

CRAWFORD *Perspectives*

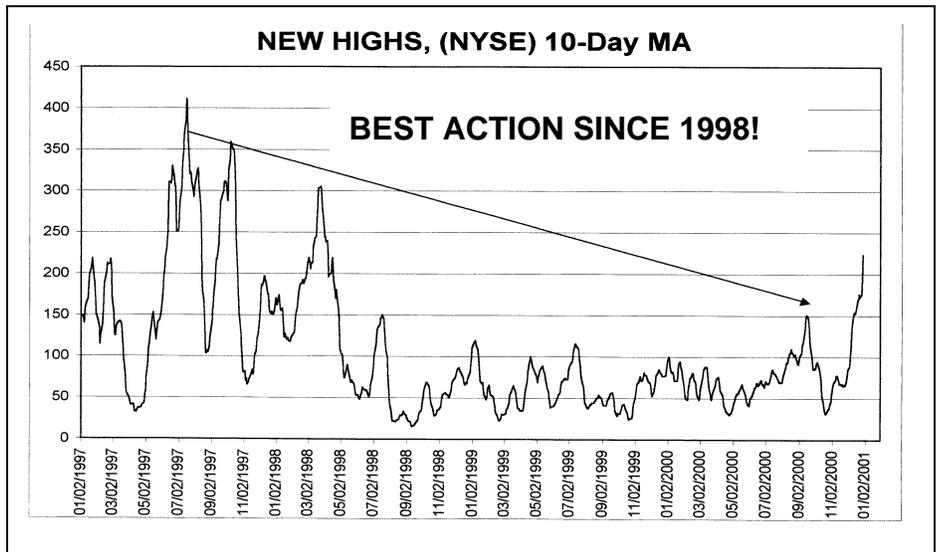
January 2, 2001 Vol. 01/01

STRONGEST BUY SIGNALS! **REMAIN 200% LONG!**

Now that the public has been frightened out of some of their largest stock losses by the unbalanced tax code, our multitude of technical data strongly support retracement bounces in the most sold-out issues, and **A NEW BULL LEG IN "VALUE" STOCKS** which were least hurt by recent "Regressions to the Mean!" WE opt for the old Wall St adage that at Bear Lows investors should "Buy those down the Most, and those down the Least!"

It appears that Tax Loss Selling continued right up to the close Friday. It was the worst year in NASDAQ history (since it started in 1971), and a hopeful public awaited the "Santa Claus Rally" to take the balancing Loss side of their trades. Expectations dashed yet again, NASDAQ was unable to mount a spirited comeback, even though DJIA and S&P500 managed 5 Up days in a row. The fact that NASDAQ volume surged to the 7th highest on record for the pre-holiday session is further proof that the "Give-up" quality was uppermost.

Now let's look at broader measures of recent events. While the NASDAQ appeared to "fail" in its efforts to rally, New (52-week) Highs



were actually expanding voraciously during the shortened week: 103, 127, 165, with 129 on Friday! Conversely New Lows were contracting: 311, 285, 206, with 205 on Friday. (It appears that the *WSJ* and *BARRON'S* mixed up the Friday numbers between NYSE & NASDAQ – doesn't change the direction of the sequence) Once more, Wall Street has "snookered" the hapless "Main-Streeter." These indications call for the Stock Market to **EXPLODE UPWARD IMMEDIATELY!!**

Chart at upper right depicts the same phenomena at the "Big Board" whereby New 52-week Highs have leap-frogged magnificently above anything seen during the last 2 ¾ years. This, along with high ARMS (Trin), high Put/Call Ratios, high VIX (CBOE Option Premium Index), high CASH levels at Funds, NASDAQ at support 50% of its former high and the malaise of the general public now recommend a More Powerful Advance than we expected earlier! **WE IMPLORE YOU TO ADD MARKET POSITIONS NOW!!!**

Perhaps you are suffering under a new-found Circumspection relative to market participation at this time? We quote another adage: "To beat the herd, one must leave the herd!" Whether your particular herd is "sheep to the slaughter" or "lemmings to the sea", investing is one job that will pay you to look beyond the milieu, the "milling around" of the herd with a jaundiced and contrary attitude. The TV, magazines and papers are your shepherds, those "Judas goats" that lead the innocent to their deaths. But, people you like and

respect are going in the same direction, easing the burdens of the pilgrimage. But remember: "...wide is the gate, and broad is the way, that leadeth to destruction, and many there be which go in thereat."

