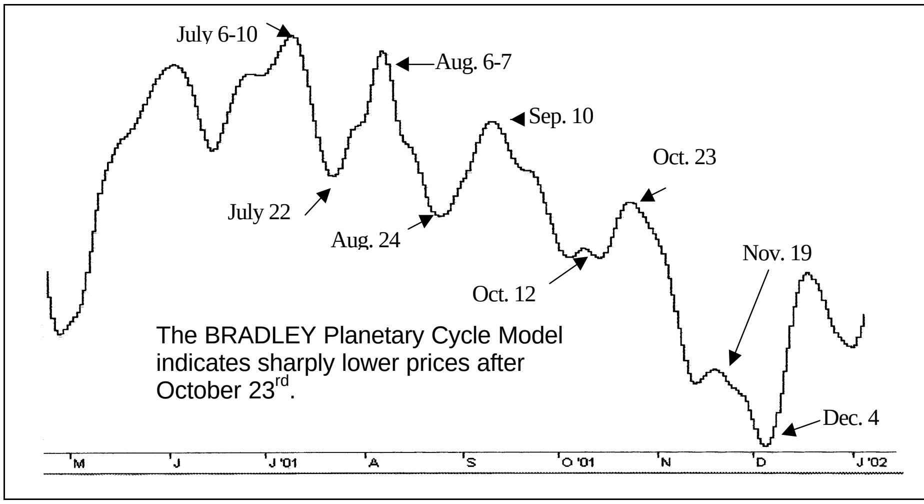
CRAWFORD *Perspectives*

October 8, 2001 Vol. 10/01



GOOD RIDDANCE TO THE MARS/URANUS CRASH CYCLE!

IF THE CRASH CONTINUES, BLAME SATURN/PLUTO!

The week of September 17-21 was the worst week for our markets since the Blitzkrieg of France in May, 1940, and the greatest point loss ever! That was a major escalation towards World War. Let us pray this is not. The signs and portents are not favorable.

Although the most dangerous portion of the Mars/Uranus Synodic period has just passed, astrologers are concerned about the longer range effects of the Saturn/Pluto opposition, in effect from August 5 this year until May 26 of 2002.

From an excellent astrological magazine, *The MOUNTAIN ASTROLOGER* in issue #98 (www.mountainastrologer.com) for Aug/Sep 2001, "Astrologer extraordinaire Rob Hand (www.robhand.com) draws from a wealth of historical and astrological perspectives to speculate on the possibilities of this challenging combination."

VITAL SIGNS

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

LOWER STOPLOSS ORDERS ON YOUR SHORT POSITIONS TO 10,120 ON THE DJIA OR 1130 IF YOU PREFER THE S&P500 CASH INDEX, ON A CLOSE ONLY BASIS.

INCREASE SHORTS TO 200% (USING FULL MARGIN) WITH A 3% STOPLOSS ON THE NEW PORTION AS OF OCTOBER 15.

The article entitled *"A CRISIS OF POWER* – Saturn and Pluto Face Off" he begins: "If you live in New York City or on the West Coast of the U. S., you may be reading this article by candlelight because of electric power shortages. What you won't hear about in the media is that an astrological configuration – occurring about every 35 years – perfectly symbolizes the breakdown of the power grid."

"…we can see 3 major themes that seem to correspond with these configurations. Several of these patterns have coincided with **recessions or depressions… wars,…** (and) **unrest in the Middle East, especially involving oil."**

"Saturn rules changes that have to do with shrinkage or getting smaller or changes that involve hardening."

"Saturn-Pluto change is likely to impose some kind of restriction on our freedom of movement or upon our resources."

"War, or at least an elevated level of conflict, is generally characteristic of Saturn-Pluto hard aspects."

