CRAWFORD Perspectives

November 29, 2004 Vol. 04/12

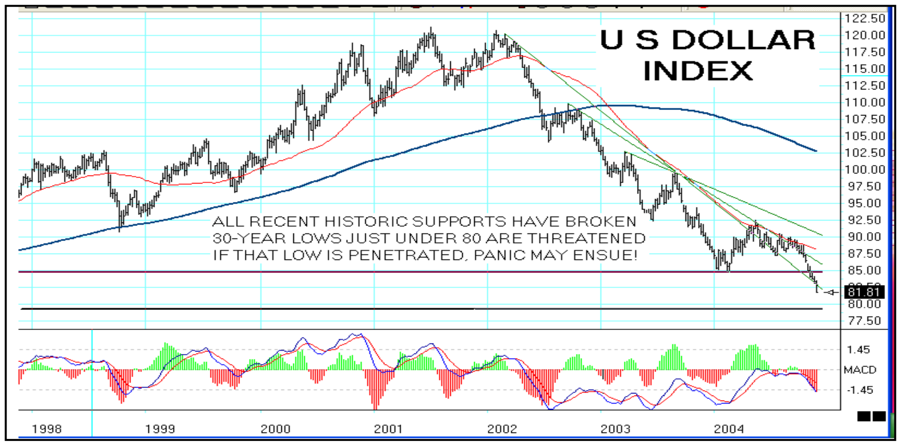
## DOLLARS TO DOUGHNUTS!

Last Monday, KK Doughnuts (KKD) reported a surprising quarterly loss due to store closings and sluggish sales, sending its stock down 16 percent. Could the Dollar be close behind?

Last month, it was all about the election. This month it's all about the Dollar! The authorities remain unconcerned in their verbal pronouncements, but the international monetary trading markets are getting out of hand. The scenario contains similarities with that of 1987. The US$ was slipping, then picking up speed on the downside. Our government issued mixed signals, calling for Dollar strength, yet not acting to stem the slide.

The market kept climbing, after most cycles had turned down. Price/Earnings Ratios and Dividend Yields were out of historical norms. The Dollar decline began to concern international participants, as it accelerated past consecutive support levels. At some point, powers that be decided the motion was becoming too erratic, and interest rates were quickly escalated to stabilize monetary conditions.

Equity markets then joined the melee, reacting negatively to the rapid rate hikes. The Lunar Eclipse of October 6, 1987 was the worst down day in points on record, and began the plunge into the Crash on October 19. The morning after, it appeared that the world's monetary system would crack with the strain. The FED told the banks that if anyone from Wall Street asked for money to "Give it to them!"




The Dow Jones Industrial Average was off an additional –200 points by 9:45am EST. With that FED announcement, the DJIA went positive by 10 o'clock. The monetary spigots were kept open for some time, and the system was saved for the time being. But it has been terribly bent out of shape, and impossible bubbles were created which have not yet been moderated, further aggravated by bulge in demand for cash for Y2K!

Once more our markets are moving toward crisis, lead by the US Dollar decline and the outflow of monies. Government officials are mouthing platitudes. Meanwhile, several national governments are buying less and selling more of their reserve assets denominated in our currency.

***Crawford Perspectives*** has continued to warn that the decline would accelerate upon the dissolution of historic support levels at 87.20 and 84.77 on the Dollar Index.

### VITAL SIGNS

**IN JANUARY 5 CP, WE SAID TO "SHORT IMMED-IATELY AND PLACE A STOP AT 10,790 BASIS DJIA**
**IN FEBRUARY, WE RAISED THE STOP TO 10,820**
**WE SHORTED THE S&P500 CASH INDEX WHEN IT DIPPED TO CLOSE AT 1093.88 ON JULY 21.**

**MOVED TO 200% SHORT ON AUGUST 17, ON BOTH & COVERED NEW SHORTS ON SEPT. 24.**

**ON DJIA STOP ALL AT 10,760 S&P500**
**STOP REMAINING HALF @ 1165.**
**RESHORTED TO 200% ON DIP BELOW SEP LOWS.**
**STOPPED ON S&P500 POSITION AT 1165.**
**RETURN TO 200% SHORT ON CLOSE DEC. 31!**

