

CRAWFORD *Perspectives*

September 7, 2003 Vol. 03/09

SHOWDOWN!

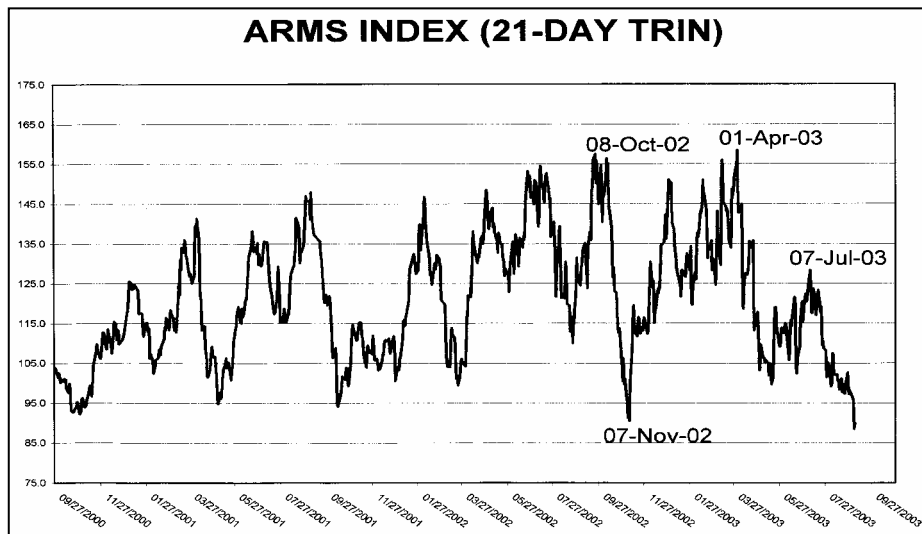
SELL SEASON IS HERE.

Last month our title was "MARKET INCHES TOWARDS A PRECIPICE! CLOSE TO A MAJOR SELL?" We have written for 2-3 monthly issues of our expectation that market indices would continue to roll over gradually. We gave a couple of parameters to watch for a more active SELL signal. One was the 3rd day In-a-row of New NYSE 52-week Lows over 40, and the other was a VIX (CBOE Option Volatility Index) over the 24-25 area.

Unfortunately, the Aug. 4 publishing date saw the New Lows expand for the third day, and Aug. 5 registered a VIX up to nearly 26, with S&P500 closing below 969 and the DJIA under 9100, catapulting us prematurely into a 200% Short position. Those who followed our Dow Industrial Average stoploss points were stopped out on the market close on September 2. Those who follow our S&P500 entry & exit points remain SHORT Using Margin and a close-only stop at 1052.

It turned out that the early August dip into our Shorting levels was a head-fake, at least from a short term perspective, as higher rally highs in major indices were recorded last week.

What kind of coincidence is it that these indices blow through to new highs while President Bush is lurching with Chairman Greenspan? Don't you wish you could get that kind of public



relations in your business?

There have been so many Crises over the past many months that would, in the "old days", have caused severe disturbances in financial markets. The "Full Faith & Credit of the United States" has apparently been utilized to prevent further disruptions from becoming untenable.

Market participants may rejoice at the existence of the "Greenspan PUT", the use of government interventions in other than government Bond markets, as a "political" tool to prevent the "natural selection" or Darwinian 'weeding out' of weak economic elements. However, even the force of governments will eventually, necessarily, cave in to longer term Cyclic functions, as a sand castle fatefully succumbs to a rising tide.

The Natural Tide will overwhelm ALL other impediments when Saturn conjoins the Birth SUN position of the United States around October 1, and later, when it stations 4 minutes of arc (1/15th of one degree) from President Bush's birth SUN on October 24.

November 5-8 is also a very dangerous time for the U. S. and the President as MARS returns to its own Retrograde Station point, affecting the Bush chart dramatically.

The pressure's first peak is This Week as the Full Moon forms an Exact harmful square (90 deg) aspect to violent, underworld Pluto on Sept. 10. Mercury joins the Sun and squares the Pluto into the 11th. Attempts to celebrate the anniversary? Intelligence & protective agencies must be on highest alert! Coercive and explosive forces are likely to be released, secrets & scandals will come to light, nuclear energies and interest rate changes could be highlighted.

