

Summary for week of 4 June 2018

- Stocks with bullish bias this week
- Dollar likely moving higher this week
- Crude oil mixed with possible midweek rebound
- Gold vulnerable to declines this week

US Stocks

Stocks generally moved higher last week despite ongoing uncertainty from Italy and the unpredictable trade policy of the Trump administration. The S&P 500 gained just half of one percent to 2734 while the more trade-dependent Dow lagged behind and actually lost more than 100 points to 24,635. This mostly bullish outcome was in line with expectations as I thought the Venus-Jupiter-Neptune alignment should have boosted sentiment through the week. As expected, we got some downside on the Full Moon on Tuesday although the loss was a bit larger than I might have thought. That early week decline lessened the possibility of a breakout above resistance at 2740 and indeed Friday tested that level but rejected it.

The market seems determined to shake off any bad news here. Trump's steel and aluminum tariffs came as a surprise on Thursday but the market fell only modestly. Friday's rebound was testimony to how much a lot of his negotiating antics are "baked in the cake" and how more investors may be reconciling themselves to a more protectionist US policy. There are hugely important negotiations with China this weekend which could also move stocks in either direction. A deal would be bullish and would take stocks much higher, perhaps to 2800. But NAFTA negotiations are not going well and the steel tariff has further alienated Canada and Mexico. A collapse of NAFTA talks would be a bearish influence on stocks in the near term.



The astrological indications still lean bullish as we enter the month of June. Jupiter's ongoing alignment with Neptune is one important source of optimism here and it could well continue for several more weeks as Jupiter slows ahead of its direct station. As always, the planetary outlook is a delicate balance of positive and negative influences. Saturn is now in a close alignment with the Lunar Nodes and now Mars as well. This is a bearish alignment which will be in force for most of the next four months. This is one important reason why bulls should not get too comfortable in the event that we see more upside in June. While further gains are looking likely before the Mars retrograde station on June 26th, the whole period from June to September will be marked by this fairly tense Saturn-Lunar Node configuration. This is one key reason why I think higher highs above 2872 may not be possible in Q3 during the course of this Saturn alignment. But we shall see.

The technical picture is still somewhat bullish. Tuesday's breakdown of support at 2700 was a bearish development but buyers quickly moved in on Wednesday. The decline was still in keeping with a back test of the falling trend line off the January high, however. This meant that bulls could still claim victory as long as that back test didn't break below the trend line at 2670. This was also very close to the 50 DMA. The resilience of the bulls was borne out once again as 2670 proved to be good support.

Friday's rally once again took the SPX to the upper part of the trading range to 2740. Will we see a breakout soon? I do think the chart leans that way. The prior move down to 2670 may well provide an argument for a breakout up to 2770 which would be an equal and opposite price reaction. Moreover, we can see a measured move upside target at 2830. This echoes the 150-point size of previous rallies off the lows of April 2 (2550-2710) and May 3 (2590-2740). This is not to say that a rally up to 2830 is certain. But the chart does offer a bullish interpretation which could lead to that possible level over the next week or two. A retest of support at 2700 is still possible in the days ahead, and a move below that level would be very bearish and could start a quick flush downward. This doesn't seem too likely, however. While the Dow was the worst performing index, the weekly Dow chart still managed to print a bullish (red) hammer candle. Interestingly, despite the last three week's pullbacks, stochastics still isn't showing a bearish crossover. A positive week would push this indicator higher and make it more bullish. Another sign of improving technicals is the Russell 2000 chart. We saw a pullback to the breakout level on Tuesday but price rebounded thereafter. Unless there is another retest of support at 1610, this looks like a legitimate bullish breakout which will see higher highs. Meanwhile, bond yields fell sharply last week, despite the favorable jobs report on Friday. With yields currently in a goldilocks zone between 2.7 and 3.05%, stocks are more likely to do well. A move outside of that range in either direction could become problematic for equities, however.



