

CRAWFORD Perspectives

THEY HAVE NO CLUE!

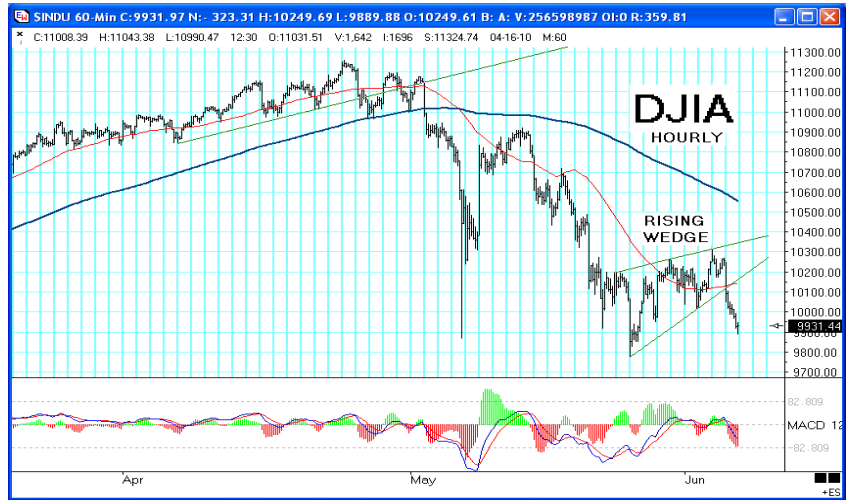
June 7, 2010 Vol. 10/06

All these analysts on TV & news outlets that proclaim that everything is getting better and that now is a good time to buy stocks are living in a fantasy world. In the first place they seem to think that some economic improvement will cause stock markets to rally. If they bothered to check, they will find that the stock market predicts the economy, not the other way around. The market tends to lead the economy from four to nine months typically.

Someone taught these dudes Newton's law about objects tending to remain at rest or in motion (in the same direction & speed) unless acted on by an outside force. Therefore they conclude that statistical series also move in straight lines until they change. They never got up to calculus which teaches about rates of change and Sin/Cosine functions, i.e. Cycles!

It has been the technical market analysts who at least turn negative when long term uptrend lines begin to give way to deeper breaks. During the last decade, history notes that quite a few major Wall St. firms canned their entire technical departments. They either fired them or retired them. We think that the technicians began to warn against the "irrational exuberance" that was taking hold across a world-wide mania bubble. Wall Street, minting money hand over fist, did not wish to be reminded of lurking dangers!

We have mentioned our concern that the Bradley Model continues pointing Down into major configuration July 30-August 1 while the Mars-Uranus Crash Cycle shows the inverse pattern more likely. We NOW have technical patterns which enhances an immediate downside probability. That is, Rising



Wedges in the major indices, which all broke down on Friday! A rising wedge has both upper and lower trendlines rising, but narrowing into a point, preferably on lower volume. Internally, the up days have had lower volume than the down days. Increased volume on a declining day represents a Distribution Day and further confirms a weaker trend. (above)

Last two months we have mentioned: "We have just now entered our time band for the next probable Crash... we have propounded that our best bet is for a potential Crash between May 1 and November 1." With the 'Flash-Crash' of May 6, we have already met our minimum projection, that being the largest single intra-day decline ever in points (-998.50). Although it only closed down -347.80 and there were only 218 NYSE new 52-week Lows, as compared with our last predicted crash day (Oct. 10, 2008) which was down a bit under -700 points in the first few minutes and only closed down -128, but there were a record 2901 NYSE 52-week new lows. The New Low series has been particularly strange with so few that the days before had only 8, 29 (largest since March 2009), 44, 218!

VITAL SIGNS

SHORTED 50% DJIA May 6 = 10,520.32
SHORTED 50% S&P May 6 = 1128.15
5% STOP = 11,463; S&P500 = 1184.56

SHORT 200% on 2 consecutive Closes
below DJIA 10,000 = First on Fri.
DJIA Close below 10M today would
Activate SHORT on Today's Close or
A single close below 1060 on S&P.
ADD to SAME STOPS as ABOVE if hit

ALL OUR STOPS ARE CLOSE ONLY!

