

CRAWFORD *Perspectives*

March 1, 2004 Vol. 04/03

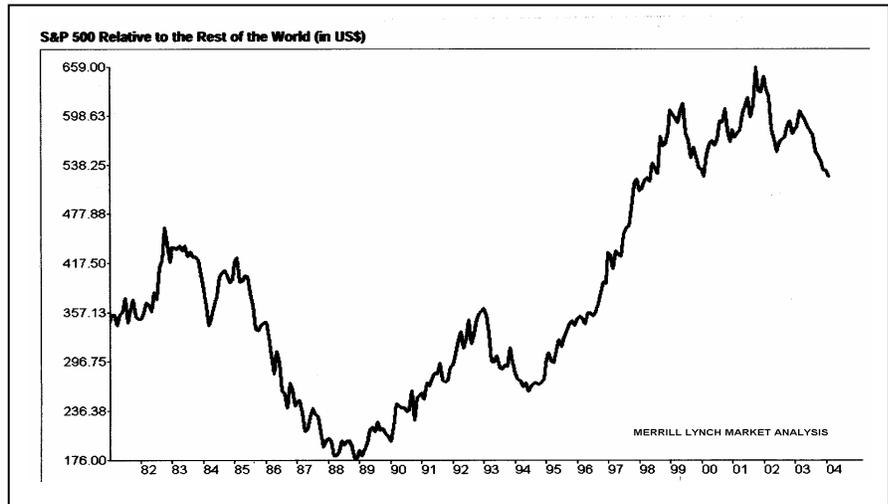
FIRESTORM!

Bob Schieffer on *Face the Nation* Sunday, used this term in connection with the reaction to FED chief Greenspan's mentioning the unmentionable this week, i.e. that social security, as presently constituted, cannot survive the retirement of the baby boomers! Everyone knows this, but it is considered bad form to mention it, especially in an election year. Social security has a reputation for being the "third rail" of politics, as anyone who has touched it has been 'electrocuted' out of active political positions. Both parties rushed to assure us that nothing would change.

Why would the "G-man" bring it up at this time? Is he worried about his legacy? When the social security 'Ponzi scheme' unravels, he wants to be on record for having warned against its problems. At 77, he must be considering his own retirement, although, I'm sure former FED Chairmen are pretty well taken care of, and he may want to dodge any likelihood that he will be blamed for it.

We project the problems of boomer retirement will hit stock & bond markets much earlier than social security, probably 2007-2009, as market investments will be turned in (read SOLD) to augment other retirement income, in an effort to maintain some semblance of lifestyle quality.

After a long absence from CNBC, Abby Joseph Cohen came on Friday to deliver her 'pearls before swine' opinions on the market. The



most amazing 'coincidence' that she brought a clip of Greenspan which, when played, was totally blocked out! Haven't seen that since Bob Prechter was interviewed during the 1987 Crash, and the whole interview was mysteriously scuttled, electronically. Maybe, in terms of bearish statements, we are not as free as we think! Were these interference episodes mere coincidences? Guess your answer depends on whether you're paranoid, or not.

Another firestorm ensued over the entrance of Ralph Nader into the presidential arena. Pundits say he's trying to pick up momentum from Dean's followers, who are close to his in political orientation. "Building for the future," he says, "Way past the election process." Democrats are livid. How much choice do we have when both major party candidates come, not only from the same university, but also from the same fraternity within the same school. Is that not an undesirable concentration of power and influence?

Still one more firestorm headline, the only one not metaphorical, is out of Haiti, where President Aristede fled the country early Sunday, leaving his capital to anarchistic

bands without unified leadership. U. S. sending troops. There certainly seems to be an air of instability in evidence over this week's news items. Economic statistics were not so great, either. They seem to be vacillating wildly.

As for markets, we've just experienced 6 weeks down in NASDAQ, while small-cap. funds are making new all time highs. With techs weak, utilities are moving UP! GOLD backing off from recent highs at \$430, while the US Dollar Index bounces off of support at 85.00. We believe any further correction could lead to a trading BUY for stocks around mid-March.

Seasonal and Bradley Model highs coincide in late April with their highest projections for the year. Cyclic gurus quoting 'election year' advances are NOT factoring in an historic bitterness in the election process that tends to hurt markets, overall! After all, if one side is banking on an appearance of economic health, the other side may seek to undermine it, however subtly. There will be foreign attacks against the US Dollar in May-June, but the Mars/Uranus Crash Cycle does not kick in until after mid-August. The danger zone extends to late March of '05.

We are looking for some sort of Low in March, followed by a rally phase which may make new highs in Major Indices by late April-May (and maybe not), then mostly down over the next few months. possibly hard down.