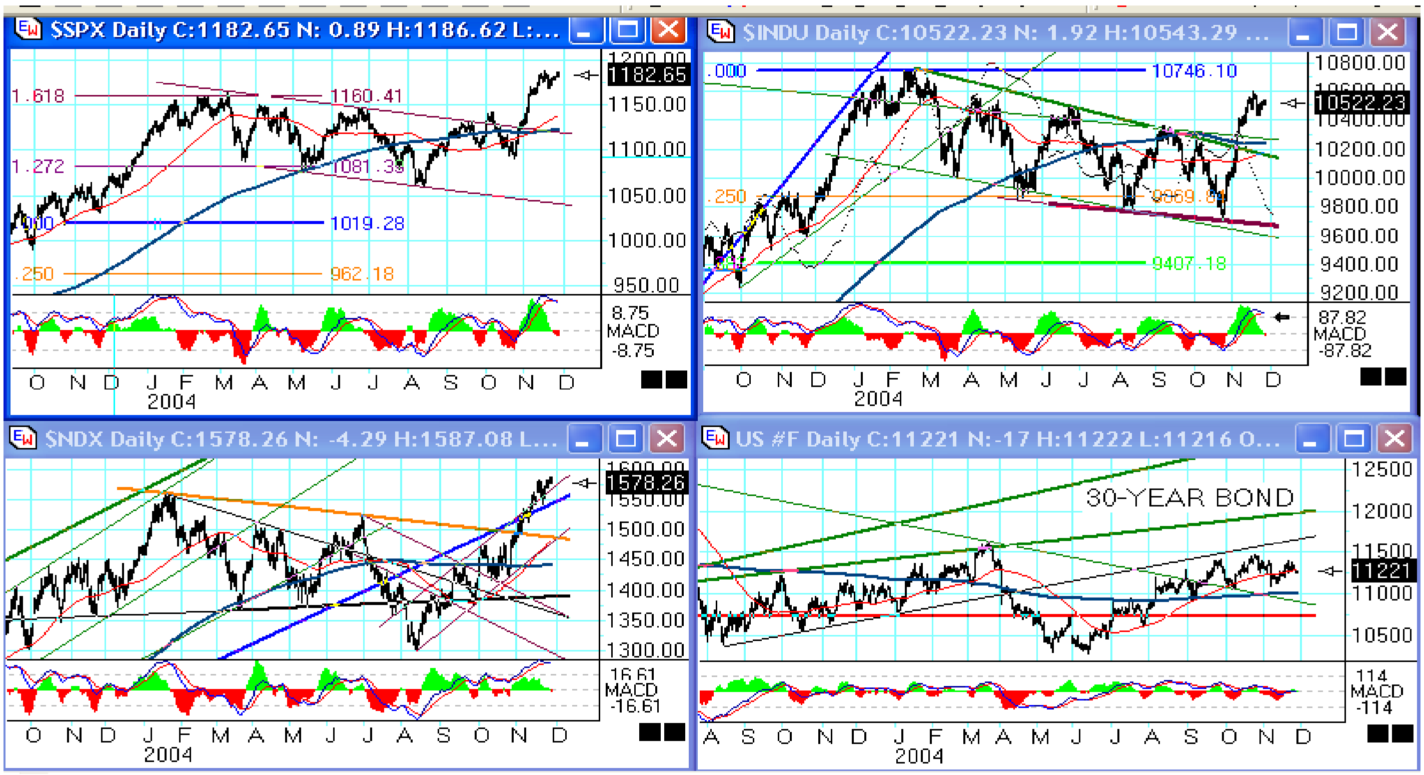
**ALL OUR STOPS ARE CLOSE ONLY!!**

The 30-year lows just below 80 are now being threatened. We believe if that breaks meaningfully, further acceleration will ensue, shortly forcing a radical rise in US interest rates.