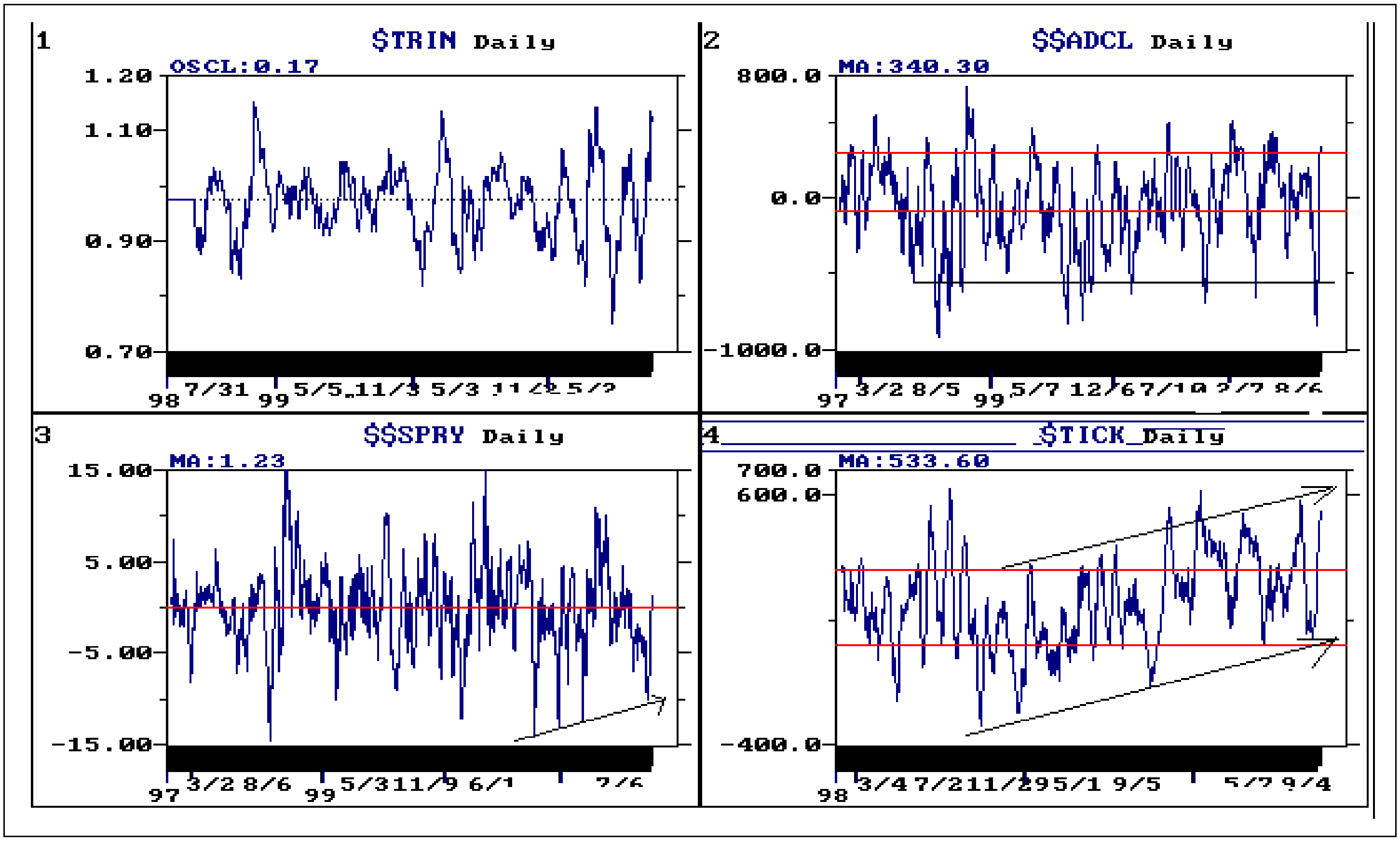
"We are entering a period of time when the free-wheeling prosperity of the last several years is at an end…"

Well, you get the picture. The article was written last April.

We quote from September 24 *BARRON'S* "Wake Up, America!" article by Ben Stein: "We have been living in a dream world in our investments. Just as it's our duty to guard our country, it's our duty to guard our family's financial future. No more wishful thinking. Back to reality, away from the supernatural in stocks, old economy or New Economy. Reversion to the mean is a law, not a choice."

In today's *BARRON'S* Mailbag, Steve Puetz, another investment letter writer replies: "For the Dow industrial average, where is the mean? Somewhere in the range of 1-to-1 to 1.5-to-1 has been the normal price-to-book ratio for stocks. That implies that right now, to be fairly priced, the Dow should be trading somewhere in the range 1000 to 1600. …How could stock prices get so out of whack with reality? The source of the 1990's mania was the same as all prior bubbles – easy credit….a vicious cycle of easy credit along with ever-increasing amounts of borrowed money being poured into the stock market sent the stock averages to insane levels. Now its time to pay the piper. The bull is dead. The bubble has burst. And the bear has awakened from a long slumber."

