

CRAWFORD *Perspectives*

April 2, 2001 Vol. 04/01

CROSSROADS!

Market Indices have broken too many support levels, trendlines and Moving Averages. Simultaneously, most internal market indicators have become Oversold and compressed to a degree only witnessed at significant Bear Market Lows! Therefore, it must Rally NOW...or Crash NOW! The Neutral Option is no longer open.

Last Friday (Feb. 23), the New Moon formed an exact Square (90 degree) aspect with the Solar Eclipse of December 25. We have seen numerous Lows with Mars squaring previous Eclipse points. This may have triggered enough Capitulation to mark at least a temporary reprieve, but not necessarily a REAL Bear Market Bottom!

End of Quarter Friday certainly brought about some better Tape Action. Was that merely window dressing, popular sport of those who are paid by the quarter's results, or will the power be sustained as the week unfolds? We approach with trepidation the Saturn/Neptune contra-parallel on Wednesday.

The Saturn/Neptune Square on March 27, 1980 prompted Bache & Co. to sell out the Hunt Brothers stocks to cover their

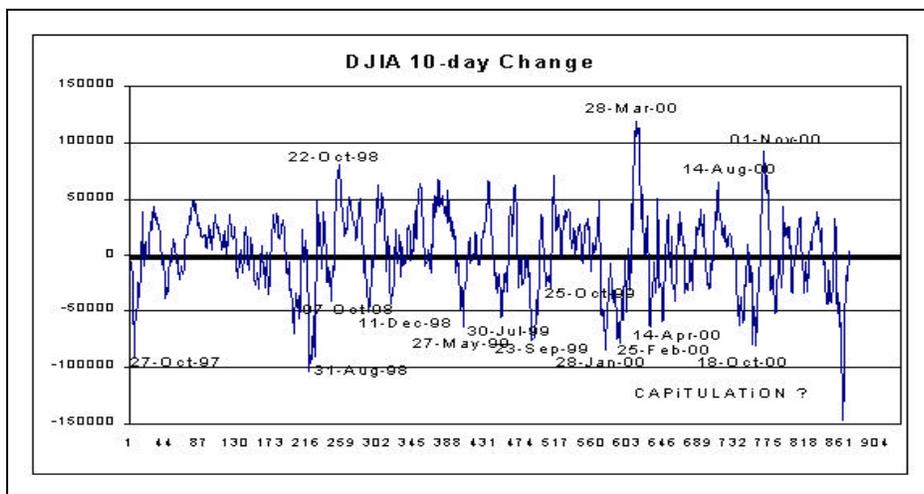
Vital Signs

STOPPED OUT OF ALL POSITIONS SHOWN IN LAST LETTER AT -5% PLUS SLIPPAGE (IF ANY). BUY 2ND PORTION ABOVE 1331 S&P500 CASH NOT ACTIVATED.

BUY A 50% OF NORMAL POSITION NOW WITH A 3½% CLOSE ONLY STOPLOSS. WE WILL ADD TO THIS ON A PULLBACK LOW IN MAY IF POSSIBLE.

RISK IS HIGH, YET AS TECHNICALS ARE EXTREME, SOME EXPOSURE IS DESIRED.

CAUTION!



margin calls in Silver, thereby nailing the Bottom Day of the 1980 securities markets. Retest of those lows April 11 saw some Indices break slightly while others held. The Semi-Square took place on December 20, 1994, the day of crisis devaluation of the Mexican Peso and the pull-back low in U. S. markets after the late Nov.-early Dec. bottom phase.

The Heliocentric Trine coincided with the 1929 bottom, Exactly... in case some astrologers out there think the so called "positive" aspect should prove more efficacious. SO, if we manage to survive through April 4-5, Crash or no, we have greater confidence that the Downside will be finished for awhile.

