

CRAWFORD *Perspectives*

September 2, 2008 Vol. 08/09

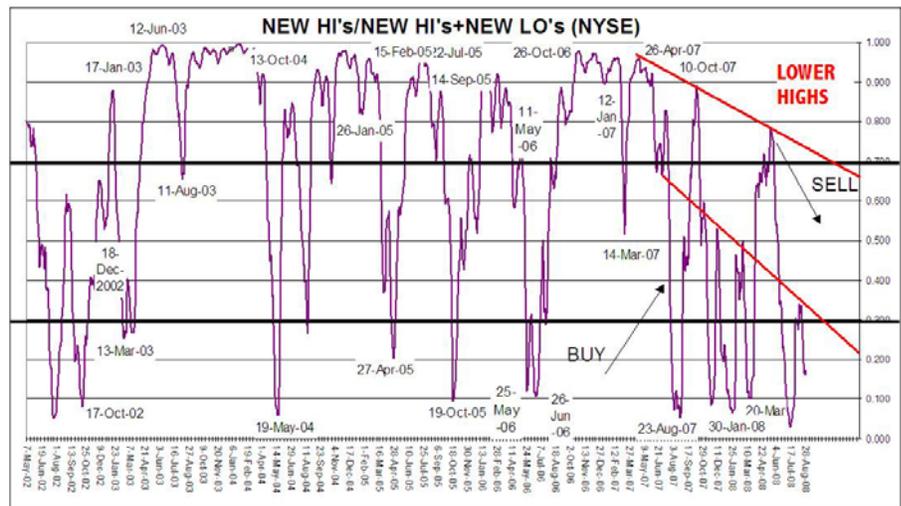
IN THE WINDOW - WORST TWO MONTHS - HURRICANES & MARKETS!

We once did a study of all the greatest percentage down days from 1924 to sometime in the 1990's. Results showed that 2/3 of all those were contained in 1/3 of the calendar year centered on the Fall Equinox (September 22-23)! Whether the cause for such an effect can be traced to rapid changes in Light or Heat or Barometric Pressure or other physical changes is moot. It is indisputable that many measurable physical changes tend to maximize in that frame.

In the present case, major market indices have lost momentum sufficiently to hold MACD trends to the ZERO (midpoint) Line, while the Moving Average (red & blue) lines are threatening Negative Crossover SELL signals.

Only the NDX has given that signal yet, and not by much. Our markets may very well swing through and keep going. As we approach that Fall Equinox, the world balances on the head of a pin, trying to decide its direction for the next cycles, in so many ways. With day and night, light and dark in equality, the decision is a difficult one and an important one.

The tendency in the Northern Hemisphere is towards dark & cold, contraction and reduction, subsistence and lack. Best if you have harvested well and saved well and stored up your "treasures" to your "wintry" benefit. We have often thought that the excessively obese are storing up for the "sensed" coming of Kondratiev Winter, the contraction of long term economic cycles. Can our banking and governmental establishments put off the bad weather for one more season? The final outcome is not yet in clear view, but the stats have a Pisa lean to them!



About one year ago, we mentioned here that we knew more people than ever before who were in dire straits from a variety of initial causative factors. We felt that was predictive or at least indicative of times less sanguine than had generally surfaced. Now, there are far greater numbers who are feeling far more desperate, as widespread layoffs and multitudes of small business' close up shop. Many do not know what to try next, as job availability has shrunk to new lows, and foreclosures of formerly comfortable realty positions have escalated.

Meanwhile, our "ivory tower" economists declare there is no Recession, yet. We can openly declare not EVER having witnessed this degree of angst amongst both blue and white collar acquaintances, and even upon the faces of strangers in public places!

Government is blamed in part by the suffering masses, as the Bush rating hangs in the mid to high 20's, an historic low. But our "unbiased" News Media rarely mentions that Congress' rankings have dipped to the 12-14% level, which Bob Prechter mentions is about the number directly employed by Government, itself – a truly biased minority base!

Will the people of this supposed "Democracy" throw off the entirety of these burdensome free-loaders, or have they and their ilk become so protected behind their bunkers and moats and spires of D.C. that they call out for military protection, as they did

against the Veteran's 'Bonus' march on Washington in 1932? http://en.wikipedia.org/wiki/Bonus_Army

These loyal veterans were labeled "Communist conspirators" and attacked with bayonets and adamsite gas. If you protest to your government after the impending collapse of our monetary system, and the doubling or tripling of your tax structures, to cover the excesses of our public and private financial institutions, it may label you a 'terrorist' or 'combatant' and hustle you off to Guantanamo.

