

CRAWFORD *Perspectives*

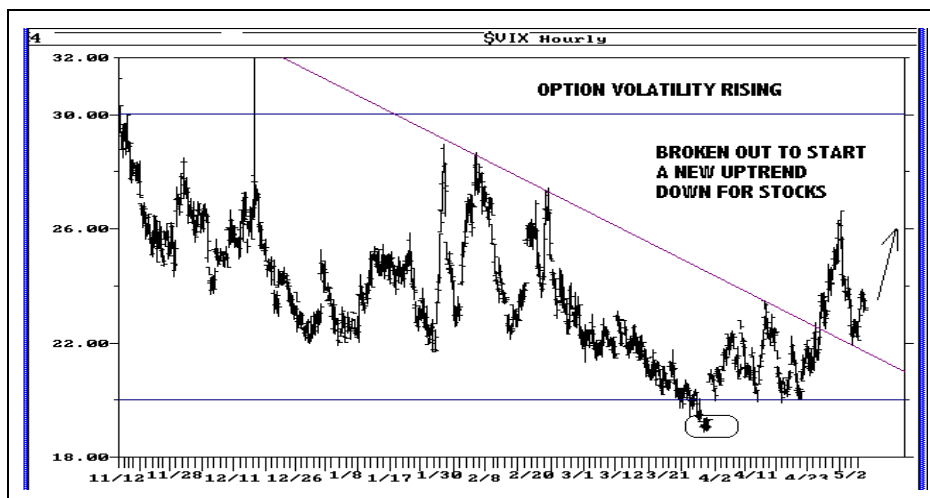
May 6, 2002 Vol. 05/02

CRITICAL MASS!

When we say "Critical Mass," do we mean the amount of fissionable material floating around on the black market, the meeting of the American Bishops with the Pope, the massing of troops & missiles to enter Israel (on one side) or Iraq (on the other) or just the beautiful mass of planets visible low in the west just after dusk?

We'll say: "ALL OF THE ABOVE" and in addition, "AS ABOVE, SO BELOW!" As the planets are getting together, those on the earth are also gathering together, conspiring (literally breathing together) as in a football huddle, to determine the next play in the grand scheme of human history.

The next 40 days are about as intense as they ever get! Tonight is one of the tighter alignments. For those online, please see http://www.space.com/images/planets_guide_0205_02.gif for a map & explanation of a small fraction of upcoming events. This week Mars and Venus conjoin Saturn and oppose Pluto. The Saturn/Pluto opposition exact May 25 (May 31 in Rt. Ascension) and a Solar Eclipse on Saturn and opposite Pluto on June 10 all add



together to heighten the Power & Importance of this historic vignette.

The New Moon on May 12 finds 6 bodies plus moon's node within 30 degrees of arc, all but the 3 outermost within 52 degrees! But the very tightest "bunches" occur on May 14th as 4 (including moon's node) are contained in 3 deg 47 min, 5 in 7 deg 53 min, and 6 in 13 deg 7 min. EVERY alignment manifesting this extremity has been accompanied by excessive declines in Major Indices of stock and bond markets!

These include: Multiple Conjunctions (1) Feb. 4, 1962 = DJIA topped Dec. 13, 1961, Crash date May 28'61 (Worst since 1929), Low date June 25, 1962. (2) MC = Aug 24-25, 1987, Market high = Aug 25, 1987, Crash date = Oct 19, 1987, Low some indices = Dec 4, 1987 (3) Jan. 17, 1994, DJIA high = Jan. 31'94 Bonds had the worst year in their history, Low = 11/7-17/94, (4) MC = May 4, 2000, DJIA high = Jan 14'00, S&P500 and NDX high = Mar 24'00, NDX crash date = Apr 14'00, next low May 24'00, Crash date = Sep 17'01, Lows to date = Sep 21'01.

