

CRAWFORD Perspectives

June 2, 2008 Vol. 08/06

APPROACHING A MAJOR RALLY HIGH!

The BRADLEY Model for this year makes three approximately equal peaks from early March until early June (see red line on DJIA chart on page 2). This third event culminates with a tight Sun-Mercury-Venus conjunction next weekend that should complete the topping phase by Monday June 9 latest.

Technically the OBV - On Balance Volume of the 30 DJIA stocks, as calculated by Joe Granville has his Net Field trend Index at a -29. Looking back over the last 12 years, we show no such deeply negative NFI. So we called Joe, who said there had NEVER been a -29 NFI! Not even in 1929! And that it augurs an immediate waterfall decline.

Another of his indicators, the DJIA stocks making Higher-Up OBV designations, the more positive trend indicator, have been zero, for 5 days in a row. Joe says there were 6 zeroes in a row one week before the 1929 Crash!

NYSE New 52-week Lows expanded above 40 on May 20, surprising since the second highest day of the rally was only the day before! The 23rd or 24th would be considered a SELL Signal by having 3-4 in a row above 40. The 10-Day is now slightly above 40, although the last 2 days have dropped back below.

There is by this measure some similarity to a "Hindenberg Omen" in that a very sharp decline in internal market statistics takes place just after a market peak. We think the 'keepers' of that definition would have informed us if the complete 'syndrome' were effected, so we are not calling it one at present.

The New Highs minus New Lows only registered a bit better than a "dead cat bounce",



but was not able to ascend above any more important earlier highs on the 10-Day difference. The New Highs divided by New Highs plus New Lows just now dropped back below .70, also rendering a SELL.

A similar chart pattern is shown by the Total Cash levels in the RYDEX Money Market, whereby very low levels, near 7 year lows, have remained at very bearish readings, showing that most cash has been committed to the rally. They did not even raise much cash at or near the first quarter Index lows suggesting we remain vulnerable to further declines.

Although the NASDAQ 100 (charts page 2) has pushed a bit above its 200-Day Moving Average, the DJIA and S&P500 broke upward and then failed, falling back significantly from this resistance area. Their MACD's have also given credible Sell signals, whereas the NDX MACD is exactly on its rising trendline. We suspect it will also fail after this week, which could put on a good rally up until the weekend. After that, the deluge.

So, we are writing that the technical and astronomic analyses are coming together to call for a more severe down in equity markets. We are currently SHORT 100% Without Using Margin. **Increase Shorting to 200%, Using Margin on market close on June 6! Place ALL Stops at DJIA 13,565 and S&P500 at 1467.**

VITAL SIGNS

SHORTED 100% DJIA at 13,912.94, Stop 13,170
IF DJIA DROPS TO 11,700 DIP STOP TO 12,500!

Shorted S&P 100% NYSE Open May 7 @ 1417.49
With a 3% Stop at 1460.02

DOUBLE Shorts S&P & DJIA to 200% Margin
On Close Friday June 6
ALL Stops to DJIA 13,565 and S&P 1467

ALL OUR STOPS ARE CLOSE ONLY!!

