

# CRAWFORD *Perspectives*

January 7, 2002 Vol. 01/02

## OVERBOUGHT & OVERVALUED!

Although December was able to put together a small percentage increase (DJIA +1.72%, S&P500 +.76%, but NDX -1.2%) as it usually does, markets were not capable of erasing their deficits for the twelve month period (DJIA -7.1% vs. -6.18% last year making it the worst loss since 1981, S&P500 -13.04% vs. -10.14% in '01 and worst since 1974, and NASDAQ -21.05% vs. last years record drop of -39.29%).

All this despite the Federal Reserve pumping money into the system hand over fist, resulting in increases of +13.1% in M3 money supply and +20.6% in MZM. One main reason that 11 FED interest rate reductions have had little effect on markets is that Longer Term Rates have moved NOT AT ALL over the entire year period! The 10-year rate declined very slightly from 12/29/00 = 5.118% to 12/31/01 = 5.032%, down only -.086% while the 30-yr rate actually increased from 12/29/00 = 5.459% to 12/31/01 = 5.478%, UP +.019%.

## VITAL SIGNS

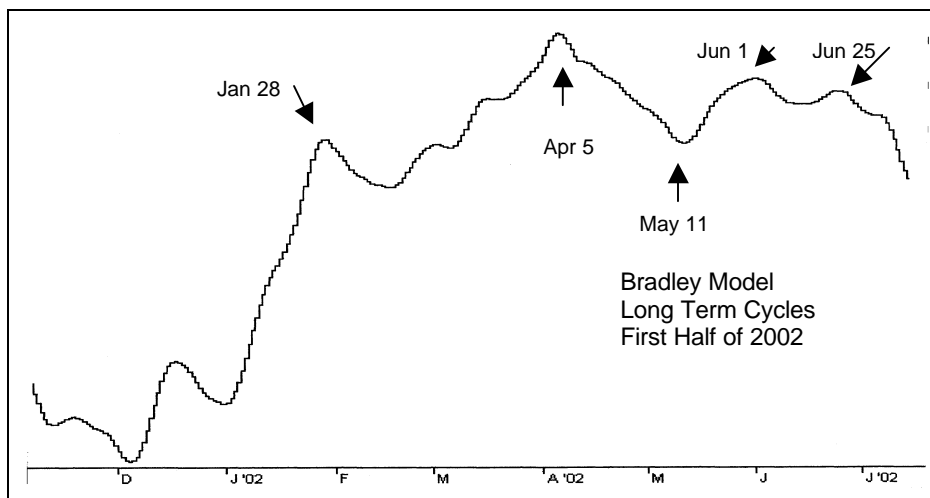
**IN OUR AUG. 6 LETTER, WE SOLD SHORT 100% (WITHOUT USING MARGIN).**

**WE INCREASED SHORTS TO 200% (USING MARGIN) AS OF OCT. 15 (DJIA @ 9347.62 OR S&P500 @ 1089.70)**

**OCTOBER WE RAISED OUR EXIT POINTS TO 10,320 DJIA OR 1154 S&P500 Cash Close Only**

**THE S&P STOP WAS HIT ONE DAY ON NOV. 26 ACTIVATING A SHORT COVER BASIS S&P.**

**SHORT AGAIN NOW with a 3% STOP. DJIA REMAINS SHORT!**



This may be advantageous to financial institutions who are Borrowing SHORT and Lending LONG, a dubious practice at best, as rates can snap back the other way in a trice, creating a "squeeze" among those borrowers. It does absolutely nothing for corporate America, whose Capital needs are less flexible, as they MUST borrow at the LONG end. The liquidity of the Short End may help the most Immediately Pressed over a near-term emergency, but if the emergency lingers... it will only delay the inevitable! Is THAT the game here?

A record 143 publicly traded companies filed Chapter 11 Bankruptcy proceedings in 2001, up from 119 in 2000! Debt levels in all categories continued their tremendous rises over the last decade. During bottom formation in a Recession/Depression, debt levels are liquidated by bankruptcy and by paydowns from a discouraged constituency. This is not yet a major issue, though Velocity of turnover (GDP/M2) has been reduced quite sharply from its peak in April, 2000, a deflationary development. The FED can force an increase in Money Supply, but it cannot reliably affect Demand, as measured by Velocity of Money!

