

CRAWFORD *Perspectives*

July 2, 2001 Vol. 07/01

MOVE IMMEDIATELY TO 200% LONG USING FULL MARGIN!

THERE IS A CASE HERE FOR ANOTHER BULL MARKET LEG

Of course, we mean another Bull Market Leg possible in the Dow Jones 30 Industrials. The proposition of another leg above the old highs is more problematical for the S&P500, and sort of "pie in the sky" for NASDAQ. For the DJIA, 12% will put it over the Top, but for the S&P Cash it will require 27%, and the NASDAQ 238%. Get the picture? Still and all, a 30% move up in NASDAQ is not out of the question, to around 2800-2900.

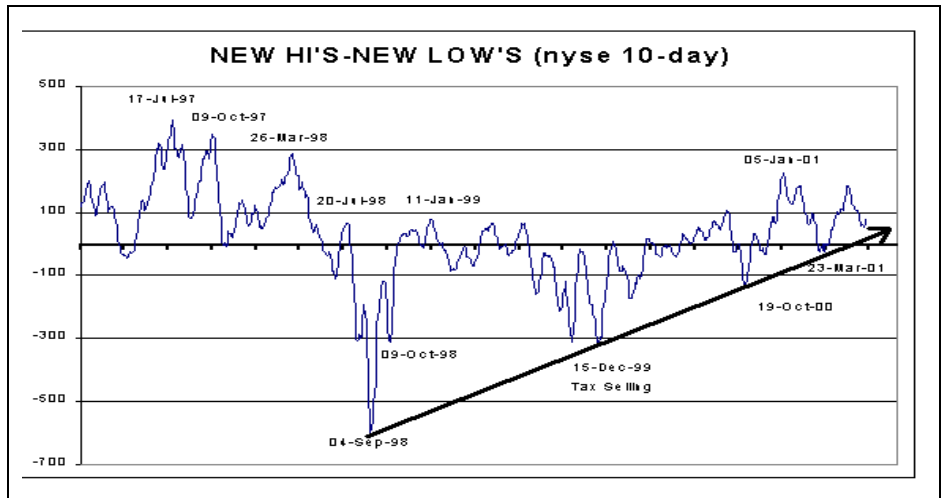
If you were a CEO or large holder of original stock, you may think that you didn't get out of enough stock at the old highs. "If we can run 30 Dow stocks up 12%, making people feel better about markets, maybe we can get out of some more of Our dogs carried along by the rally!" Hey, for 30% more than you have now, that may not be a bad idea. "Risky? Sure. But the public, now stuck, wants to BELIEVE again!"

VITAL SIGNS

MOVE UP TO 200% INVESTED POSITION, USING FULL MARGIN WHETHER YOUR STOPLOSS WAS HIT OR NOT!

WE ADVISED A 50% INITIAL LONG POSITION AS YOU RECEIVED THE NEWSLETTER MAILED ON APRIL 2, WITH A 31/2% CLOSE ONLY STOPLOSS. INCREASED EXPOSURE TO 100% AT 10amEDT ON MAY 16. DJIA WAS 11,005. S&P500 CASH INDEX WAS 1245.

PLACE STOPS AT DJIA 10,000 AND S&P500 AT 1180 ON A CLOSE ONLY BASIS.



Our wide range of technical market indicators are now saying that something like that could happen. Yet, the BRADLEY Model (shown last month), the Seasonal Pattern and the Presidential Cycle all mandate an important high by August or early September at the latest.

From the lows in March, the Dow 30 rose 2,000 points in 2 months, and has now suffered a 50% retracement...Normal for a Bull Market. A second leg repeat would put the DJIA at 12,300-400 in late August or early September. An Elliott C-Wave could carry much further. It is confounding that there are some technical indications that are as strong as any market lows of the last three or four years. Could this be much better than we think? We will Act NOW on the positive info, and deal with that question when we can see how much of the energy is expended on the way up.

So many high flying stocks, even many that are now back under \$10, are forming bases and attempting to turn higher. Some are making it! We are impressed with the number and diversity of them. These many individual charts are confirming the strength of the Advance-Dcline Line and the New Highs-New Lows indicators.

