

CRAWFORD *Perspectives*

September 4, 2001 Vol. 09/01

CRASH BY OCTOBER 5? MARS/URANUS CRASH CYCLE CULMINATES!

There is something really wrong with our markets! The BUBBLE Bursts, and the Bubble Mentality begins to slip away. The HYPE and Crazy, wild claims, bogus accounting practices to justify the insanity, all are fading like vampires in the light of a new day. Those who have some money left are beginning to consider VALUE, YIELD and SAFETY of PRINCIPAL. Imagine THAT! How Quaint!

That is the exact description of the Second Leg of a BEAR MARKET from the ancient revered (at least used to be) texts of our craft. Another important consideration from our collective wisdom: In a Bear Market, technical conditions become Oversold, and stay oversold for considerable periods. In other words, as market psychology shifts, technical indicator parameters do as well.

As our Cycle Analysis continued to point higher into July-August, and many technical measures remained potentially

VITAL SIGNS

**WE ARE NET SHORT 100%
(WITHOUT USING MARGIN)
AS OF AUG. 6 NEWSLETTER.**

**COVER THE SHORTS AT DJIA
10,500 OR AT S&P500 1212 ON A
CLOSE ONLY BASIS.**

**OTHER THAN THE PRICE
CHART PATTERN OUTLINED
ON PAGE 3, OUR GREATEST
CONCERN IS THAT THE
ASTRO-CYCLES CONTINUE
SERIOUSLY NEGATIVE THRU
THE ENTIRE FALL PERIOD.**

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explosive (positively), our expectations (optimism) for New Highs in some Major Indices could yet bear fruit. Even with many upbeat signs, Price Indices languished in frustrating whipsaws. Next, we get the BEAR FRUIT!

Now, with more & more cycles entering Down mode, we are faced with the condition of: THE DARKENING OF THE LIGHT according to a much older Chinese tradition, The *I Ching*, or "Book of Changes."

From our April 3, 2000 newsletter: "MANY ASTROLOGERS are warning that the approaching Saturn/Uranus Square (5/13 Eph. Long., 6/17 in Right Asc.) will deflate Computer & Tech issues generally, as they are said to be "ruled" by Uranus, while Saturn is the planet of restriction and/or deflation and seriousness/sober reality. Another unusual phenomenon occurs with 6 bodies within 20 degrees of arc (5.6% of the full 360) on May 3-4 and again on May 16-18. Our analysis of previous alignments of this type reveal a propensity for Market Tops on or about these dates. Although there have been a limited number of instances since records were kept, the proximity to exactitude and the severity of subsequent market falls add much to the statistical pertinence of this material."