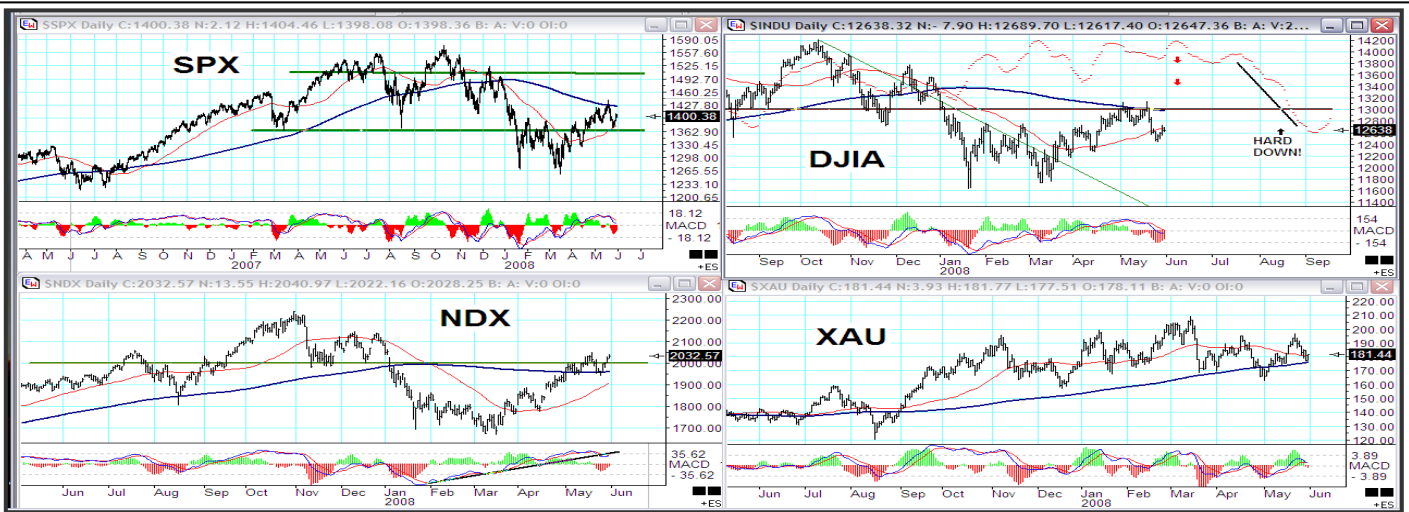
If the DJIA returns to 11,700, drop our Stoploss point to 12,500. If the SPX drops to 1300, lower Stoploss point to 1370.

To confirm a new downtrend we would insist that NYSE New Highs decline below 29, where they have recently double-bottomed, and the New Highs break above recent highs at 57 and slightly earlier 87 peak. NDX should break back below its 200-Day MA and give a MACD Sell, and ALL should break their 50-Day MAs. Volume should increase on these breaks and The Volatility Index (VIX) should rise back above 21 and preferably above 24.

Our Mars-Uranus Crash cycle will be activated from August 6 2008 to late March 2009, and considering Subprime problems spreading to other debt instruments, and interest rates rising sharply - there could be some real trouble during any astronomically difficult passages.

GOLD & OIL may put in a trading bottom on June 6 +/- 2 or 3 trading days and rally into a high June 25-26 or 30th.

Arch will speak at Expo Trader Brasil 2008 in Rio de Janiero
-Sheraton Hotel Rio on June 18!
And to an Astro group in Chicago all day on Saturday Jun 28
Info at 773-559-1022 or solarone@hotmail.com



**TOPPING PATTERNS ARE LOOKING MORE NEARLY COMPLETE!
 ALL ARE RISING INTO RESISTANCE AREAS BOUNDED BY 200-DAY MA'S & 50% PULL-BACKS
 BRADLEY ASTRONOMIC MODEL ENTERING LAST OF TRIPLE TOP COMPLEX (RED ON DJIA CHART)**

Of all the widely followed indices, only the NASDAQ-related, High Tech, Computer, groups, but also the Dow Jones Transports and Utilities are back above their 200-Day Moving Averages. Composition of the DJIA and S&P500 are more deeply damaged by their Financial sectors, which are slipping again as Default Swap spreads are beginning to widen out again, just as they did in early January, and even Long Treasuries are back above 4% this week.

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 on page 1) 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 only broke major long term support in the last three days. 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 “cover story” that U.S. problems are isolated and quarantined is a complete FAKE!

Someone new must have just realized the gravity of the situation and broke ranks with those attempting to hold things together! Articles in the Wall St Journal about banks reporting phony LIBOR rates probably didn't help. The TRUTH is that, knowing how bad their own balance sheets are suffering, banks do not trust the public numbers of even their close associates! And THAT is why the Liquidity of the system has dried up. As Will Rogers was wont to remark back during “The Great Depression”: “It's not the return ON the money [that is the concern], it's the return OF the money.”

