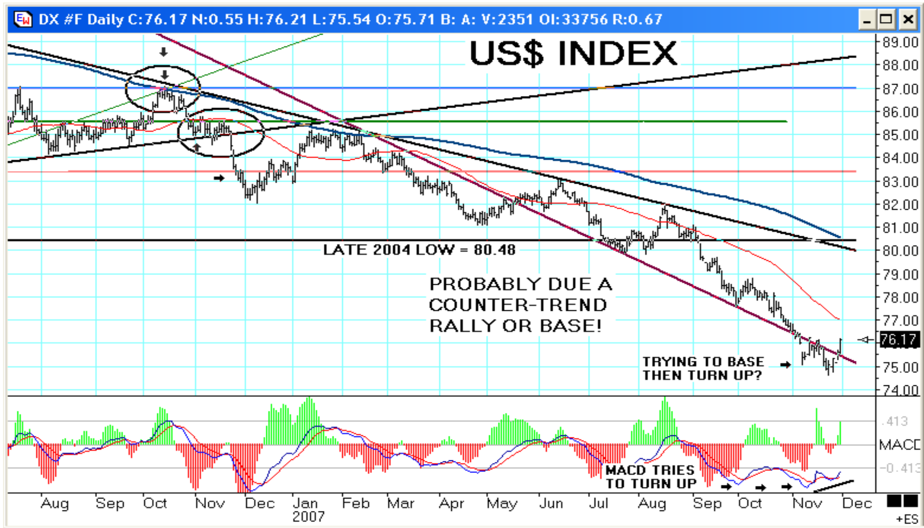
CRAWFORD *Perspectives*

December 3, 2007 Vol. 07/12

MIXED PICTURE NOW, UP JAN?!



Our hourly technicals are pointing higher and our intermediate to long term cycles are in process of forming bases, as yet far from complete. Present analysis concludes that this rally will proceed further, but a retest of lows will be necessary before liftoff is achieved. The indicators that are balking over this current price advance must have time to 'turn the ship around' by finishing proper base formations, we think.

The BRADLEY Models indicate a strong first quarter, up into March. It is income-prehensible to us how the powers that be can hold these markets up as long as they have. The economic engines of the East have begun to flag as our own are in swift internal collapse. However, the Bradley is entirely planetary in origin, and if the creator can keep THEM up that long, continuing to point higher before Much Lower, then down here, we have to make concessions!

Come the Fall of 2010, the planetary arrangements, whether by the clockworks of Newton or the hand of some intelligent creator, will signal or time (if not cause), a difficult, if not devastating condition upon the Earth! At the Equinox of that year, a conjunction of Jupiter, Uranus and Moon will form a midpoint with Saturn, which will focus the energy of Pluto directly on the Earth.

We may discern a foretaste of what is to come as Jupiter conjoins Pluto on December 11 as it did in the Heliocentric (Sun centered) sky on November 22, **<u>the recent Low in the US Dollar</u>**, and the high in most other currencies against our own. Then Jupiter passes over into Capricorn on December 18, followed by Pluto around 25-26 January.

These events will certainly time major events in international news, but we do not look yet for the economic devastation of Pluto=Saturn/Uranus midpoint fairly close to a square or negative/difficult/stressful aspect in 2010. The Mars/Uranus cycle promises us a significant crash cycle between August '08 and late March of '09. 2010 is likely to time the World Depression lows.

By the time all this completes, the astronomers who demoted Pluto (a tiny minority) will be dismissing as coincidence, and will find more physically probable reasons for these effects. By the way, among all the arguments against Pluto maintaining its planetary status, there was NO MENTION that Pluto has managed to attract THREE MOONS!

The US Dollar (chart above) is very oversold and is attempting to turn up. Though it may prove capable in the near term, there is plenty of overhead resistance to thwart any serious trend reversal. After breaking the important 2004 low at 80.48 and accelerating to the downside, it would not be surprising for a counter-trend move to carry near the breakdown point around 80. Only active traders should attempt such a transaction, as our confidence level for the fullness of such a bounce is sadly lacking.

Other nations, several of whom are former military enemies, are holding all of the cards (and much of the loot)! Even those with friendly faces could harbor economic resentments, and snicker behind our backs at our uncomfortable predicaments.