This week looks bullish. Mercury and the Sun will align with the ongoing Jupiter-Neptune aspect and should produce two, if not, three up days. This upside is likely to be focused between Monday and Wednesday. There is some risk that Monday could be mixed with a possible gap down open. If there is some downside on Monday, I think the chances are good that the dip will be bought and that bulls will be rewarded yet again. The SPX is close to resistance at 2740 here so the planets argue strongly for a breakout higher. I think 2770 is very doable, assuming that Monday does not end too far in the red (e.g. 2710). I would not rule out 2800 either. Wednesday's close could be prone to some selling after the Moon passes through its alignment with Jupiter. Bulls may well choose to take profits after midday. Thursday is a toss-up as the Sun is still within range of Jupiter but the effect looks much less positive. Friday may be the worst day of the week on paper as the Moon aligns with Saturn and the Lunar Nodes. Overall, the week should be positive, even if the late week brings some selling. We should finish above 2740.



Next week (June 11-15) also has some bullish potential early in the week. Mercury aligns with Venus on Tuesday the 12th. The New Moon is due on Wednesday the 13th and may well mark an interim top to this rally. New Moons are often associated with tops and so it can be a rough and ready shorthand for bulls seeking to take profits. I would presume that any highs we get during the week are higher highs (2800? 2830?) than the previous week, but that assumes that the preceding Friday isn't that bearish. The late week on June 14-15 looks more bearish as Mercury opposes Saturn. This could significantly offset any preceding gains. For this reason, I would be agnostic on the week as a whole. The following week (June 18-22) looks more mixed. Some gains are likely in the early week on the Mercury-Jupiter aspect but the risk of declines will rise by midweek as Venus opposes Mars. June 26th could be an important turn date as Mars will literally turn retrograde. This is bearish and we should see some significant downside in late June and into early July. At this point, I would forecast a 5-7% pullback from this pattern but it is possible it could be larger. Another rally attempt is likely in late July and into early August. A higher high (>2872) is not out of the question in August although it will depend on how big the pullback is from the Mars Rx period from June 15-July 15. Markets will become more vulnerable to declines as we go deeper into August and September. Saturn aligns with Uranus and the Lunar Nodes at this time and could disrupt sentiment significantly. Another retest of the 200 DMA is very possible here and lower lows below 2532 are also possible. After an oversold bounce in October, I would expect more declines in November and December. The first half of 2019 is looking mixed at best with a significant correction likely in Q2. The second half should bring a good rebound.



Technical Trends

Astrological Indicators

Target Range

Short term trend is UP (1 week ending June 8)	bullish (confirming)	SPX 2740-2800
Medium term trend is DOWN (1 month ending July 8)	bearish (confirming)	SPX 2650-2750
Long term trend is UP (1 year ending June 2019)	bearish (disconfirming)	SPX 2300-2600

Indian Stocks

Stocks ended the week mostly higher on positive GDP data and favourable global cues. The Sensex gained less than 1% to 35,227 while the Nifty finished at 10,696. This bullish outcome was not unexpected as I thought the mix of influences could produce a fairly neutral week. As expected, Tuesday's Full Moon did coincide with some downside which extended into Wednesday's session. Bulls largely took over after that as Venus aligned with Jupiter and Neptune.

Equities were boosted by falling oil prices last week as inflation pressures receded somewhat. The soaring US Dollar remains a concern, however, especially after Friday's strong US jobs report. This is likely to force the Fed to raise rates in its meeting on 13th June and then again at least two more times in 2018. While exporters and outsourcers will benefit from the falling Rupee, the rest of the economy could find investment and credit drying up from foreign firms as capital is repatriated back to the US. The rising Dollar is a headwind for markets, especially if we see the USDX move above the 100 level as it did in 2015. We should note that Indian stocks suffered a correction that year, in part due to the consequences of the rising Dollar.



The astrological indicators look uncertain for the month of June. While some residual positive influence is likely from the Jupiter-Neptune alignment, the approach of the Saturn-Rahu pattern is reason for some concern. It is quite possible that we could see further gains over the next week or two, but the planets look more bearish in the second half of June. The Mars retrograde station on 26th June may be a potential trigger for another pullback/correction. Even if we do see some more upside by 15th June, I would not expect anything too dramatic.

It's conceivable that we could get a retest of the ATH at 11,171 but it seems more likely that the Nifty will post a lower high.

