

CRAWFORD Perspectives

July 7, 2008 Vol. 08/07

ENOUGH FOR A RALLY, NOW?! CRASH SET FOR AUG-SEPT

Our BRADLEY Model chart (right) suggests a potential for counter-trend rally over the next week or two. July 14-18 may be the best time to add to Short positions if one is not fully committed to the negative case. We might yet experience a more severe breakdown this week, before a rally takes hold, but some oversold readings say only one to three days!

After pause, international markets drift lower and pick up momentum/volatility when Mars opposes Uranus, beginning the potential Crash Cycle portion of that synodic cycle, from August 6 forward. It is our solemn belief that the powers that be, who have been holding back the inevitable corrective deluge, will NOT be able to stand against the onslaught of the Mars-Uranus energies this hurricane season!

Last month we wrote: "This fall we find the combined elements of Seasonality, BRADLEY Model and Mars-Uranus Crash cycle in horrific concert!" In addition, the Eclipse Series nearly always adds an element of instability to whatever is going on. Some of the "old timers" especially in the commodity markets, advise against trading around eclipses, as trading becomes unusually 'choppy' and fails to follow normal statistical patterns.

The Solar Eclipse kicks off on August 1 and is in close half-aspect to an opposition of Venus to Neptune (15 & 165 degrees respectively). That may well give us another 'spike' up in Gold, Oil and CRB.



This Solar Eclipse will be on the Ascendants for New York and Washington which will probably impact the political and economic (or market) spheres for the U.S. in particular!

The Lunar Eclipse brings the most Violent day of this year, as we coincidentally suffer a T-Square consisting of Pluto opposing the Uranian point Hades, both squared by Mars, quite similar to the day Saddam Hussein unexpectedly attacked Kuwait. The Lunar Eclipse will guarantee an unusually emotional response by populations in many areas. It will occur in the Second House (Assets) in the U.S. natal (birth) chart. We believe this event is the most likely to bring about the economic dislocation we are predicting for world markets.

Will it be a terrorist attack? Will Israel and the U.S. invade Iran? Could it be a Nuclear accident, or a Volcanic explosion? Witte's *Rules for Planetary-Pictures* says of this type of alignment: "Corrupt & degenerate & devilish plans and manipulations." To which we add that something is going to Explode in a Big Way!!

In the June 2 CP letter we wrote about the similarity to a "Hindenburg Omen" but there had been no formal declaration of such. The ominous completions were registered on June 6 and 17, and Wall Street suffered the worst June since 1930. The Hindenburg Zeppelin caught fire during a landing in New Jersey on May 6, 1937 and was totally destroyed in 34-37

VITAL SIGNS

SHORTED 200% DJIA at 13,912.94 & 12,209.81
Stop 12,500

Shorted S&P 200% 1417.49 & 1360.68
Stop 1467

COVER HALF ON TODAY'S CLOSE JULY 7
Or WHEN YOU GET THIS and
RESHORT MARKET on CLOSE JULY 18
KEEP ALL Stops AS ABOVE

ALL OUR STOPS ARE CLOSE ONLY!!

seconds – hence the prediction of a rapid destructive decline!