We are not asking you to be emotionally difficult with your family...only that you observe your own mental and emotional Intake in a state of Consciousness that will expand with practice. You may begin to notice that you are in a "poker" game with some of the most brilliant and predatory minds on the planet! As they say in 'Vegas: "If you look around and don't see the 'patsy'...., you're it!" If you still wish to continue, at least get your information from sources without an Agenda. If you're a subscriber...and you've been listening...you're still in the game! Now,...**GET OUT THERE AND BUY SOME STOCKS!!!**

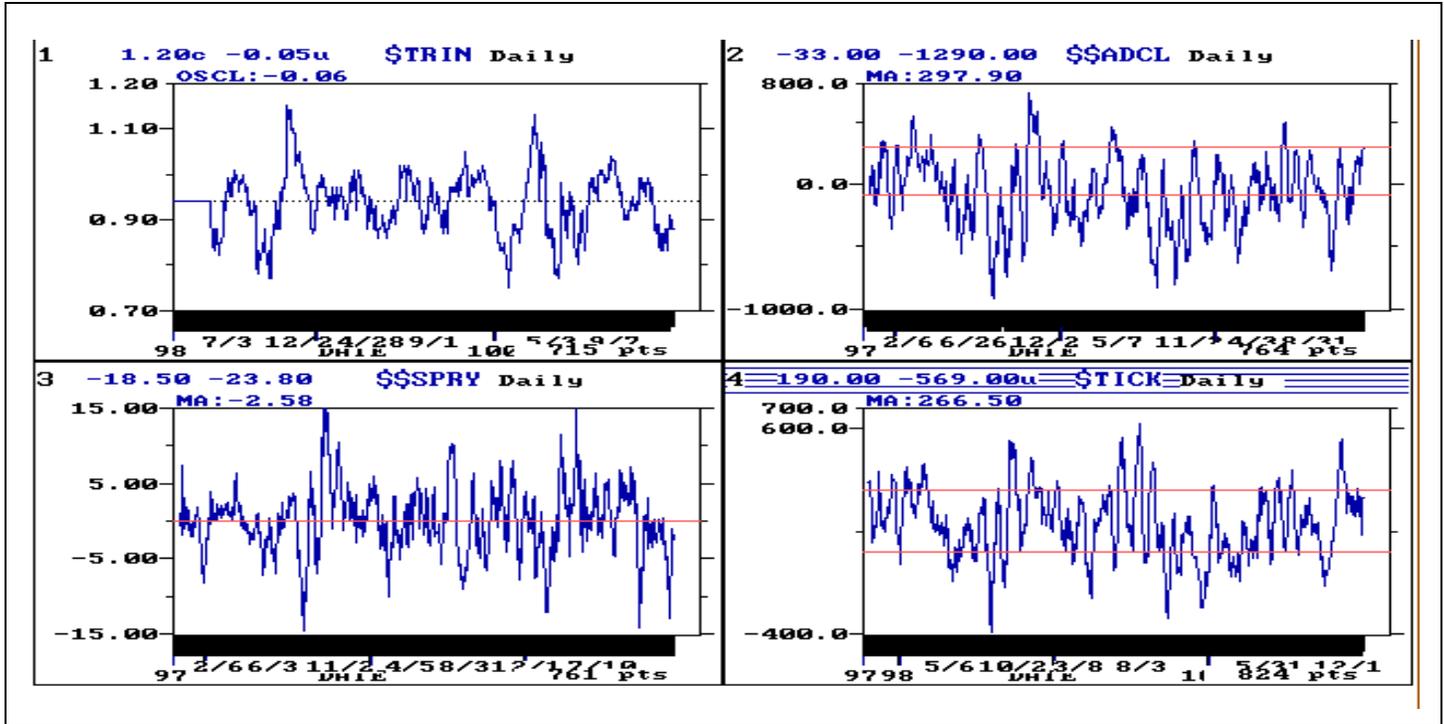
On our own personal accuracy cycle of about 18-24 months, *Crawford Perspectives* has periodically made terrific calls on the stock market that a majority of other advisors has tended to miss, or jump on later. It has been a much longer stretch than usual, because Major Indices were moving opposite to a majority of stocks these last three years and that caused some consternation among our favorite signposts. Since the passage of our personal Saturn Return, performance has improved markedly, and the past few months we have been very much On Target. It has been a long time since we experienced signals as **Clear and as Strong as THESE, ...NOW!!**

