuesday. But Wednesday's Full Moon will likely bring more selling. The afternoon is perhaps more bearish than the morning on Wednesday. Thursday looks more bullish while Friday leans bearish again. I would expect most of the downside to be focused between Monday and Wednesday. I would think the chances are good for a decline to 2700-2720 at least. Beyond that, it's hard to say.



Next week (July 2-6) is holiday shortened and many traders will be away. Nonetheless, the early week Mercury-Saturn alignment argues for some additional declines, probably on Monday. Tuesday looks more bullish while Thursday morning looks bearish on the Moon-Saturn square. However, Thursday could finish green and that should carry over into Friday. Therefore, the week as a whole may begin a new leg higher that lasts for two or three weeks in July. A retest of 2872 is possible in late July. However, I would note that the eclipse on July 27th looks very bearish and should coincide with a sharp sell-off. At this point, I think it may not mark a new retracement but let's wait and see. August should therefore bring more gains which could possibly produce higher highs. The first half of September is likely to see some significant downside as Saturn aligns with Uranus and the Lunar Nodes. Another bounce is likely in October and early November although higher highs look less likely. Then a deep retracement should begin in the second half of November and extend into December. Stocks should rally strongly in January and February but then falter in Q2. The second half of 2019 looks generally bullish although not overly so.



Technical Trends

Short term trend is DOWN
(1 week ending June 29)

Astrological Indicators

bearish (confirming)

Target Range

SPX 2680-2720

Medium term trend is UP
(1 month ending July 29)

bullish (confirming)

SPX 2740-2800

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

bearish (disconfirming)

SPX 2300-2600

Indian Stocks

Stocks were mixed last week as trade worries weighted on sentiment and markets awaited news of the latest OPEC meeting. The Sensex was up fractionally to 35,689 while the Nifty was essentially unchanged at 10,821. This neutral outcome was in keeping with expectations as I thought the bullish and bearish influences could well offset each other. I was mistaken in thinking that the early week might see more upside, however, as buyers only took control on Wednesday. Friday's gain came after the Venus-Mars aspect had finally separated.

As they say, every bull market climbs a 'wall of worry' and this one is no different. Thus far, the prospect of rising tariffs and diminished global trade has not significantly upset growth expectations. While many observers are gloomy about longer term prospects, investors are largely taking a wait-and-see attitude. Markets have partially discounted President Trump's combative approach as a negotiating tactic and therefore worst case scenarios about declining trade and low growth are not currently on the table. Therefore, it is possible we could have more of these tit-for-tat tariffs throughout the world but markets may only react when they see real proof of declining growth in the form of falling GDP or employment. In



other words, there is still a plausible bullish case for the current economic environment. The rising US Dollar is perhaps the greatest immediate threat to Indian equities although damage thus far has been minimal. A further increase in the greenback may be less benign, however.

The astrological outlook looks more bearish over the next two weeks. This week's Full Moon figures prominently in that respect as it will activate the ongoing Saturn-Rahu alignment. This is likely to coincide with some significant declines which may extend into the first week of July. It is difficult to estimate the size of the pullback, however, so it is possible we could see the Nifty remain above the 200 DMA in July. Let's see how much damage this Full Moon does. That said, I would not expect stocks to rise strongly in July. Perhaps we will see a continuation of the mostly sideways market of May and June. Late July looks very bearish again, as the Lunar Eclipse of 27 July should bring a sharp sell-off in the final week of the month. That decline could well produce a negative month overall for July. August looks more bullish as Jupiter aligns with Neptune and Pluto and should repair most of the technical damage done to the rally.

The technical outlook is still generally bullish. Last week did not see a retest of 10,900 or the May high, but the bulls did manage to put in a higher low. This is still a bullish pattern as it shows that buyers are keen to step in at higher prices. There is an ascending triangle forming which has an upside target of 11,400 if or when resistance at 10,900 is broken. Support is being provided by the 20 and 50 DMA as pullbacks have respected a nearby rising trend line off the April low. A break below this line and the 50 DMA at 10,674 would call into question the current bullish ascending triangle pattern. Bulls would then hope for a longer period of consolidation below resistance at 10,900 which would might still respect the May low and the 200 DMA.