It is becoming more recognized in the financial press that chunks of dollar reserves may be utilized to manipulate our markets to our detriment. Such holdings of upwards of a Trillion US$ may account for the short violent swings which have proliferated recently in markets which have, in the last decade, been more tightly controlled by our own government!

From the Dow Industrial Average drop of -307.29 on March 24, 2003 to the -416.02 decline on February 27, 2007 (initiated in China), there were less than a handful of 200+ point swings on a closing basis. From the -242.66 down of 13 March this year to July 12 +283.86, there were NO closing changes greater than +/-225 DJIA points. Counting July 12, there have been 17 such changes since then. And that has occurred during a generally FLAT overall market pattern!

Now there is all this talk of "Sovereign Funds" activities. We can only guess that this is preparing us for External Exchange Controls. GET SOME MONEY OUT OF THE COUNTRY-NOW!

VITAL SIGNS

<u>SHORT 100% on DJIA drop to 13,940</u>
<u>Activated at 13,912.94 with 3% Stop at 14,330.33</u>

<u>SHORT the S&P500 again to match DJIA position!</u>
<u>SHORT 100% Nov 5 @ 1502.17 3% Stop at 1547.24</u>

<u>LOWER DJIA STOP TO 13,770</u>
<u>LOWER S&P STOP TO 1523.70</u>

<u>ALL OUR STOPS ARE CLOSE ONLY!!</u>

AMID HIGHER VOLATILITY, LONG TERM PRICE TRENDS HAVE MODERATED!!

WE WILL AWAIT THE EXPECTED RETRACEMENT TO JUDGE MARKET INTENTIONS FROM HERE

All the widely followed major indices, S&P500, Dow Industrials, and NASDAQ100 (NDX) surpassed previous highs, and have now held above previous lows! That has got to be considered a positive sign, lacking some immediate break of last week's lows. The NDX remains stronger than the others, having stayed above its 200-Day MA and has already returned to its 50-Day MA. That is considered to be a positive market indicant.

All the 50-Day Moving Averages retain their positive positions well above the 200-Day MA's, a significator of intermediate to longer term trend continuation. Another positive of intermediate nature is that the MACD (Moving Average Convergence-Divergence) indicator at bottom of these charts is registering another BUY signal.

Even if Major Indices retrace a portion of the rapid advance, that could create the appearance of a Head-and-Shoulders bottom formation. Keeping in mind the 3% weekly advance into Fiscal year-end for many financial institutions, November was the weakest monthly performance since 2002. As a result, the advance has not yet broken upward through meaningful chart resistance. Most of the majors are stuck between the 200-Day MA and the 50-Day MA, a situation that leads to quietly triangulating (narrowing) trading ranges, to be followed by an abrupt, sometimes violent breakout in one direction or the other!