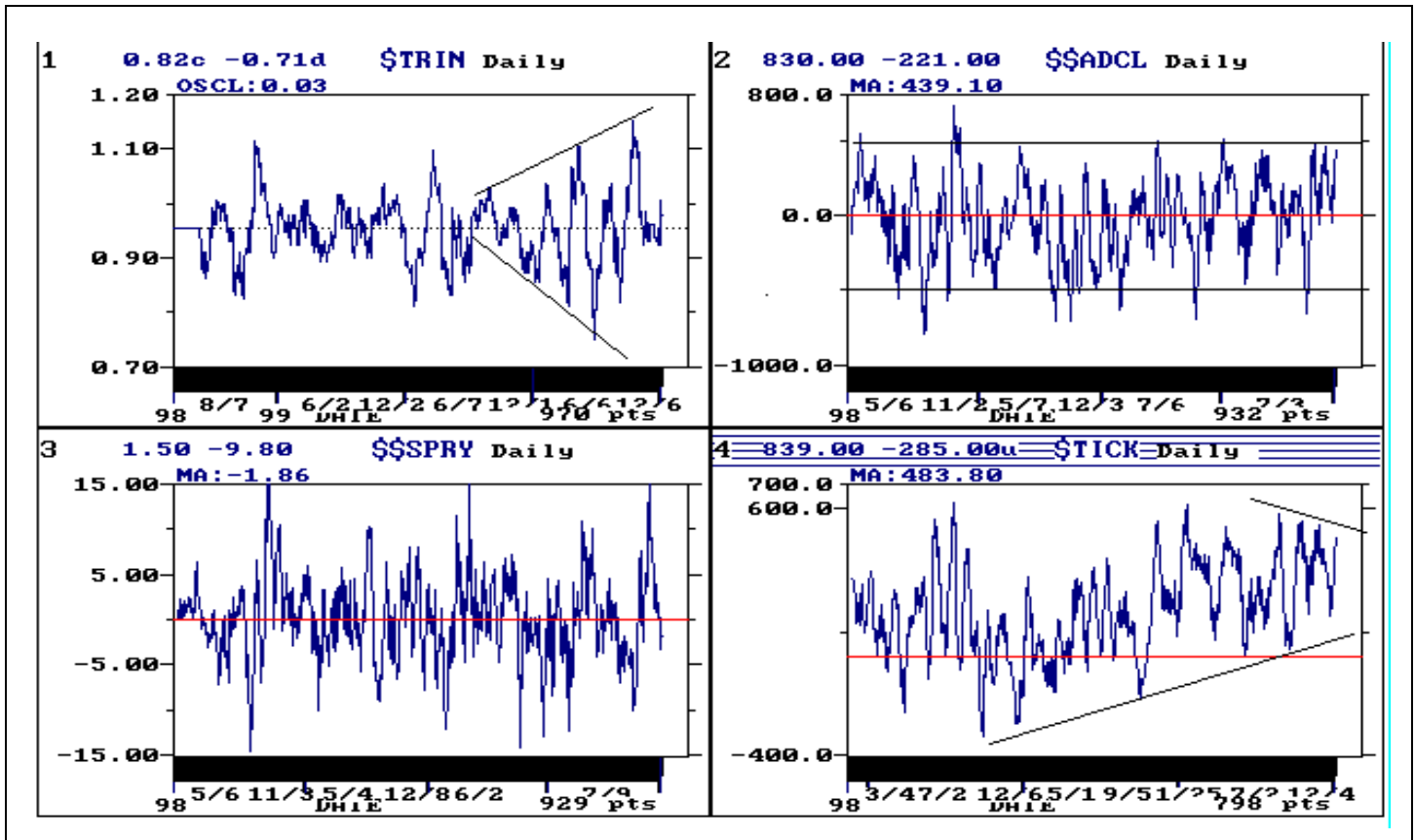
"Don't fight the FED" has long been a useful Wall Street adage. This year, even THAT old chestnut has failed us. Perhaps our system can bear the pressure of short-term money flowing out of the country for higher rates elsewhere, but NOT if Long-term money is pulled out! We may find out on March 31, where a

large negative planetary alignment in Helio coincides with Japan's Fiscal Year-end! That being the Only Saturn/Pluto opposition in the Heliocentric perspective. In this case, Mars conjoins Saturn and opposes Pluto while Mercury forms a T-Square with the lot.

