

CRAWFORD *Perspectives*

March 2, 2009 Vol. 09/03

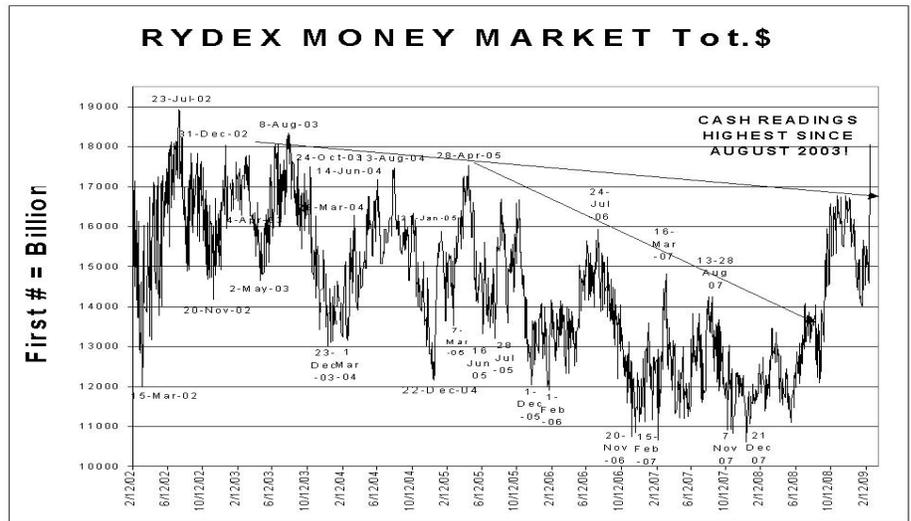
BEST BET – NEARBY LOW!

We have continued to bemoan the fact that although market internals have improved, and that momentum negatives have been drying up, that the positive case has not yet reared its ‘pretty head’ (as opposed to ‘ugly head’). And that we have not seen a new class of market ‘leaders’ emerge to point us the way out of this desert. We mentioned last month that “Although the New Lows have declined to near zero, the New Highs have also, thus failing to corroborate the positive case.”

A number of technical indicators are in just that condition – leaving analysts in a state of ‘limbo’, of uncertainty, of confusion. We are NOT confused about the market – just that it is a market in transition from Down to Up, and having trouble making up its own mind exactly when to make the change.

The most bullish reading we know is a solid jump in the Cash levels in the Rydex Money Market accounts (see chart this page). From the lows in December 2007, cash rose from 1.06 Billion to about 1.68 Billion which was the highest since 2005. It stabilized there, and recently dropped back to 1.40 Billion. This week it popped wildly up to 1.80, mostly in the last two days, to levels not seen since 2003 and close to the 1.90 Bill which was a tad higher than ever registered before.

The suddenness and fury of this action is indicative that the traders /investors there had finally hit the ‘panic’ button, suggestive of a possible ‘capitulation’ phase market bottom.



The intensity of this recent market action is more evident in ‘time’ than in points of decline, meaning that the number of days Down relative to those closing higher is completely out of character with established norms, and is another sign that capitulation is actually happening. It is commonplace that such extreme imbalances are soon remedied by ‘regression to the mean’ in time as well as in price. By this reckoning, we would expect a rapid and persistent rally, when it finally shows up.

In the meantime, anything can still happen until the change is in and confirmed. And so far, downside momentum has moderated but without any convincing follow-through on rallies. There are several downside non-confirmations Friday, not the least of which is 333 New 52-week NYSE Lows vs. 555 on February 20 and 395 on Feb. 23. If volume and momentum pick up on the downside next few days, a further down leg would ensue. If they do not, upside acceleration will likely begin in short order.