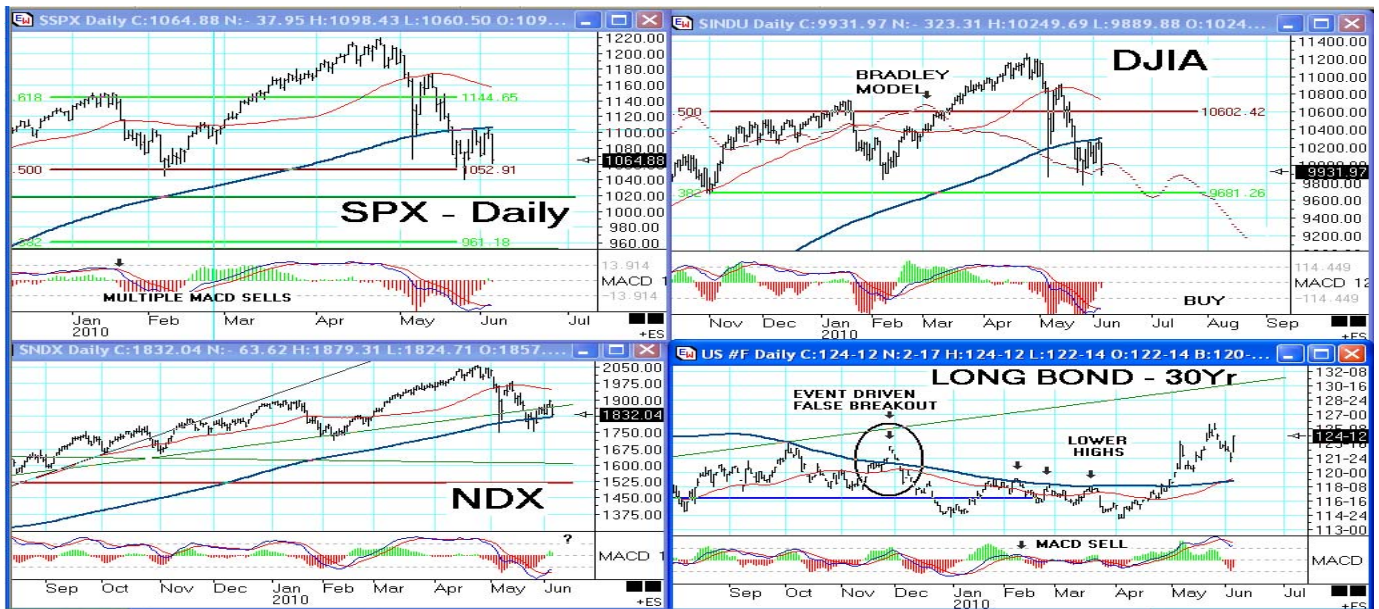
These figures have been so dramatically different from historical norms that we consider them further evidence that our markets are being more and more heavily manipulated. This is certainly an example of the 'thundering herd' flipping very quickly from up mentality to down emotionality!

We also have an Eclipse series beginning with a Lunar Eclipse conjoining Pluto on June 26, presaging difficulties with the use of nuclear power, radiation, terrorism or war, as well as further escalation of complications around Debt instruments.

We Shorted at the 50% level on a close below 1140 in the S&P500 Cash (SPX) 1128.15 on May 6 and a close below 10,600 vs. the Dow Jones Indu. Avg. (DJIA) at 10,520.32 also on May 6. Stoploss Orders 5% above your shorting prices at S&P 1184.56 and DJIA of 11,463.

Increase to 200% Short on 2nd consecutive close below DJIA 10,000, or a single close below 1060 S&P. Use SAME LEVEL Stoploss on new positions (1184.56 S&P and 11,463 DJIA).

The **Cardinal Climax** of planetary energies maximizes on or about July 30-August 1. It will mark important world events!



RISING WEDGE PATTERN MAJOR INDICES BROKE DOWNSIDE FRIDAY – MORE TO COME!

We have now the SPX and the DJIA consolidating below their 200-Day Moving Averages in what appeared to be Rising Wedge (negative) patterns. Within these there have been increasing volume (not shown) on Down days and decreasing volume on Up days. The breakdown last Friday could be the beginning of the next leg down. If recent lows are breached, there is high probability of immediate continuation.

If recent lows hold, chances increase that some meaningful counter-trend action could get under way. There are several technical studies that measure very oversold, allowing for that possibility. The astronomical indications are so very mixed. There are very good aspects followed by very bad, then good again, then bad again.

Then they get REALLY nasty, so do not be coddled into letting your guard down. Take the good days as opportunity to set out new/more Short Sales. The NASDAQ100 (NDX) has not stayed below its 200-Day MA, and that is a positive. ALL of the MACD momentum studies (lower portion of charts) are attempting to turn back up. An abortion of that attempt will lead to immediate collapse. If you are not a seasoned trader, you should take your money OUT and take it HOME.