VITAL SIGNS

IN JANUARY, WE SAID TO "SHORT ONCE MORE IMMEDIATELY AND PLACE A STOP AT 10,790 BASIS DJIA OR 1146 BASIS S&P500 CASH INDEX, BOTH ON A CLOSE ONLY BASIS."

IN FEBRUARY, WE SAID TO RAISE THE STOPS AT THIS TIME TO 10,820 ON THE DJIA AND IN ERROR TO 1163 ON THE S&P500 CASH, WHICH HAD ALREADY BEEN STOPPED OUT ON JAN 21.

WE REMAIN SHORT FOR THE DJIA AND HAVE NO POSITION FOR FOLLOWERS OF THE S&P.

ALL OUR STOPS ARE CLOSE ONLY!!



MAJOR INDICES ARE AT OR NEAR RETRACEMENT AND RESISTANCE LEVELS!

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)

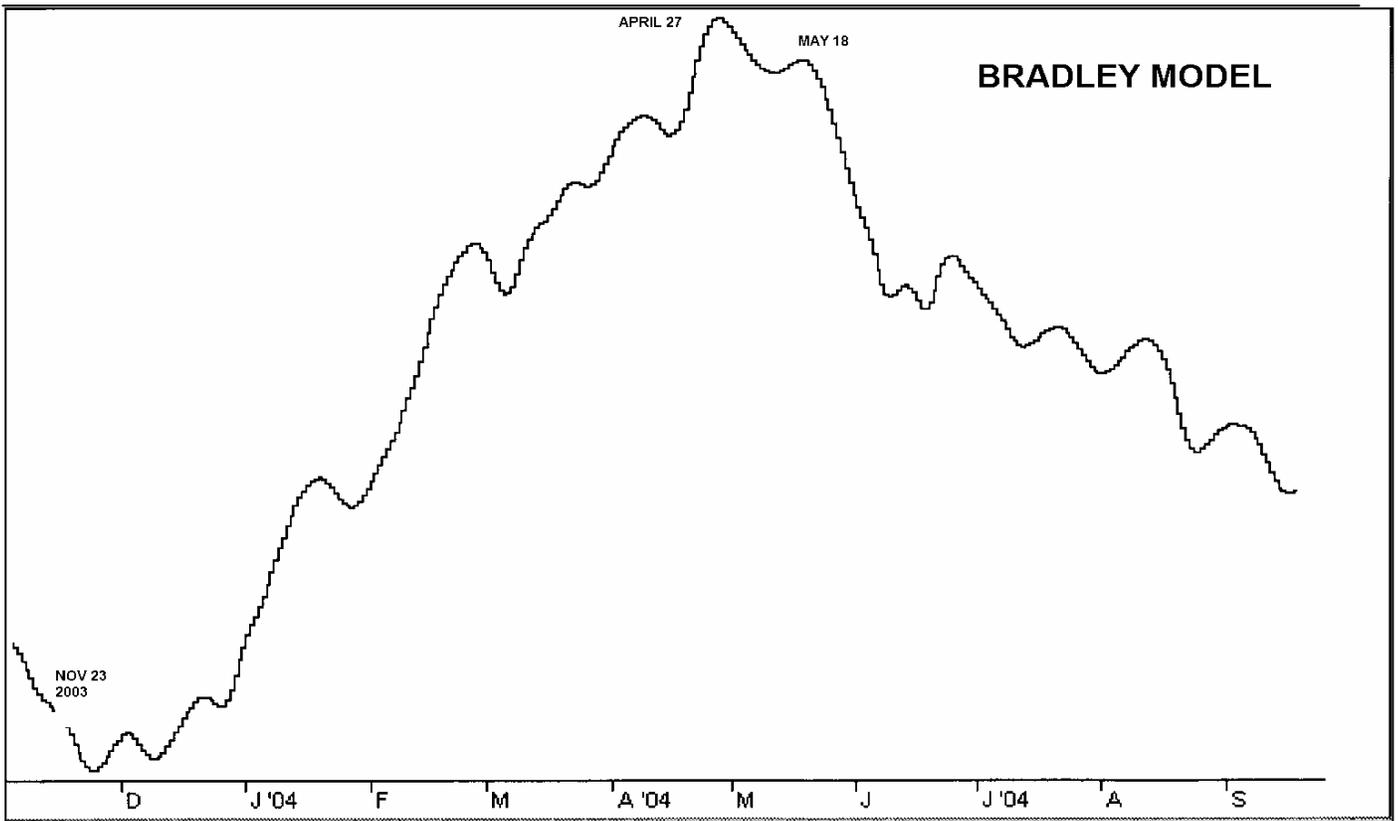
These major indices (3) have all broken their steepest uptrend channel lines more than once, and successfully retested their 50-Day moving averages (thin red line), bouncing quickly after each penetration. All three made new yearly highs during the recent rally into late January to mid-February. This month, we have experienced several weeks of sideways to down action, and prices have returned to the 50-Day moving averages. Either these Indices will turn up immediately, for a further rally phase, or the MA's will suffer a more severe breakdown than we have seen since last March. The NASDAQ 100 price has already penetrated the 50-Day MA. Will the Dow INDU and SPX follow? (Color ONLY in the electronic Adobe .pdf version.)