Vital Signs

COVERED ALL SHORT SALES AT CLOSE ON NOV 20 & BOUGHT NEW LONG POSITIONS ON OPEN NOV 24 USING FULL MARGIN.

POSITION STOPLOSS ORDERS -5% BELOW YOUR PURCHASE PRICE.

IF STOPS ARE HIT, RE-ENTER 200% LONG POSITION ON A MOVE BACK ABOVE 10,373.54 DJIA OR 1315.23 VS S&P500 CASH INDEX. IT IS POSSIBLE SOME MAY BE STOPPED ON THE S&P500 AND BACK IN AGAIN. PLACE NEW -5% STOP ORDERS UNDER ANY NEW LONG POSITION.



THE BEAR IS GONE FOR NOW!

As a general rule, these indicators are positive when low and rising, weak when high and falling.

Chart (1) \$TRIN is an oscillator consisting of a 55-day moving average of the ARMS Index (TRIN) minus a 21-day moving average of the same. After uncharacteristically wild swings in both directions, this indicator has backed off into an A-B-C corrective phase (hopefully), lower than its previous mildly oversold condition. This makes it a stronger BUY than we expected at this time! Raw TRIN or ARMS figures have strengthened recently and 5-day & 10-day Moving Averages have improved strongly. The 21-day (longer term component) has risen to levels approaching those of the October bottoms of prior years. The strongest Buy has now registered as this oscillator has turned back up to Major Peak territory (not shown)!

Chart (2) \$\$ADCL is a 10-day moving average of the net change in Advances-Declines (NYSE). With this indicator backing off recent highs into moderate oversold range, then recovering to high-neutral readings, we continue to grade it positive. Completing a base, now with higher lows, but time has run out on the downside possibilities. BUY any further dips in this indicator or the market itself.

Chart (3) \$\$\$SPRY is a measure of "smart money" action in the S&P futures. This indicator actually matched its strongest reversal pattern of 3Qtr 1998! Recording its highest downside volatility since that August event, which would tend to be at a market low, or at least the beginning of a base with an eventual BUY. The quick recovery is a definite plus, but not yet enough momentum to clearly break above resistance. A secondary break that held the previous lows constitutes a "downside non-confirmation." A "higher high" would help us feel more confident that the higher trend is confirmed.