It is possible that we could see a deeper retracement here and a violation of the 200 DMA. Even if this were to occur, bulls would still have bragging rights as long as any low would be higher than the March low near 10,000. The bullish pattern of higher lows is key to maintaining the longer term rally. The weekly BSE chart is bullish although stochastics are moving further into overbought territory. This up trend can continue for a while yet before any correction takes place although current prices are not a particularly attractive entry point for new long term positions. A retracement to the 50 WMA looks likely in the coming months and it is also possible we could see a deeper retracement to the 200 WMA in the next year. Meanwhile, Infosys (INFY) finished flat on the week after retesting its high. The chart is quite bullish however we should note that there is likely a lot of resistance at current levels since it is forming a long term double top with its 2016 high. While further gains are very possible in the near term, a period of consolidation underneath resistance is also likely in the coming weeks. As expected, HDFC Bank (HDB) is pushing closer to testing its January high after another positive week. Further upside of 3% is possible before resistance is reached. If there is another retracement, bulls will try to form a higher low that is above the June low. If not, then another test of support at the 200 DMA is likely.



This week leans bearish. Thursday's Full Moon is the main event although I think that each day of the week will have an elevated risk for declines. Monday looks more mixed so I would not be surprised if stocks managed to rise for at least part of the day. The afternoon looks more bearish, however, as the Moon will align with Rahu. Tuesday's Venus-Jupiter-Moon alignment could be bullish but gains may be confined to the morning. Whether or not stocks finish green by Tuesday's close is harder to say. Overall, bulls will likely have to play defense for most of the week, especially up until Thursday. One possible scenario here would be modest declines on Monday followed by a partial rebound Tuesday. Then a steeper decline Wednesday (10,600?) and more selling on Thursday(10,400?). It is difficult to forecast levels but these are the kinds of declines that are possible with these alignments. With the Full Moon occurring Thursday morning, it is possible that the worst of the selling could occur before noon. This would open up the possibility of an oversold bounce before the close. But that bounce may not amount to much. Friday could see a rebound although the week as a whole looks quite bearish.



Next week (July 2-6) looks mixed. We could see more downside on Monday-Tuesday as Mercury aligns with Saturn and Rahu. While I would not expect two down days from this alignment, I would expect both days to be net negative. Lower lows are definitely possible during this week. Some upside is possible on Wednesday but then Mercury opposes Mars on Thursday. This is likely to bring more downside. Friday's Sun-Jupiter aspect looks bullish. Even if we get three positive days this week, the likelihood of two strongly bearish days suggests a neutral result at best. I would still think the week leans bearish, however. The following week (July 9-13) looks bullish as Venus aligns with Uranus and Mercury aligns with Jupiter. If stocks have indeed struggled the previous week, then this should bring a strong bounce. I would expect more upside in the subsequent week also.



However, the last week of July looks very bearish as Mars conjoins Ketu again and both, in turn, align with Saturn. And if that weren't bearish enough, the Lunar Eclipse of the 27th is just one degree from the Mars-Ketu conjunction! This alignment should pack a considerable punch so a 3-5% pullback is possible over a couple of days. August should bring another rebound, however, and it is possible the Nifty could revisit its May high or perhaps even its January high. September looks more bearish but October may bring recovery. However, November and December looks quite bearish again. Q1 2019 should be more bullish with the possibility of higher highs but a major retracement is likely in Q2. The second half of 2019 looks generally bullish.

Technical Trends

Short term trend is UP
(1 week ending 29 June)

Astrological Indicators

bearish (disconfirming)

Target Range

10,400-10,700

Medium term trend is UP
(1 month ending 29 July)

bearish (disconfirming)

10,000-10,500

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

bullish (confirming)