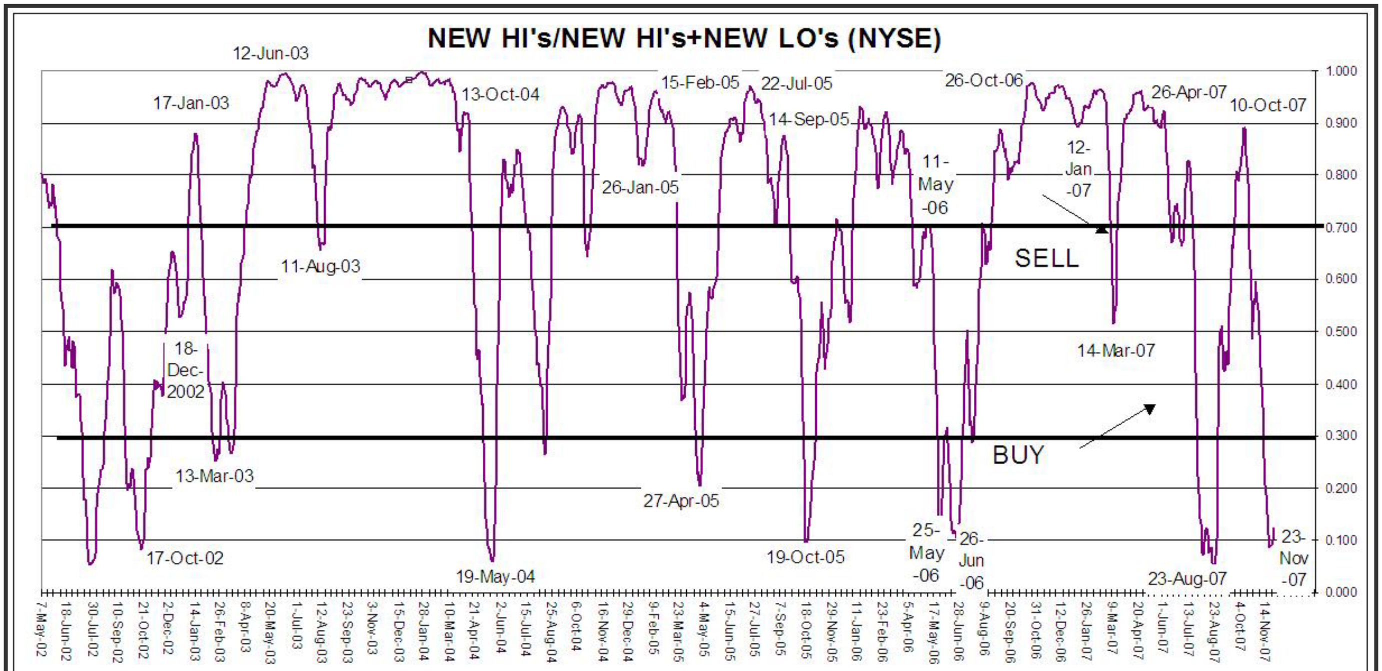
T-Bonds have continued sharply higher, giving the impression of lower interest rates. In fact, loan requirements have become so stiff, that few contracts are being consummated. Unprecedented in modern times, we have Citigroup borrowing at 11% for $7.5 Billion – a Major BANK paying 11 percent? That is truly the worst news short of Bankruptcy, and perhaps a precursor to it! Meantime, rollover of commercial paper is darn near impossible, so many corporate borrowers are having to scramble to replace money for operations, and paying a much higher rate, just to stay in business.

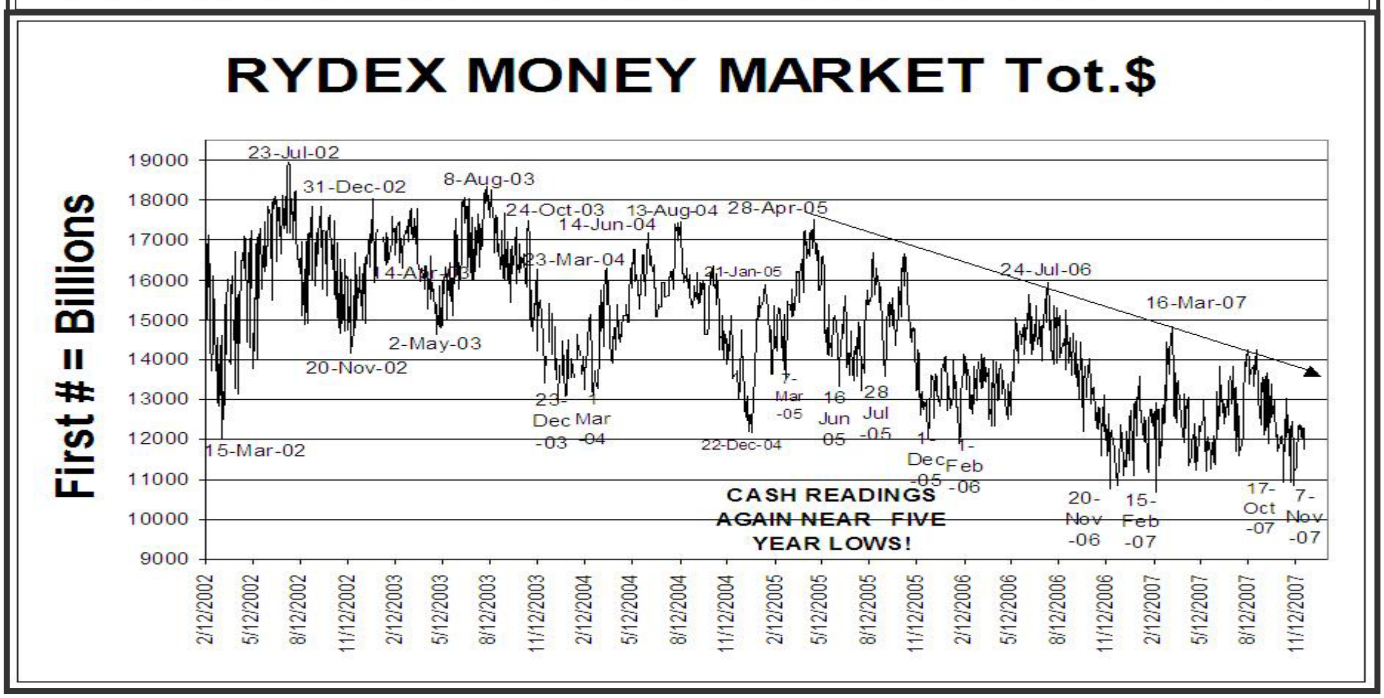
"In short, the stock market crash was a response to existing economic conditions rather than a cause of the Great Depression. Nevertheless, it resulted in a staggering loss of wealth and purchasing power that sent the economy into a violent, downward spiral. Demand for goods and services dropped sharply as consumers tightened their belts. Businesses retrenched. The number of bankruptcies soared. Borrowers defaulted on loans that once had bee considered sound. Job losses mounted at an alarming rate, and legions of unemployed depositors drained their bank accounts in a desperate effort to keep their heads above water."

