

HANGING IN THE BALANCE! (LIBRA THAT IS)

Traders should be especially careful during the times surrounding an Eclipse Series. The Quants and the Technicians spend an inordinate amount of time figuring out repetitive patterns, only to see them blown away in the next few instances. Don't lose heart! It's just the Eclipses!

They disrupt the normal flow of energy from the Sun and Moon to the Earth. So don't expect what has been working under ordinary conditions to continue to do so. Things are definitely NOT 'normal' or 'ordinary' under these powerful barrages.

Carlos Garcia-Mata wrote a paper entitled "Solar & Economic Relationships" for the Quarterly Journal of Economics (November 1934) in which he offered a credible case for economic trends following the **amount of Sunlight reaching the Earth!** What was earlier thought to be the 'Solar Constant' was found to be Variable, and that small variations registered multiplicative effects on Earth's economic time series data.

The MOST disturbing events were far less predictable, being the amount of volcanic ash (aerosols) floating around the world and interfering with the reception of solar output. News items this week call attention to venting and lava flow from Mt. St. Helens, Vesuvius (Italy) and *Volcan del Fuego* (Volcano of Fire) which is



300 miles west of Mexico City.

If, by chance, dust clouds become increasingly prevalent, (especially around these Eclipses), Short Stocks and BUY Commodities, as shortened growing seasons could well bring scarcities. We have been predicting a long cycle of lower stocks and higher commod since early April of 2001. High volcanic activity could hasten this trend, that is already well on its way. It has proven quite profitable, so far.

Long after Garcia-Mata, Rhodes W. Fairbridge summarized work on the "Solar Jerk" and the King-Hele Cycle, where combined planetary cycles closely correlate with the Sunspot and Solar Output Cycles. His article, **Climate and Keplerian Planetary Dynamics** is available on our website at www.crawfordperspectives.com.

When a number of planets congregate on one side of the Sun, their combined gravitational force actually pulls the Center of Mass of the Solar System (the Barycenter) through the surface of the Sun, creating multiple disturbances and causing the phenomenon which has been much hyped of late as GLOBAL WARMING!

VITAL SIGNS

IN JANUARY 5 CP, WE SAID TO "SHORT IMMEDIATELY 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 USING FULL MARGIN ON MARKET CLOSE ON AUGUST 17, ON BOTH. COVERED HALF OF BOTH AT NOON SEPT. 24.

ON DJIA STOP REMAINING HALF AT 10,760 S&P500 STOP REMAINING HALF @ 1165. RESHORT TO 200% ON DIP BELOW SEP LOWS.

ALL OUR STOPS ARE CLOSE ONLY!!

The planets will keep the Barycenter NEAR the surface of the Sun, such that it will remain between .9 and 1.1 Solar Radii from Oct. 17, 2002 to Jan. 28, 2011. This period will keep the Sun unusually active for nine years, the longest period calculated for +/- 2000 Years! This could totally destroy efforts by governments to 'manage' economies, and may likely lead to the longest and worst economic depressions in written memory.

As for the current state of the stock market, the DJIA seems much weaker than the other major indices and that is more often a positive sign, as is the NDX stronger than the others. We'll have to see if the end-of-quarter strength can manage to follow through after the window-dressing and re-investment demand quiets down. We are just now entering the Eclipse Series period (Oct. 13-27), and Mars contacts the recent Solar Eclipse point on the 28th which is likely to collapse markets into a temporary (at least) low.

The **Bradley Model** does not leave much room for upside activity, indicating a sideways period before declining again into December 7 time frame. Advisor and other sentiment readings, new lows in the VIX, and cash levels at Funds are the more negative indications currently. In this very mixed atmosphere, follow our stops closely, but increase Shorts again on any break of the Sept. 28 lows (DJIA 9978 or S&P500 1101).



A LITTLE MORE STRENGTH- IS IT ENOUGH TO BREAK AWAY?

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 the NDX have broken back up above their 50-Day and 200-Day Moving Averages once more. Nothing is more frustrating to traders than a range-bound market, with this sort of back and forth, above and below critical support & resistance levels. This action has continued more than long enough to make it a royal pain to the Investor class, as well. Twice we have declared clarity in the negative case, and yet still there is no clarity. Weakest of the three, the INDU (Dow Industrials) are above the 50-Day (thin Red line), but some distance from their 200-Day MA (heavier Blue line).

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, the NYSE COMPOSITE Index, and broader indices such as the S&P600, the Russell 2000. Defense and Insurance industries are leading for the year. And Advance-Decline Lines remain very positive.