Another example was April 23, 1998 when the moon covered the face of Jupiter and Venus simultaneously. That was the high date in the DJ transports, major bank indices and several other major stock groups! May 14 also includes a similar grouping wherein the moon will actually cover the face (occult) of Saturn, then Mars, then Venus in succession (not simultaneously), but on the same day! May 14 Multiple Conjunction starts a new

Counting Date. Recent highs NDX=12/5/01, DJIA & S&P=1/4/02. The crash dates have not always been soon, several within 2 months, but most highs have been before or exactly on these dates.

BARRON'S Market Watch column was kind enough to use our quote as their column "header" for the April 15 issue (page MW19): "Investors will become emotionally worn by one crisis after another." – Arch Crawford" and today's issue (May 6-page 10) has an article about our long-time friend, Paul Macrae Montgomery, entitled: "**SIMPLY SYZYG Y Could Market Downturns Be the Error of the Moon?**"

Some Wall St publications are now throwing stones at what they call the "Gloom & Doomers" who seem forever negative on market possibilities. In order to dispel any notion that we belong to that group, we call your attention to the following: "Look for the best bull market in 15 years." *Wall St. Journal* 2/17/81; "Among the newsletter advisors, those with the smart calls on the advance included...Arch Crawford." *Business Week* 2/18/85; "We have the strongest buy signal since January." *BARRON'S* 12/9/91 and "Unlike many other top-performing market letters, he is bullish – a position he has maintained since last December." *FORBES* 9/11/95

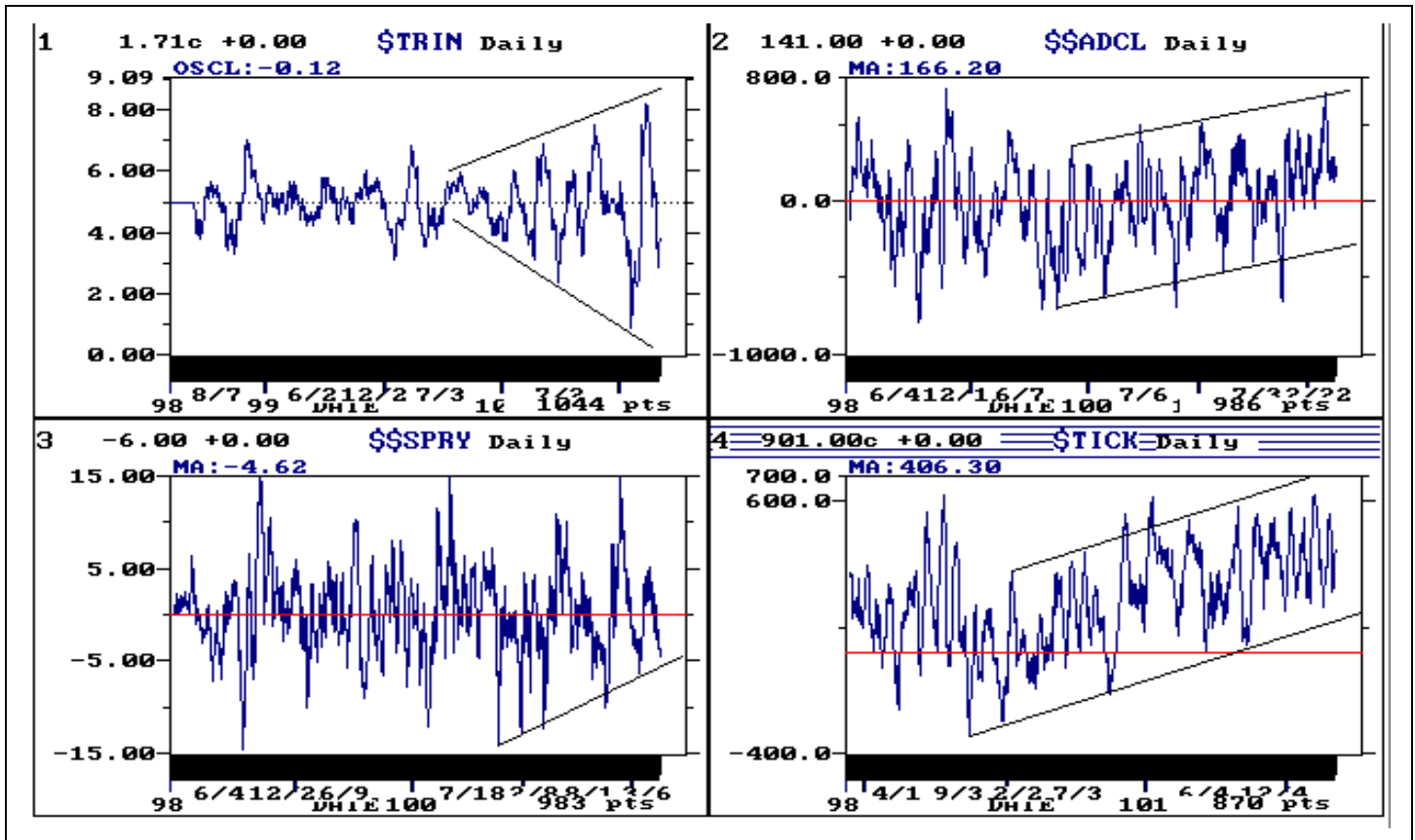
We remain determinedly Bearish. We have discussed some of the astronomic work. Pages 2 & 3 give more detail on the Technical Analytical work that supports our thesis, particularly page 3, which is nearly the same as our September 4, 2001 chart and analysis, which pointed up the probability of a Crash by October 5, 2001 at latest.