9500-10,500

Currencies

The US Dollar pulled back last week after some modest economic data and ongoing trade tensions with China. The USDIX lost a third of cent to 94.18 while the Euro finished the week at 1.166. This bearish outcome was somewhat unexpected as I thought the late week selling would be fairly weak. While we did see the Dollar test resistance at 95 early in the week on the Venus influence, bulls did not have enough conviction for the gains to hold. The Dollar rally appears to be pausing here as it comes up against formidable resistance from the Nov 2017 high. While there is no sign that the overall rally is in trouble, some consolidation and retracement are more likely in the days to come. Previous consolidations have been minor so we should expect dips to be bought quickly. In the event that the current pullback continues, we should see support at 93.5. Last week did see a one-day decline to 93 but bulls will have to ensure a higher high to keep the rally the going. If we see another retest of 93, then that could be a warning sign that the larger rally could be morphing into a sideways trading range. Price will eventually meet up with the rising 50 DMA so that could also act as support. A move below 93 would be bearish and could indicate a new range between 91 and 95. We shall see. The weekly Euro chart offers a peek into a possible future. Support appears to be holding at 1.15-1.16 and if the Euro bounces in the coming weeks, the most obvious target would be 1.20. Of course, this would be good news for Dollar bulls since it would set up a right shoulder in a head and shoulders pattern. This pattern would have a downside target of 1.07.



This week looks choppy. We could see some large moves in both directions this week, especially around the time of Wednesday's Full Moon. The Mars turns retrograde on Tuesday so that may only increase the likelihood of volatility. I would lean a bit bearish in the first half of the week but at the same time I would not be surprised if the Dollar moved higher. The late week seems like a better bet for some upside, however, so that even if we have seen more tests of support at 93.5 early in the week, then the late week argues for a bounce. I would keep an open mind about where the Dollar could finish this week. Next week also looks mixed at best with further downside pressure in the first half of the week. The late week Sun-Jupiter aspect should coincide with some upside, however. July looks more bullish after that so perhaps we will only have a short period of retracement (93.5?) followed by another push to a higher high. August also looks bullish although gains may moderate. The second half of August may see more negative sentiment so the Dollar will likely begin a retracement. I would expect the downtrend to extend through September and October at least. My general expectation is that we see a higher low in October (91-93?) from which another rally is launched in November and December. The first half of 2019 looks mostly bullish but the second half will likely see the Dollar sell-off. A bearish trend may deepen in 2020 and beyond.



Technical Trends (Dollar)

Astrological Indicators

Target Range

Short term trend is UP
(1 week ending June 29)

bearish (disconfirming)

93-95

Medium term trend is UP
(1 month ending July 29)

bullish (confirming)

95-97

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

bullish (disconfirming)

94-100

Crude oil

Crude oil rallied strongly last week after OPEC decided on just a modest 700K rise in production. WTI gained more than 5% to \$68 while Brent finished the week above \$75. This bullish outcome was somewhat unexpected, although the late week rebound was in keeping with our forecast. However, the size of Friday's price spike was surprising and thus the early week declines were more than offset by reaction to the new OPEC production levels. So is that all for the pullback? It would seem so from a technical perspective at least, as large single-day gains often indicate follow on upside. WTI has formed an approximate bullish double bottom pattern at \$64 and now it is rebounding higher towards the immediate price target of \$70. Support is now \$67 which was a previous resistance level as well as being the level of the rising trend line off the lows this year. Bulls will have to keep prices above \$67 if they hope to retest the highs and push higher. A move back below \$67 would indicate a longer period of consolidation, although it may not necessarily lead to lower lows. Brent didn't pull back as far and as a result it never penetrated its rising support trend line. This week's bounce off that line suggested that the bulls were not dead yet. The trend line is the approximate level of the 20 WMA at \$71. A weekly close below that line would therefore significant damage the bull case. But for now, the technicals are pointing strongly to a resumption of the rally with possible higher highs. Long term support is near the 200 WMA at \$56 on the Brent chart. This also closely matches the level of the rising trend line off the January 2016 low. Therefore, if Brent does eventually break below \$70, we could end up seeing a retest of this longer term support level at \$55-60.



This week looks choppy with a bullish bias. Wednesday's Full Moon is a wild card as it could coincide with some big moves in either direction. I would lean towards a bearish day on Wednesday but keeping an open mind about where crude may go. The early week could see some upside, as Venus and the Moon align on Monday and Tuesday. The late week looks more bullish again, especially on Friday. Thursday could see some additional (?) selling if Wednesday has been lower. Overall, I would lean towards a positive week although I do admit that a large decline on Wednesday could upset that forecast. However, I do think the planets are favouring a continuation of the rebound in the near term.



