CRAWFORD Perspectives

February 5, 2018 Vol. 18/02

WELL, THAT WAS FAST!

One Week from the high day and we're down a hair away from 1100 points or -4.117%. NASDAQ had the worst week since February, 2016.

We wrote about our analysis of cycles here last month: "Our next, of several cycle top points, is January 9-10 and the last of the intermediate terms is January 24th, by which time markets should be headed lower for a bit." "A bit" in this context appears to have been somewhat understated!

A significant shift in NYSE 52-week New Lows to over 40 for three days running gave a short term Sell signal on January 17. They peaked at 94 on Jan. 18 and backed off with a couple days back under 40 on the 23rd-24th. A new Sell was registered with another string over 40 by the 29th and a higher high at 204 on the third day.

January 30 was the first day that New Lows surpassed the New Highs by a sudden jump to an almost 5.5 to 1 ratio. That was surprising and a clear warning that the underpinnings were deteriorating rapidly. That rapid shift may have represented the formation of a "Hindenburg Omen" technical signal which was popular some time ago, although we don't off-hand remember the particulars.

We feel obligated to note that our calculated planetary cycles on page one of our previous issue illustrated that there were three cycle tops within the space of two months, and that a significant decline would follow (as yet to be determined).

Some of the technically oriented financial writers are nervous about the rather sharp acceleration of this drop into a weekend, remembering the similarity with the Friday prior to the crash of 1987. It could be. We ain't sayin'!

VITAL SIGNS

SHORT DJIA 100% on Close January 10
Increase to Short 200% on Close Jan 15.
Place Stoploss orders 3.5% above Each.

SHORT SPX 100% on Close January 10
Increase to Short 200% on Close Jan 15.
Place Stoploss orders 3.5% above Each.

The first of each of these positions was taken and stopped out with slightly more than the 3.5% stoploss. The second 100% Short in both cases were NOT Stopped, & remain active. The DJIA 2nd stop was missed by less than one point.
The current Stop on the DJIA= 26,616.71
The current Stop on the SPX is 2872.87

ALL OUR STOPS ARE CLOSE ONLY

Remember this from last month? " Looking ahead, we are startled by the alignments in late January, specifically January 25 +/-3 days! Violence, geopolitics and market forces should all be impacted. Keep an eye out! And Be Prepared!" If you count that as three trading days, it includes the -362.59 of January 30th and the worst two-day drop since BREXIT!

Another sign that the norms may be stretching is seen in the chart above which shows the highest VIX (Volatility Index) since November of 2016. In addition to these, CBOE Put/Call ratio is at or near a record low, meaning that optimism is so widespread that few players are bothering to hedge their positions with Put (bearish) options.

This Sentiment has also carried over to advisory newsletters measured for many years by Investors Intelligence as the relative numbers of bears has fallen to a 32-year low at 12.6%, with bulls at 66%, just under a 32 year high.