Monday, as this is transmitted, Saturn forms a square with Uranus (strong negative) in Right Ascension and on Tuesday (3rd), Moon and Sun form a Grand Trine with Pluto (a strong positive?). Then the aforementioned Saturn/Neptune aspect culminates Wednesday and a Jupiter/Neptune Trine on Thursday. All this powerful Good/Bad, Back/Forth accentuates the enormous dichotomy of recent market trends, as money jumps from group to group in attempts to *Catch a Rising Star!*

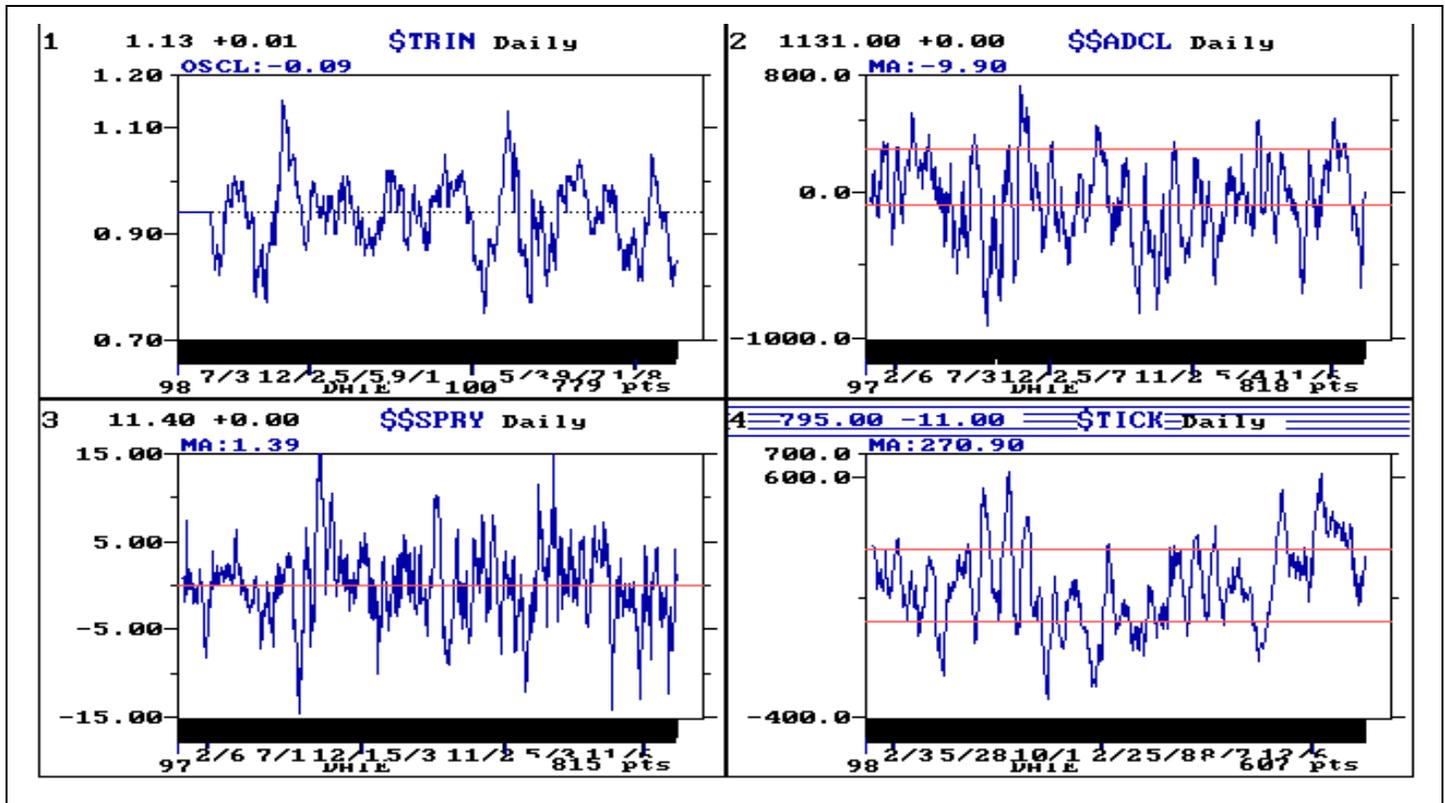
Some observers conclude that "jumpiness" in markets and society at large is partly incurred as result of Sunspot Cycle Maxima, currently underway as largest sunspot since 1991 is washing our planet in massive Solar ejaculate, high density and high velocity electrons/protons/X-rays etc. as we write. Cat-on-a-hot-tin-roof syndrome could move markets in either

direction, or both directions over the near term. BET on VOLATILITY!