Mercury will conjoin the expansive Jupiter on the point of the recent Solar Eclipse very close to zero Cancer on July 12. Expect the market to Explode (positively) into that frame. That could be a short term peak, or it may accelerate the uptrend. Venus comes to that point August 1, perhaps marking a greater turn. When

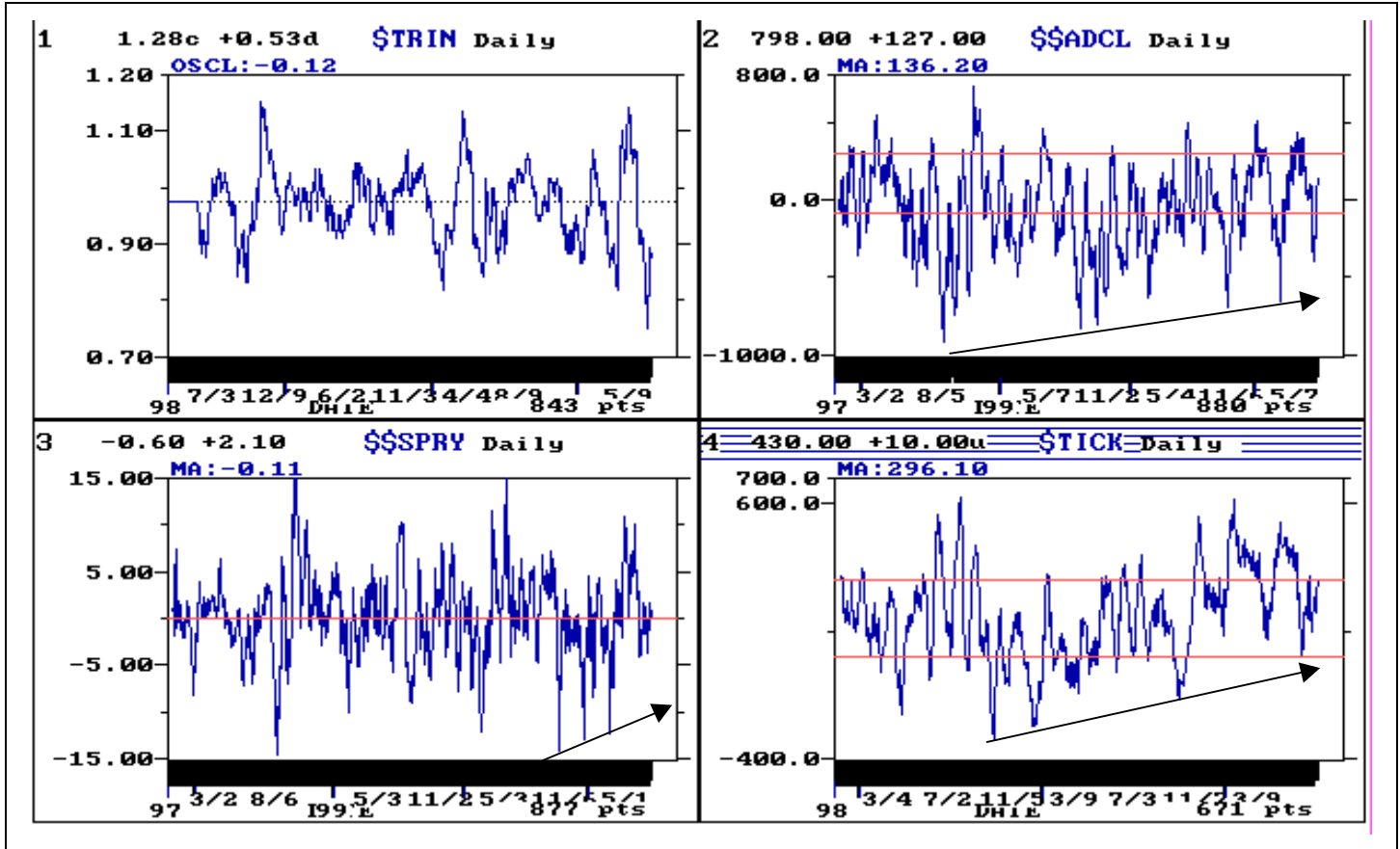
Mars opposes that location on September 9, watch for increased violence in the world.

Speaking of Violence, the other most likely date is fast upon us, that being July 19-20. From our "Year Ahead" forecast: "Mars has been retrograding backwards in the sky since May 11. On July 19 it stations to begin forward motion on the same degree Pluto stationed on March 17! At that time, Venus gave some protection by trine (120 degree) aspect. This time, Venus adds explosive force by opposition. Somebody is going to blow something up, with malice aforethought! The higher energy may wait until the New Moon on the next day (20th)."