We continue in the opinion that we are in a Major A – B – C or 1 - 2 - 3, whether Corrective or Impulsive in nature, since the January-March 2000 market peaks. In either instance, a third wave to the downside would dwarf anything most market participants can possibly imagine. We also think the ‘tipping point’ could be China's spending rate decrease during/after the Summer Olympics. They will be shutting down some major industries so the athletes will be able to breathe!

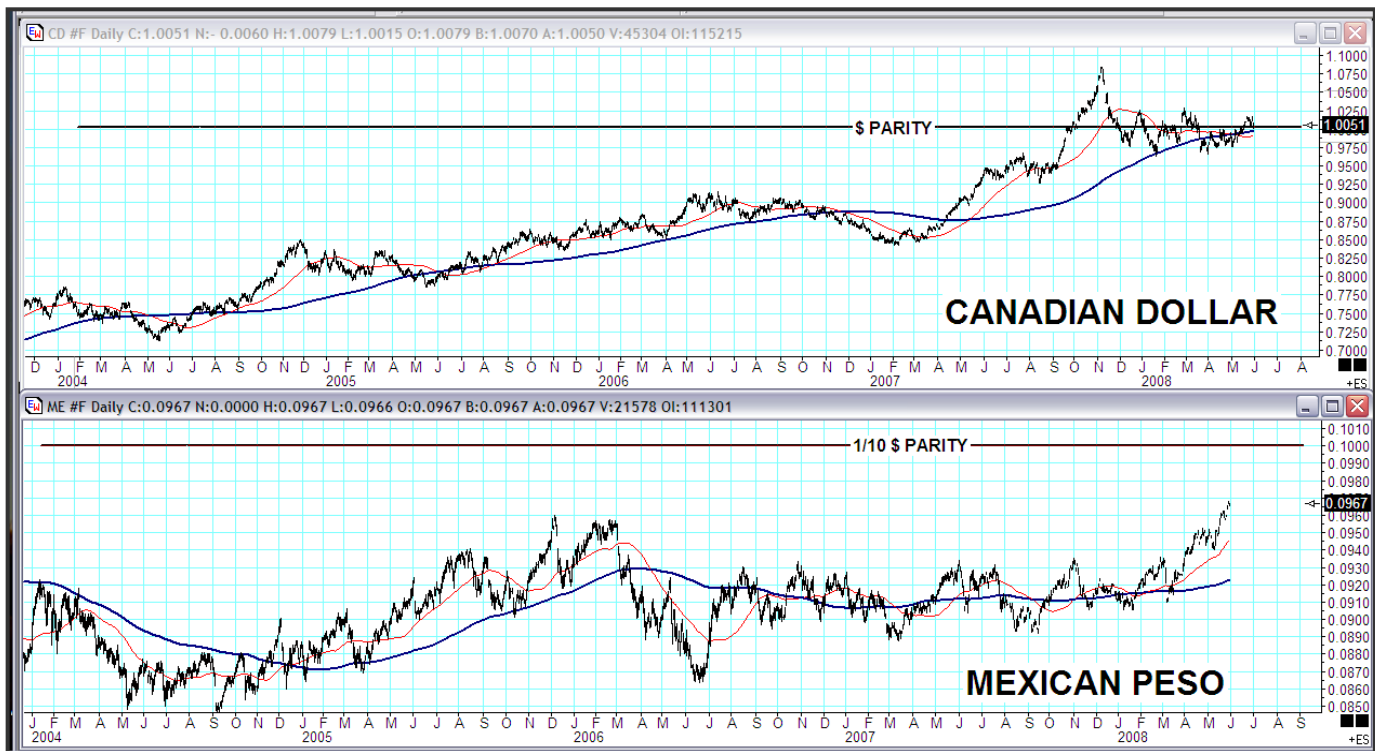
We updated our BRADLEY Model and found our previous copy was skewed, we don't know how. The corrected Bradley Line is shown in red on the DJIA chart (above) which moved back just about a month. THAT confirms our technical Sell Signals far more quickly than we anticipated and results in our Rapid move to double our downside positions this issue.