We can only caution you to go for Safety of Principal, Hedging strategies, Portfolio Insurance. Our positions have all been stopped out early in March with -5% losses. We realize that many readers have not followed our protective advice. Risk Management is a highly important part of the investment landscape, and it becomes an overriding influence in erratic climates such as this.

What is very clear is that Massive TOP Formations in the major averages have finally broken key support areas, leading to increased downside momentum. 200-day (30-week) Moving Averages were breached, and then turned lower themselves. 50-day averages are below the 200-day and price levels below those. That configuration is Classic Bear Market alignment.

The positive side, technically, is that once indicators achieve current extremes, markets are ALWAYS higher some months later! However, the interim risk is excruciating. After the one-day Crash in 1987, the DJIA took 16 months to get above the previous trading day's close. We would rather place Buy orders above recent rally highs and activate on proven strength until maximal danger subsides. Even after intermediate strength into this summer, we are concerned that the deadly fall seasonality could wreak further havoc, until the uncertainty is washed away. You should not be playing this game with your retirement money!



LOWS APPEAR TO BE IN PLACE IN THESE INDICATORS, CAN THEY HOLD?!

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 dropped from its mild overbought position, and under pressure of current market weakness, has slightly penetrated its most recent low reading. It remains above lower lows put in place during sharp selloffs in April and May of 2000, also above the 1998 bottoms. In the meantime, raw TRIN or ARMS figures have shot up to heights unknown to recent history! 5-Day average rocketed to 1.98 and 10-day figures to 1.52 while the 55-day (longer term component) has risen to 1.23, some of the highest Ever! The Intensity of the selling is maximizing, but we need to see some favorable price action to confirm any low in place.

Chart (2) \$\$ADCL is a 10-day moving average of the net change in Advances-Declines (NYSE). This indicator has now matched or beaten the highest readings of the last two years, then fallen off to normal Buy area. The rally since Thursday's low must show some force this week to advance the bullish case. Even then, a rally failure during April could bring another disastrous decline. We do not offhand remember such an Index selloff accompanied by so much widespread strength in the underlying broad market factors. It is just the opposite of the last 3-4 years with Price Indices rising while most stock issues languished!

Chart (3) \$\$\$SPRY is a measure of "smart money" action in the S&P futures. Now we have a third break that held the previous lows constituting another "downside non-confirmation" and look forward to an additional "higher high" to confirm that the higher trends are persisting. It too manifested a sharp snap-back to Neutral over the last few days. The pattern of rising bottoms is encouraging.

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 in September. They have never gone lower! Continuing uptrend in the face of New Price Index Lows continues to fly in the face of reason, and supports a positive resolution.

This page of Internal Market Indicators refuses to confirm price weakness in the Major Stock Indices. Yet, price patterns continue the strident rhetoric: "The Sky is Falling!" There are too many dangers in the Price Action picture to dismiss these warnings, and maximum protective strategies should be instituted now, if you have so far evinced a cavalier attitude with our Sell Stop strategies.

Even if our best wishes are granted for a sharp rally now, it will be on some form of retest of these lows that the biggest decisions will be required later in the year.



DOW JONES INDUSTRIAL “DIAMOND TOP” HAS FINALLY BROKEN DOWN!

We have been able to remain cheery until the last 2-3 weeks, as DJIA and S&P500 had not violated their long term patterns (possible massive TOP patterns). Although Internal measures of Technical strength have managed to become as Oversold/Compressed as any we have seen, in aggregate, the price-action chart patterns indicate severe breaches of Bull Market Etiquette.