Expectation is high that action will be forthcoming to keep the Dollar from obliteration. We think the Index will hold the 78-80 support through the holidays, and come apart in January! Many countries are assisting in support to keep their own exports to the US protected. But they are getting tired of the depreciation of their national Reserve Assets. They are also aware that a changeover in World Reserve Currencies could precipitate a worldwide depression of some incalculable proportion.

Meantime, our One-Year short rates (IRX) have sprung from 0.84% last January to 2.16% now, an increase of 256% while our Ten-Year rates (TNX) are about the same, after gyrating wildly in both directions. This is a startling differentiation, and reflects a dramatic attempt to manage the problem with our Treasuries.

The stock market is continuing on its merry way, with One New Low on the NYSE last Friday. It becomes potentially dangerous when new lows exceed 40 for several days running. The VIX, at 12.79, remains near historic lows. A move above 16.50 will recommend caution, but a new year high above 22.60 would confirm a more bearish trend. Sentiment readings at ***Investor's Intelligence*** "…showed a rise to 57% this week, while bears are down to 17%, both very dangerous levels."




## MARKET GOING GREAT GUNS, OVERBOUGHT AGAIN?

Charts pictured above show ($SPX) S&P500 Cash Index, ($INDU) Dow Jones Industrial Average, ($NDX) NASDAQ 100 (not COMPosite), and (US #F) 30-Year T-BOND (price)

Both the SPX and NDX have broken up through all previous resistance levels of the last 3 years! NDX was last here (1578) in January 2002, while the SPX (1182) last saw these levels in August of 2001. INDU remains below this year's high of 10,753, the weakest of top indices.
ALL, however, have extended MACD momentum indices which are now rolling over. It is possible that another pop could come about during this seasonally favorable month, but too many things are 'Not Right' about this advance.
The NDX, somewhat stronger during last month, did not decline below its 50-Day MA (thin Red line), a hint of the strong rally we have just experienced. The SPX, on the other hand, broke both MA's and quickly recovered above them last month, giving its own signal of better things to come.
Bullish Sentiment Readings and Volatility Readings remain at excruciating extremes, one high, one low, both are Bearish for markets. However, many varying Market Indices are strong: Dow Transports and Utilities, and broader indices such as the S&P600, the Russell 2000. Defense Ind., Insurance stocks, Junior Growth, Consumer, Leisure and Computer stocks have all exceeded earlier highs, but, like the Majors, have severely lagging momentum indications. Weakest are Dow Industrials, Senior Growth and NYSE Composite Indices.
The order of progression for Moving Averages in the process of rolling over are these: 1. Price breaks below the rising 50-Day MA; 2. The 50-Day MA turns down; 3. Price breaks below the rising 200-Day MA; 4. The 50-Day MA breaks below the rising 200-Day MA; 5. The 200-Day MA turns down. Although this order may vary slightly, it is clear that an important decline is in effect when Price is below both, the 50-Day MA below the 200-Day MA and both MA’s are declining. Conversely, a bull market move is accompanied by Price moving above the rising 50-Day MA's, which are above the rising 200-Day MA's. The most bullish case presently holds for both the SPX and NDX indices. The only laggard is that the INDU 50-Day MA (thin red line) remains below the 200-Day MA (heavier blue line).

**"Cautious, careful people, always casting about to preserve their reputation and social standing, never can bring about a reform. Those who are really in earnest must be willing to be anything or nothing in the world's estimation, and publicly and privately, in season and out, avow their sympathy with despised and persecuted ideas and their advocates, and bear the consequences..." - Susan B Anthony**


**THE BRADLEY ASTRO-MODEL ENTERS A PERIOD OF ACCELERATED DOWNTREND!**

From November 11 to December 7, the **BRADLEY MODEL**, composed entirely of values assigned to angular planetary alignments, indicates that equity markets may follow a steeper declining curve than previously, into a prognosticated low and reversal period in December. After a year-end seasonal recovery, lower lows are foreseen into next year, with low registering in late January. Although the projected high is coming in later than expected, you can see in bottom section of chart, that the MACD momentum indicator is rolling over in topping mode! Please notice that the height of the green lines peaked in early November, on time for the 2nd of two Bradley highs, and that the thin blue line is about to cross down below the thin red line (also at bottom of chart).