The laws are already on the books that for a U.S. citizen so labeled, and especially under any "emergency" situation, one's Constitutional rights are invalidated. All that remains is for some appropriate "excuse" to appear to return us all to Serfdom! 'Constitutionalists' and 'Christians' are already on FBI lists of "subversives."

It is not without cause that Jim Rogers moved to China & gold bug Jim Sinclair to India, or that Warren Buffet moved all his silver to Britain! The inmates have taken over the asylum. We are NOT talking about 'Parties' here – despite their rhetoric, they are in collusion in changes to our Form of government.

DJIA dropped below 11,700 and that caused our Stoploss point to be dropped to 12,500 last month. Lower Stops on S&P500 NOW to 1367.

VITAL SIGNS

SHORTED 200% DJIA at 13,912.94 & 12,209.81
Leave Stop at 12,500

Shorted S&P 200% 1417.49 & 1360.68
Lower Stop to 1367

ALL OUR STOPS ARE CLOSE ONLY!!



**ALL MAJOR INDICES ARE BACK ABOVE 50-DAY MOVING AVERAGES!
BUT ALL PATTERNS LACK DYNAMISM, & MACD'S ARE POISED AT ZERO PIVOT.**

Multiple Head-and-Shoulder patterns formed in the S&P500 and Dow Industrial Averages, after weak rallies. Although they have broken above 50-Day MA's, they looked terrible on Tuesday with downward acceleration among multitudes of individual and group stock charts registering 'lower high' designations. The technical pictures were reversed by a sharp rally to 'higher highs' on Wednesday and Thursday.

But these 'higher highs' were themselves reversed by overnight trading, many large cap issues losing in the evening, the EXACT amounts they gained on Thursday! A friend sent me this direct from <http://www.dividendinc.blogspot.com/>

Friday, August 29, 2008

If a picture is worth a thousand words then...

I have been a stock market observer and participant for almost 13 years now. However, in all those years I have never seen what I saw in yesterday's (Thursday August 28, 2008) market.

Thursday's regular market trading session and after-market action was unprecedented in it's scope and range. What happened is that most large cap stocks that had a higher closing price at the end of the day closed down by exactly the same dollar amount in after-hours trading.

At first I thought it was some sort of quirk or error by the website or quote provider. However, when I typed in random large-cap stock symbols, the answer turned out the same most of the time. Here are the examples that I found on the internet from Google Finance, Yahoo!Finance and CNNMoney: (Charts not repeated here.)

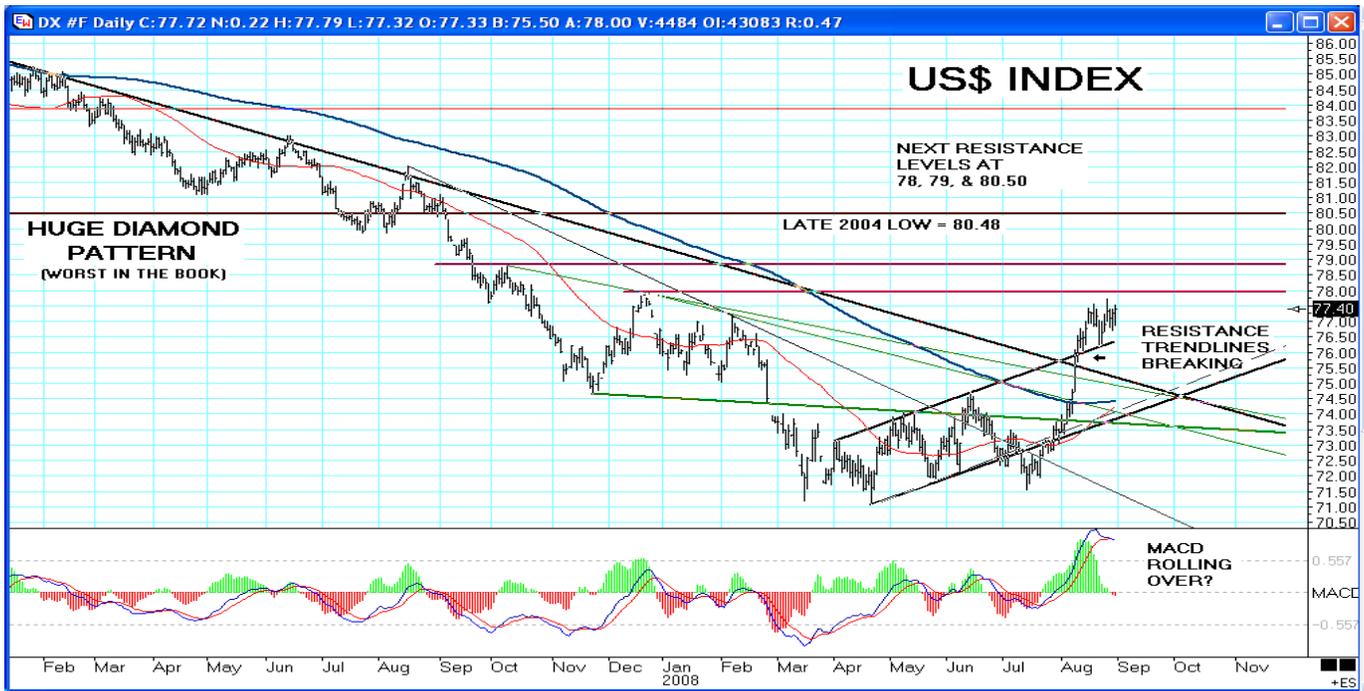
In all of the visual examples that I have provided, you should be able to find the source, date, closing price, and the after-hours price. Air Products (APD) was the company in the first three examples and General Dynamics (GD) was in the last two. I cross referenced the data with the New York Stock Exchange after hour system (Arca) and the NASDAQ after hour system and arrived at the same prices.