The 2-year Diamond TOP pictured above was developing symmetrically, then extended, then extended once more. Now it is more accurately a Parallelogram (of which the Diamond is the most symmetrical). Be that as it may, the Long Term Uptrend Line, which forms the lower-right side, has finally given way, as has the support zone from previous lows in the 9500-9800 range.

The immediate leg down was halted on the line of extension from the lower-left side, and prices rebounded exactly to the point of the trendline breach. From the classical technical standpoint, it should be Sold Short here for a downleg to 6800-7000! We cannot bring ourselves to do that, considering the non-confirmation by a broad swath of technical indicators. ARMS (TRIN), Put/Call Ratio, NewHighs/Lows, Advance-Declines, even Odd Lot Short Sales, are calling for a significant bounce Soon!

You see our dilemma? Indexes must immediately regain lost ground. The Bears have proven their strength by violating support. It is now incumbent upon the Bulls to negate that advantage by a forceful recapture. If that cannot be accomplished right away, the Bears will have control of the market for the next “leg.”

Hence, our page one title “CROSSROADS”! Yogi would have probably said: If you come to a crossroads, cross it! Whatever happens, we think it will be crossed in the next few trading days. It would be very positive if the Dow can approach next resistance at 10,800-11,000, and it would be ecstatic if it could break above the 11,000 and hold the high ground. If on the other hand (we hate that kind of equivocation), the DJIA falls back through the lows of the 22nd (9106.54 low tick, 9164.31 low hour, 9389.48 low close), we could see a Capitulation like no other!

The “Plunge Protection Team” was the unofficial name of an unofficial arm of government, consisting of Fed Head, Treasury, New York Fed Chair and a very few “discreet” others. Whenever the Dow Industrials were down over 200 points after the Bonds closed a 3PM Eastern, one or more of these gentlemen would appear on your CNBC/CNN screen, and the market would jump 100 points in the next 5 minutes! This is not rumor, this is my observation!

From June 16 to election day, there was only ONE day the Dow closed off more than -200, October 12 -379. There was One in March, 2 in April, 2 in May, and 1 in June. After election day = Nov 10 -231, Nov 30 -214, Dec 6 -234, Dec 15 -240, Dec 20 -265, Jan 5 -250, Feb 21 -204, Mar 9 -213, Mar 12 -436, Mar 14 -317, Mar 16 -207, Mar 20 -238, Mar 21 -233. Was there something about the election that the Impartial FED didn't like?

GOLD! IT'S ABOUT TIME!?!

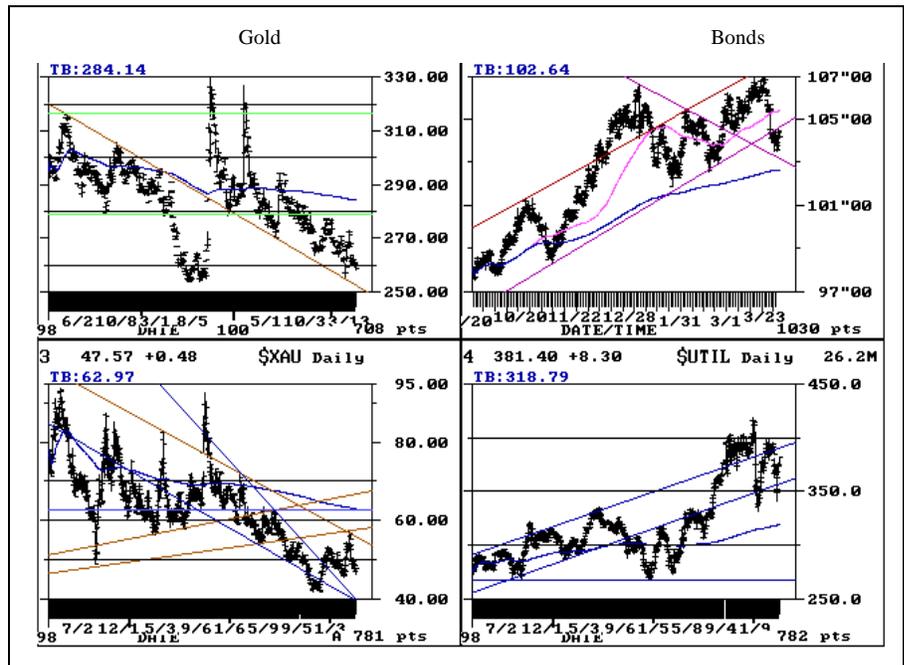
GOLD has been such a dog for so long, all but the die-hards have given up on it. After all, what's the point of fighting the Central Banks? If they need more money to beat it down, they just print all they want. A couple of Very Long Term cycles in metals are coming due this month & in June! Jupiter/Neptune cycle is the strongest single cycle in Gold, and the very Least in stock prices. The third and final Jupiter trine Neptune in Ephemeris Longitude (regular way) is April 5. The final hit in Right Ascension is April 25. That will, we believe, tremendously reduce the selling pressure. Mars & Neptune retrograde on May 10-11 is another Short Term low. One other really important possibility: Solar Eclipse on the Summer Solstice! (June 21) We only have a sample of ONE (June 21, 1982) but that one was a doozy (technical term). That was the Exact Low Day in the Metals complex for 12 Years!!! The Seasonal Low tends to occur in the August time frame.