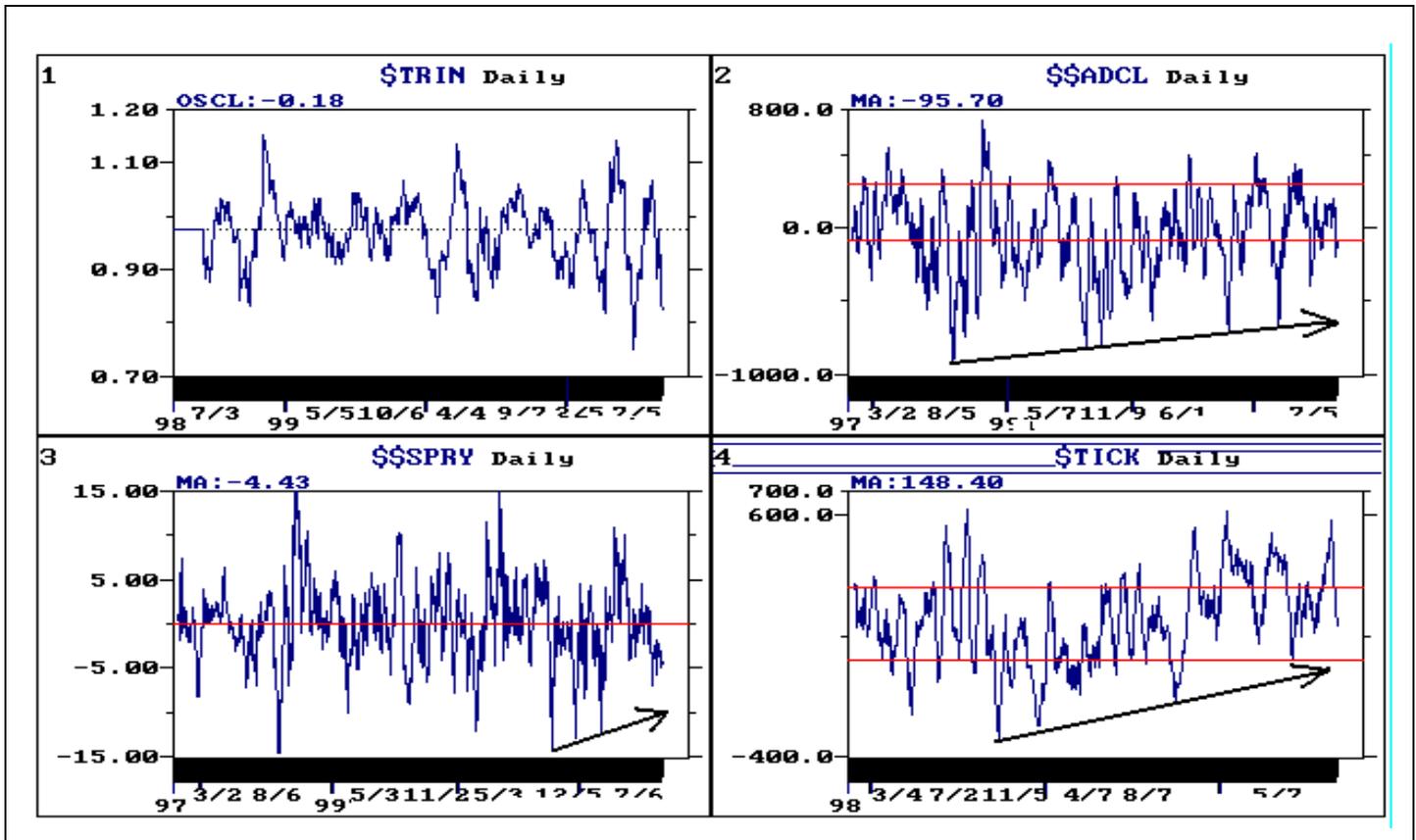
Continuing in the May 1, 2000 CP: "There may be other attempts to rise, but what is VERY CLEAR to us is that 6-18 months from now, a Bloody Bear

Market will be evident even to the as yet uninitiated."

Some years ago, we noticed a strong propensity for stock market Crashes to fall in the same 40% of the Mars/Uranus Synodic period measured from the Opposition (180 degree separation) through the following 144 degrees to -36 degrees before the next Conjunction. In fact, ALL Crashes of the 20th Century occurred in that frame. The current negative portion began August 28, 2000 and ends October 5, 2001.

Most of these benchmarks pass uneventfully, some with unspectacular or mediocre phases of retrenchment. But, IF a Crash is coming up, it is Very Likely to coincide. It certainly appears that present circumstances (Major Overvaluation, 2-3 Year TOP patterns, Poor Price Action in the face of Indicator Strength) represent the most potent dangers of any recent repetition!

Last month we wrote: "Perhaps the most negatively positioned are the Option Volatility Indices \$VIX for NYSE stocks and \$VXN for NASDAQ, both of which are near their lows of the last year... If they begin rising from current low levels, a Sell Signal would be rendered." THEY HAVE! (chart above) Arch Crawford will speak at the Royal Money Expo Investment Conference in Monterey, CA September 22-23. Use our name to get a free General Pass at www.MoneyExpo.com.



MAJOR INDICATORS NOT YET GAINING TRACTION!

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 is going NUTS! We have never seen such a pattern of Higher Highs AND Lower Lows?! It is now registering Oversold, indicating some further vulnerability possible, but MUST bounce Soon. The 55-Day raw ARMS remains near the Highest (most Bullish) on record!

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, only narrowing rather than broadening. Right now it is Dead Center Neutral, with Lower highs and Higher Lows! ANYTHING can still happen, same as last month.

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, a Lower High this month was followed by a Lower Low this past week. Although we had more than expected 'price' momentum loss during this corrective phase, this technical indicator held nicely until now.