"Governments around the globe made matters worse by imposing trade restrictions intended to protect domestic industries. Measures such as the infamous Smoot-Hawley Tariff, passed by the US Congress in 1930, had a disastrous effect on international commerce and domestic employment."

"On top of all that, the Federal Reserve System demonstrated a continued reluctance to offset the effects of the economic downturn through the use of monetary policy. Instead, the American central bank seemed to put greater emphasis on preserving the dollar's convertibility to gold, particularly after Great Britain abandoned the gold standard in September, 1931. (Fearful that the United States would follow Britain's lead, foreign investors rushed to withdraw their funds from US banks and thereby put a severe strain on US gold reserves. The Federal Reserve responded by moving to boost US interest rates in the hope that higher yields on American financial instruments would stem the outflow of gold.)" Sound Familiar?

Closed for the Holiday, The Bank Holiday of 1933 **by the Federal Reserve Bank of Boston**



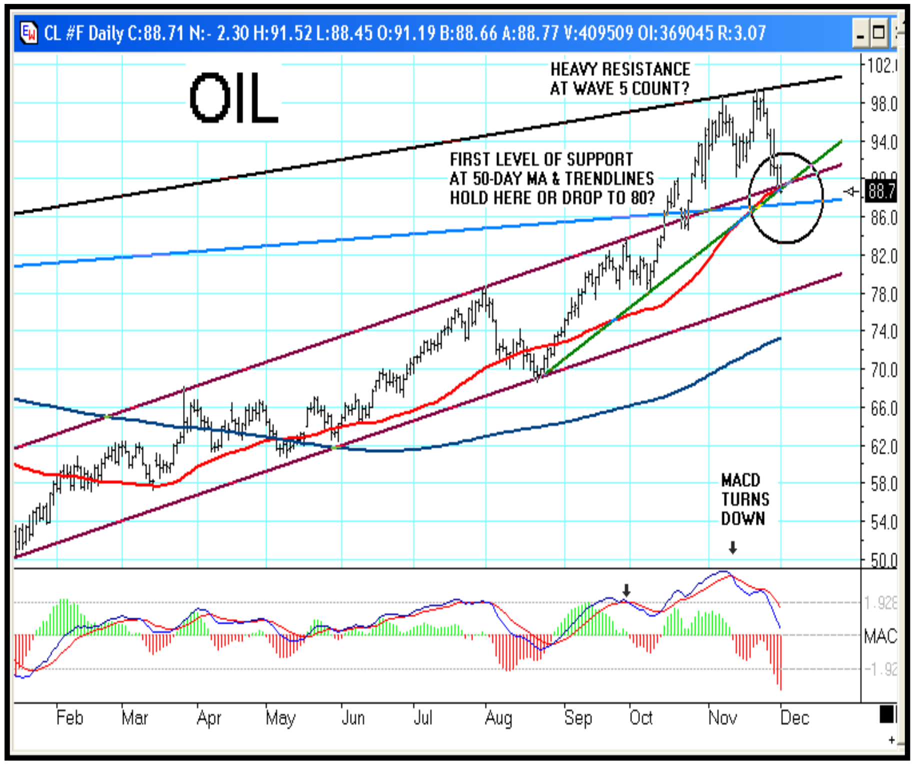


THESE TWO CHARTS DO NOT YET SHOW THAT MARKET IS READY TO MOVE AHEAD!