The technical outlook remains cautiously bullish. Last week saw a test of resistance at 10,800. Wednesday's higher low confirmed the bullish bias in the market after the previous week's test of key support at the 50 DMA. If we see a close above 10,800 in the coming days, then the measured move upside target would be 11,200 – very close to the ATH. There is also a rough inverted head and shoulders pattern in play here which would have a similar upside target of 11,200 if resistance at 10,800 is broken to the upside.

It is very possible that the Nifty will not be able to break above 10,800 in a single day, however. If further consolidation is required, then key support would be Wednesday's low of 10,550. A close below this level with a preceding close above 10,800 would be quite bearish and could open up a retest of 10,400, if not lower. Despite last week's gain, the weekly Sensex chart now has a bearish crossover in stochastics. This occurred a bit below the 80 line but it still hints at technical weakness which could lead to more downside in the coming weeks. The long lower shadow on the weekly candle was slightly bullish, however, and could be seen by bulls as creating a bullish bias in the short term. While the stochastics indicator looks bearish, the overall chart features three rising moving averages and could be seen as bullish and eventually leading to higher highs. This bullish bias would only be seriously undermined if there is a weekly close below the March low. Meanwhile, the story of the week was the stunning gains posted by HDFC Bank (HFC) as FII are now permitted to purchase the stock directly as of 1 June. The stock rose almost 10% for the week and is now challenging its previous high. After bouncing off support of the convergence of the 50 and 200 DMA, this rally looks very likely to reach higher highs. On the other hand, ICICI Bank (IBN) drifted lower last week as it attempts to form a tradeable bottom. The May bounce to the 200 DMA was a necessary first step in the bottoming process. As long as the April lows are not broken, then another rebound is likely in the near future.



This week is also biased towards the bulls. However, the time window for bulls appears to be narrowing here so rallies may be brief and may not be very strong. Monday leans bearish, however, as Mars conjoins Ketu and the Moon. The morning looks more bearish than the afternoon. A move back to 10,600 is very possible here. If Monday closes in the red as I expect, then the chances are much higher for a rebound on Tuesday and Wednesday as the Sun and Mercury align with Jupiter. I would think that a move



above last week's high is likely on this pattern, although we will have to see how much weaker Jupiter alignments are here. Perhaps there will be a test of resistance at 10,800. Whether it has enough force to push above that level is harder to say. Thursday lacks a clear direction so that could be a range day of consolidation after preceding gains. Friday looks more bearish as the Moon aligns with Rahu while Mars is still conjunct Ketu. A large decline is possible here. I would lean bullish for the week although I would not be surprised if the late week selling actually negated most of the gains. We shall see.

Next week (June 11-15) looks more mixed. Wednesday's New Moon is one possible signal of an interim high as sentiment is often more pessimistic after the New Moon. Tuesday's Mercury-Venus alignment is bullish and could return the Nifty back to its previous week's high. The late week looks more bearish, however, as Mercury opposes Saturn. Significantly, this could reflect reaction to the latest Fed statement on 13th June. I would lean a bit bearish overall but perhaps not by much. The following week (June 18-22) is also mixed but with rising downside risk. The early week Mercury-Jupiter alignment could bring some upside but the Venus-Mars opposition in the second half of the week is more bearish. Stocks are even more likely to decline after this as Mars turns retrograde on 26th June. A one or two week decline of 5% is possible here. Stocks should rebound by mid-July with more upside likely into August. Depending on the size of the preceding pullback, it is possible we could get higher highs in August or early September. Another pullback is due in September as Saturn finally ends its retrograde cycle and stations direct while aligning with Uranus and Rahu. After a rebound in October and November, December should bring a major correction which spills over in early 2019. Generally, Q1 looks bearish with lower lows possible. (9700? 9000?). After a sell-off early in Q2, stocks should recover and move higher for most of the rest of 2019.