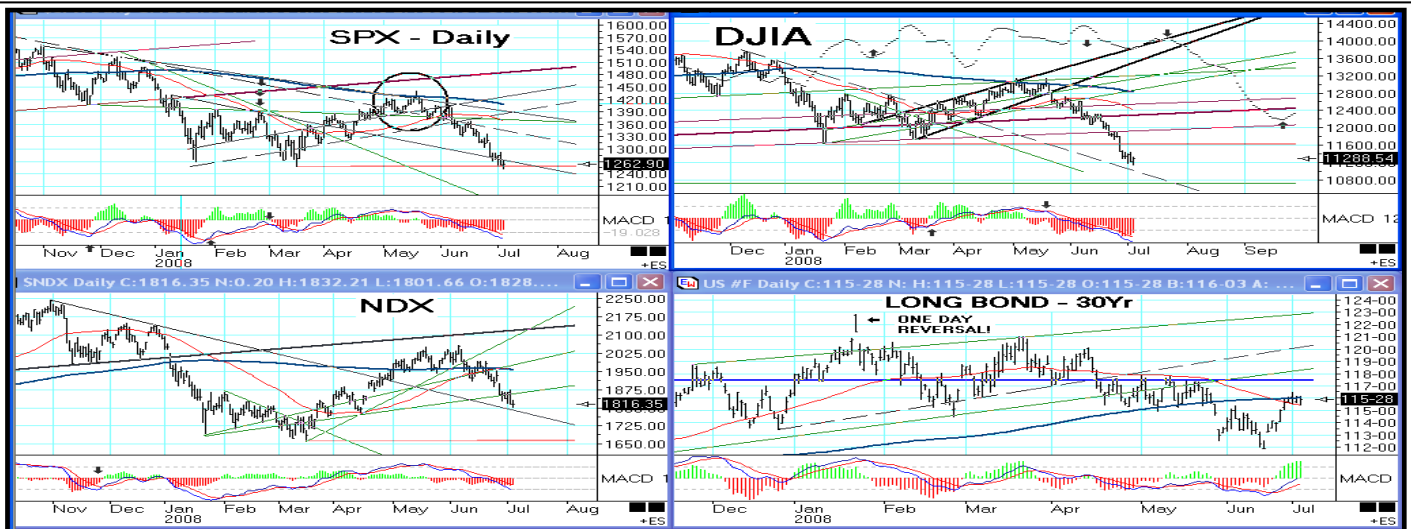
Joe Granville has revised his Net Field trend Index, as the reported numbers (OBV - On Balance Volume of the 30 DJIA stocks), reached past theoretically possible range, but his reported string of Zero Higher-Up OBV designations has extended to considerable historically negative significance.

All of our requirements "To confirm a new downtrend" Listed in this space last month were met by July 12th, most on the sharp sell-off on July 6.

DJIA dropped below 11,700 and that caused our Stoploss point to be dropped to 12,500. All Stops on S&P500 were moved to 1467.

Both Indices were doubled up on the Short side on the close on June 6 at DJIA 12,209.81 and S&P500 at 1360.68.

We hope that our sophisticated investors saw the market dropping on June 6 and realized that supports were cracking and went ahead of our rigid schedule, but all our record keeping follows our literal word, as with *TIMER DIGEST* and *HULBERT DIGEST*.



**ALL MAJOR INDICES ARE DOWN NEAR DECLINING TRENDLINE SUPPORT!
BRADLEY ASTRONOMIC MODEL TURNS HARD DOWN FROM MID-JULY**

There is great discrepancy in the amounts of decline among the majors, and the relative levels of support. For instance, the Dow Jones Industrial Average (DJIA) has broken its January and March lows by a wide margin. The S&P500 (SPX) is currently retesting those areas and has not yet broken enough to notice easily from the chart. The NASDAQ100 is the strongest of this recent 'relative' game and has dropped only about halfway down to those same relative earlier lows.

Part of the reason for this variation is that the percentage of the weakest groups are more pronounced in the DJIA, somewhat less so in the SPX, and least significant in the NDX. Weakest groups are the FINANCIALS and the REAL ESTATE.

All these stock groups do share several technical qualities. Primarily, they are back down on some form of support. All are back down on or very near a declining trendline from back at previous tops. They all broke up through their 200-Day Moving Averages and the 50-Day's also, then broke back below, and are now far below these MA's. The 50-Day MA's are below the 200-Day MA's [the NDX is only slightly above, and is dropping fast] and ALL are declining! All their MACD's (at chart bottoms) gave SELL signals and are now deep in Over-sold territory.