VITAL SIGNS

WE SHORTED THE S&P500 CASH INDEX IN OUR JAN. 6 NEWSLETTER WITH A 3% STOPLOSS EXIT POINT, AND INCREASED SHORTS TO 200% (USING FULL MARGIN) IN THE APRIL 8 ISSUE, WITH A STOP AT 1165 ON THE NEW SHORTS.

FOR THOSE WHO FOLLOW THE DOW JONES INDUSTRIAL AVERAGE, WE SHORTED 100% AS PER THE APRIL 8 LETTER AND INCREASED TO 200% SHORT (USING FULL MARGIN) ON APRIL 23 CLOSE AT 10,071.32. STOP ALL AT 10,700.

USE A CLOSE ONLY BASIS FOR ALL POSITION STOPS.



COULD BOUNCE ANYTIME BUT NO CLEAR BOTTOM!

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?! It has recently run to the absolute HIGHEST level of the last 3 years, and has now corrected sufficient for rally attempts. Needs more of a base formation to assure a rally in the general market.

Chart (2) \$\$ADCL is a 10-day moving average of the net change in Advances-Declines (NYSE). This indicator is demonstrating an ability to remain consistently near the range highs, though after exhibiting a series of declining tops, it has looped higher in a possibly exhaustive maneuver. Although it appears that an important top may be in place, it requires a break below several recent lows just under the Zero line to confirm a larger downtrend.

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, without breaking lower, has extended that positive pattern. This last rally failed at a lower level, and that leaves this pattern with great vulnerability, unlike the other three. We would still prefer (and expect) to see a Washout to the lower range of previous lows and would be more comfortable with a more extensive base pattern. That will take time to build 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! 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 more easily manipulated by trading in 1 cent increments. The amount and quality of the current price decline will decide the analysis, which at this time, remains in limbo! Continues to Roll Over, but no decisive breakdown.

All of the above indicators are **High and Falling**, describing their classic negative configuration. Three of the four are now back to levels that might be able to support the launch of some sort of rally. Our markets could go on down immediately, or engage in one more unsustainable lurch. We have considerable confidence that the astronomic and seasonal cycles preclude a favorable resolution, at this late date, and seek confirmation through price breaks on increasing volatility.



RETURN TO THE CHART OF THE 3-4 YEAR TOP PATTERN!

This chart of the S&P500 Cash Index was on this page of the September 4 *Crawford Perspectives* with a thorough technical analysis of its salient features, indicating the probability of a “cascading Capitulation phase.”