On September 10, I e-mailed Shelley Lebeck at Market Technicians Assoc. HQ 44fl of WTC-1 concerning an administrative matter. Overnight, she replied. At 8:45 am EDT I sent back: "Shelley, Thanks…. Arch"! Watching the unbelievable horror unfold on CNBC, sent another at 8:58 am with headline only: "You better get out of there!" By that time, she was on the way out with back-ups of main organizational computer content. She has been offered jobs on account of her cool head "under fire." Our very own Heroine!



MAJOR INDICATORS VULNERABLE ON THE RECENT BOUNCE!

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

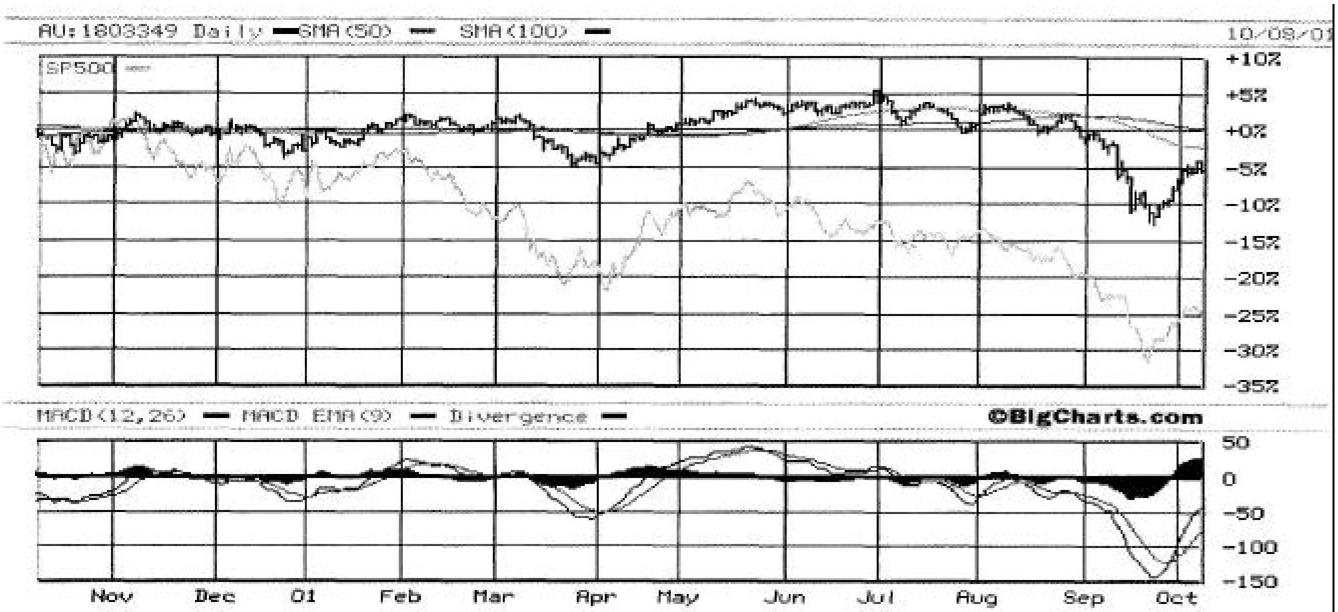
Chart (1) $TRIN is an oscillator consisting of a 55-day moving average of the ARMS Index (TRIN) minus a 21-day moving average of the same. This oscillator is going NUTS! We have never seen such a pattern of Higher Highs AND Lower Lows?! This month it is back to the 3rd or 4th highest readings of the last 3 years! Now registering Overbought, indicating at least some backing and filling, and at worst, another leg down. The 55-Day raw ARMS remains near the Highest (most Bullish) on record, which it has been All The Way DOWN!!

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 mild overbought levels from a deep oversold. Again, we think chances are good for at least some form of pull-back in stock markets worldwide!

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 last month was followed by a Still Lower Low at the September 21 bottom. The recent spike Up, along with everything else, has returned it to the neutral range, from which the next market move could go either way. All others being in Overbought, we remain clearly negative.

