

The chart (this page, from Barron's) shows one of many indicators that spiked to a high in the last few weeks and then pulled back from multi-year extremes, suggesting the possibility that a Major Top has just been formed.

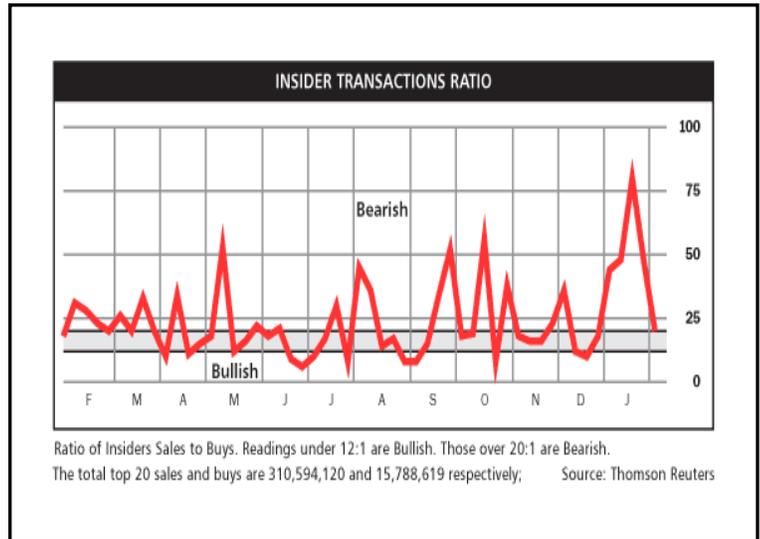
We have shown this chart a number of times as Insider Selling spiked into the "Bearish" range. Notice that the number from two weeks ago has dwarfed all other data from this series, far surpassing any recent highs! Insiders are officers and directors of companies, and any other employees, lawyers, consultants, etc. in possession of sensitive information not yet available to the public. These people "In-The-Know" are selling their heads off! Why are they selling? They haven't told us yet, but were under legal obligation to tell the SEC that they were doing so.

"Bullishness is everywhere. In listening to analysts in the business media, it's almost impossible to find bears. People tend to become bullish at tops and bearish at bottoms. The latest CBOE [Chicago Board Options Exchange] put-call ratio shows the fewest puts in over 10 years." - Stephen Todd - *Todd Market Forecast*

Funds Cash is another important measure of the degree of commitment in the marketplace. If cash is low, there is a cap on how much more is available for immediate investment by funds and institutions. That number is also making historic record lows.

Did you know that if you have a Trust Fund at a bank, our government is demanding of the bank that they keep low cash balances in YOUR funds?

We now have an even greater divergence collecting around the number of days markets are declining on increases



in Volume. This entire extended rally phase has been an anomaly with the emphasis (volume) on the wrong syllable (price). On any Bull Market expected to continue, there is increasing upside volume and momentum, as well as internal measures of dynamism such as New High/Lows and Advances/Declines in proper balance, leaning to and confirming the advancing price level. We don't have any of these things! That means the entire overrun into a fifth year is totally without merit.

If the major indices are now forming symmetrical topping patterns, they should take the time to develop Right Shoulders of a month to month and a half long, holding above their 200-Day MAs. However, if "necklines" a bit below current prices are breached, we could be entering a capitulation phase which could carry much farther in a short period of time. Volume and momentum increases would signify development of the worst case scenario.

Last month we wrote: "All this, together with a greater instability in China, could simply overwhelm the high confidence which has been injected by recovery in markets which have been held together by false promises and questionable government statistics." And certainly the uncertainties out of China have been at least partially responsible for our own loss of faith.

Of course, anxiety and confusion over the Health Insurance changes in the U.S., leaving millions without the protection they expected, have added considerably to market instability. Further declines could also trigger margin calls if critical supports give way.

