CRAWFORD Perspectives

January 7, 2019 Vol. 19/01

UNCERTAINTY!

Considering the DJIA -660 point decline on Thursday and the +747 point advance on Friday, the question is: "Was THAT December low the bottom?" It is not so easy to answer as many conflicting bits remain unsettled.

The decline in Major Indices came down to the February lows, hesitated for a day or two, then smashed through with devastating volatility. Most have now popped back up to the immediate area of those earlier landmarks. Will their prices smash back through on the upside, or will they retest the lows made on December 24-26? If they retest, will those old lows hold or will they give way to sharply lower prices?

Will the Solar Eclipse of Saturday evening affect the results? It took place at the midpoint of Saturn and Pluto (in Capricorn within one degree). One possibility was "a shutdown of the government" but then we knew that already! Saturn/Pluto means hindered development, Divorce. In the sign of Capricorn suggests involving government. Saturn will be crossing over this new Eclipse Point three times later this year. We expect these difficulties to linger, affecting Economy and Markets as well.

The next strong challenge is likely Jan 10-11 as Sun parallels and then conjuncts Pluto next Thursday-Friday. When Mars squares Pluto February 1-2, it's Friday night when people are drinking and free from work. This increases the danger for severely negative outcomes.

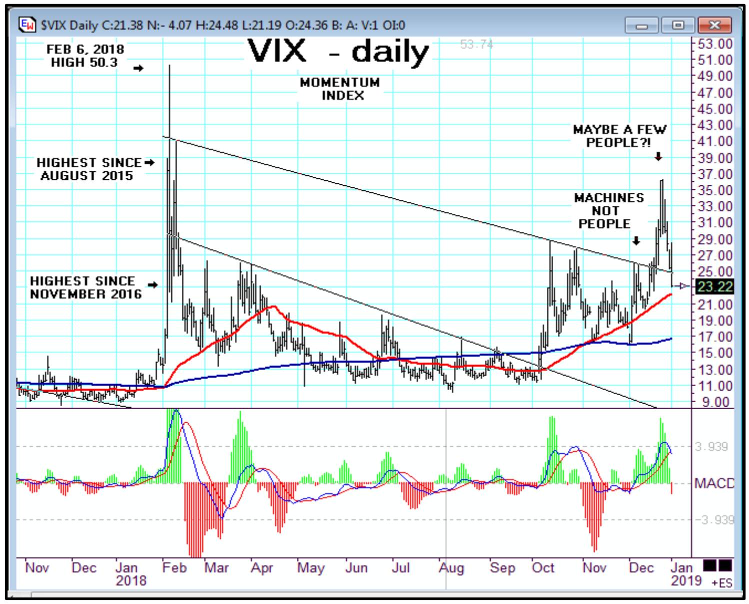
The Lunar Eclipse around midnight Jan 20-21 ET forms a grand cross with Moon's nodes, Uranus and Pallas. We believe this very powerful Super Blood Wolf Moon Eclipse will speak loudly in multiple arenas, markets plus+!

VITAL SIGNS

SHORT IMMEDIATELY ON TODAY's MKT <u>Open</u> DEC 10 = 24,360.95
Place a 3.5% STOP at 25,213.58
COVER on any 5.5% move fm a Cl low
Closing LOW= 21,792.20 Stop=22,990.77
Stopped Out at Dec. 27 Close = 23,138.82
Gross Profit= 1,222.08 = 5.017%

SHORT SPX Dec 10 Open = 2630.86
Place a 3.5% Stop at = 2722.94
COVER on any 5.5% move fm a Cl low
Closing low was 2346.58; Stop=2475.64
Stopped Out at Dec 28 Close = 2482.82
Gross Profit = 240.12 = 8.818%

<u>ALL OUR STOPS ARE CLOSE ONLY</u>



Here is a Major Date to watch: March 19-20! The next Saturn/Pluto parallel (conjunction in Declination or North/South orientation) will be March 19. On March 20, a Full Moon will occur less than four hours after the Vernal Equinox (Sun into Aries). Now for the 'kicker': It's the next FOMC announcement date for the Federal Reserve! We would say of this period: It's a packed house! We cannot fathom what will come about relative to this date, only that it will be tremendously important! It is also the 2nd anniversary of Trump's presidency!