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. 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. Another surge to the healthy Overbought range now leaves three of the four in vulnerable condition. The amount and quality of the next price decline will decide the analysis.

Our projections last month that the U. S. would be at War during the month of September, probably after the 7th, came to pass rather dramatically. We did NOT expect it to occur on home soil, although the Lunar Eclipse opposing the U.S. natal Sun could be interpreted that way. The Crash indications were far more clear, and backed up by technical market analysis of the S&P500 weekly chart (page 3 of Sept. 4 letter, still available publicly at our website www,astromoney.com). As we write, U. S. & Britain have attacked Taliban targets in Afghanistan! May the One God/JHVH/Allah lead us all in the paths of righteousness, and may we be led by His Will, not ours.



All Ordinaries vs. the S&P500 for One Year

INTERMARKET COHESION, Especially in Crises

As International Trade and connectivity have increased dramatically over recent decades, International Markets have tended towards greater cohesion and correlation more than ever before. Sectors within exchanges have shown greater variation, generally, than National Market Indices taken among themselves. Two national markets more heavily weighted to the Natural Resource sectors are Canada and Australia (chart above). Although they often move directionally with World Markets, there may be leads or lags relative to “Value investing” trends or general Commodity Price levels.

In U.S. markets, the Dow Industrial Average topped on January 14, 2000, the NASDAQ on March 10 and the S&P500 on March 24. Germany’s DAX, Hang Seng and Nikkei peaked closer to mid-year, while France’s CAC-40 and Canadian TSE 300 did so very late in the year. London FTSE double topped at the early and late dates, while Hang Seng also came back very near their prior top (not shown).

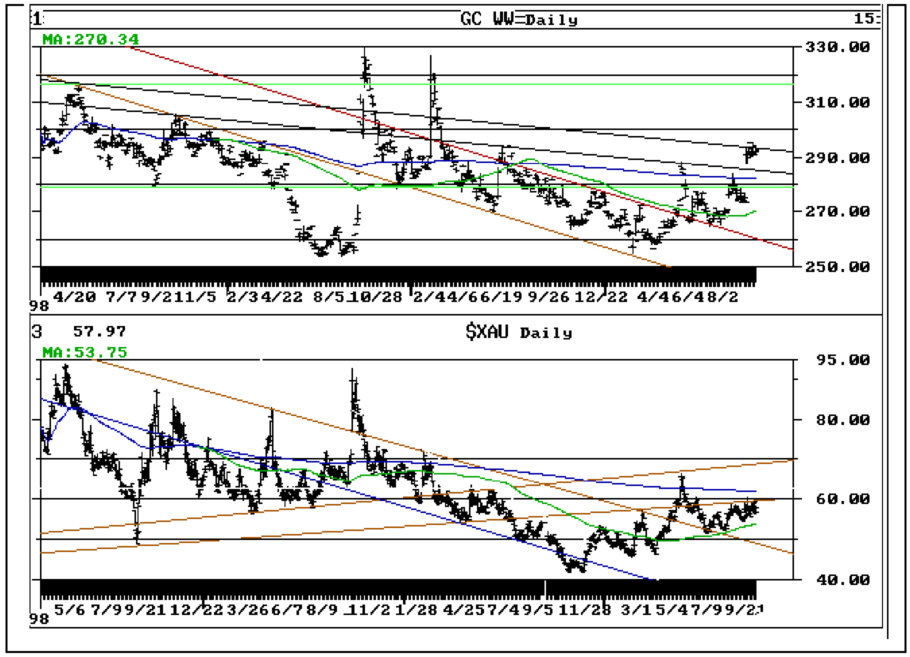
Although the area of the topping patterns was much wider than usual, and some markets experienced their absolute peaks well before others, major highs in some DID coincide with minor highs in others, exhibiting a strong Intermediate correlation. In addition, when all major economies are affected by events such as the Russian default, of LTCM failure, or surge in Interest Rates or unusual changes in Inflationary expectations, many diverse International Markets suddenly achieve a near “Lock-step” Interdependence, as we are experiencing now.

Subscribers can note in the All Ordinaries chart (above) that Australian Markets remained stable and relatively strong until the recent “unpleasantness” which has galvanized them into matching declining patterns. Looking back, you may see that the “pattern match” is quite remarkable, with highs and lows coinciding (vs. S&P) in the Intermediate frame, although percent changes remained significantly more positive, and strength lingered much longer.