What I have just shown in the above examples could be found in so many stocks that I got tired of chronicling them all. The anomaly can be found in the following (although incomplete) list of stocks:

UTX, HON, PH, MU, PG, CL, ECL, TGT, COST, HD, LOW, NOC, GD, RTN, COL, VZ, CAG, WWY, BDK, GIS, GPC, GT, PKI, ED, ABT, MKC

Never before have I seen such broad based market activity that glaringly highlights "management" of the stock market. The scale of such an endeavor, if proven to be "managed," would point to an organization(s) with unlimited resources at its disposal. My only conclusion is that something is brewing and it is beyond the scope of most "average" market participants. Touc.

I LOVE this kind of observant analysis! Phony technical upside break often a trap - leads to damaging decline - Ed.



US\$ BACK UP AGAINST IMPORTANT RESISTANCES AT \$78, \$79, and \$80.50!

Having broken, at least temporarily, a 20-Year Downtrend, we suspect a much longer base will be needed to make the trend change more permanent. We are not at all certain that the change will last. The technical strategy would include a Short sale up near \$78.00 with a close Stop at, say 78.10-15 to cover and Buy long, and to Short again around \$78.85 or so with a Buy Stop at \$79.07-12 over the near term.

The Dollar has continued to rise, but at a subdued pace from its rapid, mid-range breakout. The MACD rollover suggests increasing resistance around \$78.00. From there, a reasonable retracement could carry back down to \$74-75. Holding in that region for 2-3 months would increase the probability that a Longer Term bottom pattern might be developing. Otherwise, our expectation would call for a further extension to the downside, based on the long term weak fundamentals.

It has been a realization that the developing world and Europe and Asia are also vulnerable to economic dislocation, where popular sentiment had expected credit problems would be limited to the U.S. Subprime market, that has caused a more careful look at the U.S. Dollar with a greater degree of respect! The longer term issues of spending more than we make could re-assert the 20-year downtrend if no action is taken to reverse the fundamental imbalances.

