

CRAWFORD *Perspectives*

December 3, 2001 Vol. 12/01

ONE MORE CRISIS! ENRON AND ARGENTINA!

Last month we mentioned that on November 26, Jupiter contacts Pluto by the 150 degree aspect (Quincunx or Inconjunct), and that would most likely lead to BANKRUPTCIES! We are now faced with another of those "Largest Bankruptcy in History" type events with the ENRON drama often bigger headlines than "The WAR"!

"In the last decade, (ENRON) became not only world's largest trader of electricity and natural gas, but also a telecommunications company, an investment firm, a paper and lumber producer and an insurer. It was, with more than \$100 billion in revenue last year, the nation's seventh-largest company." – *The New York Times* – Dec. 2.

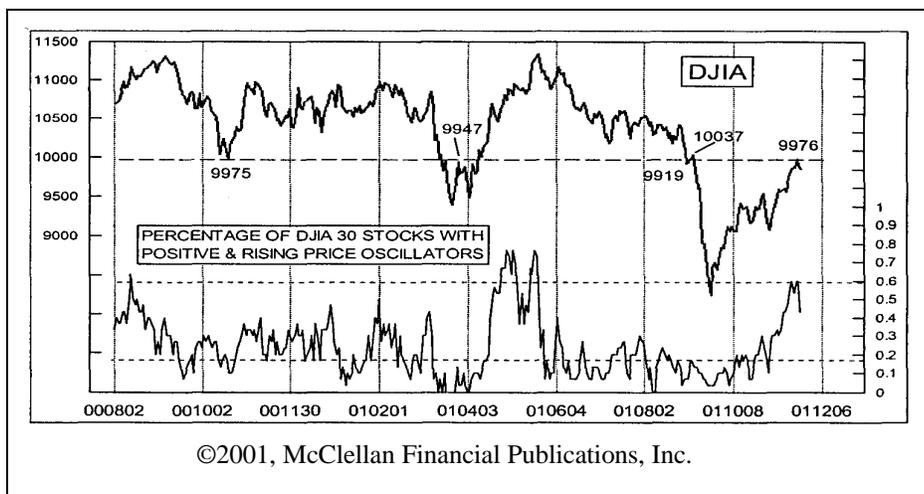
There is something Wrong with this picture, this time?! When Penn Square bank, New York City, Continental Illinois bank, Mexico and Long Term Capital Management (to name a few) made "Largest Ever" Bankruptcy Headlines, stock markets across a broad front were in periods of rapid diminishment. Why are Major Indices rising to

IN OUR AUG. 6 LETTER, WE SOLD SHORT 100% (WITHOUT USING MARGIN).

WE INCREASED SHORTS TO 200% (USING FULL MARGIN) AS OF OCT. 15 (DJIA AT 9347.62 OR S&P500 AT 1089.70) USING A 3% STOPLOSS EXIT POINT ON THE NEW PORTION.

LAST MONTH WE RAISED OUR STOPLOSS EXIT POINTS TO 10,320 BASIS DJIA OR 1154 ON THE S&P500 CASH INDEX, ON A CLOSE ONLY BASIS.

RAISE THE S&P CASH STOP TO 1184 ON A CLOSE-ONLY BASIS!



pre-crash Valuation levels, where previous price drops are now matched (or worse) by Earnings declines, as the "Largest Ever" looms immediate and menacing?

Is the market being manipulated "...for our own good?" The weakness in the Western Capitalist System has grown apace with the "Bubble Mania". Although the Japanese Economic Miracle has been dismantled and is known to hang in the balance, the condition of some of our own large banks is less well publicized. The Heaviest Hitters in Wall Street and Washington are pulling every string to keep the system from going down.