“The S&P500 WEEKLY CHART (above) indicates a multitude of problems with the “Continuing Bull Market” thesis:

- 1) The steepest uptrend line broke down briefly last September, decisively last October ('00),
- 2) The 2nd steepest trendline, which was of much longer duration broke decisively in early March('01);
- 3) If the 3rd “Fan Line” breaks (now at about 1110, not shown), it will confirm a much greater weakness!
- 4) In fact, after the 2nd line broke, prices moved back up to “kiss” the bottom of that line, then fell away once more, giving a further negative technical signal;
- 5) The 50-Week Moving Average (red) peaked last September ('00) and turned down;
- 6) The 50-Week MA is now threatening to break below the 200-Week MA (blue); **...IT DID!**
- 7) The MACD Oscillator (bottom of chart) peaked in the first third of 1999 and has not recovered;
- 8) The MACD is now turning back down UNDER the ZERO Line, a Very Bad sign; **Doing it again now**
- 9) The PRICE has NOT been able to rise above the 50-Week MA; **...Did Briefly In March, Fell Back!**
- 10) The PRICE has NOT been able to rise above ANY PREVIOUS HIGH!” **...STILL**

In December, we had these comments: Now the question is: “How many of these factors have changed?

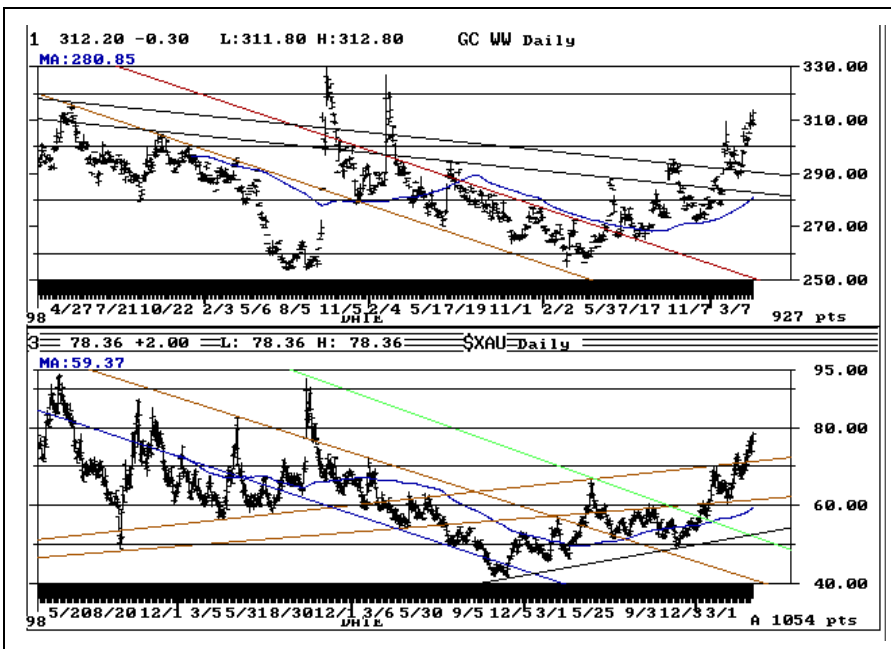
Answer: A) the MACD Oscillator at bottom of the chart has turned up from a higher low negating point 8). **The MACD line has once more broken down, just above the Zero level.** One other positive (not shown) is that it HAS broken above the 50-Day MA and is now up against the 200-Day MA. **The S&P500 price has broken back below both the 50-Day and 200-Day Moving Averages and the Feb lows!**

B) The price level has NOT broken above the principal Downtrend Line (In heavier black)...**It did, but now back below!**

C) The price level has NOT penetrated even the least of the Fibonacci Retracement ratios (38.2% of previous drop = 1170.)

IN OTHER WORDS, WE ARE RIGHT BACK TO THE CONDITIONS OF SEPT. 4, 2001! The S&P500 price must rally back to 1177 (new rally high) to reinstate its “uptrend” status. Other Major Points: Valuations remain unrealistically high, Funds Cash low, Insiders Selling 5 to 1, Sentiment = Complacent, Astro-cycles extremely negative, Major Indices below Moving Averages, VIX & VXN breaking up thru resistance, Oversold markets unresponsive to indicator levels, patterns forming major tops, scary tape action, Dollar weak, Gold strong, corporate officials leaving office, political brinkmanship, growing fear levels worldwide.