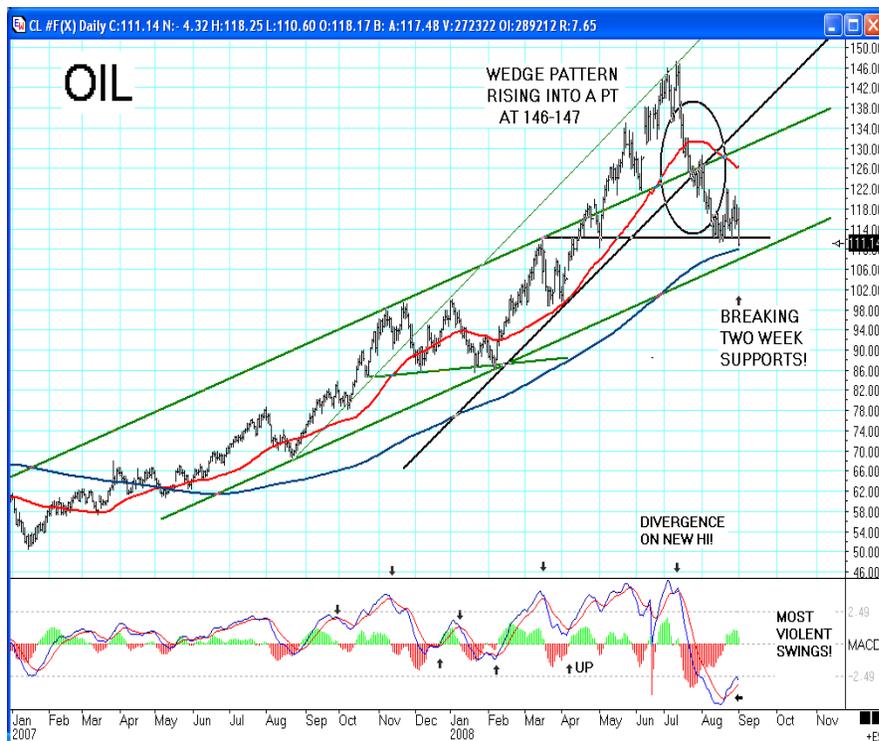


On our chart of **OIL** last month, we showed a “Wedge Pattern rising into a point at \$146-147. Although it is off over 20% from its high of \$147.27, we would not call it a Bear Market until it breaks below its 200-Day Moving Average (dark blue curving line) and its intermediate term uptrend channel line (lower dark green line). Last month they were in the area of \$106-108, now about \$108-110. A break to the \$106 level would indicate a high probability of \$98-102 and would signify the end of commodity inflation!

The last two weeks saw the **OIL** hold the \$112.00 level, breaking below that for the briefest of moments. The solid break on the chart is from yesterday as U.S. markets were closed and hurricane Gustav narrowly missed the oil rigs in the Gulf of Mexico. With our market open, we’ll see if it will bounce back right away, or confirm a more serious breakdown!

GOLD was down over \$15.00 breaking below \$820.00 last night. Did Gustav miss a GoldMine, too? Although

the “precious one” is down about the same percentage as **OIL**, it has broken well below ALL significant uptrend lines and its 200-Day MA, now about 896, clearly in Bear Market territory, chartwise. During this past month it tested our suggested support at \$780 and bounced to our resistance level of \$850 and looks to be headed DOWN again! A break of \$775-780 could be very negative, especially with concomitant break of \$108 in the **OIL**!



We have quoted THIS warning over the last few months:

We have been Bullish on Assets in the Ground and particularly **GOLD, METALS, OIL** since April 4, 2001. We are now becoming a bit more skeptical about much more immediate continuation in the Inflation Hedges, **looking instead for a few more weeks, and possibly months in correctional phases.** The long term, multi-year Bull Market in REAL things is probably not over, but this **correction is liable to be longer and deeper than previously experienced.** We judged that the exponential blow-off moves were carried too far recently, and **will require a more protracted retracement period in both time and price.**

ASTRONOMIC ACTIVITY

- SEPT 1 = Labor Day Monday = Enjoy an extra day of rest & relaxation. Watch foreign markets; may give a clue.
- SEP 3-4 = Sun conjoins Saturn, then trines Jupiter = Sharp flip-flop from cautious to over-optimistic = sharp rally starts here?
- SEP 7-10 = Huge energetic planetary output. Mars, then Mercury, then Venus tightly aspect the Stationing Jupiter/Saturn trine!
We opine that equities will drop away as tightly energetic force dissipates. Multiple + & - aspects can confuse the Bradley!
- SEP 15 = Full Moon at a ‘fated’ and ‘tragic’ degree of 23 Pisces conjoins Uranus, planet of surprise disruptions, also sudden inspiration.
- SEP 15-19 = BRADLEY Model makes a temporary low during this period. Could we rally from here? Yet, October lurks....
- SEP 19 = Quadruple Witching Option Expiry – Expect a few more Down days after this!
- SEP 22 = Extend that potential Low period through Monday’s Fall Equinox – a frequent ‘change’ day!
- SEP 24 = Another ‘change’ day as Mercury Retrograde Station throws a wrench into any attempted improvements. (for 3 weeks!)
- SEP 29 = New Moon 135 deg. To Neptune. Once more emphasizes OIL, GOLD, INFLATION – may be water damage.
- OCT 3 = Mars enters Scorpio. Diplomacy Fails and Bloodlust begins! Damage through War, Accident, Volcanic explosions.
- OCT 5-8 = Excruciating amount of planetary energy release – Good and Bad – powerful!
- OCT 10 = Best bet for Market Crash, plus or minus 3 trading days! (October 7-15)

ATTENTION: The CP newsletters are usually mailed 1st Monday. Next will be Monday, October 6th.