Of our "intense" period of August 26-30, the number & size of suicide bomb detonations on Aug. 25th and 29th were spectacularly deadly. Otherwise, no major earthquakes or major international incidents. We remain of the opinion that this fall will bring out some of the more historic negatives relative to International Disagreements ending in Violence.

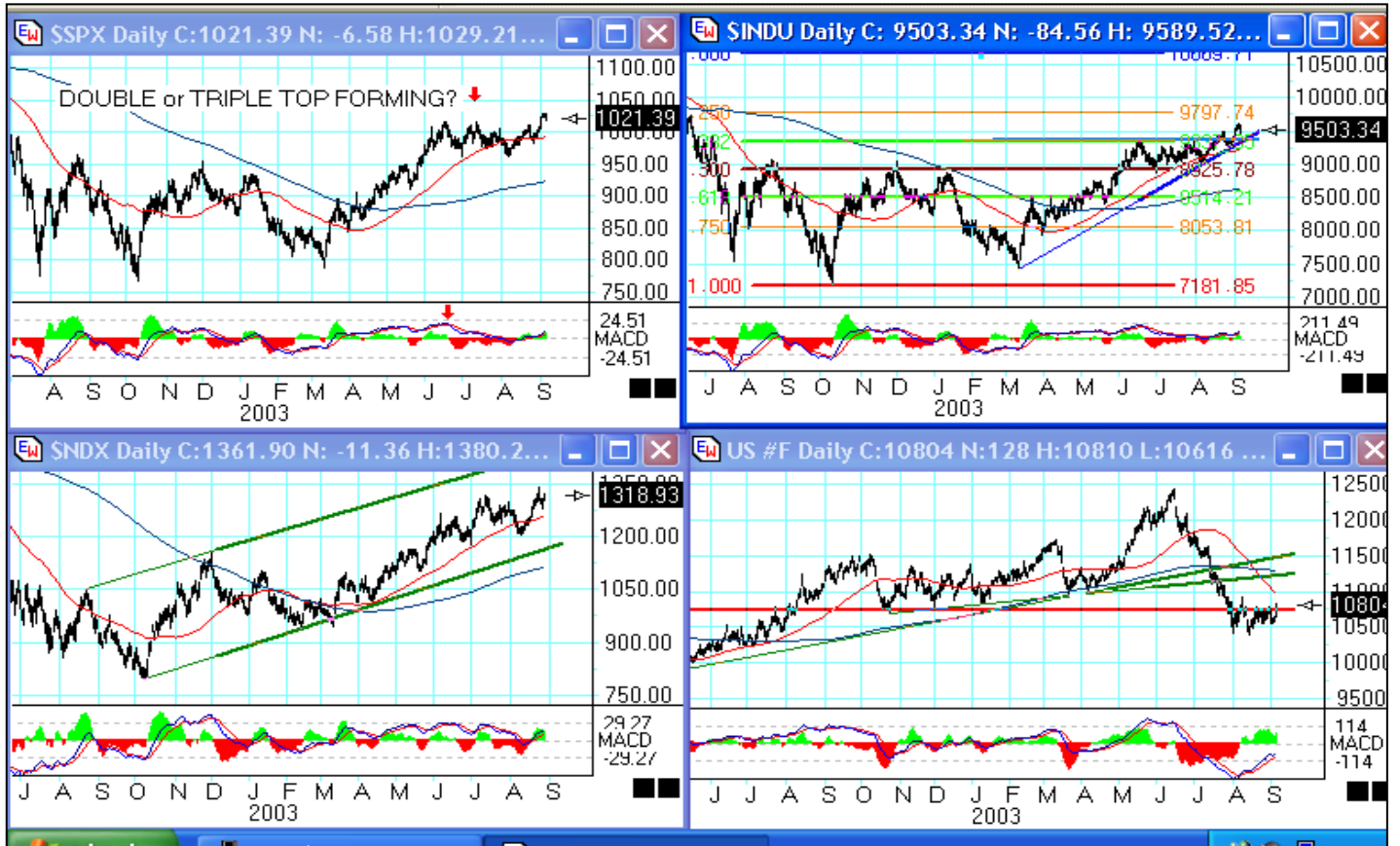
Watch those dates particularly for foreign attacks; physical, internet and financial, aimed at reducing the power of the United States and its President. Marketwise, sudden drops in U. S. Dollar-denominated assets, and upward explosions in GOLD, OIL, & CRB Index.