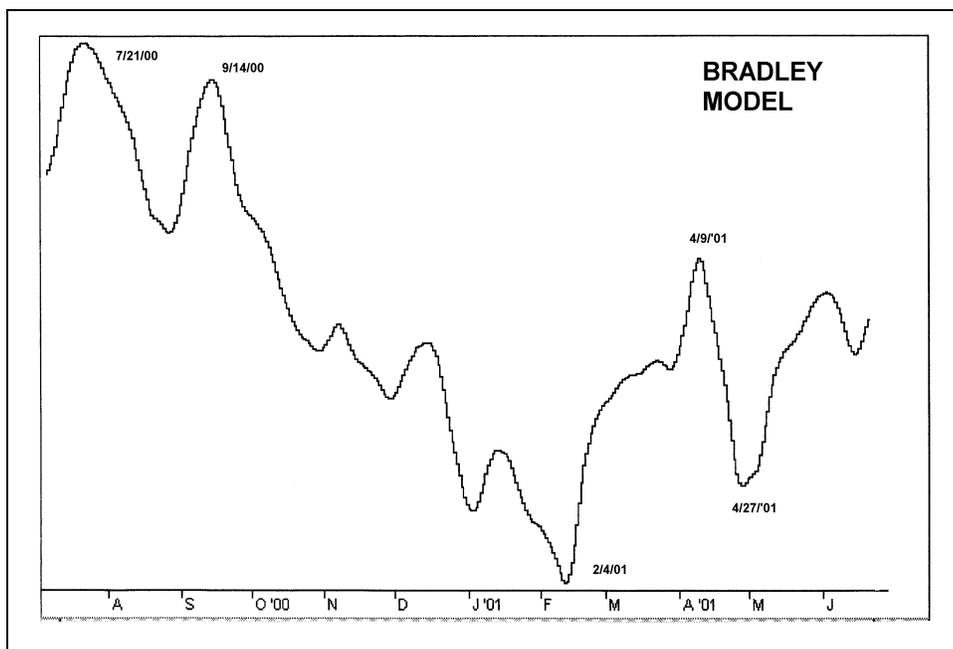
Chart (4) \$TICK is Closing TICK (NYSE 10-Day). This index is alone in rebounding to sharp "new highs" after a "Moderate Oversold" condition. From this exalted level, a quick return to high Neutral is normal. This is the stronger of several indications of a potential "complex base" forming. Recent volatility in both directions has not materially affected its generally rising long term slope. Very positive.

None of these indicators has been able to register a New Low while the NASDAQ and S&P have, but NOT the DJIA. This represents a massive "Downside Non-confirmation" and a Bullish Divergence! In further proof, we point to the Dow Transports making an 8-month new high, and the Dow Utilities breaking out to new All Time Highs!! These are exceedingly BULLISH developments and with other manifestations mentioned on page 1, add up to **ONE OF THE BEST BUY SIGNALS IN YEARS!!!**

A most interesting cyclical oddity involves the conjunctions of Jupiter with Saturn (May 28 in Ecliptic Longitude & May 31 in Right Ascension) every 20 years. Since 1840, these conjunctions have occurred in the so-called "Earth" signs of Taurus-Virgo-Capricorn. Every U. S. President elected in those conjunction years has died in office! (not necessarily in that term). In 1980, the conjunction mutated into an "Air" sign and Ronald Reagan very narrowly escaped with his life. The conjunction this year (2000) once more took place in the Earth Triplicity, and was the final "Earth sign" conjunction of the series. So Presidents will stop dying in office with this next one? The other possibility is that we won't have Presidents 20 years from now!

BRADLEY MODEL SHOWS HIGH IN APRIL!

The BRADLEY MODEL indicates a possibility of a lower low in early February. Our technical measures and seasonal studies agree that markets will NOT go lower. The degree of tax selling (see below) that ended on Friday has compressed the market far more than would be normal for this time of year. In addition, Venus squared Saturn on Friday after the close (another negative influence, now past). Therefore, we project that the early January rally will go farther than indicated, and the possible pullback into early February will not go as far as the Bradley suggests. We do not denigrate the Bradley. Indeed, it has been Very Good this year. However, we correctly interpreted that the secondary high in September would be higher than the July high! Similarly, we interpret that the current low will be lower than the ultimate B-Low in Feb.



IT'S NOT TOO LATE FOR TAX SELLING SEASON!

We are past time to DO tax-selling, but Not past time to take advantage of it! The height of Tax Selling for individuals tends to run around the middle of December. This year it continued right up to the last minute and was, as we predicted here "...one of the meanest tax selling seasons in many years as losses are more freely available this year." Under "normal" conditions, as the selling ends, sold-out low priced stocks near their years lows, tend to bounce on average about 15% into the first week of February. This year, because of earlier market extremes, and their backlash at years end, we would expect much better gains from this strategy, say 25% to 35%.