Next week (July 2-6) also looks bullish as the Sun aligns with Jupiter and Neptune. The early week should start off bullish although Tuesday looks more bullish than Monday on paper. The Sun-Jupiter aspect actually occurs on Thursday so that should bias the late week towards the bulls as well. Friday looks more bullish than Thursday, however. The following week (July 9-13) looks more mixed. Gains are likely to be modest at best and there could be more profit taking and hence consolidation. I would not say the planets favour a higher high at that time. The rest of July leans bearish although I am uncertain how much downside we will see. A significant pullback is

likely to take place at the end of July around the Lunar Eclipse on the 27th. Whether or not this is enough to mark a new down trend or just a higher low is unclear. August should see a rebound and this may well continue into September. Higher highs are possible here. Another retracement should begin by October and extend into November. I would not expect this decline to change the longer term bull market in crude oil, however. Crude looks likely to move higher in the first half of 2019 with a possible significant peak in mid-year. After that, there is likely to be a major correction.

Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is UP (1 week ending 29 June)	bullish (confirming)	\$66-70
Medium term trend is UP (1 month ending 29 July)	bearish (disconfirming)	\$62-68
Long term trend is UP (1 year ending June 2019)	bullish (confirming)	\$70-85

Gold

Gold slipped further last week as the logic of the downward momentum precluded any significant buying. After testing 1262, Gold settled Friday down less than 1% at 1270. This bearish outcome was in keeping with expectations although the early week bullish influence really never materialized other than a tiny gain on Monday. Friday also saw a small rebound. Gold may be approaching a technical bottom here as the measured move downside target of 1260 has essentially been fulfilled. To be sure, it could fall further, such as to long term rising trend line support at 1230-1240. However, it could just as easily bounce here. The moving averages are about as bearish as possible as all three are pointing lower and now we have a death cross of the 50 and 200 DMA. A rebound is still very possible or even likely in the near term from these oversold conditions, but bulls may be less likely to ride any rebound for very long. Resistance is 1290 and above that, 1310 and the 200 DMA. It seems unlikely that a rebound could move above 1310 initially. It may take more than one attempt for bulls to recapture that key technical level. If gold breaks below 1240 or so, then we could well see 1125 or even 1050. Bulls would likely defend 1240 with more conviction as it represents a



make-or-break level for the bullish ascending triangle pattern.

This week could see moves in both directions. Wednesday's Full Moon could be pivotal in that respect. The Full Moon occurs in conjunction with Saturn and hence there is a probability of some significant downside in the first half of the week. Monday leans bearish also as the Moon aligns with the Sun and Saturn at midday. Tuesday offers some possibility of a bounce as the Moon aligns with Venus in the morning. Wednesday is the most likely down day this week. It is also possible that Wednesday could be a reversal day. This means it could mark the low in the current retracement and it may also mark the beginning of a rally. I would not be surprised if gold finished Wednesday in the green although I think it is more likely it will simply close red. It's likely to be a volatile day in any event. The late week looks more bullish as Venus aligns with Neptune and Mercury with Uranus.

Next week (July 2-6) looks bearish to start as Mercury aligns with Saturn. However, I would not expect a big decline so it may put in a higher low. Tuesday's Moon-Jupiter-Sun alignment looks bullish and could see the rebound take another step forward. The late week also looks more positive as Venus enters Leo. I would expect a positive week overall. The following week (July 9-13) looks more mixed as Mercury aligns with bullish Jupiter on Monday but the Sun opposes bearish Pluto on Thursday. If gold has been rallying, then this looks more like a consolidation week. The second half of July begins to look more bearish as the Lunar Eclipse on the 27th is aligned with bearish Mars. Gold is likely to rebound strongly in August as Jupiter closely aligns with Neptune once again. September may see more downside but gold should rebound again in October and November. I would not expect this to produce a significant new high above 1360, however. Late November and December look bearish again and the first half of 2019 seems mixed at best. A significant interim low is possible late in Q2 with the rest of the year looking more bullish.

Technical Trends	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending June 29)	bearish (confirming)	1240-1270
Medium term trend is DOWN (1 month ending July 29)	bullish (disconfirming)	1270-1320
Long term trend is DOWN (1 year ending June 2019)	bullish (disconfirming)	1250-1450

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