Another sharp break would put it quickly into the BUY range.

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 in March & April correctly anticipated the positive resolution. The ability to hold within a long term rising pattern is a very healthy sign. Although recent lows were violated minimally on that last dip, a more conservative upward sloping trendline remains in effect. Another surge to the healthy Overbought range now puts it at odds with the other three, which have all made Lower Highs, though not necessarily lower Lows.

The negative case will be augmented by a Break of the March-April lows in the Major Indices (DJIA=9106.54; S&P500=1081.19; NASDAQ=1638.80) the positive by rallies breaking above the May-June peaks (DJIA=11,350; S&P500=1316; NASDAQ=2328). Another upbeat technical signpost would occur on penetration of 200-Day Moving Averages (DJIA=10,548; S&P500=1251; NASDAQ=2235). At this critical **Moment of Truth**, strategy and tactics move ahead of predictive techniques in usefulness to investors. One MUST prepare ahead of time for action in any circumstance, in order to avoid confusion and panic as new trends emerge.



PRICE CHART PATTERN WORSE THAN INDICATORS!

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!

Conclusion: The current level (1125-1135) must hold to prevent a cascading Capitulation phase. If 1120 fails, 1100 will also. If the March-April low at 1080 breaks, Traders will abandon all hope!

Normally, we give a great deal more weight to our internal technical market indicators, as they have a strong history of telegraphing the next price move. In the February-March period, and again in the July-August decline, a number of technical indicators reached levels usually associated with good bottoms in “normal” markets, yet prices continued to deteriorate. We consider this an omen of unusual moment, that longer term cyclic pressures have raised the Selling side of the market equation to an overwhelming degree, as the Buying side has predominated so powerfully over the previous five years.

Not since 1982 have the Major Averages broken their lows of the previous year, an historic string of 18 years in a row! That string is now history. Henceforth, the surprises, and the long improbable strings will manifest on the Dark side of the Force!

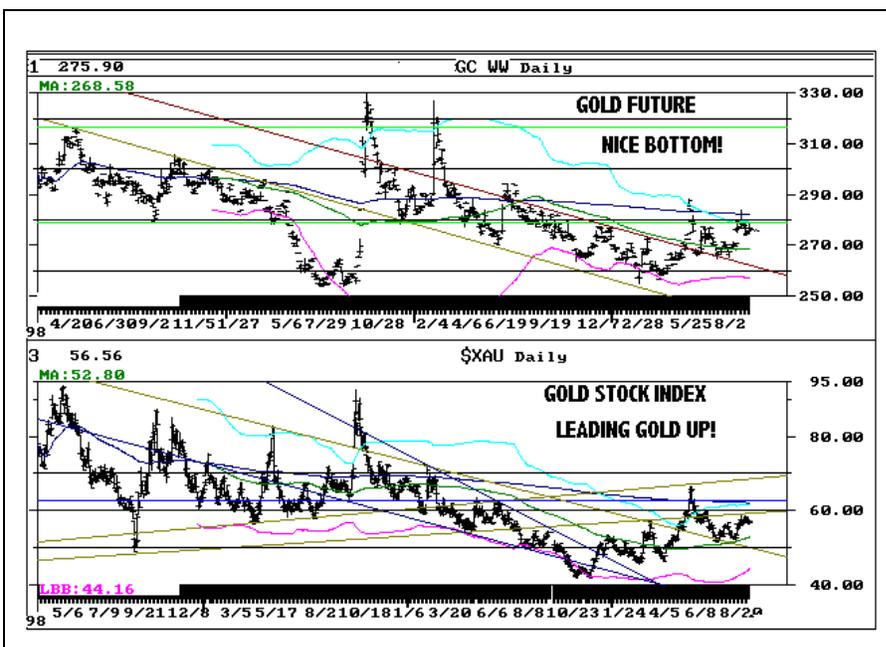
Your “priests” have told you: “BUY AND HOLD” and ye shall enter the “pearly gates.”

But I say unto you: You have been prepared for the SACRIFICE so that THEY can enter those gates.

Do you think that the “Power Elite” will allow the Boomers to muck up THEIR Heaven?

Recessions and Depressions have but one purpose: “To return the wealth to their rightful owners.”