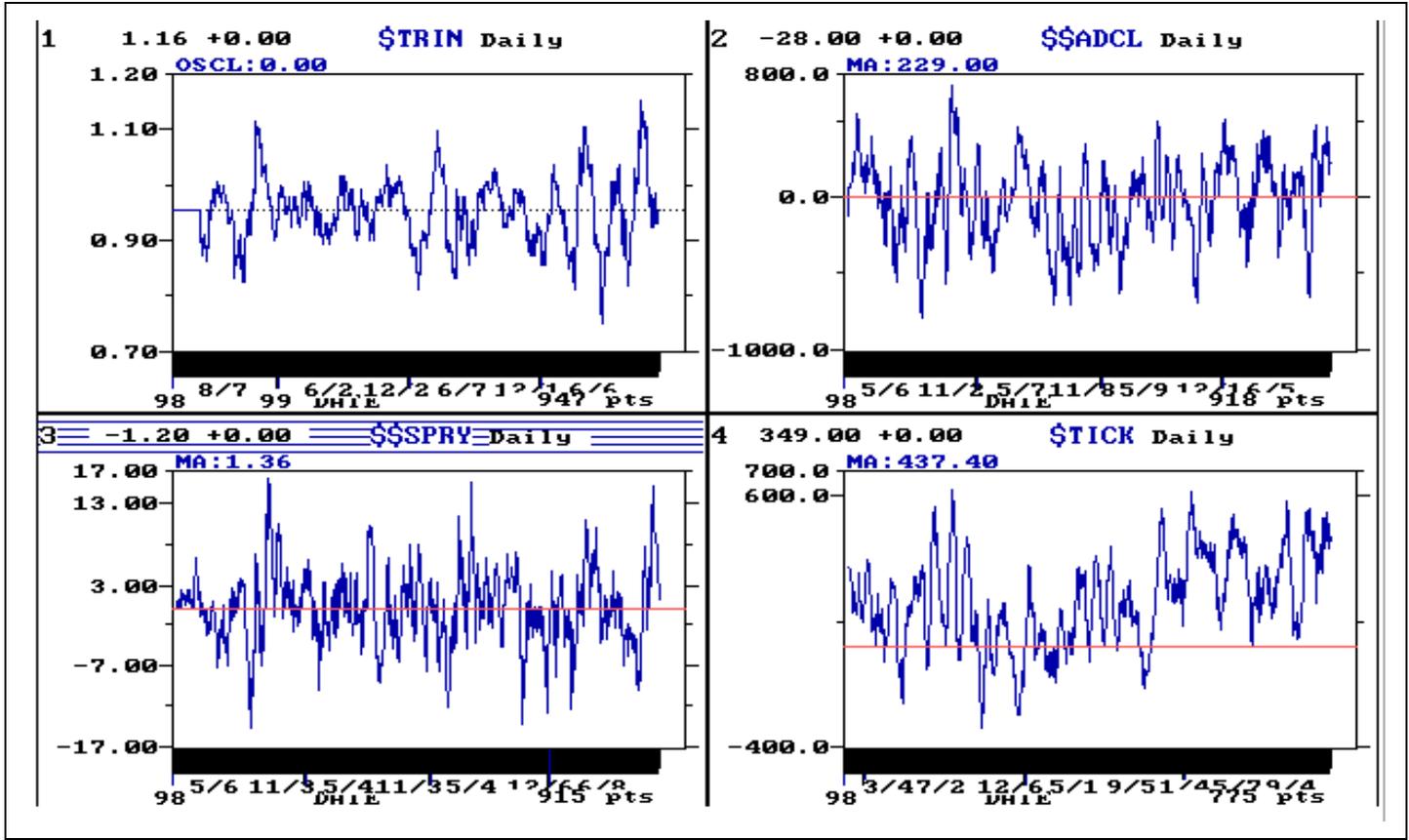
The problem with a manipulation or attempted saving of this magnitude is that the healthy resources of our nation are further eroded. On top of massive expenditures attending 911 and the conducting of War, a rapid rise in Dot.Com, corporate, and personal Bankruptcies is currently shaping a dangerously Deflationary environment. Running the printing presses for FIAT money (nothing but promises to pay) has disastrous historical consequences.

If all else fails, then go to War! Sound familiar? Japan and the Pacific Rim have fallen, Europe is slipping on a slippery slope, and even the Little Engine that Could may not make this next one. WAR, unfortunately, is the Last Ditch effort. That means that everything else IS Not Working! The excesses of the last few years have endangered the remaining Strong hands. Kondratiev (Long economic wave) Winter is coming in fast, and it will NOT be like a lamb.

As for December, there are conflicting technical, seasonal and astronomic influences. The BRADLEY planetary Model has inverted (a projected high becomes a Low or vice versa) this year on more than one occasion. Perhaps it will do so again with a High near December 4-6, rather than an expected Low! Tax Selling can be devastating in particularly weak years (such as this one) until about the 2nd-3rd week.

On December 14, an Eclipse of the Sun will be exact within 13 minutes of the NYSE close, and square the Fixed Star, *MARKAB*, considered a nasty by some astrologers! The Lunar Eclipse takes place on December 28. Eclipses can throw off the normal seasonal pattern of a month for 2-3 years duration. Last year saw a steep decline into Dec. 21st. LOWS last 12 months were Exactly on two Equinoxes and the Winter Solstice (Dec. 21 this year)! January 10-15 also exerts some powerful planetary energies. Our best informed guess is for a LOW, then. There are many more startlingly Bad Dates between now and the Final Saturn/Pluto opposition next May! The Saturn/Pluto series, as discussed previously, tend to be active around the times of WAR and Depression or both!