The VIX chart (above) is the most sensitive measure of Volatility. We mentioned in the December CP that the VIX was relatively quiet for the amount of damage to technical chart points and we thought that there was little trading going on by investors and that over 90% of NYSE Volume is by machines trading with machines! This month the VIX moved up from a high of 26 to up near 37. To our thinking, that is relatively small reaction to the tremendous damage inflicted upon a variety of technical pictures.

Nevertheless, sentiment has definitely been shifted to a considerable extent. In our mind, nothing has yet been 'fixed.' And the market's rise on Friday, as much as it was, did not show strength beyond very middling technical restraints. On the other hand, Solar and Lunar Eclipses has been correlated with important turning points. So the next few days are critical to an accurate analysis.

As much as we wish to be in the markets with excellent positions, we cannot say at this time, is reasonably going to happen. Sometimes it is better to be safe than sorry. We do NOT recommend new positions for this month.

Our last two positions have done very well, especially against the market's losses. We would rather retain a neutral stance in the midst of chaos, and take new trading positions when there are fewer whipsaws.

Positions we took on December 10 were stopped out on a 5.5%+ rally from a closing low, leaving us with an 8.818% gross profit on SPX positions and 5.017% vs. DJIA positions.

May ALL our newly elected representatives obey their pledges to protect and defend our Constitution! Hold them to this!

MARKET INDICES BROKE FEBRUARY LOWS WITH A VENGEANCE!

How our reflections this page last month worked out: "From the looks of these patterns, we would not be surprised to see a strong gap down through these lows, today or within the next few days. **[Closed below October lows and Feb lows on December 14]** We are concerned about possible negative reactions around the FOMC, 2 pm EST on the 19th **[19th-351.98; 20th -464.06; 21st-414.23]** and also aspects relating to Monday, December 24 **[24th-653.17]** (Christmas Eve day)."

It may be that the Saturn approach to Pluto, both now in Capricorn, will bring a more focused negativity to markets. The Sun will join them in January, Saturn on New Year's Day and Pluto on January 10-11. Sun will join Pluto in Longitude and Declination within 24 hours, meaning that it will be an extremely tight and powerful event! ALL the Major Indices have now completed their DEATH CROSSES, whereby their 50-Day Moving Averages have crossed below their 200-Day MA's as seen on the charts above where the Red lines have crossed downward through their Blue lines. This is considered an Intermediate and Long Term negative, although the near-term price fluctuations can do anything!

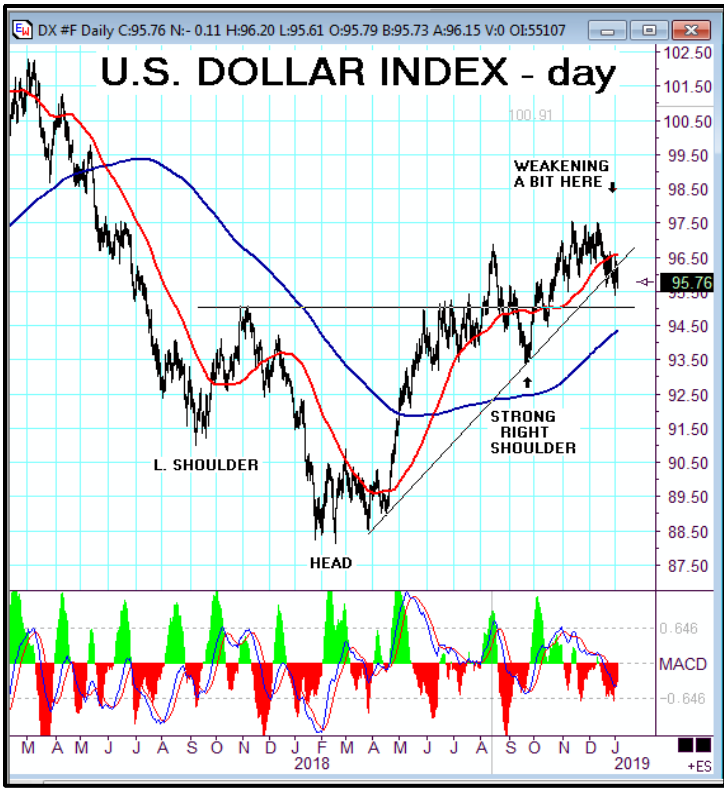
The next few days may tell the tale. If the Indices can close above their last two week's highs for three days, we would consider that a healthy sign. If Thursday's lows are violated, it would be a bad sign technically. If the late December lows are broken, it might quickly become disastrous! Although multiple data series are termed "Oversold", there is nothing to say that they can't get worse.