Compare technically with the 1982 low in August where the July low occurred on the largest US bank failure ever (Penn Square). A sharp rally came when the FED took immediate action to Prime the Pump. Then major indices drifted lower, breaking July lows (hourly low on August 9 – closing low on August 12) by only about 13 DJIA points (on a much lower base). CP gave a BUY on the bank failure low on the

VITAL SIGNS

BOT LONG 100% on OPEN Feb. 9 no margin
DJIA @ 8281.38 & S&P500 Open @ 868.24
Stopped DJIA 7850.41 2/13; S&P @ 789.17 2/17

BOT LONG 200% on Close Feb. 23 using margin
DJIA @ 7114.78 & S&P500 @ 743.33 Closes

Add Stop on new Long positions at -5% of cost
DJIA STOP @ 6759.04 &
S&P500 STOP @ 706.16

ALL OUR STOPS ARE CLOSE ONLY!!

astro-event of that date, well in advance, and a secondary BUY on the Saturday after the first rally day of Friday the Thirteenth (of no significance to us). Dr. Henry Kaufman, noted economist, changed his mind about interest rates the following Tuesday and triggered the largest DJI advance in points to that date. The market rose for 18 years!

We are just looking for a substantial Bear-Market rally as prices and sentiment readings are off the charts in negativity. There are evidences that our whole system is melting down, and that could certainly disturb the normal cyclic flow. We believe that will NOT happen All At Once or Right Now! Even a drowning man gets a last breath or two before going down for the count.

Last month we arranged our orders foolishly neglecting the possibility of the initial position being stopped before the new one was entered, but we clearly said “go 200% Long” instead of add another half portion. We will take what we said literally and accept the full margin position, come what may.

This week we will be out of the office Tuesday afternoon and all day Wednesday!



ALL MAJOR INDICES MAINTAINING CURRENT DOWNTRENDS NO NEW LOW YET FOR THE NDX100

Actually, the NASDAQ stocks acting more strongly than the S&P500, which is stronger than the Dow Industrials usually has a better outcome than any other rank ordering. The opposite of this order connotes greater weakness, other things being equal. The S&P500 was late confirming the downtrend, but did this Friday. The NDX (NASDAQ-100) continues to resist, holding on to its non-confirmation stance. Statistically, a good sign!

Could we be going over the cliff, here? Of course! Markets CAN do anything! We are encouraged by the deep oversold readings among internal technical indicators. We are discouraged by the lack of follow-through on rally attempts. Most others are discouraged by the steady drip of negative news of companies and the economies of countries, and especially of Financially related stocks, which dropped a further 9.14% on the week.

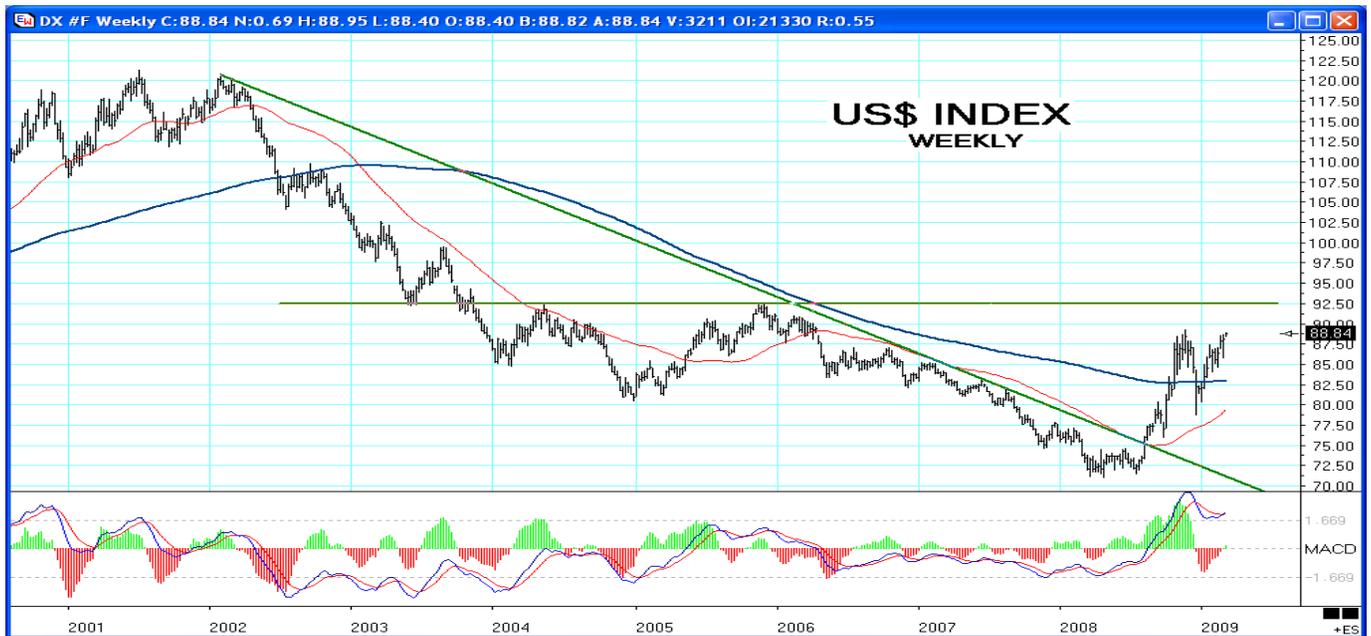
Another short term negative amongst the technicals is that the MACD lines on major indices, at the bottom portion of each chart, are turning negative again from the central – neutral zero line. Another example of the “Tipping Point” we wrote about in earlier issues, the zero line on the MACD’s.