Technically: Heavy resistance in the Major Indices occurs at the 200-Day moving averages, coinciding near the 10,000 level basis DJIA and about 1160 in the S&P500. The S&P chart (pg. 3) appeared in our September 4 newsletter, which projected a Crash for September (it contained the worst week since 1940), and also a WAR to begin around September 8!



LITTLE CHANGE IN MAJOR INDICATORS OVER PREVIOUS MONTH!

As a general rule, these indicators are positive when low and rising, weak when high and falling.

This page is pretty much redundant relative to the November letter statements: "Some of these indicator oscillators have gone to new recent highs, and some have failed to do so, but All of them have zoomed up into the area generally associated with, at the very least, short term topy action, pursuant to an intermediate retracement to retest the markets lows of September 21 (Fall Equinox). A partial pull-back has occurred in the indicators, even as higher Prices have been achieved in Major Market Price Indices, thus setting up a growing "divergence" which should be corrected before further substantial gains should be realized, although near term thrusts are not out of the question." After thrusts in both directions, these are close to where they were then.

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 is going NUTS! We have never seen such a pattern of Higher Highs AND Lower Lows?! This month it has blown out to Historic New Highs AGAIN before returning to Neutral. The 10 & 21-Day raw ARMS have pulled back into the mildly negative projective range.

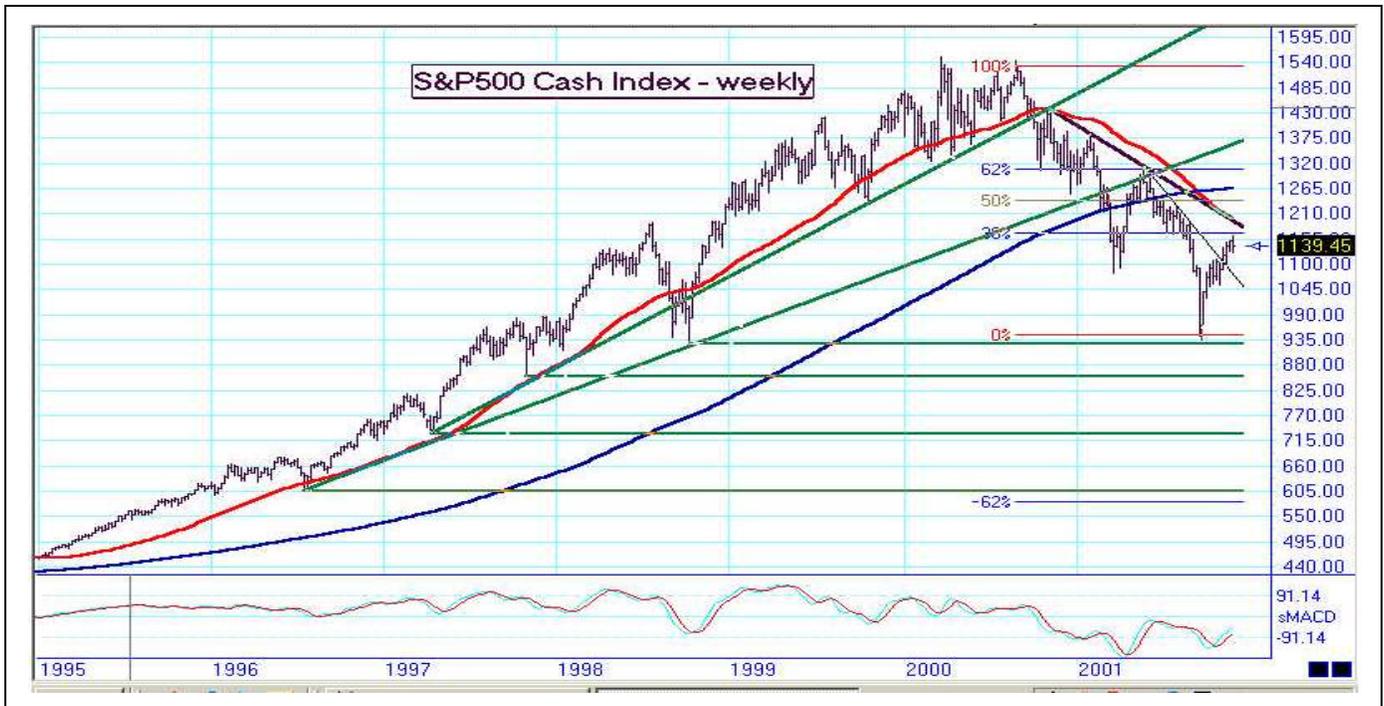
Chart (2) \$\$ADCL is a 10-day moving average of the net change in Advances-Declines (NYSE). This indicator is demonstrating the same swings as ARMS, and has just spiked up to normal (not historic) overbought levels, and may be forming a "Double Top" there. We think chances are good for at least some form of pull-back in stock markets worldwide, whether another