PLUTO is very potent in the horoscope of the Federal Reserve. In 2002, they will either use their enormous leverage to overthrow sovereign authorities, or they will be restricted in their power by other authorities! The battle for near-total control may cost our citizenry more than expected, or even imagined. The worst should be known, or at least, in evidence, by the final (fatal?) Pluto/Saturn oppositions in late May. For more detail on the specific meanings of Saturn/Pluto contacts, go to [www.MountainAstrologer.com/planettracks/hand/hand.html](http://www.MountainAstrologer.com/planettracks/hand/hand.html) (may have to type this in).

Short-term technical picture emphasizes 9 days up in-a-row by the NYSE Advance-Decline Line. Such a rally after several months of up-trending prices usually caps an intermediate move in prices. Coming at year-end after such a rise, pretty much guarantees it! Expect downside action by Jan. 10-18! We are certainly NOT coming off a Major Low combined with favorable Valuation Fundamentals. This market (Western Civilization) remains ridiculously Overbought and Overvalued and is on "Bubble Mania" status for practical purposes.

**Arch Crawford will appear on *JOURNAL of the UNKNOWN* on TLC-TV Jan. 12 program on ASTROLOGY!**



### NEUTRAL TO OVERBOUGHT ON THESE TECHNICALS!

As a general rule, these indicators are positive when low and rising, weak when high and falling.

Chart (1) \$TRIN is an oscillator consisting of a 55-day moving average of the ARMS Index (TRIN) minus a 21-day moving average of the same. This oscillator has continued to swing widely in an unusual pattern of Higher Highs AND Lower Lows?! This month it has quietly returned to Neutral. Some question if this effect is related to decimalization in stock prices, making it easier to manipulate a stock by one cent than by 12.5 cents! The 10 & 21-Day raw ARMS have pulled back into the mildly negative projective range.