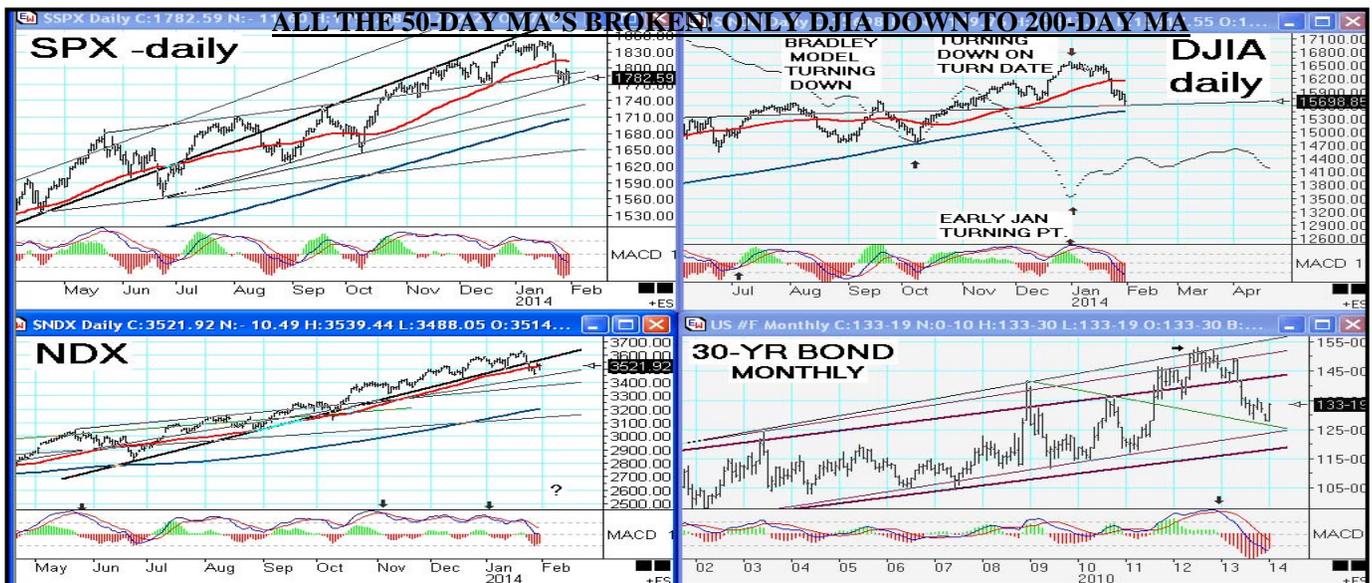
The Grand Cross approaching this coming April has the astrological community tut-tut ting and hand-wringing over how much caution to convey to their clients. The sky patterns are quite daunting. This particular Mars-Uranus cycle has an extremely long period of the crash-producing portion as Mars' retrograde causes the opposition to repeat for three instances instead of one. This may give us a period of heavy decline followed by a greater percentage retracement and then another decline. Our current estimation of the most likely time for market LOWS are February, June and October.

VITAL SIGNS

**RESHORTED 100% JAN 6 @16,425.10
WITH 5% STOP at Close above 17,246.36
INCREASE TO 200% Short DJIA on any
Close Below 15,400. Add 5% STOP**

**SHORT 100% S&P Dec 5=1762.97
Raise STOP to any Close above 1861.80
Raise to 200% SHORT on CIs below 1730
If activated use New 5% STOP**

ALL OUR STOPS ARE CLOSE ONLY!



During this entire bull phase, declines below the 50-Day Moving Averages (red lines) have constituted excellent BUY points for the next strong rally. The current market pullback has outpaced the various precursors as can be seen from the MACD momentum charts below the price indicators. This has clearly been steeper, but also more dangerous considering the buildup of divergent internals. Even fundamental info from the BRICS and other developing countries has deteriorated to the point of raising significant questions about their ability to continue their expansionist loan policies.