Here is where Fundamental Analysis might help, as we would want to **BUY** companies with a fair chance to continue their existence, at least into February. There are so many in doubt! You could spread BUYS over a number of issues, insuring some successes by sheer chance of numbers. This is an honorable use of portfolio strategy! The old HALOID could be a play. Down from the 60's to under \$5! There are so many this year. **BUY!**

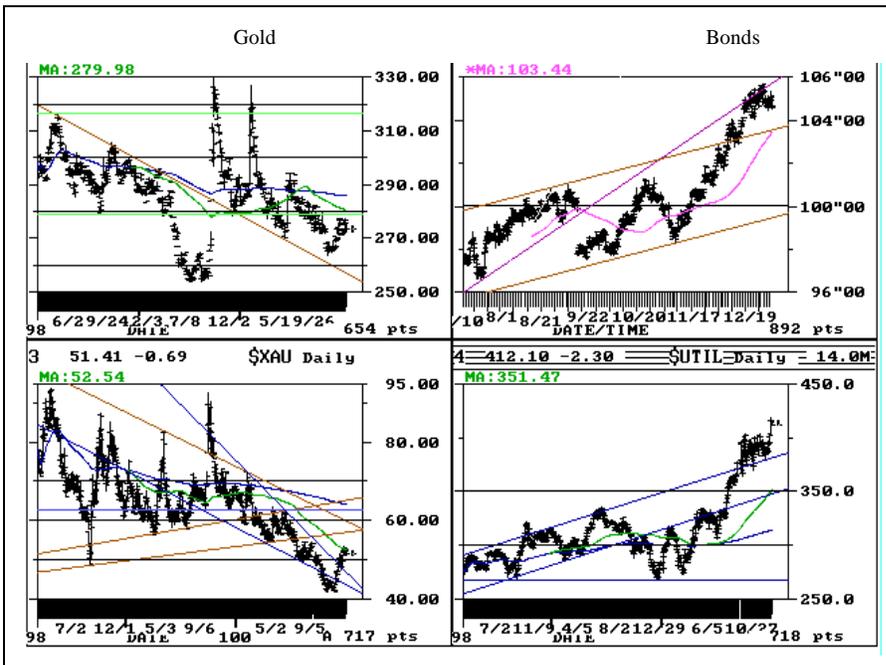
VIX INDEX (OPTION VOLATILITY)

Chart at lower right shows the CBOE Option Volatility Index. Generally speaking, Low and Rising is BAD while High and Falling is GOOD! You can see from the chart that the Low point was back in very late August. The S&P500 Cash Index topped on September 1, and the DJIA on September 6! Since then, the VIX has developed a number of "spikes", each perhaps a short term bounce low. This last, on December 20, was far more intense, even than the October 18 "spike low" (not Spike Lee) in the Dow Industrials. We firmly believe that the wave of tax-selling was the final Capitulation of those waiting for the last minute to get out. Those that were going to get out...Just Got Out! Multiple Downside Non-confirmation by Indices and Indicators are clear and firm. **THIS IS AN IMPORTANT BOTTOM.** Even if the markets were to drop sharply after now, they would recover quickly on the first rally off lows as they are growing quite compressed. Meaning that, when the selling pressures ease, a "spring" effect will drive prices up far and fast!