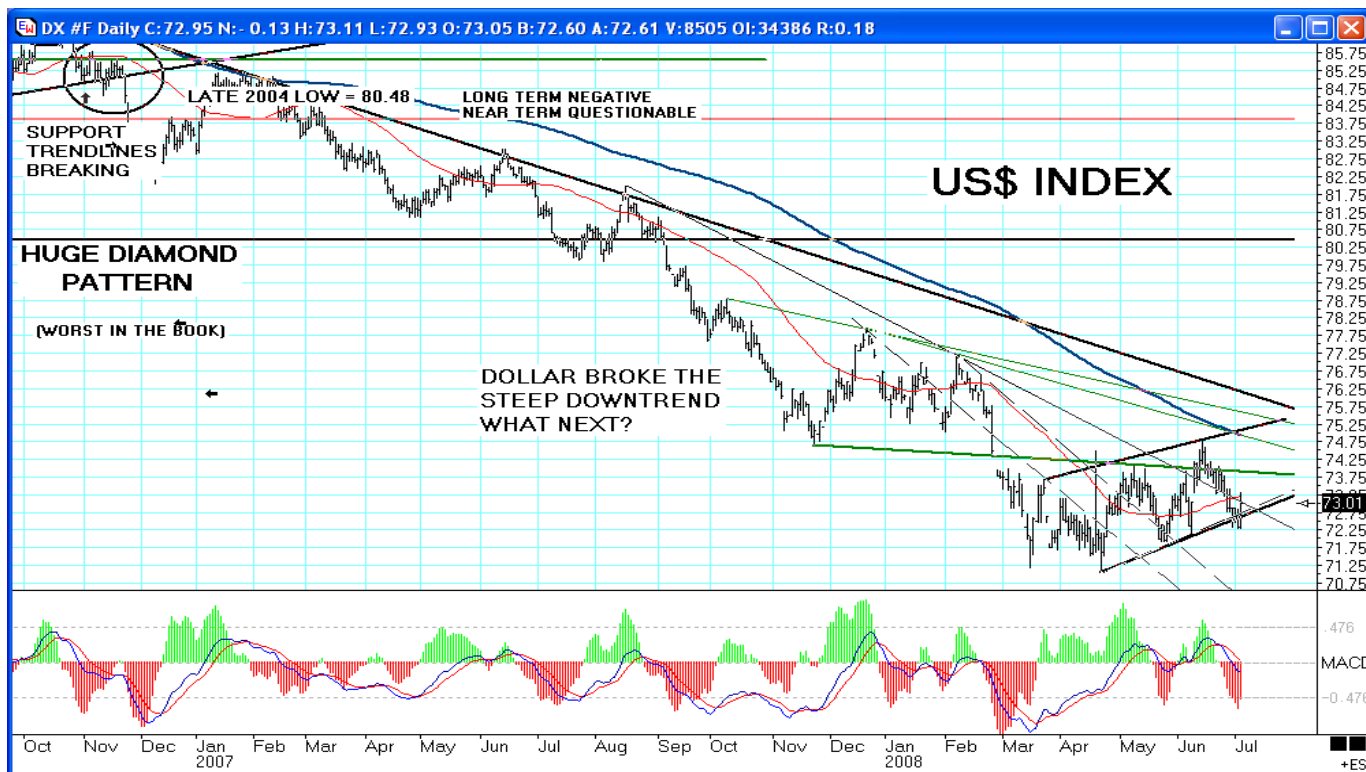
Therefore, we assess the possibility of a sharp counter-trend rally beginning in the immediate future as fairly substantial. But since our longer term indications are so terribly arranged, our suspicion lingers that such a rally may not last very long, although it may be steep.

We have remained negative on Long Bonds and bullish on Rates because of the One Day Island Reversals so dominant in the charts (Long Bond chart #4 above) back in mid-January. Although they never regained those extremes, they took their time in the large topping patterns so evident in the price action, and broke major long term support. Since then, a recovery move has taken prices back up against the 200-Day MA (heavy blue line) where other strong resistance also lurks. The implication is that rates are headed Much Higher, as weakness in debt structures is spreading throughout the entire financial system around the world. The EU last week raised rates a quarter point, but suggested that was enough for now.

Although there is plenty of money sloshing around in the world, TRUST levels have collapsed, freezing up the liquidity of various Money Instruments, which can no longer be assigned a price as no one is willing to make a solid offer! This is the most serious debilitation to the free flow of funds since the banks closed nationwide in 1933. Now, Secretary of the Treasury Paulson, says we need legislation that will define how to deal with a major failed institution that will NOT take down the entire financial system. Hello! Is anyone listening? He is actually hinting of the danger to the entire system.