Technical Trends

Short term trend is UP
(1 week ending 8 June)

Medium term trend is UP
(1 month ending 8 July)

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

Astrological Indicators

bullish (confirming)

bearish (disconfirming)

bullish (confirming)

Target Range

10,600-10,800

10,000-10,700

9500-10,500

Currencies

The Dollar held steady last week as ongoing trade fears were offset by a stabilizing political situation in Italy. The USDX finished the week unchanged at 94.17 while the Euro settled at 1.166. This outcome was somewhat unexpected as I thought we would see more late week gains. However, the pullback on Wednesday was not too surprising as I noted how Tuesday's Full Moon would likely coincide with some selling. Last week's pullback was fairly predictable in any event after touching horizontal resistance at 95. Buyers have moved in at 94 but we will have to see if this level holds. The rally has been so strong that there has yet to be even a tag of the 20 DMA. If we get more consolidation here, then a move down to 93 is possible. This would be the same point of the culmination of the initial upward thrust. While the long Dollar trade may be overcrowded at this point, the chart is still looking bullish as the moving averages are turning higher. A golden cross of the 50 and 200 DMA looks imminent. The weekly Euro chart found support at its previous low of 1.15 last week. It is now trading near its long term 200 WMA. If the rebound continues, then we could see a run-up to 1.20 perhaps as the potential heads and shoulders topping pattern plays out. This pattern would have a downside target of 1.07. Of course, there is no guarantee that 1.15 will hold in the short term so it is also possible that the Euro will simply continue trend lower without much of a bounce.



This week could see another push up by the Dollar. We may well see more weakness early in the week, most likely on Monday. But the midweek Sun-Mercury-Jupiter alignment looks more positive and should be strong enough to negate any early week selling but also move back to 95. The Moon-Jupiter alignment on Wednesday could be the most positive day of the week in that respect. Some selling is possible in the late week. Next week (June 11-15) is harder to call. The early week could see some gains but they do not look very strong. By midweek, the planets look less favorable to the Dollar as Mercury opposes Saturn. My guess is the Dollar will remain in a consolidation phase between 93 and 95 in mid-June. In fact, even late June may be fairly mixed. Some gains are likely June 18-22 but further upside may be more modest (96-97?). The next most likely time for a stronger move higher could be in July. Even if there is some retracement in late June, July should bring higher highs and a chance for 100 on the USDX. We could see the rally top out in August and then retrace lower in September and October. November and December look fairly bullish, however. 2019 looks bullish in the early going with higher highs possible (>100?) but the second half of 2019 should be more negative. Longer term, 2020 could see another significant correction.



Technical Trends (Dollar)	Astrological Indicators	Target Range
Short term trend is UP (1 week ending June 8)	bullish (confirming)	95-96
Medium term trend is UP (1 month ending July 8)	bullish (confirming)	95-98
Long term trend is DOWN (1 year ending June 2019)	bullish (disconfirming)	94-100

Crude oil

Crude oil generally fell last week as US inventories grew unexpectedly. WTI lost 3% to \$65.81 while Brent actually managed a small gain settling at \$76.79. This mostly bearish outcome was in line with expectations as I thought Tuesday's Full Moon could produce some selling. The midweek Venus-Jupiter alignment also coincided with some upside although WTI only managed one up day on Wednesday before resuming its sell-off. Brent enjoyed a second day of upside on Thursday but could not hold the gains by the close. Friday was bearish as expected as the Moon-Saturn conjunction encouraged sellers. This pullback was not unexpected from a technical

perspective after enjoying a big run-up this year. WTI is sitting on two key support lines: the 2018 rising trend line and the previous highs from January and March at \$65-66. It needs to bounce here fairly soon or there will be a risk of another leg lower. We should expect a short term bounce off this level but it is unclear if it will hold. If we get a bounce this week, then a close above the 50 DMA near \$68 could be the first step in a significant rebound. A close above last Wednesday's high of \$68 would be more definitely bullish in that respect. If there is a breakdown below support then the next major support level would be the 200 DMA near \$60, near the Feb-Mar lows. Brent has been more bullish than WTI as its weekly chart has only retraced to the April high, rather than the Jan/Mar highs. If there is another leg lower in the near term, then the next target would be the rising 2018 trend line near \$70.



This week looks mixed. The early week leans bearish as the Moon conjoins Mars and the South Lunar Node on Monday. However, Wednesday's Sun-Mercury-Jupiter alignment suggests a midweek bounce. This could arrive as early as Tuesday. Assuming that WTI support at \$65 is not broken on Monday, then the bounce could well retest last week's high of \$68. Whether it has the strength to move above that level is unclear, however. The late week leans bearish on the Moon-Saturn square.