As these events unfold, the selling pressure comes off first, and bases are formed. Then we get some surprising UPSIDE, then pullback into secondary low, after which GOLD (metals) will go FAR and LONG. The distance and magnitude will be determined by how much the Major Currencies are trashed. STORE OF VALUE ONCE MORE REVERED!

The **CRB Index** broke badly this week and especially Friday. Money increases do not help immediately in a deflationary environment! The FED is pumping money in, but it is disappearing down the stock market rathole much faster than that! Bad Loans are coming to light here & there and writing them off will take still more out of general circulation. **Soybeans, Wheat and Corn** broke below their October lows, and remain in severe downtrends. If they slaughter all the "Mad Cows", who's going to eat all that stuff?

The **LONG BOND** languishes at midrange after pumping up to a record 107 on the Vernal Equinox!

International FEAR and a Flight to Quality (so-called) sent the **U.S. Dollar** back up through highs, and tanked the rest of the world in an accelerating downward spiral on Friday! This may change if a low is confirmed in stock markets. Remember, that was end of Fiscal Year for Japan, Inc! Reversals may come sooner rather than later.



ASTRONOMIC ACTIVITY

- APR 2 = Saturn square Uranus in Rt. Ascension = High Volatility, rapid shifts intraday. Esp. techs.
- APR 4 = Sun trine Pluto, Saturn contra-parallel Neptune = One bullish, one bearish = UP after in either case!
- APR 5 = Jupiter trine Neptune = Low in METALS! It re-occurs on Apr. 25 in Rt. Ascension
- APR 7 = Full Moon at 18+ Libra = Volatility seeking balance.
- APR 9-10 = Mercury enters Aries = Things come into sharper focus, more interesting, Fun
as Full Moon in Libra heightens relationship outings. Stock Market TOPS says Bradley Model! MAY Invert!
- APR 6-9-15 = Moon's Node is very actively aspected by Saturn, then Uranus, then Neptune = Rapid changes in alliances.
- APR 19 = Important turning point as Venus stations direct! Mars/Pallas on the IC on NYSE Close with Moon on Desc.
This may blow the roof off GOLD!!! Otherwise, very volatile markets, esp. near the close in NY!
- APR 25 = Jupiter trine Neptune in RA = BUY GOLD NOW if you haven't before. Add to positions if you have!
- MAY 6-7 = Jupiter opposes Pluto, Full Moon = Really BIG DEAL with Bankruptcies = Down markets + Gold!
- MAY 10-11 = Neptune Retrogrades, Mars Retrogrades = PULL BACK LOW IN GOLD = Short on 6-7, cover & Long today!

ATTENTION: Next month's letter will be published May 7, 2001.

**Our twice-daily HOTLINE update is available at 10AM & 2PM EDT for \$4.30 total per 2-3 minute call
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