We believe that the world's financial system will NOT hold up against the energies released by the Mars-Uranus Crash cycle beginning August 6 and ending late March 2009. So far, the massive pumping of money into the system, and the massive propaganda that everything is just fine, except some sub-prime loans in the U.S. has barely been able to hold things together. The Eclipse Series in August will further agitate this volatile mixture, and make it more difficult to hide some of the very nasty truths that are yet to be uncovered during the next down phase.

Even the optimistic nature of Americans is being continuously tested, with the unusual result of the President's favorable rating at an extremely low 29% - normally a good coincident indicator of stock prices. But Congress' favorable rating has been as low as 18%! Stocks have a long way to go to catch up with the spreading negative sentiment.



USS RALLY MAY BE ENDING!

The Long Term trend in the US Dollar has been down for over 20 years now. Rallies have come and gone, but none has been able to stop the very determined slide for long. The chart of our currency, measured against a basket of our trading partners (above) shows clearly the tide going out on the greatness of our productive capacity. We used to be a nation of producers, and now we are a nation of consumers. "Give 'em bread and circuses" and that will keep them fat and happy.

And FAT and more or less happy (in our delusional state) we are! Our diseases are even characteristic as they are diseases of LifeStyle and of Excess, while others are starving and have no potable water. There is no excuse among rational human beings for such suffering from too little or too much. Yet Pat Buchanan's book on population trends shows that, using United Nations statistics, the Arab world will overrun Western civilization in 50-70 years without firing a shot.

Should we feed the multiple children of the poor who will, by their own weight, crush our own way of life? As the larger numbers of emerging nations such as China and India seek to share our lifestyles, the earth's resources will be even more quickly depleted. It is a great imbalance that our 5% of humanity should continue to use 25% of available resources.

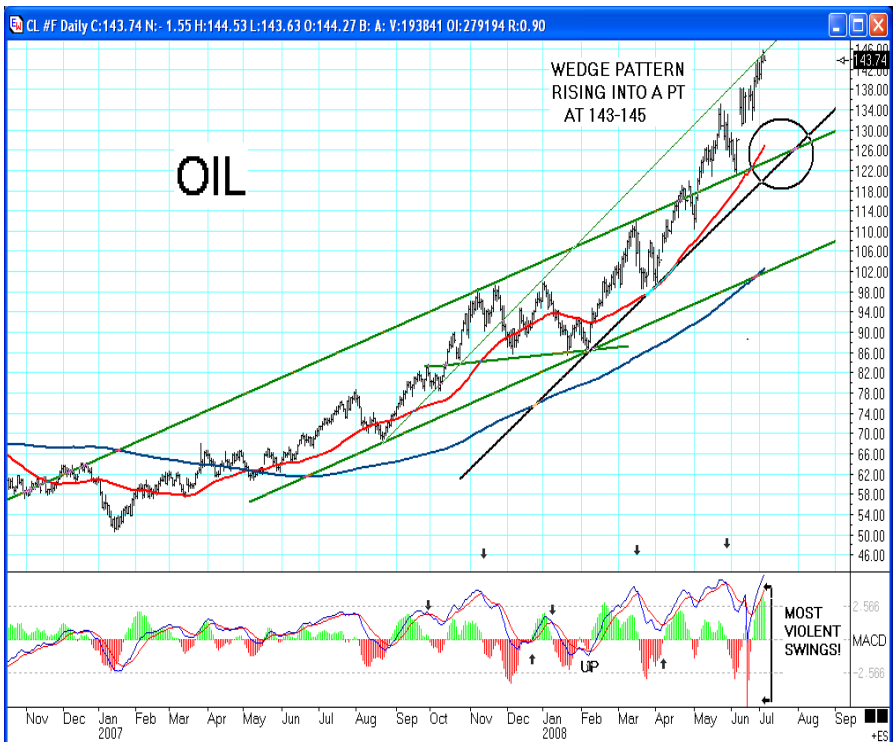
In my opinion, the pie of resources is shrinking, and those with the real power are grabbing what they can before it is too late. Is that why our own power elite has proceeded to grab Oil and Water in the Middle East? – Whatever the vindication? Who wants to bet me that we don't stay where the Oil is until it runs out? The Powers that Be are merely switching their payments from Republicans to Democrats, and there will be no CHANGE! We are still in Germany & Japan. Why not near the precious OIL that we crave?