Last week, we sent an email and reported on hotlines that we expected a short term dip in the **Precious Metals** and Oil because of the run-up into the Jupiter quincunx (150 degrees) Neptune and Sun square Neptune on Apr. 30-May 1. Although this time frame is marked with an apparently completing Gartley pattern, characterized by multiple and converging Fibonacci targets, the multitude of caustic and tense planetary alignments may quickly dispense with the corrective phase. We did not, and will not Sell or Short into our Long Term Bullish prospects for the metals, with the exception being for very short periods of time, when the evidence is overwhelming. We will be covering these trading shorts this week.



We continue to like the currencies and bonds of Countries with “Value” in the ground! The **U.S.\$** caved this week, after drifting off from a high in late Jan. We have been looking for that perhaps too long. Feel strongly that U.S. assets will lose ground over coming weeks! **COPPER** looks very toppy, and that is bad news for our economy as it is a precursor.

Cattle and Hogs, Wheat and Corn are acting the worst, while **Soybeans** are forming more positive patterns. It is odd that the **USD Index, COTTON** and the **NDX-100** have almost identical chart patterns! All negative! Stick with the Inflation Hedges. For the Immediate future, we REALLY prefer the Safest investments. If the **LONG BOND** is not safe, then we’re ALL in trouble. If you wish for the greatest safety, BUY the bonds of several (at least 3) nations.

The **OIL COMPLEX** has stalled out, weaker than Gold but stronger than Silver, to form a Triangle, or narrowing pattern. This pictograph generally augurs for a continuation of the prior move (in this case – UP!) We expect further gains with worsening international situations around our critical dates (below), especially those involving Neptune and Pluto.

ASTRONOMIC ACTIVITY

- APR 25 = Uranus parallel Pluto = On avg. **Market drops 6 days into THEY DID!!**
- With the Full Moon on Friday the 26th & Mercury square Uranus Sunday (28th) wouldn’t bet on that 6 days UP!!
- Commodities get another large boost (inflationary) as Jupiter quincunxes (150 deg.) Neptune (30th) & Sun sqrs. it May 1!
- MAY 7-12 = Venus conjoins Saturn=Dour, Then Mars & Venus oppose Pluto=Brutality, New Moon & 4 planets in 30 deg. Typically, the market suffers quite a debacle within 2-16 months after such an event, after ALL OF THEM!!
- MAY 13 = Neptune retrogrades = Changes of trend in Gold/Oil. Inflation, the Catholic Church, the Black race. news
- MAY 14 = The MOON actually covers the face (occults) Saturn, then Mars & finally Venus = Another TOP indication.
- MAY 15 = Mercury retrogrades = Next 3 weeks computer glitches, don’t sign contracts, confusing market signals, choppy.
- MAY 17 = Venus 135 to Neptune, Jupiter 135 to Uranus = “Sudden shifts of fortune unstable or impermanent” (DELL)
- Option Expiration = tricky, Could be weak early & turn strong later as Moon enters speculative Leo & Sun/Venus close.
- MAY 19 = Sun & Venus aspect Jupiter & Uranus = “Assets, values take a tumble...under unstable trends” (DELL)
- MAY 21 = MARS 135 to Neptune = another spike up in inflation, Gold/Oil Dollar knocked Down!
- MAY 25-26 Saturn opposes Pluto, Full Moon = Weekend news of an upsetting nature.
- MAY 31 = Saturn opposes Pluto in R.A., Jupiter 150 to Pluto = Bankruptcies, may be more WAR!
- JUNE = Uranus stations on the 2nd, Sun opposes Pluto on the 6th, Mercury goes Direct on the 8th but the BIG DEAL is
- JUNE 10 = SOLAR ECLIPSE conjoins Saturn & Moon’s Node in opposition to Pluto, Uranus in Half-aspects to the Lot!

ATTENTION: The letters are usually mailed 1st Monday. Next month we aim for June 3.

Our twice-daily HOTLINE update is available at 10AM & 2PM EST for \$4.30 total per 2-3 minute call =**1-900-73-SOLAR**

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