"We will be pleasantly surprised if there is not an appearance of CBR (Chemical, Biological or Radiological) warfare under this configuration. This is an especially good time for meditation and prayer," if you have some.

"The next important date is the August 4-5 Full Moon with Saturn opposing Pluto: Governments take strong repressive actions against religious revolutionaries. Worries over earnings or government restrictions can cause a selling spree. So, what's new you ask? The intensity!"

Arch Crawford will speak at the Royal MoneyExpo Investment Conference in Monterey, CA September 22-23



ALL SYSTEMS GO ON MAJOR INDICATORS!

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. This oscillator is going NUTS! It dipped to one of its lowest readings to one of its highest last month! Now it has once more dived to its deepest Oversold reading ever. There should be quite an up move coming to work off this kind of volatility!

The 55-Day and 21-Day raw ARMS remains near the Highest on record! Similarly, the 21-day Put/Call Ratio was at its record high on the early April Index lows. It has returned to a high neutral range, but is nowhere near a severe Top reading. Still maintaining relatively high levels.

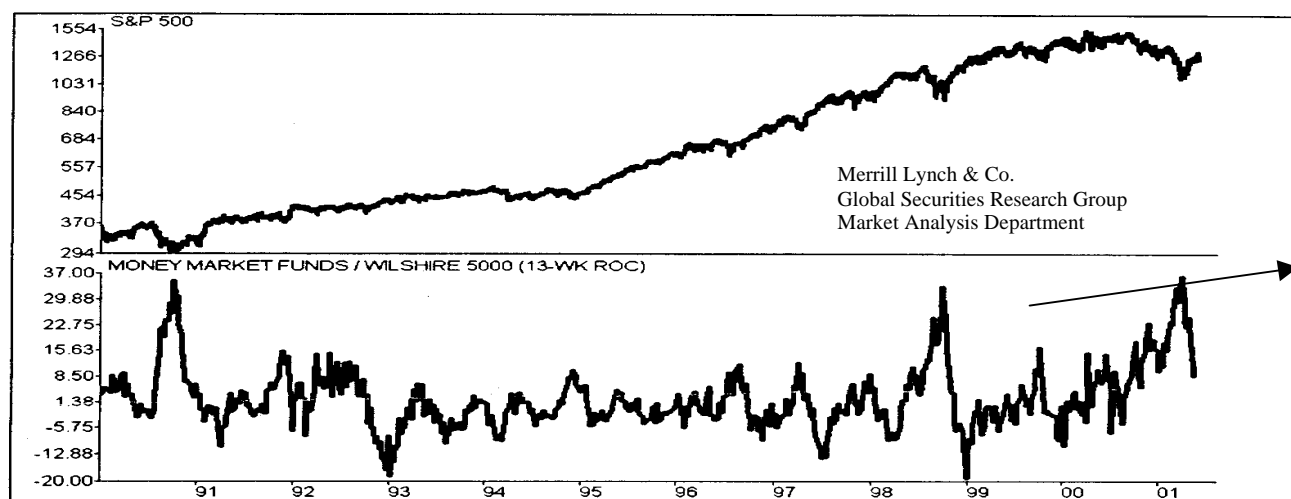
Chart (2) \$\$ADCL is a 10-day moving average of the net change in Advances-Declines (NYSE). This indicator has now matched or beaten the highest readings of the last two years, then fallen off to normal Buy area. The rally since early April's low is continuing a long term improving trend. Further improvement on this dip confirms the BULL. We said: "Watch if the next low is a "higher low." Chart 2 above shows that it was!

Chart (3) \$\$\$SPRY is a measure of "smart money" action in the S&P futures. Now we have a third break that held the previous lows constituting another "downside non-confirmation" and followed by a strong move which broke the weak pattern of "declining tops" since the highs of last March-

April. The pattern of rising bottoms is encouraging. All these indicators have just tested their upper ranges. The next test requires that they hold in the neutral to upper ranges. Although we had more than expected 'price' momentum loss during this corrective phase, this technical indicator held nicely!

Chart (4) \$TICK is Closing TICK (NYSE 10-Day). This index was the first to rebound to sharp "new highs" after a "Moderate Oversold" condition back in September. They have never gone lower! Continuing uptrend in the face of New Price Index Lows in March & April correctly anticipated the positive resolution. The ability to hold within a long term rising pattern is a very healthy sign. Although recent lows were violated minimally, a more conservative upward sloping trendline remains in effect.