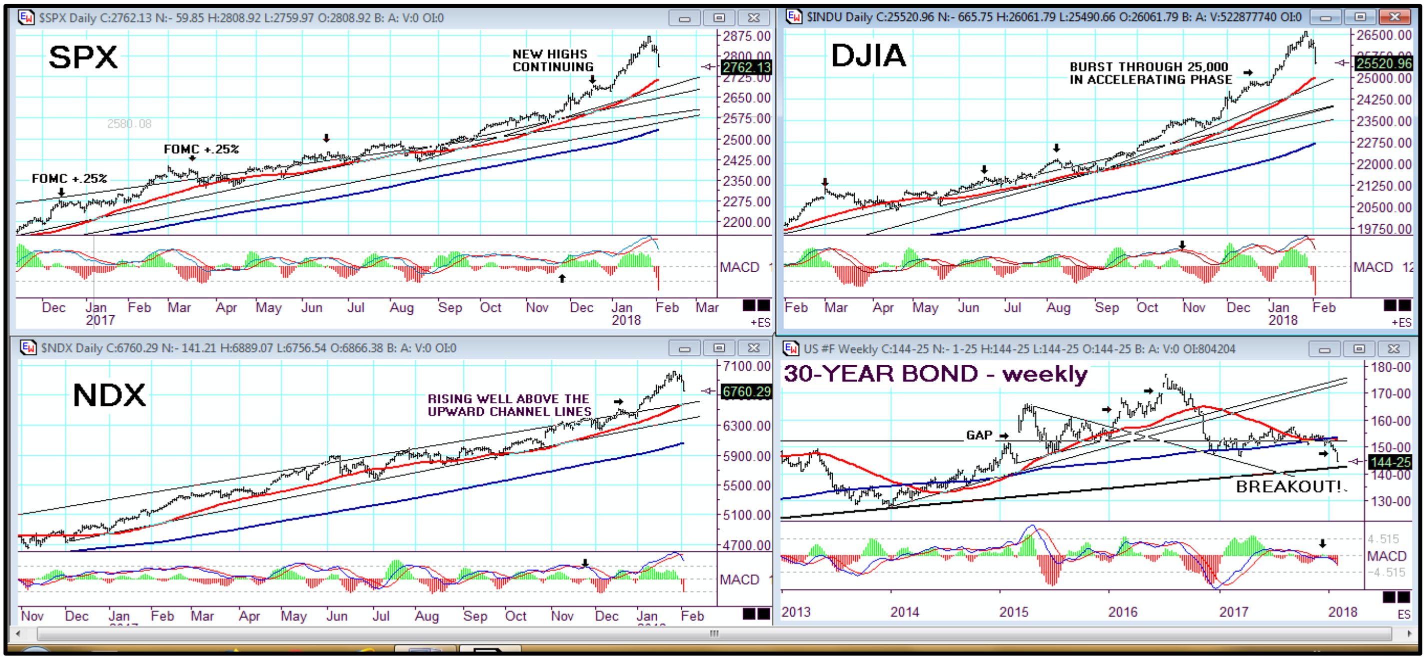
These technical indicators have been holding at severe extremes for a very long time and now are indicating new levels of emotional derangement among our trading population! What ominous malediction does all this portend?

The rapidity of the price weakness would suggest more downside is likely, whether there is a bounce immediately or not. The problem, as with all bubbles, is that prices get ahead of their relevant values.

A simple measure easily grasped is: How far is the price above its 200-Day Moving Average? That gives a short quick glance at the "acceleration" of the price structure. The amount more than usual would indicate the possibility of a more serious fall than usual.

But the amount can continue to grow for longer than one might expect. Therefore, the eye must be on the acceleration as it begins to abate, as opposed to the price which may give several false negatives prior to termination.

In this current instance, there have been many periods of internal strengths beginning to wane. Yet money kept coming in to assure the continuation. The comments on this page on technical & sentiment indicators have reached levels which would have been labeled "ridiculous" in all past times!



OK, SO THE MARKET TOP WAS ONE DAY OFF OUR JAN 24-25 ESTIMATE!

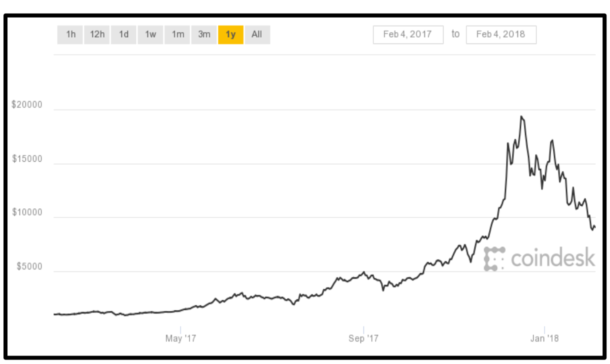
We derived our dates from the peak dates from several planetary cycles which we had calculated actual percent changes in the DJIA going back to 1885, as these planetary cycles and synodic (2-planet) cycles unfolded. They have shown great accuracy over recent months, as they do from time to time, calling the top day in Bitcoin and the sharp rise in November, as well as the top being one-day-off from the recent high.

W. D, Gann would have loved the numerology that has shown up in recent weeks. He was a student of our Judeo-Christian Bible and the numbers and cycles described therein. On January 17, the DJIA closed at 2611565. The last four digits written in Hebrew 1565=JHVH or Jehovah in the English derivation.