The NYSE 52-week New Highs maxxed out at 674 on the April 26 market top. Under 'normal' conditions, these numbers begin to retrace, and gradually decline until a market high is registered 3-7 months LATER. The suddenness of the drop-off was breathtaking, with only 16 New Highs on May 7. Last May 3, we wrote: "The sharp, quick drop to 92 last Friday could be an early warning, and the 10-day moving average is forming a 'rising wedge.'"

"If the May 7 lows are violated by the Industrials and Transports, I expect some severe downside action by the stock market. If that occurs, I would expect traders and investors to panic. I believe it will affect the sentiment of not only investors, but the sentiment of the whole nation. The current rosy optimism could fade and reverse in a week. It could fade because it is built on BS propoganda from the government and hopes on the part of the populace. The 14-month stock market rally has served to brain-wash the nation. So question -- isn't the long 14-month rally "a prediction of better times ahead?" My answer is, "It could be – unless it's a bear market rally." I've been asking, pleading, cajoling, even threatening my subscribers to get OUT of the stock market. What if you haven't moved? In this business, it's never too late to do the right thing. Get out and stay out. I've been using strong language, and maybe for that reason Yahoo-Finance and Bloomberg have picked up what I have been saying. I don't like publicity and I don't do interviews, but despite that the word has spread. "Russell is bearish." I doubt if my warnings will affect the stock market, the bear is doing enough damage all by himself. I must say that in all my years in the stock market, this is one of the most dramatic reversals against the prevailing bullish sentiment that I have ever seen. The damage and cost of this reversal will run into the trillions. The bear will have his revenge. I've been showing why I think we are facing deflation. Oil down, commodities down, top-grade, blue-chip stocks down, copper down, basic metals down, Shanghai (Chinese) exchange down. And now gold is down 24.50 as I write. I expect the administration and the Fed to panic and open up all the spending ideas while the Fed opens up the spigots."



THE OIL SPILL IS NOT THE ONLY PROBLEM WITH THE OIL STOCKS

The recent Oil spill has captured an amazing percentage of air time on all news stations. The odd thing is that so much time is given when nothing of note is actually changing day to day, hour to hour. This chart (above) of the Oil Index shows that a sub-par recovery over the last 15 months has left this group with a maximum 43% gain against about 80% for the major market averages. Now it has lost nearly half of that weak rally in a matter of 5 weeks of correction.

We would think this important segment would be useful in measurement of general economic activity as with Dry Shipping rates and the price of copper. This chart clearly exemplifies the underlying economic weaknesses. Basically, this chart stinks! The price level has broken below the 50-Day MA (thin red line) and the 200-Day MA (darker blue line). And now the 50-Day has turned lower and is about to cross below the 200-Day. This sequence will be at maximum negative stance if/when the 50-Day crosses below, and then the 200-Day turns lower.

In addition, this is one of the largest (if not THE largest) groups within the S&P500 and widely held by institutions. This chart pattern suggests that institutions and hedge funds have been trying to get out, and they can't without cracking the price more than they would like. The recent break is indicative that they are getting nervous and impatient and accepting discounted price just to get relief! We would Short this group and buy a call on Oil, as insurance against a worst case scenario in which the Straits of Hormuz gets blocked, turning oil prices back up.

We are of the opinion that the coming World Depression will take care of all those worries about the environment that have become popular in recent years. Driving back recently from Phoenix near evening rush, we noticed that hardly anyone was riding in the high speed lane reserved for a minimum of Two occupants. Four lanes were full of cars, and they nearly ALL had only one humanoid – the driver. At least it will be good for the Earth, tho' it will likely crush the middle class, those pesky folk who occasionally have enough leisure time to meddle in affairs best left to their 'betters.' So we guess Freedom and Equality will go out the window with near-future developments!

"I consciously choose to be Free. I consciously choose to be Healthy. I consciously choose to be true to myself. I consciously choose to be the predominant creative force in my environment. I consciously choose to manifest and embody my true nature and purpose."