As for the **30-Year BOND,** it has successfully penetrated its 50-Week MA (red line) and also a long-term rising trendline. Short Term rates have cratered dramatically (see the TEN-YEAR RATE chart atop page 3) since the stock market decline became more serious, and may have caused the Federal Reserve to become more cautious about its aggressive stance.

"Suffice it to say we would not describe recent action as a 'glitch,' but instead as another piece of evidence that the long, powerful U.S. bull market may have ended in late September. As such, we'd play the market by 'bear market rules,' which suggest that rallies generally fall below desired targets and experience their strongest gains in a few brief sessions." **Michael Shaoul, Timothy Brackett in *The Weekly Speculator***

The key comment re **BITCOIN** for November was: "The more recent triangle formation has the advantage of being isosceles which is more balanced than the earlier, larger triangles. The disadvantage is that it will only take a small movement to break it down as well as up."
The BC did break DOWN, as the triangle pattern suggested that it would do one or the other.

We have continually stated that a positive outlook would depend upon the price advancing above a previous high… or two or three! Unfortunately, there have been NO higher highs, but each rise has accomplished less than the previous for a seemingly endless progression. As of now, it has stabilized for over a month in this area, but it remains in downtrend mode until it overcomes previous attempts at $4052 (Dec 23) and $4400 (Nov 29) at the very least!



U.S. DOLLAR INDEX (DX-daily) **TEN YEAR RATE (TNX-daily)**

U.S. DOLLAR SLIPPING; TEN YEAR RATES DOWN HUGE!

The **Dollar Index** made high this year so far at about 97.50 on November 12 and has stabilized near those highs, but the momentum has faded such that the steepest lower trendline has been violated. You can see in the lower section of the chart that the MACD has gotten 'sloppy' and may be hinting at the formation of a topping area. That is yet to be determined as the technical damage has not developed sufficiently to blunt the optimism at this point. But it does require a closer look. We now have the "break of the red 50-Day average" classified as "a serious warning", but it would still require a break of the blue 200-Day line to be more concerned.

TNX, the 10-Year Interest Rate, finally broke solidly above its 2.8-3.1% range held for the last eight months and registering a high on October 5 at 3.248. From there, it corrected down to 3.059 on October 26. A secondary attack on the highs failed close to the October highs after which rates collapsed about 40 basis points into early December. The multiple-tested neckline at 2.80 finally broke and downward acceleration has been the immediate result. The 2.40% level is next chart support. Friday bounced-Can it hold?

OIL is finally looking a teeny bit better, after cratering to a long time support at the 42 level. Even though the MACD (momentum indicator) improved earlier, **OIL** added another new leg downside. OPEC and others had made more optimistic plans, which utterly failed on the short-term. Maybe it's beginning to 'click' now since it appears more like a serious attempt to rise? If so, we would expect first vresistance at the 53-55 area.