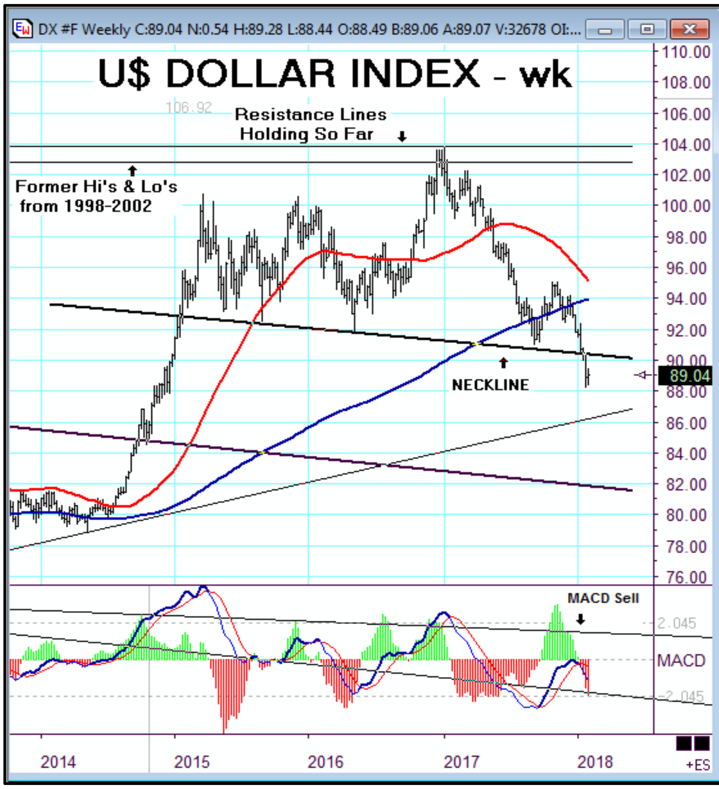
More familiar to most is the Revelations Beast number of 666. Six is the number of directions from a point in 3-dimensional space. Left, right, front, back, up and down. Therefore, the number six is related to physical reality. 6x6=36 The sum of all integers (whole numbers) 1-36 is 666! Voila! Friday’s closing change was 665.75 which rounds off to 666 in integer format. Coincidentally (or maybe not), the low for the DJIA in March of 2009 was 666. (Memory says 665.96).

On the other hand, hardly anyone knows that the letters of Adam & Eve add up to Satan, or that Eve and her replacement child, Seth add up to 1565 (Jehovah again).

From last month: “The **30-Year BOND** (chart at bottom right of the above charts) has finally made a definitive move, breaking out on the downside of the pattern in an exceedingly decisive technical break. And, of course, the inverse of this, Rates have confirmed by breaking out on the upside. [see chart of TNX- 10-year rate] Some are claiming that with the apparent inflation rate ticking higher, causing interest rates to rise, is the cause of the market’s dramatic reaction last week. We think there is another factor, as CPA’s figure out their clients may not need as many tax haven bonds with the new Tax Cut progr



“It worked again for us as **BITCOIN** topped on one of the two dates we mentioned for a high in various markets.” Last month we added that it looked like it needed another leg down to “complete an A-B-C corrective wave.” We were not expecting such a rapid and extreme drop by this time. However, a little more on the downside would bring us to a full .618 Fibonacci retracement at about the $7630-40 area. We would expect some kind of bounce there, AT LEAST! Maybe THAT was IT for Bitcoin long term. We will not predict any such thing, as it has shown itself quite able to survive mighty pressures. It has just made a rather heavy decline in the neighborhood of $12,000. So it would not seem out of place for it to rally $6000, for a 50% retrace to 13-14,000!



U.S. DOLLAR INDEX (DX-monthly) **TEN YEAR RATE ($TNX-weekly)**

<u>THE U.S. DOLLAR INDEX IS RECENTLY AT INVERSE RELATION WITH INTEREST RATES!</u>

It generally seems that the **DOLLAR** is making a multiple spiking Top while the **TNX** could be putting in a multiple spike Bottom. **The Dollar Index** has decisively broken its long lasting Neckline to the downside just as the 10-year Rate has popped up to a 4-year high near the 3% level. Most analysts believe that the 3% level should be harder to transcend, but that would be dependent on how fast the now rising inflation actually kicks in. Not only is that 3% level an important psychological barrier, it is now at a long term declining trend channel line. (made obvious on the chart above-right).