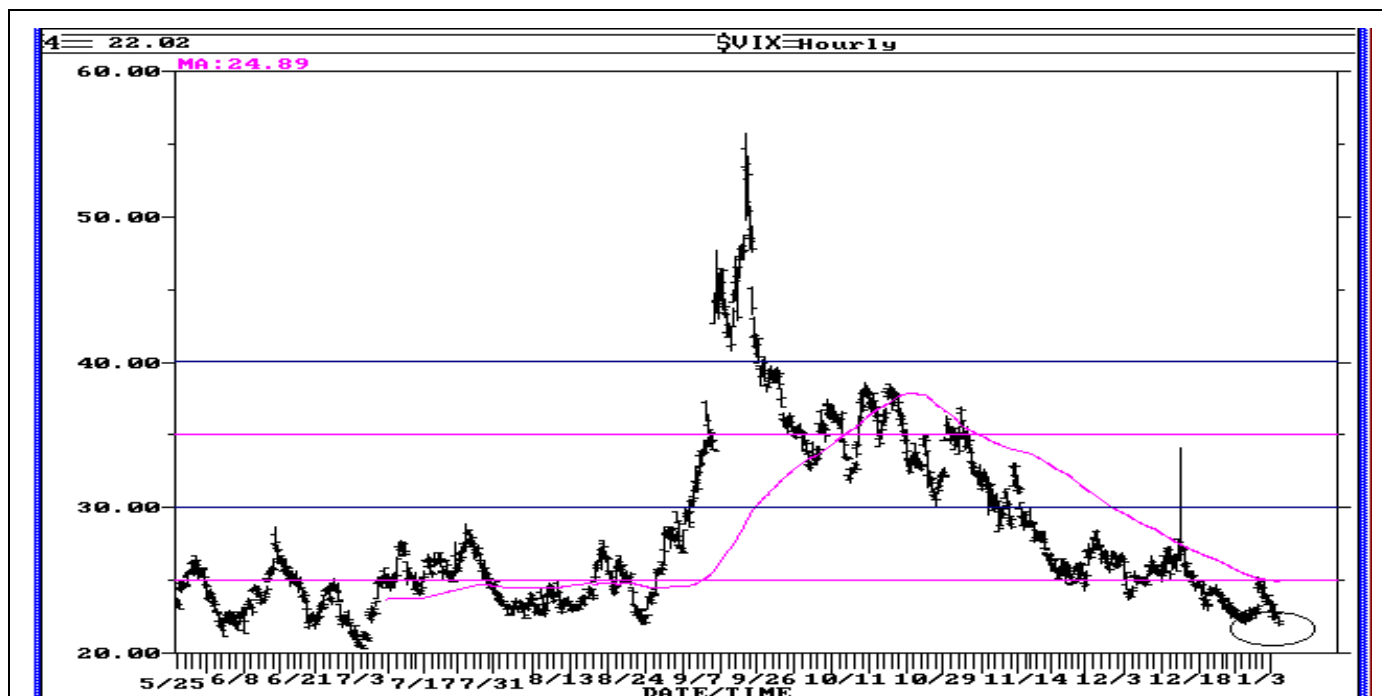
Chart (2) \$\$ADCL is a 10-day moving average of the net change in Advances-Declines (NYSE). This indicator is demonstrating the same swings as ARMS, and has just spiked up to normal (not historic) overbought levels, and may be forming a series of Declining Tops there. We think chances are good for at least some form of pull-back in stock markets worldwide, IMMEDIATELY! We expected a clear downtrend into mid-December Tax-Selling season and Solar Eclipse Dec. 14, and we Got It, with major indices forming lows for the month on the 14<sup>th</sup>.

Chart (3) \$\$\$SPRY is a measure of "smart money" action in the S&P futures. The pattern of rising bottoms in the extreme low range is encouraging, and the September 21 bottom has extended that positive pattern. The recent spike Up was the 3rd highest peak of the last 3 years! Now trending towards the lower mid-range from that extreme, must be

counted at least mildly negative, and perhaps worse. There is now room for another thrust up. It can go either way from here.

Chart (4) \$TICK is Closing TICK (NYSE 10-Day). This index was the first to rebound to sharp "new highs" after a "Moderate Oversold" condition back last year. They have never gone lower! Continuing uptrend in the face of New Price Index Lows in March & April correctly anticipated the positive resolution into May. The ability to hold within a long term rising pattern is a very healthy sign. Recent lows were not violated on that last dip, and a more conservative upward sloping long term trend remains intact. (There is some concern that this indicator, as well as TRIN, could be affected by trading in 1 cent increments. The amount and quality of the next price decline will decide the analysis.

Year-end close on the S&P500 March Future was one of the strangest we have seen! The market closes at 16:00et and the futures trade until 16:15et. At 16:04 the day low was set at 1143.50. at 16:06, it bounced to 1145.50. No more trades took place until some kind of unusual late settlement at 16:27 at a price of 1149.20!! Who was trying to knock it down? Who stepped in to Stop It? WHY? Year-end prices make a difference to Many! If you want to look for Manipulation, we would certainly start there.



### CBOE OPTION VOLATILITY INDEX (VIX)!

This chart of the VIX was shown on page one of our September 4, indicating that a rise above a base level had rendered a SELL signal on the general market. Admittedly, that chart was more “mature” than this one, having built a sideways pattern of considerable length and depth. After the massive “panic” move into the Price lows on the Fall Equinox, this Index has been gradually returning to “normal” levels, and is now positioned near pre-911 SELL SIGNAL possibilities.