Although the BRADLEY Model (on the DJIA chart) indicates that the astro-cycles show general improvement, our ‘ASTRONOMIC ACTIVITY’ calendar on the back page, allows for several more instances where the planetary aspect power is overwhelmingly noxious for brief periods. For example, the Full Moon of March 10, juxtaposed across the Saturn/Uranus axis could activate another shocking capitulation phase.

On CNBC December 26, we gave opinions to “BUY GOLD and SELL the BONDS”. Pretty good advice, thus far. The Long Bond (30 Year – chart #4 above) has declined almost to its 200-Day MA. It will probably get some fairly strong support and possible bounce from 121.5 to 122.5 comprised of both that Moving Average (darker Blue Line) and the previous high back last September.

Talk dirty to us, Paul: “...current market price dynamics are highly anomalous, around the world and across all asset classes, thereby compromising the reliability of our usual analytic techniques and management protocols. As long as these inimical conditions obtain, excess Cash is appropriate even if and when our Intermediate Term models are Positive. ...[B]ecause numerous and very major economic discontinuities are presenting in rapid fire succession, the nature of our objective has changed. For the moment our old mission of generating excess returns together with reduced risk, must now take a backseat to brute survival – and this latter mission demands we always hold some Gold and a lot of Cash.” - Paul Macrae Montgomery **UNIVERSAL ECONOMICS** Newport News, VA

Paul Montgomery should have gotten that Nobel Prize in economics that was given for analysis of emotional content of markets a few short years ago. He has been in the forefront of such thought and analysis for decades! What do these late-comers know? He has a way of telling ‘like it is’ with a marvelous turn of phrase.



There are four astrologic times (other than major configurations) when the advice is to do nothing, or at least, Do not start important new projects or sign important business documents, but handle routine matters only, vacation if possible, or at least take time off to meditate, listen to music, view pleasurable scenes of natural beauty, get or give a massage or other intimate activity – mostly right-brain activities. The left or logic and numbers side needs a rest, and may give one false data during these interludes of right-brain dominance. These are: (1) During periods of Mercury Retrograde apparent motion which occurs 3 times a year for approximately 21 days each; (2) Just before and during Eclipses, which have two periods per year of 2-3 Eclipses each, two weeks apart; (3) the Waning Moon from the Full to the New (not so challenging as the others); and (4) Moon Void, from the last classical aspect to a planet until a change to the next zodiacal sign which may be from a few minutes to a few hours, rarely more than a day, approximately every 2 ½ days. These times tend to lead to some sort of “dead space” where activities seem very quiet, delayed or simply disconnected or disjointed. Purposeful action does not ‘play’ well.

In the unusual case of the swearing-in of our new President, all four of these cautionary flags were flying! In tune with expectation, an error was made causing it to be done over later! In that later instance, the Moon was no longer void, but the other three conditions remained in effect. This likely indicates that the new administration will not want to, or not be able to perform as expected by the electorate. Perhaps the overwhelming economic tsunami cannot be moderated by anyone, or possibly the real agenda of those near the top of Washington Action Arm is not as advertised. Maybe they will just appear ineffectual. These historic coincidences will not go without their mark upon our predicament, although historians are not likely to comment on them directly.