The **TNX** 50-Week Moving Average (red line) has 2-3 months ago broken above the 200-Week MA (blue line) for a Golden Cross (positive). Inversely, the 50-Week MA on the **U$D** is approaching a probable Death Cross (the negative case) to below its 200-Week MA which seems to be maintaining a Max-negative technical picture!

The President and his Treasury Secretary have assisted the decline with public statements about a lower Dollar being good for the country (although Trump seemed more partial to a strong dollar). The long term deterioration of our currency has acted as an invisible tax, wherein each new $ created makes all the remaining ones worth proportionately less. So you can add that in when you consider your overall tax rate.

In truth, the Dollar hegemony created after WWII is crumbling with one country after another refusing the former requirement to use only dollars for the purchase of **OIL.** Another problem with the rise in Interest Rates is how it might affect the extreme DEBT levels in almost every area of civil life. Bankruptcies are bound to become commonplace, watch Municipals!

CRB Index daily for one year recently spiked to a new high above last January and the January before that (not shown), adding to the current anxiety over the reawakening of inflationary pressures. From last June's low to the January high is a bit over 20% appreciation. That can do much for inflation. But it is only a small bump on year/year basis.
The **OIL C**o**mplex** are several of the steady gainers with a nice recovery over these past many months. **LUMBER** and **COTTON** have been steady gainers. **COPPER** rose early but lately has drifted lower. The **METALS** have kept pace with the good gainers most of the year with **GOLD & PLATINUM** as two doing better than holding their own. Most of the others are flat to lower. Naturally, with the **U$Dollar INDEX** down all year, the relative performance of other **CURRENCIES** have been making strong gains vs our own. We are not really worried about inflation yet, especially with BITCOIN very weak!

OIL has blown through the 50-Week MA, the 200-Week MA, the 2015 high and another old resistance line. There is nothing Wrong in this technical picture. The only weakness is that the momentum of the advance is barely sustaining.

This picture is similar to that of the overall stock market in that momentum will weaken, but prices are somehow not allowed to retreat. This peculiar property of markets in general right now rouses my suspicions that someone with great amounts of investable cash does not want these markets to endure a normal and reasonable consolidation phase.

In OIL we know that the interested parties are the OPEC nations, and they are holding things together which have not been held together for a very long time.

But in the stock market, the only power that is capable is the U.S. Government with the assistance of the Federal Reserve, who has been given the right to control how much money is created. We do not know the purpose, or the threat, but we do know that when the decision or the neccessity arises to terminate this pattern, the resultant chaos will be widespread and dangerous.

Has it just begun now? We don't know. It is entirely possible. We have entered the portion of the Mars-Uranus cycle where all market crashes have taken place. They seem to be getting more regular, but remain a rarity. The weather is responding. The earthquakes are responding. The geopolitics are responding. My gut is responding. "Danger, Will Robinson!" We feel that the danger is real, but it has nothing to do with Carbon Footprints.

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

JAN 25 = Mars and Admetos at midpoint of Uranus/Hades = A truly nasty day (week?). One of the meanest, ugliest in ages! **!!!!**
JAN 31 = Lunar Eclipse an hour before NYSE opens. Mercury enters Aquarius. More unusual Goings-On! Blue Supermoon. Strong!
FEB 5 = Will we get the spillover from Friday close? "Governmental power, ruthlessly applied!"
FEB 7 = Quarter Moon 18 SCO 49
FEB 13 = HRC badly aspected. Women generally.
FEB 15 = Solar Eclipse, partial, May affect people with planets or aspects to 27 Aquarius. FEB 18 = Sun enters Pisces
FEB 17 = Mars square Neptune = UP in Gold/Oil/Bitcoin. Overdose of drugs or alcohol. Violence against religious groups.
FEB 19 = Violent argument, Sudden separation. Mourning.
FEB 23 = A day of Happiness!
FEB 26 = Next Crawford Perspectives this Monday.
MAR 1 = Full Moon! Venus trine Jupiter. Day should end on a pleasant note.
MAR 6 = Mercury and Venus enter Aries = Many cycles begin anew. Watch for signs.
MAR 8 = Jupiter goes Retrograde. Too much of something, great intensity.
MAR 13 = Jupiter semi-square Saturn = Deception of many for long duration.

<u>ATTENTION: The CP newsletters are most often emailed on 1st Mondays of months. Next CP will be available on Monday, February 26.</u>

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