VITAL SIGNS

WE MOVED TO 200% SHORT ON AUGUST 4-5 AS THE S&P500 CASH DROPPED TO 969 AND THE DJIA TO 9100. CHANGED ALL STOPS IMMEDIATELY TO 1062 S&P OR 9450 VS. DJIA ON A CLOSE ONLY BASIS.

THOSE WHO FOLLOWED THE DJIA OPTION WERE STOPPED OUT AT MARKET CLOSE ON SEPTEMBER 2. IF STOPPED, SHORT AGAIN IMMEDIATELY TO 100% WITHOUT USING MARGIN, INCREASING TO 200% ON A CLOSE BELOW 9230. COVER ALL SHORTS ON A RISE TO 9820.

LOWER THE CURRENT S&P STOP TO 1052.



**BULL TRAP? STILL NO FINAL TOP CONFIRMATION!!
BREAKDOWN TO OUR SELL POINT A TEMPORARY HEAD-FAKE!**

Charts pictured above show (\$SPX) S&P500 Cash Index, (\$INDU) Dow Jones Industrial Average, (\$NDX) NASDAQ 100 (not COMPOSITE), and (US #F) 30-Year T-BOND (price)

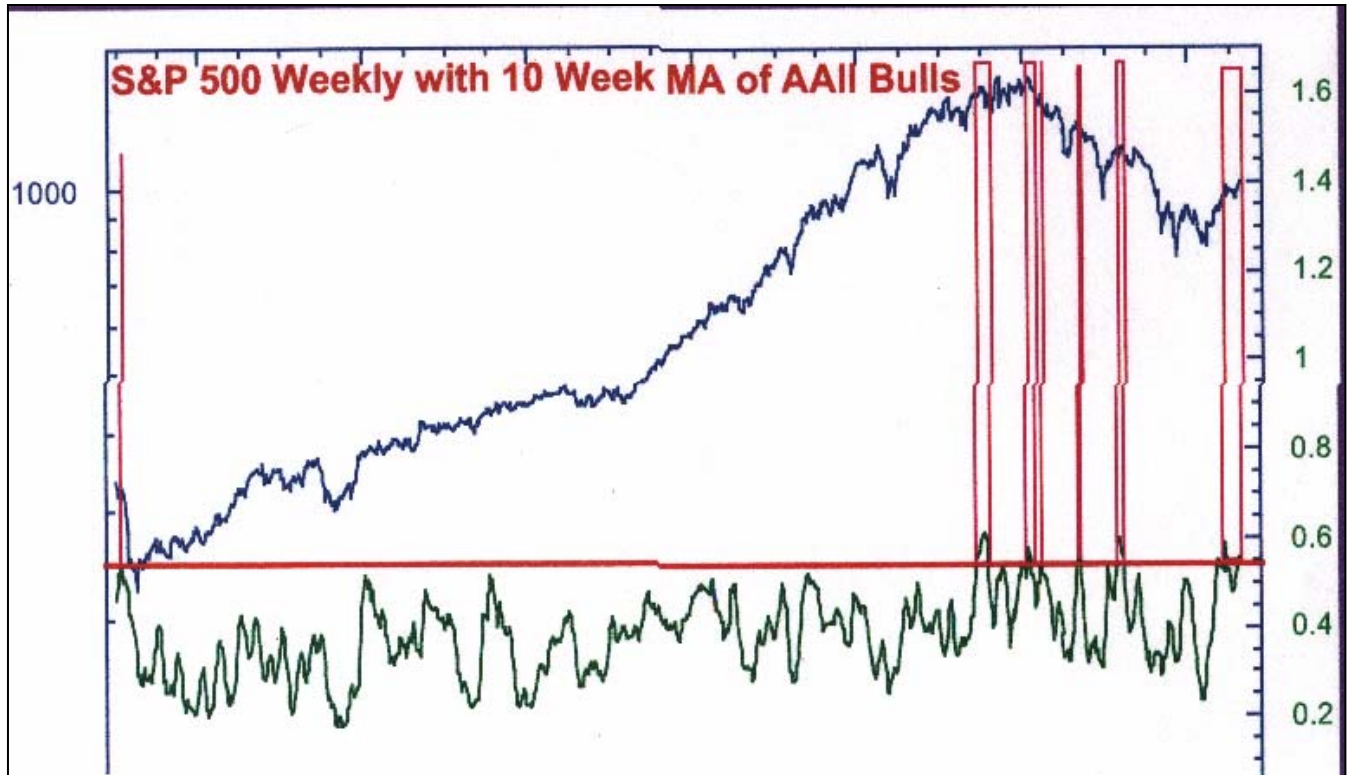
These Major Indices all got way ahead of themselves, and extended well past their 50 and 200-Day moving averages. In early August, they all broke back below their 50-Day MA's, but from there, new highs last week have left the status of the trends uncertain. The New Highs were accomplished on mediocre Volume, and the lowest monthly Volatility in SIX Years, an important technical negative. Yet it is hard to argue with Price, which is the Final Arbiter of Value. We don't believe it! And we don't like it! STOPLOSS Points are for 'Just in Case.'