For another SELL to be generated here, we need to see a LOW established, and at least the hint of a new trend establishing itself by breaking previous short term highs, and holding above previous short term lows. The most recent immediate high AND its 200-hour Moving Average are approximately 25, so a decisive break above that will increase confidence that a TOP in stock prices is in place. As you can see from recent history, a single spike that is quickly lost does Not make the grade for a legitimate signal.

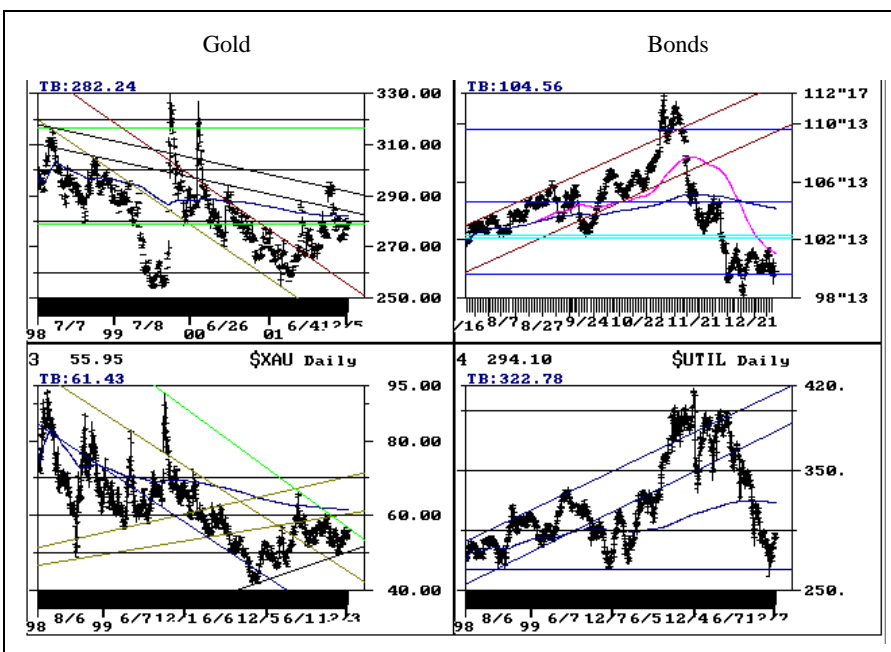
All Major Indices are at or near their 200-Day Moving Averages. This is a critical point in Time and Space. If they are able to penetrate and hold above these MA's, and particularly, to move ahead on increased Volume and Momentum, another positive leg will be under way. So far, the weakest are the OEX and the NYSE Composite (COMP), which remain somewhat below their MA's. Strongest are the DJIA and S&P500, as they made new rally highs this week, as well. The NDX (NASDAQ 100) is above the MA, but not above recent rally highs.

We retain our suspicions of a 9-days in a row advance by the NYSE Advance-Decline Line, into areas of tremendous resistance from MA's and Fibonacci retracement ratios. Our strategy would involve Short Sales at these levels, with Stoploss points somewhat above the heaviest resistance levels. In addition, The astronomic events turn decidedly more somber over the next 1-3 weeks. Readings of Investor Sentiment have gone back to some of the highest ever! Considering the Fundamentals, and the rough business climate, which will be aggravated further by the Saturn/Pluto contacts, we feel strongly that current optimism is misplaced.

The BRADLEY MODEL (chart page 1) continues higher into its yearly HIGH in early April. We caution subscribers that the BRADLEY will sometimes invert, with the turn dates accurate, but suggesting a Low where a High develops or vice versa. This has occurred a number of times in 2001, most recent being a short term peak where the Index pointed up a Low on Dec. 4-6. Sometimes it nails a year, with high and low dates and direction EXACT! We insist on technical confirmation, as the astronomic energies measured thereby are by no means fully understood!