If the BULL move is to continue from here, look for a pullback in the MACD red & blue lines to the mid-level Zero Line. If they hold in the mid-range, and the blue crosses back above the red, a further extension upside could be anticipated.

“The **BRADLEY MODEL**, described by Donald Bradley in his 1948 booklet, ***STOCK MARKET PREDICTION***, has gained quite a bit of notoriety in recent years for its incredible accuracy. Except for the period of July through November 23, 2003, it has generally continued to be the most accurate market timing device for three years, an exceptionally long run of correct calls. It is NOT always thus. Bradley’s **SIDEREAL POTENTIAL LINE** takes into consideration EVERY one of the classical Ptolemaic harmonic angles between any 2-planet pairs.

Its strength and its weakness is that some years, it will precisely point up Highs, Lows and Turning dates for the Major Stock Market Indices, and other years will seem a random mishmash of useless squiggles. The Turning Dates are the most reliable portion of the Bradley, Direction, somewhat less so, and Amount of Move, least reliable. Sometimes a calculated High will, in reality, come about at a Low in stock prices and vice versa. It’s something we should keep our eyes on, but not something to Bet the Farm on, especially in a vacuum as in the absence of other technical confirmation from real-time data generated by the actual movements of prices in Wall Street.

NOT Included in Bradley’s work are Syzygies (New & Full Moons) and their special cases, the Eclipses, Declination Factors (North-South positions, except for Mars & Venus), Heliocentric alignments and Large Configurations composed of Multiple Harmonic Interactions among several planets, simultaneously. When the Force is extra-ordinarily perturbed by any of these other factors, the Bradley projection can go haywire.

Additional confirmatory astro-cycle research has brought to light a Mars/Uranus CRASH Cycle, wherein each and every Market Crash of the last century occurred during the same portion of the Synodic Period of these two planets, relative to each other. (See article on our website at: http://www.crawfordperspectives.com/documents/Mars-Uranus.pdf) This is a relatively short cycle, yet crashes are quite rare birds. It is necessary for other indications of a ‘Bubble’ or 'extended' condition to also be present. Such is the case with fundamental 'values' out of line as measured by Price/Earnings Ratios of the major equity indices as well as their dividend Yields. Currently, P/E's are running nearly 23, with Dividend yields at 1.51% on the S&P500.

This Mars-Uranus Crash Cycle is in effect until the Spring Equinox, March 20. The sharpest Bradley drop, other than next week, takes place from January 3 to January 27.

"Astro-cycles of public mood continue stressed at least through November 12, especially around the 7th." (THAT was the attack on Fallujah!)

Arch will be a speaker for The International Society for Astrological Research (ISAR) August 17-21, 2005 near O'Hare - 1-800-982-1788 or check their website at www.isarastrology.com Please give our name (CP) as reference for our credit. - Thank you.

We Shorted the **US Dollar Index** contract in the May 3 CP letter @ 91.02, lowered stop last month to 90.30 October CP letter we said: "A move under the Feb. low of 84.77, and the pit could open up below!" The 84.77 multi-year broke on Nov. 3, 2 days after our November 1 letter repeated that same warning. The last support for about 30 years was a range around 78-80 last touched in 1992. If there is no strong visible support in that area, a worldwide panic flight from the Dollar could ensue. We think **IT WILL**, by the Spring Equinox latest! Lower Stop on the **Index** now to 83.25, which will give us a +7.77 profit if it is able to bounce above the steep downtrend. If stopped, RESHORT close Dec. 31.


We have a chart count to its upper trend channel now around $475+ for the **GOLD** price**.** Our chart on this page continues to speak for considerably higher levels. It has continued to perform well, even though the **OIL** pulled back from a double closing top at 55.17 on Oct. 26 to a low of 45.25 on Nov. 15th. Raise the STOP on **GOLD** from 390 to 428, for now. If stopped. repurchase on Close on Dec. 31!