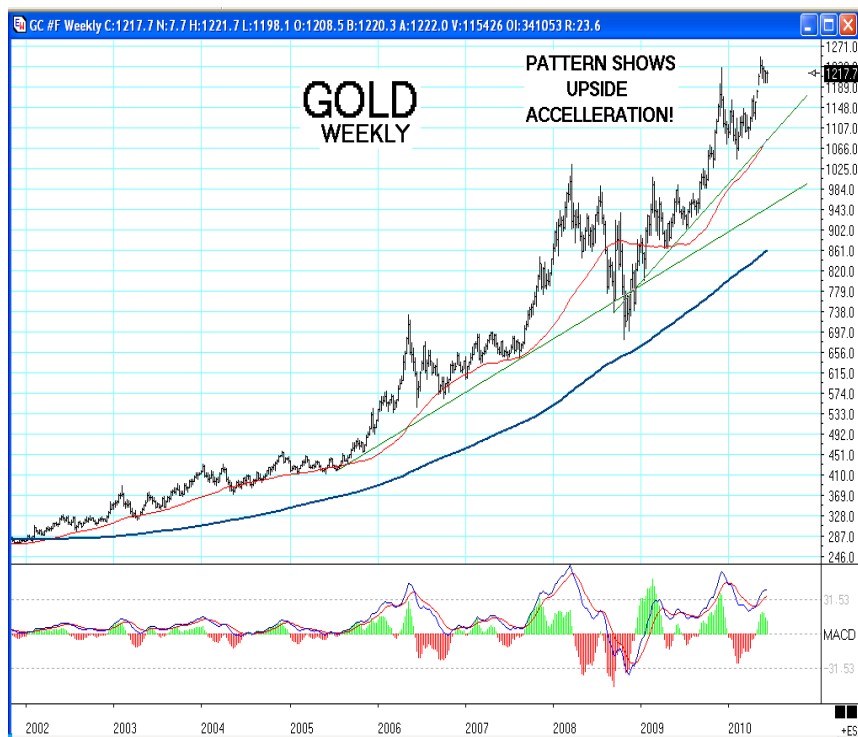
DMA Course - Robert Fritz - *The Path of Least Resistance* - www.RobertFritz.com.

GOLD has been slipping a bit during the last week or two, but no significant ground has been lost, and the weekly chart (right) continues to maintain its powerful uptrend. This longer term chart shows a clearly accelerating phase. More astronomic functions favorable to this metal occur during the summer months.

SILVER chart (not shown) seem to be in a rollover phase and is not nearly as strong as the **GOLD**, particularly Friday, with **GOLD** up and **SILVER** down.

CRUDE OIL has dropped back to the lower portion of its larger trading range and is participating more with the general pull-back now taking place in the commodity complexes. Just above \$70 now, the chart looks terrible (see Oil Stock Group chart on page 3).

We mention in the Astronomic section (below) that May and June are filled with astronomic relationships with Sun, Mars, Uranus and Pluto which have often been associated with on-going battles or more persistent War activity. If these dangers solidify into actualities, **GOLD** and **OIL** could put on 'spikes' into sharply higher prices.



Meantime, the **U.S.DOLLAR** has 'spiked' nicely on bad news from the European Union. With Greece furnishing the critical news events of the day, and now Hungary joining in, everyone is now focused on what shoe (or country) might be the next to fall. We wrote last time about the possibility that if sovereign debt problems actualize, our currency could gain from a further 'flight to quality' or at least 'percieved' quality. One fairly safe place to keep some money is German Bunds.

ASTRONOMIC ACTIVITY

More indications for hostilities appear on May 10, 12, 17, 19, 23, 25, 27, 28, 30 & 31 - Looks like something BIG may be UP!
MAY 6 = Mars contra-parallel Pluto = Power struggles; Jupiter contra-parallel Saturn = Freedom/expansion oppose authority/constriction.
JUN 6 = Jupiter enters Aries = Tension builds in some groups - Only One will be saved.
JUN 7-11 = Markets swing wildly in both directions - Fast traders may make out well = Must be watching tape for fast changes!
JUN 8 - 9 = Markets Down. - Back up 10th as Mercury sextiles Jupiter/Uranus. to 14-15.
JUN 14-15 = Best Bet for a Rally HIGH in our opinion. Increase shorting strategies. As Venus trines the Jupiter/Uranus.
JUN 21-23 = Sun squares Jupiter/Uranus. Monday could have another large down open.
JUN 25 = Three major negative aspects. We would bet the Downside for this day!
JUN 26-27 = Full Moon Eclipse conjunct Pluto = Last time, Chernobyl exploded that week. Accident? An Attack? Also focuses on Debt!
JUN 27-30 = Venus=Jupiter/Pluto and Venus= Uranus/Pluto Forming a YOD or Finger of God pattern. Large movement! Direction not clear.
JULY 5 = Sun semi-square (45 deg) to Neptune; Uranus Retrograde Station at Zero Aries - Sudden, unexpected news that is worldwide!
JULY 8 = Venus opposes Neptune, Moon forms the T-Square with both. Inflation of Money - Gold UP!
JULY 11 = Mars sextile the Solar Eclipse = Good time for a wartime attack!
JULY 16 = Look for a big Down market on this early Option Expiration!... as Moon opposes Jupiter/Uranus and squares Pluto.

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