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. The Dow Industrials (\$INDU) retraced to point 2, returning to point 3 on Friday. The S&P500 (\$SPX), which last month had not yet experienced the crossing of the 200-Day MA by the 50-Day, finally did so in mid-August. On All Three, the 50-Day ma's are Down and Below the 200-Day MA's. Only the NASDAQ100 had its 200-Day MA turn down, briefly, fulfilling all 5 negative indications. that has reversed, for now.

"Transports are at a new recovery high today (Oct 1), so we have a fourth non-confirmed high in the Transports. I can't remember ever seeing anything like it!" Richard Russell of Dow Theory Letters www.dowtheoryletters.com

TWEEDLE DUM & TWEEDLE DEE, OR "BETWEEN THE DEVIL AND THE DEEP BLUE SEA!"

Take your pick among problematic metaphors, but the direction of both Presidential candidates is toward more centralized governmental control, and less input from the 'great unwashed masses' (read 'us').

While Bush's entire cabinet has worked for, or consulted to the International OIL Consortium, separately or together, and his most important decisions domestically and internationally, have benefited this powerful Cartel, he has continued to downplay any connection with the proposed oil pipeline through Afghanistan, or to mention the world's 2nd or 3rd largest petroleum reserves are underground in Iraq.

Terror, Terror, Terror... sounds like an old movie about WWII Japan. But the terror is real...and the Gods must be angry! It is the first rule of all life on any level that it should do whatever necessary to continue life! The second rule is to GROW and increase! This is true of the organizing force of a cell, a plant, an animal, a human, a group of humans. A government is no exception.

For a government to grow, it requires increasing its control and decreasing its limitation. These conditions are most quickly brought about when the governed are in a state of fear as in times of depression or war. A great forward step was taken during the Cold War, where skirmishes took place in scattered places, but the major antagonists did not actually have to go to war.

The susceptibility of the people is constantly played upon with government programs as the "War on Poverty" and the "War on Drugs" to increase the popularity and importance of funding these large expenditures, whereby multitudes more are hired into a further dependency on big gov't. Now we have entered an even more ideal scenario, the "War on Terror" which could last forever, and whose antagonists cannot even be defined.

On the other hand, we have the GLOBALIST, Kerry, who wants to place the United States under the United Nations banner. All you multi-cultural idealists should remember that among the United Nations delegates, NOT ONE has been elected to that powerful position, neither to the Assembly, nor to their courts, nor to the elitist Security Council.

Why have our old allies France, Germany & Russia turned against us in recent years? Is it because they don't want to see 'Democracy' promulgated among Muslim countries? Or is it because the U.S. of A. took out Saddam H. while he owed those respective countries and their corporate elites BILLIONS! You want them on our side? Then pay them back for their losses. Wasn't it France that sold them a Nuclear Reactor? Wasn't it Germany who built Saddam's deep bunkers with the highest tech available?

Does Kerry, in his search for allies, want to reimburse these criminals (in the sense that Iraq was under UN sanctions at the time)? Perhaps we don't remember that the U.S. was also helping ally Iraq in its war with Iran. We knew they had Weapons of Mass Destruction because we sold them to Hussein, and watched him use them. Maybe all the ones we found there had our return address on them? That wouldn't look good, would it? Along that same line, the U.S created and supported the Taliban to fight Russia in Afghanistan.

So let me get this straight. Either we can vote for one who wants to remove our teeth and claws, making us subservient to a bunch of grafty international bureaucrats, or the other, who has already sold our Constitution to the highest bidder, or to a range of high bidders.

None of this is exactly NEW! Since our young country declared independence, foreign forces have efforded to remove, finger by finger, the hand of Liberty from the Torch of Freedom. I never thought that the process would be finalized in my own lifetime.

Here we are in the MATRIX in this banner year of 1984! Do you want the Red pill or the Blue pill, or the grape Kool-Aid?