We have written: "The **CRB Index** and **MANY Commodities** have depreciated against the **US Dollar** in a flat consolidation pattern**,** over the last quarter, and, with any further breakdown in the **Dollar**, are very likely to take off running again." It hit a new high 291.95 last week, but is not keeping up with our favorites. **Cattle** contracts are in a continuing saw-toothed pattern that rises and drops on Mad Cow news. "**Hogs** seem to have made another higher Low and is a short term Buy unless it breaks down & closes below 64. **Coffee** is following the same pattern as **Hogs**." Hey, both of those have gone to much better highs. All you need is one of those a month! They are looking a little more toppy with price momentum flat to slightly lower, and extended in price.

**Wheat** and **Corn** broke to new lows Friday, continuing a significant downtrend. The **BEAN Complex, Cotton & Lumber** bounced nicely from early November lows, and seem to be turning back down. **OJ & Sugar** did the same bounce, but have no sign of turning back down, yet. **Natural Gas** topped with the **Oil Complex** Monday Oct. 25, as oil's astro-ruler, Neptune, made a station square Mercury over that weekend. Both made lows Nov. 15 and have broken up through minor moving averages and downtrend lines. Trying to turn back up?

**SILVER** broke strongest uptrend lines placing the stronger earlier trend in jeopardy**.** Although higher, momentum continues to weaken. **Copper** broke severely Oct. 13 on heavy volume when fund selling caused it to pierce successive technical support levels, accelerating the downtrend. THAT was IT! It recovered to new highs for the move.

We NO LONGER recommend the Stocks, but continue to like the BONDS and Currencies of Australia, New Zealand, Canada, and to a lesser extent Russia and South Africa (greater political risk). We have been LONG for the last 3 years, **along with GOLD,** (from April 5, 2001)! The Major shift to Resources is ongoing and will probably last for years, but we look for a multi-month correction phase after a spike in the near future.

## ASTRONOMIC ACTIVITY

NOV 29 = Jupiter trine Neptune early A.M. = LOW in Oil/Gold/CRB Index = Look for a sharp move UP today and tomorrow to 10:25amEST.
NOV 30 = Mars square Neptune @10:25amEST = TOP in Gold/Oil/CRB = Should be a Fast, Sharp, Profitable trade! Mercury to Retrograde!
DEC 2 = Moon opposite Neptune, both square Venus could put another quick shot Up in Gold/Oil/CRB. Traders get out on Open on 3rd.
DEC 10-11 = Mercury/Sun conjunction, then New Moon with Pluto closest! Could be more underhanded/coercive/obsessive events.
Also on the 11th, 4 bodies within 5 1/2 degrees = Market usually drops as these combinations diminish.
DEC 20-21 = Hades/Pluto opposition will be on the Ascendant/Descendant axis at the NYSE Close 4pmEST@ NYC! Moon squares Saturn
Could be a hard Down into NYSE close. Expect the worst, may be the December low. Mercury Dir. 20early AM. Ok to sign again
DEC 26 = Full Moon - Market Closed = Don't argue with family over holiday gatherings!
DEC 29-30 = Uranian Kronos on Asc. at NYSE close = "Everything above average" Mercury & Venus sextile Jupiter = GOOD Santa Rally
DEC 31 = Moon opposes Uranus with Mars square both = T-square = Another strong indication **for a rally into a TOP!** Go Short Anew!
JAN 3 = Mars to Saturn, Venus to Pluto = Markets Down from the get-go. JAN 4 = Mercury conjunct Pluto = High Volatility.
JAN 5 = First of the dangerous series of Pluto opposing Uranian Hades, this one in R.A. First regular way (EL) will be the 12th,
JAN 10 = New Moon square Jupiter & opposes Saturn = Bad news about economic activity is reported!
JAN 12 = First of the Pluto oppositions to Hades in Ecliptic Longitude. Forms a T-square with MC of NYSE Close. More BAD news.
JAN 13 = Six inter-planetary aspects, an unusually active load. Very volatile, good early, worse later. Possible Turn Date?!
JAN 14 = Moon on MC of NYSE on close. Highly Volatile into the 4 pm closing moments.

**ATTENTION: The letters are usually mailed 1st Monday. The January issue will likely be sent early on Tuesday, Jan. 4+/-1 Day!**




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