Another oddity in this market is that the DJIA usually holds up while the lesser stocks are being sold down, then they turn and follow the emerging downtrend. In this case, the DJIA has manifested the greater relative decline as is the only one of our major index charts which has returned almost to its 200-Day MA (dark blue lines). The short term question is: Will the DJIA bounce off the MA and lead a return rally which may complete Head & Shoulder patterns with a Right Shoulder, lower than the Head (top), or will it break down through the 200-Day MA until the others get down to the heavier support on their own 200-DMA?

It looks to us at this juncture that either we get a weak rally now to set up the greater negativity, or we watch a further immediate break, and then the short term bounce from the SPX and NDX 200-Day MA's, which will, in turn, give way to a more dramatic acceleration into a capitulation more severe than normally experienced so soon after a top is made. February is, after all, one of the three months we have named as potential crash periods this year. Do we have time to finish the set-up? Or will we actually get our magnification in March? Or will the whole thing be aborted for one more frustrating delay?

Which reminds us, the scariest astro-month this year is April, containing the tightest quadruple alignment in all of written history. A Grand Cross forms its greatest exactitude April 20-22 and further aggravated by eclipses on April 15th (Lunar) and 29th (Solar). The Full Moon eclipse on Tax Day could time a round of civil disobedience. That may depend on how much hurt has been inflicted upon the tax-paying Middle Classes by then. We will have more on the Grand Cross in the next two issues. The maximum separation from exact of the four planets is 16 minutes of arc, that's a hair more than 1/4 of one degree!

“There is danger in the exuberant feeling of ever growing power which the advance of the physical sciences has engendered and which tempts man to try, ‘dizzy with success,’ to use a characteristic phrase of early communism, to subject not only our natural but also our human environment to the control of a human will. The recognition of the insuperable limits to his knowledge ought indeed to teach the student of society a lesson of humility which should guard him against becoming an accomplice in men’s fatal striving to control society – a striving which makes him not only a tyrant over his fellows, but which may well make him the destroyer of a civilization which no brain has designed but which has grown from the free efforts of millions of individuals.” – Friedrich A. Hayek



THE MONTHLY DJIA CLEARLY A WIDENING FORMATION OR MEGAPHONE !

We are taking another look at this chart as we may have recently passed a Major Top in U.S. stock market indices. In our December letter we wrote: "The Mars-Uranus cycle has a strong tendency to spike up into the opposition of these two planets, and peak there. That does not occur until Christmas Day, December 25. That is not to say that the very powerful outer-planet aspects in play this month could not cause the cycle peak to occur early or in left-handed translation, or late, for that matter. The extremely tight alignments in the Geocentric (Earth Centered) sky look to be strong enough by year-end to override even the Federal reserve and their printing presses." And this: "The climax comes at month end with the New Year for New York being far worse than the New Moon for Washington six hours later, which is quite destructive in its own right."

New Years Eve was a Bradley Model turn date, a New Moon conjunct Pluto and square Mars which was opposite Uranus in declination; a witches brew of considerable potency! In reality, we got turn dates within a trading day in Most major trading markets: A DJIA all-time high; SPX topped but made a very slight higher high at the Full Moon two weeks later; GOLD and Gold Stocks made multi-year lows and rallied; BONDS made a low and YEN made a multi-year low!

The internal technical indicators such as New Highs vs. New Lows, Advances vs. Declines etc. Topped a very long time ago and have decreased and increased without pinpointing a final top. We have had more than one sequence of declining strength with these, followed by an uncharacteristic new intermediate high which challenged the declining sequence, and then would begin another declining sequence. Such erratic actions were approaching a top indication and would then abort, but it kept the game going without definitive signals. We share the opinion that these signal approaches were monitored and aborted by the FED Open Market Committee assisted by at least one Wall Street technician!

The latest sequence of New Highs peaked with 536 on May 15, 403 on August 1, blipped up to 472 on October 18, 362 on December 26 and 253 on the January 15 Full Moon. The 10-Day MA maxed out at 440.7 on May 20, 2013, which was the third square of Uranus to Pluto, 286 on October 30, 243.5 on the January 2nd New Moon alignment. The highest since then was 193 on January 22. We now await the next rally attempt to judge the strength or weakness for what follows.