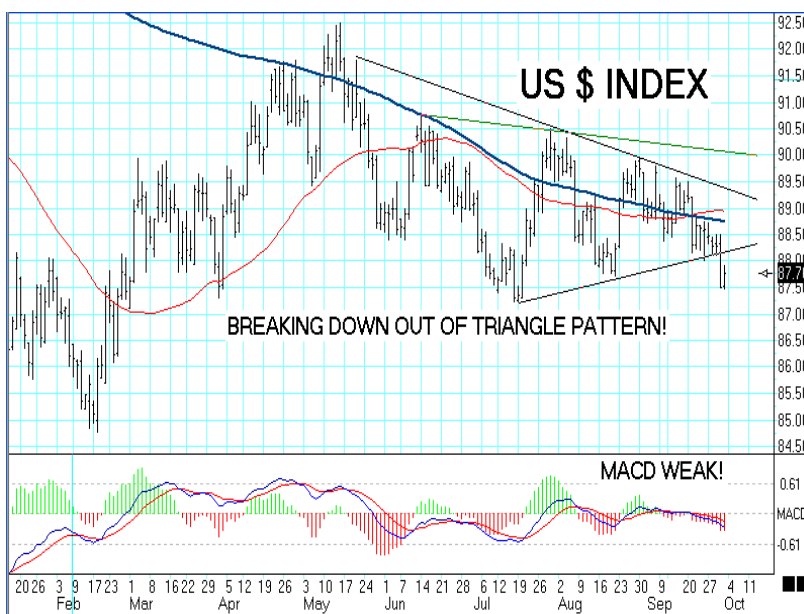
We Shorted the **US Dollar Index** contract in the May 3 CP letter (close on 5/3 was 91.02) and placed a STOP at 92.77. Lower Stop now to 90.30. The breakdown this week below the narrowing 'triangle' pattern is finally consistent with a continuing Bear trend. A break of that 87.20 low and the chart would immediately take on a more ominous potentiality! A move under the February low of 84.77 and the pit could open up below!

Last month's comment seems particularly apt considering the weak dollar: "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. The **CRB** itself has been volatile near the high end of its range,

looking like it wants to run again!" **Cattle contracts** have pivoted around the 88 level +/-3 to 4 cents for several months while **Hogs** have risen consistently during the same period. **Wheat, Corn and the BEAN Complex** have made fresh new lows in recent days, adding to multi-month downtrends. **Coffee**, on the other hand, has recovered 20 cents from August lows. **Cotton** has drifted lower all month, and **Lumber** peaked just before Labor Day and is now approaching a retest of June lows. Recent articles about slowdown in home sales has affected prices. **OJ** has reached slightly higher highs under further weather threats.

SILVER, Gold, Platinum have remained near their highs of the last 3 months, and appear ready for another leg Up. **Copper** has been the star performer, accelerating an already positive trend. The **Oil Complex** has been keeping pace with the strength in copper, while **Natural Gas** has recovered sharply and erratically.

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.



ASTRONOMIC ACTIVITY

- OCT 5 = Sun joins Mercury, both trine Neptune = LOW in Gold/Oil/CRB but right back up next day! Venus/Jupiter/Node brings social opportunities.
- OCT 5-6 = Venus opposes and contra-parallel Uranus. Bradley uses Venus/Uranus aspects as strong example of Powerful TURNS!
- OCT 10-11 = Jupiter 150 Uranus, Sun 135 Uranus = Unexpected Good Success = Market UP on open, but may not hold.
- OCT 13 = Partial Solar Eclipse at 21Libra, Saturn aspects add to depressive moods, Pluto squares MC for NYC.
Mercury/Saturn=Venus. Merger activity could be stalled or broken off. Demand for goods now is low. Stocks Down but not Out!
- OCT 19-20 = Expect lower vital energies in masses or personally. Markets sink.
- OCT 24 = Neptune Direct Station is squared by Mercury. Weekend, stay away from negotiations, alcohol/drugs. Confusing times!
- OCT 22-28 = We expect an extreme run Up and TOP in Gold/Oil/CRB Index. Be LONG going IN & SHORT going OUT this period!
My best guess for the TOP is Monday, the 25th. Complex interactions could make it the day before (Fri.) or 3 days after.
- OCT 27 = Total Lunar Eclipse = These Eclipses are Murphy's Ring-Wraiths bringing fear & loathing along with screw-ups!
- NOV 2 = The progressed Sun of the U.S. changes signs into Pisces, exactly on election day. MAJOR changes in forms of Gov't.
- NOV 7-8 = Saturn Direct Station squared by Mars. "All will-directed activity meets complete resistance" says Ebertin.
- NOV 11-12 = Mars and Venus are in close difficult aspects to the Stationing Uranus. Money, Sex & Power shifts in the news!
The stuff of novels! Stock Markets soar the following week but meet resistance from the next weekend.

ATTENTION: The letters are usually mailed 1st Monday. In November, it will be sent on Monday, Nov. 1st!

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