This has been a devastating decline from 76.90 to 42, without a significant rally all the way down. Other than the high flying high tech stocks, the energy complex has been critical in assisting this major rapid sell-off in stocks.

"Stephanie Pomboy, founder of the economic research firm MacroMavens, avers that the 'enormity of the role of buybacks' in supporting the stock bull market isn't fully appreciated. 'But it will be, in it's absence,' she says… 'Half the recovery due to buybacks? I don't think that is on anyone's radar,' Pomboy says. There's no genuine investor angst over the buyback bubble's potential impact. 'Why should there be? Buybacks are only ever going to go up, just like home prices,' she says. As is the case with bubbles, this one will be revealed only as it bursts."

Vito Racanelli in his final column for BARRON's today

Best action yet as **GOLD** has had these last five weeks since breaking out above its 200-week MA (the almost flat blue line these last two years). Then it broke up through the 50-week MA (red line) and is rubbing up against the rising heavy black line which is the lower of a rising channel from late 2015 lows.

We would expect some attempt at consolidation of the recent advance unless the stock indices become more aggressive decliners. In that case, all bets are off! Seasonal factors continue to favor GOLD through February.

A strong GOLD signal would require a breakout of the now five-and-a-half year old base pattern above the long-term 'neckline' now tracking at about 1365-1375.

We have mentioned in the last two CP newsletters that "…traders (who know how to get out quickly if expectations are not met quickly) might be persueded to stick a toe or maybe two, back in the water." We are not yet comfortable encouraging the general populace to add to long-term GOLD positions, as yet.

We ALWAYS prefer to have some of the precious metal stashed away as insurance against a possible long term 'worst case' scenario.

It is somewhat confirming that the SILVER has been improving of late. China's difficulties may have caused them to slow their Gold purchases. But their long term goals continue to be a positive backdrop to precious metal accumulation.

"**CRB INDEX** of general commodity prices made their high in late May and a recent secondary peak in early October, after which they have been down from a bit above 200 to under 170. Last month we wrote: "If it follows an earlier pattern, it will decline for one more quarter, ending below 170. That would clearly indicate the possibly of more deflation, and that right immediately!"

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

JAN 5-6 = Partial SOLAR ECLIPSE; Uranus Direct Station. = Unusual unexpected events this weekend. NOT a quiet period!
JAN 7 = Venus enters Sagittarius. Foreign travel or visitors from afar!
JAN 9 = Jupiter 135 to Uranus (sesqui-quadrate) = You may want to "take a chance" Don't let it become reckless!
JAN 11 = Sun conjunct Pluto (parallel yesterday) makes it more than usually powerful = Tight alignment. Moon VOID all day!
JAN 11-14 = Jupiter squares Neptune, parallels Pluto = Large moves and/or changes of direction especially in commodity markets!
JAN 18 = No planetary aspects all week until Fri. Option/Expiry is loaded with them. Good morning – difficult afternoon & evening.
JAN 21 = Just past midnight extremely tight Lunar Eclipse – Then Mars squares Saturn. Nervous, antagonistic Monday. Jittery.
JAN 22 = Look up early & see the two brightest objects, Venus & Jupiter together in the morn sky. Lovely & peaceful. Nice.
JAN 23-24 = Extremes of Mercury. Wild mental gymnastics. Nervousness, irritability. "Nerves easily rattled" –DELL
JAN 25 = Fri should see a strong bullish move in m differing markets.
JAN 28-29 = Another weird, nervous Mercury energy period. Beware distractions and mental errors.
FEB 1-2 = Fri night-early Sat = Extreme hostility, anger, Explosive. Keep a low profile and your head down. Keep your temper!
FEB 4 = Next CP! New Moon mid-Aquarius 4 minutes after NYSE close. "shared vision & communal or altruistic activities"-Dell
FEB 12-13 = Mercury and Mars annoy Uranus, who may just explode! Careless and angry words.

<u>ATTENTION: The CP newsletters are most often emailed on 1st Mondays of months. Next CP will be available Monday, February 4.</u>

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