Our main point here is that even though there is much agreement on Intermediate Highs and Lows across a broad spectrum of International Stock Markets, Crisis points of Acceleration/Deceleration (First and Second derivatives-mathematically) show a far greater coherence than is immediately discernible by a cursory examination. Further, that our Astronomic Methodologies are applicable, especially when things go wrong, to all markets and many sectors over considerable time horizons!

Arch Crawford will speak at the Security Traders Assn. annual meeting in Boca Raton November 17, 2001

The Seasonal pattern for **GOLD** has now joined a number of Long Terms we believe have turned an important corner. The more significant and timely concerns though, have to do with "Current Events" precipitated by astronomic functions mentioned in the September 4 newsletter: "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!" The charts of the metal and the **XAU Index** are proceeding apace. The Metal has already broken out of a fine looking base (at least on a "current contract" basis), whereas the XAU must exceed the 66.54 high of May 18. Reg Howe's next court hearing against the BIS and American FED and Treasury officials has been delayed from October 9 to November 5! (see www.LeMetropoleCafe.com).



The **CRB Index** is collapsing under the weight of $Trillions evaporated in Market Capital losses. The government and Federal Reserve are pumping money into the system in attempts to protect against systemic implosion! With the U. S. running deficits well above the critical 3% of GDP, we are vulnerable to currency problems on top of everything else! Last month we said: "(N)ow at the chart support of 200… Below that could precipitate a downside acceleration." Surely enough, it has dropped precipitously to the next "round" number at 190.

Soybeans, Wheat and Corn spiked up to highs between the July Eclipses, and have drifted lower ever since, along with the **U.S. Dollar Index** which peaked exactly on the July 5 Solar Eclipse. Although downside momentum is drying up, no firm base is yet evident. The **OIL COMPLEX** took a dive after an initial spike after the attacks. Worldwide recession is dropping demand across the entire complex.

The **LONG BOND** has continued in a very steady uptrend, surpassing each chart resistance after minimal backing and filling. Above 107 last week, but the more dynamic mover has been the **10-Year Bond** which has moved more steeply; so much so that an emergency auction was performed for the first time ever, to maintain availability and liquidity. Our "up and away again" call has paid off handsomely! In tense times, such as now, **BONDS** move contrary to stocks, primarily for safety's sake as a "Flight to Quality." The settlement problems foisted by the tragedy downtown have exacerbated these trends.

ASTRONOMIC ACTIVITY

OCT 9 = Mercury parallel Pluto = Often a large move in stocks, more often down!
OCT 10 = Jupiter semi-sextile (30 degrees) Saturn = mildly favorable, along with another mild positive.
OCT 13-14 The weekend holds a powerful alignment with Sun conj. Mercury, both square Mars and trine Uranus
Possible escalation of Warlike Actions, perhaps on both sides of the conflict. Tempers flare, energetic responses.
OCT 15 = Venus enters Libra = appreciation of beauty, art, music, interrupts temporarily drift to hostilities.
OCT 16 = New Moon at 23 Libra during the trading day. Markets may turn around 3:23 EDT.
OCT 17 = Neptune Direct Station = Meetings of religious personages. Deception, Poison water? Oil moves!
OCT 19 = Option Expiry = Mercury square Jupiter, Moon midpoint Venus trine Neptune = Enthusiastic, optimistic.
OCT 21-26 First SUN then MARS 45 to Pluto/135 to Saturn = Further Contraction/Fear. Saturn opp. Pluto in R.A.
OCT 29-30 = Sun square Neptune, Uranus Station = More surprises, spike UP in Gold, Oil!
NOV 1 = Full Moon in Taurus highlights unemployment & investments.
NOV 2 = Saturn opposition Pluto (2nd of 3) regular way (E.L) Jupiter Retrograde Station = More bad news to follow!
NOV 12-13 = Most active day for awhile, bullish Gold, bearish stocks.

ATTENTION: The letters are usually mailed 1st Monday. Next month, we will try for Monday, October 29!
Our twice-daily HOTLINE update is available at 10AM & 2PM EDT for $4.30 total per 2-3 minute call1-900-776-3449

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