Volume and volatility have remained severely depressed, even though sentiment readings in general are at or near historic extremes! More urgent divergences are appearing, and yet we have no final top confirmation. That will take several more weeks or a shock! April is the critical juncture. Every measure of volatility remains stagnant to a degree not seen for the last 7 years!

"Despite the strong absolute performance of the S&P500 since the March 2003 low, it has been lagging behind most other major global equity markets. Longer term, a significant (head and shoulders) top formation has become apparent. This suggests that the major uptrend that has favored US market relative to the rest of the world since at least 1994, if not 1988, is in danger of coming to an end." - Merrill Lynch Market Analysis Comment 23 Feb 2004. (See Chart on Page 1)

Arch will present at the **WEALTH PROTECTION 2004** Conference in Tempe, AZ on March 12-13

Call 1-800-494-4149 for info & reservations.



BRADLEY MODEL PEAKS IN APRIL ALONG WITH SEASONAL PATTERNS!

We would normally be more confident when the Bradley confirms the seasonal pattern that the confirmation strengthens the probability of a correct projection. This year, however, these year highs occurring in April coincide with an Eclipse series April 19 and May 4. Such a series happens twice a year, and has a strong tendency to negate 'normal' patterns of every sort. If one has been highly successful over recent periods, with a good trading handle on markets, Eclipses will take you apart, as what has been working ceases to do so, and an erratic volatility replaces previously valuable sequences.

That leaves us with a less than normal confidence level for near term projections. There are also rather many indications of Extreme Violence between & around these Eclipses, especially relating to the birth chart of the United States. Transiting Mars conjoins the birth Mars of the US on April 23 and opposes Pluto in the sky. May 24th, Pluto conjoins the US birth Mars. Meanwhile, Uranian sensitive point Hades is near the opposition to Pluto, as well. These combinations reflect some of the most violent possibilities in all of our written history!

Inflation hedges will be set off in extreme ways by Both Eclipses. The Solar eclipse will be in an odd half-aspect of 105 degrees to Neptune, while the Lunar Eclipse forms a T-Square with the mysterious planet of Inflation and Religion! A good bet that Explosions will disrupt the flow of OIL (Neptune) on land and at Sea (Neptune). There will be further revelations affecting the Roman church, and bitterness, dissent and violence between all manner of religious sects. There may well be attacks on the stability of the US Dollar, perhaps including Counterfeit printing of our currency.

The larger than life activity should begin near the New Moon on the Spring Equinox! There have been Eclipses on the Equinoxes and Solstices in the years 1982, 1987 and 2001. The March New Moon will not be an eclipse, but it will be close to one. Those years were known for their difficult stock markets.

The BRADLEY Model was developed by Donald A. Bradley in a booklet printed in 1948, and it is a very helpful and important tool for projecting market psychology. It tends to greater accuracy when some investment class takes on an unusually emotional context. It is by no means a way to easy riches, but traders and investors should keep one good eye on what is developing there, especially around major turning dates. We always watch many other technical indicators for final confirmation of any trend changes.

Not since World War II have we seen these persistent signs of continued violence, such as these three-four years.