"The people most vulnerable to indoctrination are those in media-managed, high-technology societies. The U.S. population, subjected to roughly \$150 billion in ad investment during 1989, is the most exhaustively propagandized society ever to exist." Wilson Bryan Key, Ph.D. in *THE AGE OF MANIPULATION*.



Comment:

The chart above (lower bracket) portrays a 13-week rate of change of the ratio of assets in institutional money market funds to the Wilshire 5000 Equity Index. It provides an indication of potential institutional buying power relative to the total value of the market. The Wilshire Index represents approximately 75% of the total capitalization of the U.S. equity market. The ratio has recently risen to its highest level since late 1990, which was the time of a major market low. The ratio was also at a similarly high level at the market's bottom in late 1998. The present position of this indicator suggests that there has been a substantial increase in institutional buying power which could fuel a further market advance in coming months.

Other signs of longer rally potential include Fund Liquidity (above), and New Highs-New Lows chart on page 1.

How about that action, Friday? Uranus is alleged by astrologers to have rulership over Electricity, Computers and Sudden Brilliant Insight, with Mercury a secondary influence. Mercury made its Station in the early hours of Thursday. At the hour of NASDAQ computer difficulties, Sun and Venus were very close to hostile angles to the Computerized Uranus. The third and final straw that broke the camel's back was that the Moon was also "Void, of course" from 11:07am EDT until 4:28pm EDT.

That means that the moon had made its final "Platonic" aspect while in one sign, but has not yet gone over to the next sign. It appears to create a sort of "Dead Space" where Left Brain activities are shorted out and society becomes quiet, internalized, meditative. It's good for Creative Imagination, fantasy, dream, warm baths with candles, watching videos, meditation, music, dance. It is NOT good for computer technology, CONTROL freaks, mental gymnastics, memory, getting things done on a tight schedule = IT WON'T HAPPEN!

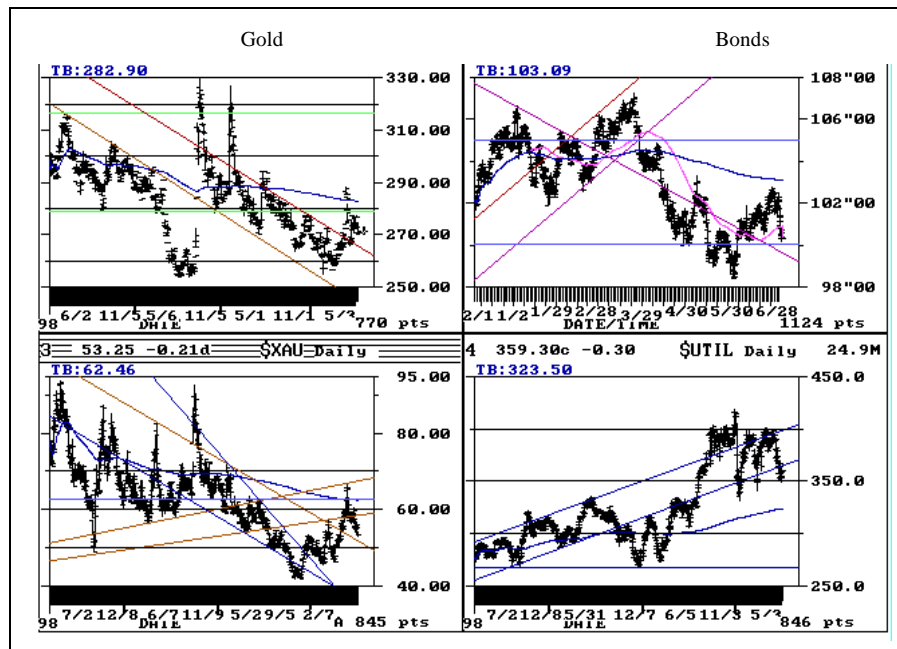
Reminds me of another classic astronomic event "happening." It was the Solar Eclipse of May 10, 1994, and I was out in Fort Lee, NJ doing the 2-3 minute CNBC thing Because of the Eclipse. The producer walked me to the elevator, and we were standing there chatting when another woman got off the elevator and said: "Leave the building NOW, by the stairs. The building is On FIRE!" Needless to say, we did so quickly & quietly. My limo driver had seen the danger and pulled around so as not to be blocked in by the fire truck.

About an hour later, my friend, John McGinley, whom I know from the NY SIRE cycles group and the Market Technicians Assoc., called and asked: "Do you know what's going on over at CNBC? All I can get is Geraldo!" I filled him in on what I knew. Apparently, everyone left as ordered, putting on the tape for the "after hours" show. Next day, CNBC was on again live, from the set of Saturday Night Live! The POWER of Eclipses!