August is the “seasonal” low for **GOLD!** As Europe takes off on vacation, and that includes jewelers, normal Buying pressures are reduced. Other factors can and do interfere/override, but more buyers will return to this market starting this week. We have been commenting upon the Long Term Positive case since the Jupiter-Neptune trines in April, and these will contribute to gains for the next TWELVE YEARS! We believe the May spike to 295 will be matched or surpassed in September! Increased international tensions expected as Mars crosses into Capricorn and hits recent Eclipse points this coming weekend (Sept. 7-8) and October 2. The Fall Equinox also highlights the potential for War frenzy, meetings of heads of state and the lack of Raw Materials! Reg Howe’s next court hearing against the BIS and American FED and Treasury officials comes on October 9 (see www.LeMetropoleCafe.com).



The **CRB Index** is holding so far near the technical support at 200. Should stem the decline, at least temporarily. Below that could precipitate a downside acceleration. The FED continues to prime the money pump. **Soybeans, Wheat and Corn** broke UP from long bases. All have since been in triangular corrective phases, which could break either way. We think UP! The **OIL COMPLEX** has been extremely choppy with **CRUDE** in a tight range, **Heating Oil** up, and **Natural Gas** making new lows. We are stopped out of our Short (73) on **Heating Oil** at stop 76.50. If the War we’re expecting hits the Middle East, all these will rise sharply, as well as **COPPER!**

The **LONG BOND** has continued in a very steady uptrend, surpassing each chart resistance after minimal backing and filling. Back above 105, it is within striking distance of the year high at 107. Last month we said: “Above the recent high at 104:05 and it’s up and away again.” In tense times, such as now, **BONDS** move contrary to stocks, primarily for safety’s sake as a “Flight to Quality.”

The **U.S. Dollar Index** has stabilized over the last 3 weeks in the 113-114 area, down from a long term High above 121 on the July 5 Lunar Eclipse! A war would most likely strengthen the US\$ on the NEWS, but we think much lower as the **EURO** comes into wide personal use in early 2002.

ASTRONOMIC ACTIVITY

There were many, many planetary aspects in August, but they were scattered over time with few concentrations and no multi-planet Whamo Alignment/Combination! However, from the 13th to month-end, there are 22 aspects classically considered negative/difficult and only 2 positives!

Sunday, September 2 Full Moon forms a GRAND CROSS with the separating Saturn/Pluto opposition, but a trine from Jupiter mitigates the worst of that highly negative formation. This is the most concentrated grouping since Aug. 5-6.

SEP 8 = MARS opposes the June 21 Solar Eclipse point at 0 Cancer 11, and Uranian Kronos as well = Leading as to War!

SEP 9 = Mercury at Aphelion (furthest from Sun) NEWS comes from afar. Another turning point for markets on weekend.

SEP 10-12 = Saturn, then Jupiter occulted (hidden) by the Moon. Party on the 12th, NOT the 10th! Same in markets?

SEP 14 = Venus opposes Uranus while Sun quincunx (150 degrees) it. Uranus afflictions these days interrupt computers!

SEP 20 = At 3pmEdt Mercury conj Spica as Venus conjoins Regulus = NEWS of the Royals?! Good for the ruling class?

SEP 21 = Mercury parallel Pluto, both contra-parallel Venus. = Exaggerated emotions into Option Expiration!

SEP 22 = Fall Equinox (Sun @ zero Libra) May add to the importance of Friday’s Expiration in several markets.

SEP 26 = Saturn Retrograde Station @ 14 Gemini = Tends towards the Responsible, Depressive.

OCT 2 = MARS conjoins the July 5 Lunar Eclipse. For the U.S. = WARLIKE! ACTION! Affects US\$ on world markets!

Arch Crawford will speak at the Security Traders Assn. annual meeting in Boca Raton Saturday Oct. 6.

ATTENTION: Next month’s letter will be published Monday, October 1, 2001.

Our twice-daily HOTLINE update is available at 10AM & 2PM EDT for \$4.30 total per 2-3 minute call 1-900-776-3449

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CRAWFORD PERSPECTIVES 6890 E. Sunrise Drive, Suite 120-70, Tucson, AZ 85750-0840 Tel. (520) 577-1158 FAX (520) 577-1110