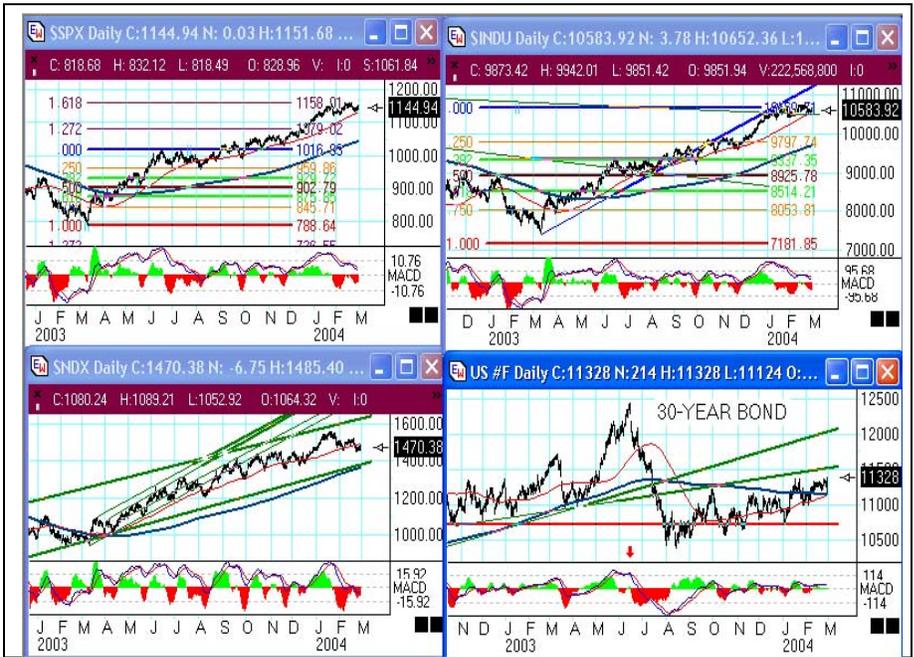
The **US Dollar Index**, has now dipped to our indicated support at the 1985 lows at 85, and bounced to close Jan. at 87.42, has oddly closed at exactly the same level for Feb., after dipping slightly further to 84.77. The January comment still applies: "That may well offer stronger support than we have seen, lately, and a bounce is probable from those levels in the near future. This problem will become critical as Saturn crosses the birth Sun of the United States next June! If 85 fails to hold, that problem could become more immediate." It could run into intermediate resistance in the 90-92.50 range. On a trading basis, we would prefer the Long side to the Short side for the current rally potential; keeping in mind that it looks MUCH LOWER in the June-July frame. The Long Term oriented should probably not bother with the counter-trend action. Be especially cautious during this potential rally, as more serious decline may begin sooner.

SILVER is holding up much better than **GOLD**, here, closing out the month at 669.60, only -2.3% from the recent high. **GOLD** closed the month at 396.80, off -8.7% from recent high. The **XAU Index** dropped from a high of 113.41 to close at 98.50, lower by -13.64%! Could attempt new highs right away.

CORN, SOYBEANS and COPPER are all continuing steadily higher prices, helping to carry the **CRB Index** +1.35 this week, that's up +7.6% so far this year! **CATTLE** retested the Dec. closing lows (but not the extreme intra-day lows), then returned to January's recovery highs.

The **OIL Complex** moved higher, with greater determination, with **Heating Oil** rejoining the ranks with new recent highs, and with **Light Sweet Crude** challenging the highs of 2000 and 2002 at 36.16 vs. the old benchmarks at 37.20-37.83 range. A break of those levels could precipitate a sudden rush to \$40.00!

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 1/2 years! "The Major shift to Resources is ongoing and will probably last for years. We firmly believe co-ordinated attacks against US\$-denominated assets could occur again, especially around the Eclipses in April and early May, and hits to the U. S. birth chart in June.



ASTRONOMIC ACTIVITY

- FEB 26-27 = Mars trine Jupiter = Good for business, Venus trine Pluto = Good for banks, more mergers?
- MAR 3-4 = Neptune quincunx (150 degrees) to Jupiter as Sun/Mercury conjunction opposes it = Spike in inflation hedges!
- MAR 6-7 = Hostility, Danger & Sadness for the New York area as the Full Moon Mars, Pluto & Saturn active for NYC.
- MAR 8-9 = Mercury, Mars & Venus attack Pluto, or vice versa = Coercion, use of force, cruelty = BAD for markets!
- MAR 12-13 = More of the same as Venus & Sun continue hostile action with Pluto. Controls applied to financial markets!
- MAR 15 = Mercury square Saturn brings criticism & pessimism into the news and a down opening on Monday. Up later.
- MAR 18-24 = Contains 6 indicants of reversal in 5 business days. Starts good, ends bad. Look for a decline. Moon & Uranus conjunct on the Descendant at the NYSE close 18th = Active & nervous markets. Jupiter trines Moon's Node on 19th, markets, inflation hedges could soar on Option Expiry! NEW MOON ON THE EQUINOX Saturday, the 20th increases the importance of this Option Expiration. One of the most important days of the Year! May not be evident right away. Mars enters Gemini on Sunday = News, information, ideas become more powerful than usual. Mercury trines the Pluto Retrograde Station on the 24th = News related to Interest rates, Nuclear Power, Insurance, Mining. Good for those stocks.
- MAR 28 = Mars squares Uranus = The Unexpected, Emotional, Explosive. Hostile, Nervous. Bad for tech stocks.
- APR 1 = HARD DOWN - April Fool!
- APR 5 = Full Moon = Attempts to find balance may fall apart. Injustice, Bad deal before the Law! An arbitrage unravels!
- APR 6 = Mercury Retrogrades until April 30th. BAD for signing papers, buying electrical equipment, keeping discipline.
- APR 19 = Partial Solar Eclipse! Looks Dangerous for Washington with Mars/Hades/Ascendant opposing Pluto/Descendant.

ATTENTION: The letters are usually mailed 1st Monday. April will be an exception; the letter will be published March 29th!

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