(lines colored ONLY in the Online version: Red = 50-Day, Blue = 200-Day)

MACD studies, at bottom of individual charts, turned back DOWN from June's momentum peak! All declined below the middle Zero Line in early August, but recovered quickly back above, possibly negating the negative Breaks. The MACD's have wavered with a mildly positive bias, and are inconclusive at this juncture. We now watch for price levels to break the 50-Day MA's once more, then for the MA's to turn Down, and later cross over the 200-Day MA's rendering a far more serious SELL signal.

Sentiment seems to be affected in an irrational way, lately. Some are worried that our markets continue higher. Last week's rise to new highs in several indices is indeed impressive, but they are very tiny percentages above their mid-June highs. Of course, the NASDAQ is up more than the others, but we Never said to Short the NASDAQ! Once markets have peaked, that Index will most probably drop faster than the others. The recovery, however small relative to their massive declines, show tremendous gains from their Sold-out lows. The danger now is that most of the 'little dogs' have returned to ridiculous 'bubble' Valuation levels...which cannot stand for long!

SEASONALITY is no guarantee (nor is anything else), but September 5 is the Average High Date for this ½ year!



MORE TECHNICAL INDICATORS ARE GIVING SELL SIGNALS!

The chart above shows the S&P500 Index from 1987, where the last sentiment reading of the American Association of Individual Investors 5 week Moving Average (Green line in online edition) reached a level of 54% before a SUPER, 12-year Bull Market without a single registered SELL signal of that level until late 1999! (Red lines indicate where on S&P the 54% level was breached).

Peter Eliades of *Stockmarket Cycles*, (800) 888-4351, or www.stockmarketcycles.com supplied this chart with this very abbreviated comment: "Is there a logical explanation as to how the Dow can rally an astounding 563% without registering a single five week bullish reading of 54% or higher, but then rally a meager 24% in six months and generate enough bullish excitement to register 4 weekly readings above 54% within a period of four months?"

Obviously, this is a contrary indicator pointing up the rapid sentiment shift from general public pessimism to optimism in a very short historical span, leaving our markets extremely vulnerable now, which they were not for 12 long years! Consider that, at the same time, the smartest money, Officers, Directors & Large Holders of stocks are selling at a ratio of better than 4:1 share basis, but an incredible \$32:1 on a Total Value basis!

The **VIX** is the **CBOE Option Volatility Index** (chart shown last month) broke briefly through our bearish SELL levels 24-25, and immediately fell back into the low 20's, closing Friday at 19.37! Very tricky, and disappointing. We like our signals Loud & Clear. Unfortunately, markets rarely comply with our 'druthers. We must ACT when the odds appear to favor us, and protect assets from undue erosion when assumptions prove incorrect. A rise to 22 will now increase the odds that an important TOP is in, and a 26 reading would put the nail in the coffin!