The Lunar Eclipse on July 5 is opposite the United States birth SUN (July 4th) and also George W. Bush's natal Sun as well (July 6). We are already getting a foretaste of poor image problems. They will get Worse! For him and for the country. Perhaps the US\$ will get hit as perceptions shift. On a Solar Eclipse opposite the U.S. Sun, his father threw up on the Japanese Prime Minister (Jan. 4, 1992). A secondary effect will register when Mars hits that point on Oct. 2!

Arch Crawford has been asked to speak at the Security Traders Assn. annual meeting in Boca Raton Oct. 3-5

Since the price high of October 6, 1999, **GOLD** has traced out the pattern of a “Declining Wedge.” That is, with upper and lower trendlines pointing in a downward direction, and “narrowing” as they progress in time. The implications of the Declining or Falling Wedge is that the eventual breakout should be in the Upwards direction, and that it should retrace the full distance traveled, back to the base of the wedge. The minimum count would carry to about 295, and that was exactly what it did on the initial breakout move in May. But this Wedge is part of a much larger and longer Base. It appears that a weak Right Shoulder has deteriorated into a possible Double Bottom in the area of 253-257. Whatever you call it, it appears that the long downtrend has been broken, and a retest of the breakout point has been initially successful. Now, it must break back above 277.20 before moving below 266.10 to continue the best case scenario. We believe the Long Term Cycle Lows are in, and pressures of those will be pushing UP for a very long time! In the “old days” portfolio managers would keep 5%-10% in Precious Metals as a diversifying insurance policy. The 20-year bear market has discouraged that practice. It may come back, considering Metals stocks are up 20% YTD vs. S&P -7.3%. We would add to positions now, more above 300, and still more above 330 on current GOLD contracts.



The **CRB Index** continues to look very topy, and slides through one after another support levels. Now 205.50, the chart shows 200 as a longer & stronger area to stem the decline, at least temporarily. The FED seems worried about this as a possible deflationary red flag, as they are hyping M3 Money at a 13-week average of better than 16%! The **OIL COMPLEX** promulgated a fraud on chart readers by breaking UP and then failing to hold. All's fair in love & war. We are stopped out of all long positions, and into a Short on the **Heating Oil** at 73. If you did too, place a stop at 76.50.

The **LONG BOND** pumped up to a record 107 on the Vernal Equinox, and topped there! This month, the Top came exactly on the Summer Solstice Eclipse! How often does this happen, anyway?

Our markets remain “cautiously optimistic” on the **U.S. Dollar**. It did not appear to turn on the Solstice, but it did pop back up to a possible Double Top on the Mercury Station Thursday night. The Lunar Eclipse just off an opposition to the U.S. Birth Sun could bring the question of US\$ denominated assets to a head. Probably down but be prepared to follow either direction from July 5th!!

ASTRONOMIC ACTIVITY

- JUL 2 = Uranus on the IC at NYSE Close = Sharp, unexpected moves near market close!
- JUL 5 = Lunar Eclipse at 13 Capricorn 39 at 7:58am EDT = Surprisingly violent/emotional open! Sometimes a big day!
As this Eclipse opposes the US birth Sun, US assets could be affected immediately, and again around Oct. 2.
- JUL 6 = George Dubya's b'day. Mercury trine Uranus = Good day to buy computer equipment, or turn it on 1st time.
- JUL 12 = Mercury joins Jupiter, both enter Cancer, both on the degree of the Solstice Eclipse. Markets explode into a Top!
- JUL 16-17 = Sun quincunx(150 degrees) Uranus = more computer delays. Venus opposes Pluto. = Coercion uncomfortable.
- JUL 19-20 = Mars Direct Station on degree of Pluto sta. Last March, Venus opposed. = Most Violent Day = Explosions.
- JUL 30 = Sun opposite AND contra-parallel Neptune = Large rise in GOLD! Probably inflationary. People trigger happy.
- AUG 1 = Venus crosses into Cancer, touches Eclipse point, possible market High?!
- AUG 5 = Saturn opposes Pluto, Sun conjoins Mercury sextile Saturn & trine Pluto. Negotiations defuse confrontation.

ATTENTION: Next month's letter will be published Monday August 6, 2001.

Our twice-daily HOTLINE update is available at 10AM & 2PM EDT for \$4.30 total per 2-3 minute call 1-900-776-3449

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