attempt on highs is made, or not. We expect clear downtrend into mid-December Tax-Selling season and Solar Eclipse Dec. 14!

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 followed by a strong move which broke the weak pattern of "declining tops" since the highs of March-April '00. Although the pattern of rising bottoms in the extreme low range is encouraging, and the September 21 bottom has extended that positive pattern. The recent spike Up was the 3rd highest peak of the last 3 years! Now trending lower from that extreme, must be counted at least mildly negative, and perhaps much worse.

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! Continuing uptrend in the face of New Price Index Lows in March & April correctly anticipated the positive resolution into May. 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. Although this index is high and dropping, its stable positive trend is not yet in doubt. The amount and quality of the next price decline will decide the analysis.

The Securities Traders Assn. was a First Class operation in Boca!



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.”

Here’s our analysis from that issue:

“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,
- 2) The 2nd steepest trendline, which was of much longer duration broke decisively in early March;
- 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 and turned down;
- 6) The 50-Week MA is now threatening to break below the 200-Week MA (blue);
- 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;
- 9) The PRICE has NOT been able to rise above the 50-Week MA;
- 10) The PRICE has NOT been able to rise above ANY PREVIOUS HIGH!”

Now the question is: “How many of these factors have changed?

Answer: ONE, the MACD Oscillator at bottom of the chart has turned Up from a Higher Low negating point 8). It has yet to break above a previous High which would make inroads against point 7).

One other positive (not shown) is that it HAS broken above the 50-Day MA and is now up against the 200-Day MA.

A) The price level has broken above the very steepest Downtrend line. However, that line is of shorter duration and fewer “contact” points, rendering it a very minor, though positive factor.

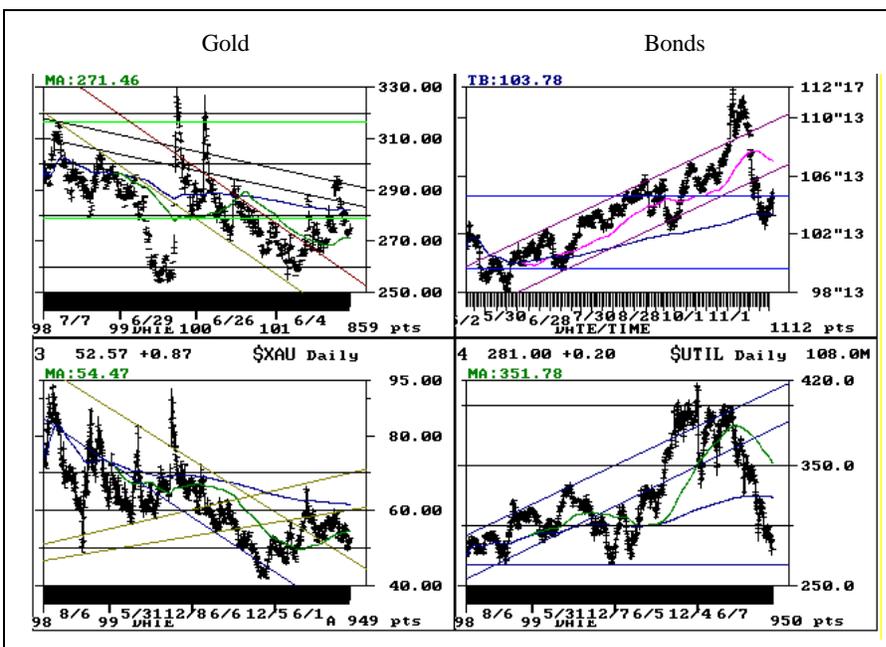
B) The price level has NOT broken above the principal Downtrend Line (In heavier black) nor has it penetrated the 50-Week Moving Average (red) which is currently tracking with that same downtrend at around 1180.