Next week (June 11-15) leans more bearish as Mercury opposes Saturn. Some gains are possible early in the week, but the second half of the week should see some downside which is likely to negate any early gains. I would not necessarily expect a major technical breakdown here, however. The following week (June 18-22) looks more bearish and could well see WTI fall below \$65 as Venus aligns with Saturn and Mars. We should then see a bounce in late June and early July. This looks like it could form a lower high (WTI=68-70?). Another retracement is likely to arrive by mid-July and extend into early August. This may be the time window when we see a retest of the 200 DMA. I would expect a decent rally in August and September but then Q4 looks more bearish, especially in November and December. I would expect another test of the 200 DMA at that time. The first half of 2019 looks more positive and argues for a strong rebound after any possible Q4 2018 correction. The second half of 2019 may be more bearish, however.



Technical Trends	Astrological Indicators	Target Range (WTI)
Short term trend is DOWN (1 week ending 8 June)	bullish (disconfirming)	\$65-67
Medium term trend is UP (1 month ending 8 July)	bullish (confirming)	\$62-70
Long term trend is UP (1 year ending June 2019)	bullish (confirming)	\$60-75

Gold

Gold edged lower last week despite Dollar weakness and ongoing uncertainty over Italy. Gold ended the week at 1299 after trading as high as 1311 on Thursday. This outcome was not too surprising given my bearish bias although I had been uncertain about where prices would finish. Gold is looking more vulnerable from a technical perspective after its inability to recapture its 200 DMA at 1308. Moreover, it is now trading below its 20 DMA which can be a short term boundary between bullish and bearish sentiment. The May rally failed at the 20 DMA and there is some risk that this could happen once again. But for now, rising trend line support is holding at 1290 so the measured move downside target of 1260 is still yet to come. It is possible that the previous rectangle trading range is now evolving into a gently down sloping channel. This would suggest that it may require several more weeks for gold to fall to 1260 rather than through any sudden sell-off. Alternatively, if gold manages to close back above 1310 then would be bullish as it would indicate a return to its previous trading range. If support at 1280 breaks, then we could see 1260 very soon. In fact, the longer term rising trend line comes in around 1230-1250 which is right on the 200-week moving average. That could be the last stand level for the bulls to keep the bullish chart patterns in play. These patterns suggest an ultimate upside target of 1700 or more. If 1235 is broken, however, then there may be more downside and a possible retest of the 2015 low of 1050.

This week looks mixed with a bearish bias. The early week has a downside risk as Mars conjoins the South Lunar Node. I am uncertain if there is enough negativity there to test 1280, however. A break below 1280 is also somewhat higher than would otherwise be the case. It's very possible but perhaps not in the highly probable category. Wednesday's Sun-Mercury-Jupiter alignment looks bullish and could well coincide with a sizable gain. The bounce could begin as early as Tuesday. If the early week has been bearish, then this could end up retesting resistance.

Next week (June 11-15) looks mixed. Some early week gains are possible on the Venus-Mercury alignment but the second half of the week looks less positive. I am uncertain where gold will finish this week. If gold is trending lower than it is unlikely to break out of that trend. If it is still range bound at 1280-1310 at this time, then this could maintain that range. The following week (June 18-22) looks more bearish as Venus opposes Mars. The early week Mercury-Jupiter aspect could see some gains but the second half of the week may be more bearish. Late June also has an elevated downside risk as Mars turns retrograde on the 26th. This is something of a wild card although bulls should be careful here as rallies could suddenly reverse lower. As an added bearish factor, the Sun opposes Saturn during that same last week of June. Gold should bottom out in late June or perhaps



early July. I would expect a rally to begin sometime in July and then extend into August. If the preceding June pullback stays above 1240 or so, then a return to the 1310-1360 trading range looks likely during this summer rally. Gold should weaken by October and trend mostly lower through Q4. Q1 2019 also leans bearish. The rest of 2019 should see a significant rally.

Technical Trends	Astrological Indicators	Target Range
Short term trend is DOWN (1 week ending June 8)	bearish (confirming)	1270-1310
Medium term trend is DOWN (1 month ending July 8)	bearish (confirming)	1230-1280
Long term trend is DOWN (1 year ending June 2019)	bullish (disconfirming)	1250-1450

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