But CHANGE is coming, and it will Not be Change that we like. Our middle classes are being squeezed out as hard times reduce leisure, there is not so much time to be a political activist. From leisure to survival, you may want to read Hayek's *The Road to Serfdom*, written over 60 years ago, describes some of the process. I can say that my generation has lived through the easiest, happiest, most comfortable times in all of written history, and we should be humbly grateful to God and to those founding fathers inspired by God to bring Independence and Freedom to a class of people who have never experienced these things. How many Roman Citizens were there compared with their 'support personnel'?

So the progressed Mars in the United States horoscope turning to retrograde movement for a period of 70-80 years will bring us down to size as Military Aggression evaporates into thin air, and we are likely to be crushed into Unions of larger and larger constituencies with fewer guns and fewer freedoms, and of course, the US Dollar will lose its world power status, too.

OIL is a very good trending commodity, often staying within definable trend channels. The channels have changed to conform to an accelerating pattern, each steeper than the previous. Reaching the top of this current channel, will it accelerate further, or pull back to the lower channel line, as it does from time to time? If it pulls back here, the target is \$126-130. The flatter, older, lower trend channel and the 200-Day MA converge around \$102.00. Below there would put the general uptrend in doubt.

Although the trend is certainly not in doubt, the trend channel may limit the immediate advance, and could form some kind of Pivot point. The violent swings, seen easier in the MACD portion below, is also a possible indicant of termination. The seasonal pattern tends to max out around Labor Day as Gas season calms down for the crossover to Heating Oil.



We further caution that the violence of the August Eclipses could time additional ‘spikes’ in Oil and Gold on or about August 1 and 16.

We have been Bullish on Assets in the Ground and particularly **GOLD, METALS, OIL** since April 4, 2001. We are now becoming a bit more skeptical about much more immediate continuation in the Inflation Hedges, looking instead for a few more weeks, and possibly months in correctional phases. The long term, multi-year Bull Market in REAL things is probably not over, but this correction is liable to be longer and deeper than previously experienced. We judged that the exponential blow-off moves were carried too far recently, and will require a more protracted retracement period in both time and price. Count your blessings & count your money and hang out for awhile!

ASTRONOMIC ACTIVITY

- JUL 7 = The BRADLEY Model indicates a small rally to mid-month, but we doubt the efficacy of this minor improvement.
 - JUL 9 = Optimistic But with big Come-Down on the 10th
 - JUL 12-13 = Very sociable weekend – Venus enters fun-loving Leo as Moon trines entering Sagittarius – Love is in the air!
 - JUL 18 = Rally probably over by Option Expiration Friday! BRADLEY straight down from now to October!
 - JUL 22 = Moon conjoins Uranus and both trine (120 deg) Mercury = Good News! OK to improve/upgrade electronics/computers.
 - JUL 26 = Conditions could worsen after Mars trines (positive) to Jupiter on Saturday
 - JUL 31 = Venus opposing Neptune could be within another sharp rally of the Inflation Hedge commodities – Gold, Oil, CRB!
 - AUG 1 = SOLAR ECLIPSE is tightly square Vesta according to Bill Meridian will bring “Security” issues to high priority!
 - AUG 4 = Mercury/Sun parallel (declination) oppose (contra-parallel) Pluto on Sunday bringing Monday’s market sharply lower.
 - AUG 6 = Mars opposes Uranus = Violent = Beginning of our potential CRASH period. 5 difficult aspects = Market DOWN!
 - AUG 16 = LUNAR ECLIPSE and unrelated violent T-square with Pluto opposing Uranian Hades, Mars squares both!
- THIS is the most violent and explosive day since Saddam Hussein unexpectedly attacked Kuwait! Major News of WAR!

ATTENTION: The CP newsletters are usually mailed 1st Monday. Next may be Monday, August 4 or 11th!