The first chart (top) is potentially set-up for a BUY signal, which would activate on a rise above the lower of two darker lines at the 30 level. It would not take much to push back above there, but it clearly has not done so to date. Whether it continues to form a bottom for awhile, or just blows up through the resistance right away, we must await further developments. A positive indication would be for the NYSE New Lows to fall back under 40 which has characterized stronger markets.

The lower chart has a far more persistent downtrend channel, and usually takes more time to make the turn. You can see that the last year's lows have stabilized around $1.1 billion, even though the upper trend continues to fall. It is surprising that with all the hoopla concerning bearish sentiment in the financial press, that Cash levels of this cross section of traders has remained consistently low. Although the super low levels of the past 12 months has not been undercut, neither has there been enough fear and uncertainty among this segment to destabilize their current position trend, which would indicate a probable price low in place. We might therefore be on the lookout for a more disturbing price shakeout, before a major uptrend in price levels is re-established. Still, the short term oversold in the top chart aligned with positive seasonality may produce more upside.

We were stopped out of our **GOLD** position at 777 vs. purchase at 663 for a profit of +114 points (may be less if contract changes were involved). **<u>BUY again on December 10th or the 11th before 2:15ET FOMC announcement. Place a STOP 11 points under your purchase price. SELL and SHORT point expected Jan 11-14 as mentioned below.</u>** (no chart this month)



Last month we wrote: "There could still be some technical resistance at the psychological round number barriers at $800 **GOLD** and $100 **OIL.** Their simultaneous approach to these levels more strongly assert a likely pause."

US DOLLAR Index has smashed to an oversold short term reading, and is now likely to have a retracement to or near the critical 80.00-80.48 band. We think that another strong short-covering rally may be in the works now! (see chart page 1)

We are closely watching the **Yen** for signs that the "Carry Trade" is beginning to unravel. It has rallied from under 83 to above 95 and currently appears to be losing momentum for a more serious consolidation for awhile. Reverse positions (short Yen and long US$) are recommended here, for traders only, short term.

We have been Bullish on Assets in the Ground and particularly **GOLD, METALS, OIL** since April 4, 2001. CP has continued to recommend the Bonds and Currencies of countries with those Assets, such as Australia, New Zealand and Canada, and if you can bear more geopolitical risk, Russia and South Africa.

ASTRONOMIC ACTIVITY

Look for potential Market Low around November 28-30, Bradley shows a Double Bottom in early December.
DEC 4 = Close Tuesday could be hard down again. A fair bet for a negative. We're not betting heavily in this atmosphere.
DEC 7 = December is quiet until Sun squares Uranus on the 7th! Unexpected excitement. Not another Pearl Harbor – we hope.
DEC 10 = Moon activates tomorrow's Jupiter/Pluto conjunction, Mercury squares Uranus. Trouble with electronic equipment.
DEC 11-12 = Jupiter-Pluto conjunction, Venus trines Mars, other mild favorables – FOMC surprise? Reaction LOW in Inflation Hedges.
DEC 19 = Saturn Retro Station, Moon trines Sun, Jupiter, Pluto & Mercury = We expect a comfortable, happy holiday respite.
DEC 20 = Mercury conjunct Jupiter, Sun conj Pluto – A HIGH SALES Day!
DEC 24 = Sun opposes Mars = The High of that particular cycle for stock indices = Would NOT short too early on this one!
JAN 2 = Mars opposes Pluto = Foreign enemies make a move. (DELL) Violence can show up most anyplace!
JAN 8 = New Moon, Mercury semi-square (45 deg) Uranus = The electronic gadget gift goes BLOOEY! Keep the sales slip!
JAN 11-14 = HIGH in <u>Inflation Hedges</u>, Time to SHORT for a more prolonged period! Metals, Oil, CRB Index.

ATTENTION: The CP newsletters are usually mailed 1st Monday. Next will be Monday, January 7!