There is another very long term cycle that also began to impact our homeland the last year or two and approximately 75 years into the future. In the “progressed” chart of the United States, Mars has entered its own retrograde period of about 72-76 days which represents 72-76 Years of real “Earth” time, signifying the debilitation of Male, Masculine, or Martial life force. This is expected to have an ‘emasculating’ effect on the wielding of outer power in affairs of the world. From the worlds only dominating SuperPower, we have already reduced to being at the mercy of our creditors, mostly China and Japan, as our people are individually and collectively beholden to our banks individually and the Federal Reserve collectively.

Although created and supposedly controlled by Congress, the Federal Reserve, by its printing presses, has bought our supposedly democratic branches lock, stock and barrel. Our elite owners and controllers intend to crush us into a North American Union similar to that of Europe, and from there into a One World Government. We believe that this impending Greater World Depression has that as its purpose. It is here implied that Mr. Bernanke’s background studies of the 1930’s Depression Era was NOT how to cure it, but how to engineer it!

GOLD has made better than a 50% rise from 680 back to 1000 since last October in US\$ terms! This from **Ian McAvity's DELIBERATIONS**: "Gold in Swiss Franc terms recently broke out reflecting new flight/fear capital flows. Major currencies clearly need realignment and nobody knows what will result as the majors try to print their way out of chaos. Gold, with no counter-party risks likely the best tool to preserve purchasing power through an emergency battle to inflate away the deflationary demons by fiat. We're near an inflection point in the modern history of global finance, with decisions to be made by people who don't inspire a lot of confidence. Gold may be on the verge of its next major leg up in the cycle that dates from 2000/2001." imcavity@yahoo.com



OIL has paused in recent days from its nice move up from 34 to 45. We think that if it can regain the 50+ numbers, it will continue to 78.00. A break below 35 could take it down near 25. The positive case seems more likely at this juncture.

The **CRB index** of commodities, which has followed the shape, if not the extent of the Oil Market, has been attempting to form a base since the stock market lows. This index, as many other venues, has broken the downtrend lines, but as these other venues, not yet formed a sustainable uptrend, or even a reliable sideways action. Anything could still happen here, and nothing is recording a high confidence entry point. We cannot argue with the base formation as it exists, but the lack of follow-through with any sort of increasing volume and/or momentum leaves everything in doubt. That is why we are not taking any new positions immediately, but following the aspect energy of the planets which has begun to improve, yet without effect.

ASTRONOMIC ACTIVITY

- FEB 24-26 = ALL Systems GO! First time in weeks to begin new projects—GO with new ideas. Facts should have been checked by now.
- FEB 27-28 = Beware War Warnings – Volcanic action possible! (actually and personally) combination of urges and frustration.
- MAR 6 = Venus turns Retrograde = According to the Mayans, Venus emphasis morphs from Love to War as it becomes the A.M. star.
- MAR 8 = Mercury connects with Neptune just as it enters Neptune's sign! Images more important than substance here. Sun opp Saturn.
- MAR 9-11 = Relationship issues, unrealistic fantasies, Full Moon across Saturn/Uranus focuses feelings. Inflation/Deflation fight continues
- MAR 12-13 = Sun conj Uranus = More freedom desired; relations tumultuous, "more feisty than friendly" according to Dell Horoscope
- Mar 18 = Depressing news day with Mercury/Saturn aspects.
- MAR 20 = Third Friday = Option Expiration with the Spring Equinox before the NYSE open! = another potentially important turn date!
News of sudden events with material damage. [Ludwig Rudolph-Witte] Mercury squares Saturn/Uranus midpoint.
- MAR 26 = New Moon = High volatility = Uncertain direction or rapidly changing directions. If trading, keep your finger on the trigger!
- MAR 27 = Mercury squares Pluto with Jupiter at semi-square midpoint! A big day with confusing outcome = angles bad; midpoints good?!
- MAR 30 = SPIKE UP and possible high for the Precious Metals & OIL!
- APR 3-6 = Incredible amount of negative aspect energy. Attempted work-out will NOT work out! Be SHORT weekend, cover open Mon.
- APR 7-10 = Drop and low in the Metals = Be SHORT March 30 to April 10th approximately!
- APR 15-16 = Extreme hostilities – Explosive – "Unforgiving mindset...resists compromise" according to Dell Horoscope.

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