You can now watch Solar Flux, Electron Flux, X-Ray Flux and Earth's Magnetic Field changes updated every five minutes through a link to NOAA satellite data feed! See our website: www.astromoney.com



The **CRB Index** is back near its range highs of each of the last 4 months. Momentum has slowed, and the pattern is sideways until the trading range breaks one way or the other. **Crude & Heating Oil**, after recent declines, are completing bases from which once more to challenge the highs! **Natural Gas** has leapt ahead to bold new highs! **Soybeans** and **Meal** are in advanced turning stages (nice saucer bottom) followed by a “handle” after the positive breakout, and continued nicely, losing momentum and dropping this past week. **Corn** broke down from a steep uptrend channel, but has regained its advancing trend with further new highs. The **XAU Index** is pulling back a bit after its best move in many months (10-points since mid-November). **Silver** making new lows, and the newly added **Copper** back near its lows, both acting as a drag on the XAU while **Platinum** turned back to new highs over the last week. Peculiar action in **GOLD** recently as it was obviously supported repeatedly at the 265 level for the last 3 weeks in November. Technical action improving rapidly. We said to BUY more at expected low on Dec 9 at the Jupiter/Neptune trine. Tech action remains strong. Is the GATA suit charging manipulation by Central Banks gaining adherents? At least publicity in some uncontrolled quarters!



We bought the **LONG BOND** on Stop at 101½ on 11/28 as it was increasing volume and momentum on the New High. Placed a stop on the new position at 101:08. Raise that stop now to 104:00. It is losing momentum and may be forming a Head-and-Shoulders TOP pattern. That is a greater probability as we are now in the period of the Dec 25 and Jan 9 Eclipse cycle dates, often turns in Metals, Bonds and Currencies! We said: “If the **TNX (10-Yr Treasury Rate)** were to drop through Fibonacci retracements at 5.58% and 5.3%, world Stock markets may respond more positively.” This week rates declined to 5.00%, the “roundest” of numbers, and the Fibonacci 6.18% retrace of the rise from 9/98 to 7/00! This will be more determined resistance to further Rate declines, for now. It is already sufficient for a very good “POP” in stocks.

The **U.S. Dollar** finally broke down last month through a four month rising trendline. Inversely, Euros and Swiss Francs rose above previous downtrends. We should have become more aggressive as we talked about the Dollar topping for the last 2-3 letters. Sw. Francs +6 from their low, Euros & Pounds +10; only the Yen among majors remains in downtrend down -10 from Sept highs. Still holding a pocketful of DM’s from trip there in September. Looking GOOD!

ASTRONOMIC ACTIVITY

- JAN 1 = Mars square Neptune, parallel Pluto = Arguments over Oil or Sharing of Power! Metals Spike UP!
- The REAL New Millennium! End of Tax-selling may begin a strong rebound among beat-down issues.
- JAN 9 = Full Moon Eclipse further amplifies emotionality of markets! Big Down Day +/- 1-day?!
- Hacker attacks or computer malfunctions. Deep Freeze may further disrupt energy sources.
- JAN 11 = Mercury trine Jupiter mitigates the evil and assures the Main Trend remains positive!
- JAN 22-23 = Tech stocks take off like a rocket! New ideas become functional.
- JAN 24 = Maha Kumbh Mela = Most Holy Hindu Day for 12 years. 20 Million gather at Ganges for blessings of Gurus!
- Near-Eclipse conjunct Neptune while Jupiter & Saturn both Stationary Direct within hours
- This will truly be the spiritual birth of the New Millennium, The Aquarian Age!!
- FEB 11-12 = Sun conjunct Mercury, both square Saturn. Limitation on Internet? Taxes? Hackers? Minor low in stocks.
- Until April = BUY THE DIPS!!**

ATTENTION: The letters are usually mailed 1st Monday. Next month, that will be Feb. 5! Happy New REAL Millennium! Our twice-daily HOTLINE update is available at 10AM & 2PM EDT for \$4.30 total per 2-3 minute call 1-900-776-3449

Crawford Perspectives is published 12 times per year. Sources of information are believed reliable, but are in no way guaranteed. Opinions and recommendations are given with the understanding that our sophisticated investors are aware of the risks involved. Crawford Perspectives is written and published by Arch Crawford. © 2000 Arch Crawford. All Rights Reserved.

CRAWFORD PERSPECTIVES 6890 E. Sunrise Drive, Suite 120-70, Tucson, AZ 85750-0840 Tel. (520) 577-1158 FAX (520) 577-1110