So far, the **GOLD** has held against the new low set on New Year's Eve cycle date at 1181.40 but the rally since has not shown any real dynamism. Lack of immediate follow-through has allowed the MACD to roll over into a new Sell signal. We would not Short for a trade unless the price breaks below 1200. The **GOLD Stocks** have done about the same. If the HUI breaks back below the 50-Day MA, it would be a further discouraging sign. The **SILVER** metal is hanging on by a thread very near its long-time lows a hair above 18.

10-YR RATES MADE a PEAK for NOW!

We have maintained that if this 10-Year Rate broke above the 2.85-3% range band, it could trigger a massive debt bomb which could sink a goodly portion of the world's political entities.

From an analysis of this chart, we surmise that much higher rates are in order, whether in the near term or later. A pullback to the 2.50% support level is not out of the question, nor would it change the outlook! You can see on this chart, the 200-Day MA now at 2.55% and a trendline at about 2.47-2.51% & they should provide near term support.

We feel that surprise interest rate hikes among the BRICS this past week help to confirm worldwide hikes before the economic dangers pass. A break below 2.40 or above 3.10 will signal the direction of the next leg.

We're not giving up on **OIL** yet, although it lost its firm breakout momentum up to 112 and returned into the body of the triangle. It then suffered a false break under 92 and is now stuck between the 50-Day MA and the 200-Day MA. It must break solidly above 100 or solidly below 92 to herald a new direction.

The **US Dollar Index** (no chart) appears to be stuck between a bevy of moving averages (below) and the longer 200-Day MA at about 81.45. Above 81.50 would give it a breakout of its own, and slipping below 80 will confirm the negative case.

Both **COPPER** and **LUMBER** have been drifting back towards their lows of the last few months. This is NOT good news for the world economies as they are excellent measures of construction and of general business. They have not yet broken those lows but the trends remain ominous, and certainly not promising, at the very least.



ASTRONOMIC ACTIVITY – (Give all these a time period of +/- 2-3 Days)

JAN 30-31 =New Moon, Jupiter opposes Pluto=Bankruptcies; Venus Station = Significant market turns. Be quick to follow changes!
FEB 3 = The Ascendant on the NYSE Open will form a T-Square with the Jupiter/Pluto opposition. Could be damaging early in the day!
FEB 6 = Mercury enters Retrograde motion! = Left brain tends to slow down or stop. Careful of mistakes, accidents. Computer glitches to 28th.
FEB 9-10 = Very tough time from the Heliocentric, Sun-centered activity! Maybe more or dangerous flares causing communication problems.
FEB 11 = After 12:30 AM, 3 planetary negative aspects, 2 after mkt close, 4 negative lunar aspects 3:06am to 5:14pm = Negative day – careful!
FEB 14 = New Moon early Saturday, Sun trines Mars evening.
FEB 15-17 = Look for more bad news over the week-end and into Monday morning. Mars (energy/anger/war squares Helio Galactic Center!)
FEB 26 = Jupiter squares Uranus = Sudden release from terrible tension!
FEB 28 = Mercury goes Direct at 9a.m.EST, Sun trines Jupiter at 11:06a.m. = A break in the clouds = Something appears much better.
MAR 1 = New Moon, Mars goes into Retrograde motion, Stays in Libra until July. Don't start a War or a Company until then!
MAR 2 = Saturn goes into Retrograde motion = With the 2 Greater Malefics debilitated, things might appear better for awhile!
MAR 6 = Jupiter goes back into Direct motion. Now we have the baddies Retro and the goodies Back in the game. Everything rallies!
MAR 16 = Sunday looks absolutely HORRIBLE – but it shouldn't last long - +/-3 days at most.
February, June and October look to be the most likely times for a Crash, during the Mars-Uranus Crash Cycle!

ATTENTION: The CP newsletters are usually mailed 1st Monday. Next CP will be Monday, Feb. 24

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