Another Major Indicator rendering strong DANGER signals is the **ARMS** Index or TRIN (Chart on page one). The ARMS 21-Day MA has just broken to its lowest levels since the OLD MARKET HIGHS in early 2000. Market Volatility has just measured its Least Volatile Month in SIX YEARS! If the BRADLEY inverts, the HIGH will be Sept. 11 +/-2 Days!

WE CONTINUE TO HOLD HIGH CASH AND ACTIVE SHORT POSITIONS IN EQUITY MARKETS!

GOLD is where the action is NOW! It has just broken out of a large Triangle pattern (shown at right) which counts to about 430/oz! Hi Grade **COPPER** is also making a new rally high. **SILVER** is nearing its recent high just above 5.20 (now 5.15) and could join **GOLD** in a Major MOVE! The **OIL Complex** dropped sharply right after Labor Day, as it should have (with major driving season ending) but Gasoline at the pump seems to be lagging the quick-response drop. Well, DUH!

The **CRB Index** climbed all of August to 243, also just under recent highs at 250. Looks like another good trend. Among the larger currencies, the **YEN** has been strongest this month, reversing recent poor showing. Last month: "The **U.S.DOLLAR Index** had rallied on our prediction of a low near 92 and a bounce to the 100-103 level. So far, it has not been able to get above 98 and we fear it is running out of time. With Saturn in the sign of the U. S., look for more hard Down over the next few months!" The **DOLLAR Index** dropped 2 full points in the last 2 trading days as **POUND, FRANC & EURO** rallied off lows. Looks like \$ downtrend is just beginning another leg which could carry quite far. Watch the Saturn hits as described on page one!

"We expect **GOLD, OIL & CRB** to drop from August 11-12 down into Aug. 21 and could be an **important BUY again there!** Things will explode and burn down while **MARS** is nearest the Earth EVER in late August." We got back in the **GOLD** before the Triangle breakout occurred! Look for MAJOR Move to around \$430 on this next leg!

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We have continued to recommend the Stocks, BONDS and Currencies of Australia, New Zealand, Canada, and to a lesser extent Russia and South Africa (greater political risk) for the last 2 years! "The Major shift to Resources is ongoing and will probably last for years. We firmly believe that coordinated attacks against US\$-denominated assets over next 2 months.



ASTRONOMIC ACTIVITY

- SEP 5 = Early Friday, Saturn 150 to Neptune and Venus square Pluto again disturbs the peace!
- SEP 10 = FULL MOON forms a T-Square with Pluto EXACT! GRAVE Danger. Down markets. Up GOLD!
In addition, Mars opposes Jupiter, both in half-aspects to the Dominant PLUTO!
- SEP 11 = Mercury conjoins SUN late on 10th and squares Pluto on the 11th. = VERY Damaging to stock markets!
- SEP 14 = Mercury conjoins the SUN at 17 North declination, Uranus transits retrograde back into Aquarius.
Major Planet sign changes correlate with some of the larger market moves! Watch MONDAY A.M.
- SEP 15 = Venus enters its own sign of Libra = Appreciation of Real Values, Beauty, the Law.
- SEP 19 = Jupiter opposes Uranus in Helio = "The misfortune to lose everything" from Ebertin
- SEP 20 = Mercury turns Direct = Thank God that's over so things can find some normality! OK to sign papers again.
- SEP 25 = New Moon 75 deg to Pluto, Mars ½ degree from Uranus (closest) on Midheaven for NYC. = Explosive!
- SEP 27 = Mars Stationary Direct in square to SOLAR Eclipse (coming) Nov. 23 = Another War, explosion, Mkt LOW!
- SEP 28 = Mercury squares Pluto = Another BIG down market on Monday, Sept. 29
- OCT 10 = Full Moon square Saturn and Trine Pluto, semi-square Mars = So much Mars/Uranus/Pluto these 2 months!!
Another of many signatures of Surprise Attack = Ambush. These are NOT peaceful times!

ATTENTION: The letters are usually mailed 1st Monday. Uncertain travel plans – We'll try for Oct 1 +/-2 days
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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