**Our NEW twice-daily 900# HOTLINE at 10am and 2pm EST cost \$4.30 per 2-3 minute call is 1-900-73-SOLAR!**

The **GOLD** has continued to correct from its September 26 closing high. Basing now since mid-October, a Head-and-Shoulders bottom pattern is near completion, with the low of the Head on December 7. The Long Term picture (see charts) shows Triangle shapes in both the Metal and the **XAU Index**. Aided by long term cycle strength, and bolstered by broad based commodity strength, we are confident that a Major Move is Imminent. Last month we wrote: “**SILVER** has a more mature base formation and the 14-day Rate-of-change momentum index has turned higher. **COPPER** is the group champ to date, rising from just above 61 to just below 74, an 11% advance since early November.” Since then, **SILVER** has made a good advance (4.05 to 4.65) while the **COPPER** has corrected from 74 to 66.



The **OIL COMPLEX** charts are remarkably similar to that of **GOLD**. **MONEY IS GOING TO BE MADE IN THE COMMODITIES ONCE MORE!** The **CRB Index** popped all the way up to just under 210 this week, but was hammered most of the way back down. Retaining a nice rise of 1.7%, it looks like a racehorse champing at the bit! FED pumping must eventually show up somewhere, and it looks as though **THE TIME IS HERE, NOW- BUY THEM ALL!**

Although **Soybeans and Corn** have drifted to new price lows on lower downside momentum, **Wheat has just spiked out of the longest Base in 100 years!** **U.S. Dollar Index** has recovered most of its drop from high on the July 5 Solar Eclipse, to its low on the WTC bombing. Topping out at 118.0 the day after Thanksgiving, it dipped to 115 & small change. With a Lower Low and a Higher High, it may be tracing out a MEGAPHONE, or Broadening Pattern. That would be a TOP in line with our forecast of a Downtrend once the new EURO is distributed in January and February.

The **LONG BOND** has had a wild ride, with Treasury canceling all future sales. Up to 112.5, Down to 98 & back up to 102 since the end of October! We think they are also a BUY for NOW!.

## ASTRONOMIC ACTIVITY

DEC 31 = Jupiter crosses into North Latitude, beginning its new 12-year cycle! A subtle shift with long-term consequences.

JAN 1 = Jupiter opposes Sun and contra-parallel Sun = This is NOT a good omen for the new Jupiter cycle to begin with!

JAN 7 = Jupiter on Ascendant, Pluto square mid-heaven at NYSE Close = More about Bankruptcies? Rates drop?

JAN 8 = SIX planetary aspect pairs = The Energy is Intense = Up or Down, you'll know Something Hit You!!!

JAN 13 = Sun/Moon/Venus Sesqui-quadrant (135) to Saturn, Semi-sextile (30) to Uranus = Another high energy soup!

WE ARE LOOKING FOR A POSSIBLE INTERMEDIATE LOW JAN. 10-14, MAY BE AS LATE AS 18-21.

JAN 18 = Jupiter/Saturn/Uranus alignment = Sudden change of circumstances thru illness/shock/death, damage to a building!

Mercury Retrograde Station, Mars enters Aries (God of War in his home War sign!) Moon conjunct Mars. Explosive!

JAN 20-21 = Sun enters Aquarius, contraparallels Saturn, then semi-squares Pluto. Jupiter 150 to Neptune = Intense!

JAN 23 = Saturn trines Neptune, Sun sextile Mars, Venus contra-parallel Saturn = Energetic, but not easy, cool, aloof.

JAN 24 = Saturn occulted (covered) by the Moon = Possible attacks on Authority figures. Unusual long series!

JAN 26 = Jupiter occulted by the Moon. The Towers were hit between these events in September!

JAN 27-28 = Sun/Mercury/Neptune conjunction opposed by Full Moon = Artistic Inspiration, Deception, Computers Down.

Hacking or Virus attacks, Substance abuse, Gold/Metals/Oil UP!!! Inflation?

After a very intense January, early February seems very quiet and tame!

FEB 7 = Venus conjunct Uranus = Thursday AM could be quite "bubbly" but Saturn Direct Station brings a serious evening.

FEB 8 = Mercury Direct Station and parallel Neptune = good for meditation, spiritual studies. News of pharmaceuticals, oil.

FEB 11 = New Moon conjoins Uranus before the open = Overseas News affects our markets.

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