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

We would prefer to see a Retest of the September lows with positive divergences among the technical indicators.

Barring that, we would need to see more momentum and volume, and price breaks above significant resistance points.

The **GOLD** has continued to correct from its September 26 closing high. Basing now for the last two weeks, we believe the uptrend, aided by long term cycle strength, will reassert in coming days. Oddly, the **XAU Index** made a more determined advance over recent days, usually a good sign, but has not yet broken downtrends convincingly. Reg Howe's court hearing against the BIS and American FED and Treasury officials was held on November 5! It was NOT immediately dismissed, as many expected. The judge will issue a written report at an unspecified future date. (see www.LeMetropoleCafe.com). Market action has not been strong since, but not very weak either. **SILVER** has a more mature base formation and the 14-day Rate-of-change momentum index has turned higher. **COPPER** is the group champ to date, rising from just above 61 to just below 74, an 11% advance since early November.



The **CRB Index** has stabilized, forming a base between 180-190, and closed above at 192.6 on Friday. Yet, the Downtrend from one year ago has not been violated. December 21, the Winter Solstice, is a possible turning point, as are the Eclipse dates of Dec. 14 and Dec. 28. Stay with the trend until we get confirmed reversals in economic, or at least cyclic functions, possibly in December earliest.

Wheat, Soybeans and Corn are in the middle of their 2-4 month ranges. **CORN** broke sharply to new lows last week, but recovered the entire loss on Friday! **U.S. Dollar Index** has recovered most of its drop from high on the July 5 Solar Eclipse, to its low on the WTC bombing. Topping out at 118.0 the day after Thanksgiving, it closed Friday at 115.55, exactly on its rising trend channel line. Any lower and the 2 1/2 month advance will be in jeopardy! The **OIL COMPLEX** is forming a base near the lows of mid-November in a quiet flat pattern.. Worldwide recession is dropping demand across the entire complex.

The **LONG BOND** has had a wild ride, with Treasury canceling all future sales. Up to 112.5, Down to 103 & back up to 105.5 since the end of October! The shorter end followed the same route, but narrower, of course.

ASTRONOMIC ACTIVITY

- NOV 30 = Full Moon near Saturn = Responsibility, depression, sadness, restriction carried to extremes.
- DEC 4-6 = Sun/Mercury conjunction opposes Saturn, conjoins Pluto = Bradley Model Low in stocks. (May INVERT!)
- DEC 8 = Mars enters Pisces = WAR gets mushy. Psychic, sensitive position for the War god, but it does rule Prisons!
- DEC 10 = Mercury strong, good & bad = Intense but Mixed News re Travel, Computers, Intelligence, Trading!
- DEC 13 = Venus makes the same aspects = complicating and changeful influences
- DEC 14 = Early on = Moon/Venus/Pluto conjunction = Intense desire, forced motherhood, Interest rate changes!
Later, near NYSE Close = Annular Solar Eclipse = Big Down here could be temporary low?!
- DEC 19-20 = Mercury/Venus/Uranus/Neptune configuration Sudden, impetuous, peculiar passing love experience?!
Artistic/Spiritual Inspiration/Understanding. Good for meditation, Probably not good for trading.
- DEC 21 = Winter Solstice = Three of the last four Cardinal Points have been stock market Lows, to the DAY!
- DEC 22 = Mars square Saturn, Moon in Aries squares Sun, Mercury opposes Jupiter = Attacks on authority figures!
- DEC 24 = Mars trine (120) Jupiter, Moon trine Venus make Christmas Eve a time of Joy.
- DEC 28 = Saturn occulted by Moon, a several month series, Moon square Mars & opposing Pluto = More DANGERS!
- DEC 30 = LUNAR ECLIPSE, Mars square Pluto, Sun & Mercury aspecting Saturn = Sunday is a mean spirited day = Bad!
- DEC 31 = Jupiter crosses into North Latitude, beginning its new 12-year cycle! A subtle shift with long-term consequences.
- JAN 1 = Jupiter opposes Sun and contra-parallel Sun = This is NOT a good omen for the new Jupiter cycle to begin with!
- JAN 7 = Jupiter on Ascendant, Pluto square mid-heaven at NYSE Close = More about Bankruptcies? Rates drop?
- JAN 8 = SIX planetary aspect pairs = The Energy is Intense = Up or Down, you'll know Something Hit You!!!
- JAN 13 = Sun/Moon/Venus Sesqui-quadrate (135) to Saturn, Semi-sextile (30) to Uranus = Another high energy soup!

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