This from friend Barclay Leib at www.sandspring.com or email BTLeib@Sandspring.com

“Last summer, the NDX ended a wretched credit-induced/correlation unwind on AUG 16 and rallied 76 calendar days into OCT 31; In late October, Barton Biggs appeared on CNBC Fastmoney and declared tech and financials would lead the way. The rally peaked on Halloween after a 24% move.
 AUG 16 2007 >> OCT 31 2007 = 76 days

More recently, the NDX bottomed on MAR 17 and, on Monday JUN 2, will have rallied for 76 calendar days. This weekend, the WSJ ran an interview with Barton Biggs, declaring that tech will lead the charge higher. The rally has gained 22%.
 MAR 17 2008 >> JUNE 1 2008 = 76 days

Is Barton Biggs ringing the bell again of a market top??”



NORTH AMERICAN UNION CURRENCIES ARE APPROACHING PARITY!
CANADIAN DOLLAR WAS 63 US CENTS, NOW TRADING AT PARITY (100 CENTS)
MEXICAN PESO COMING UP TOWARDS 10 US CENTS = 10 FOR 1
COULD THE AMERO BE CONSTITUTED WITHIN WEEKS-MONTHS?

This is a rather controversial opinion. We point to the FACT of convergence as a Sign that there will soon be pressure to bear, possibly including another National Emergency, and very likely a market and economic Crash, to force measures to a head involving a New Currency (AMERO) composed of the North American Union including Canada, United States and Mexico, modeled after the European Union. It looks like the PESO would be a good bet to rally another 4%!

Our politicians have already sold us out on this issue as agreements have already been signed to proceed as if this is all going down, and fairly soon, including a multi-lane highway through Texas to Canada. U. S Teamsters are angry that Mexican truck drivers have been given the OK to drive on US roads without the safety and environmental restrictions imposed by Insurance companies and EPA on U.S. drivers.

Amnesty bills for illegal Mexican workers are proposed as often as one is voted down – several in recent weeks – they just keep coming. Who cares that overwhelming numbers of US Citizens want NO SUCH THING. Believe us, The Deal is IN!

My brother, who has been in the North Carolina State Legislature for 26 years was besieged by calls from constituents about a hologram of North America on the backs of new NC Drivers Licenses last summer. He called the state DMV and asked what it was for. They explained it was a security device and was mandated by the Federal Government to be on ALL states drivers' licenses ere long. They didn't say when it HAD to be on, but NC state bureaucrats decided to go ahead early.

This is apparently part & parcel of the proposed REALID which will standardize a Federal ID eventually through the state driver IDs. Last summer there were 11 states that already had the offending hologram. There is considerable backlash over these current developments, and 17 states have passed laws stating that they will NOT Comply with these unconstitutional infringements. Therefore, it is our opinion that another major 9/11 type dislocation may be necessary to force compliance, and would likely include the imposition of Martial Law!

The most timely planetary event would strongly favor the Lunar Eclipse of August 16. The Eclipse would normally accompany highly emotional displays, but the deadly combination includes a T-Square with Pluto opposing Uranian Point Hades with both squaring Mars – the most Explosive planets in hostile angular reference! It is not certain whether this might bring about another terrorist incident, a nuclear accident, or a natural volcanic/earthquake disaster, but it is the nastiest looking date since Saddam Hussein unexpectedly attacked Kuwait under a Grand Cross involving a Lunar Eclipse squaring Mars in opposition to Pluto, forming the 4 angles of a cross. **BARRON'S** quoted us on that possibility and it occurred on our 1st date.

Our US election day November 4 contains the 1st of 5 oppositions of Saturn to Uranus as well as a Mars square Neptune. Conservative forces (Saturn) may take drastic action against more Radical (Uranus) elements (Not necessarily Democrats vs. Republicans) while Mars (Use of force) is arrayed against Neptune (Idealistic/Religious/Spiritual) components. This fall we find the combined elements of Seasonality, BRADLEY Model and Mars-Uranus Crash cycle in horrific concert!

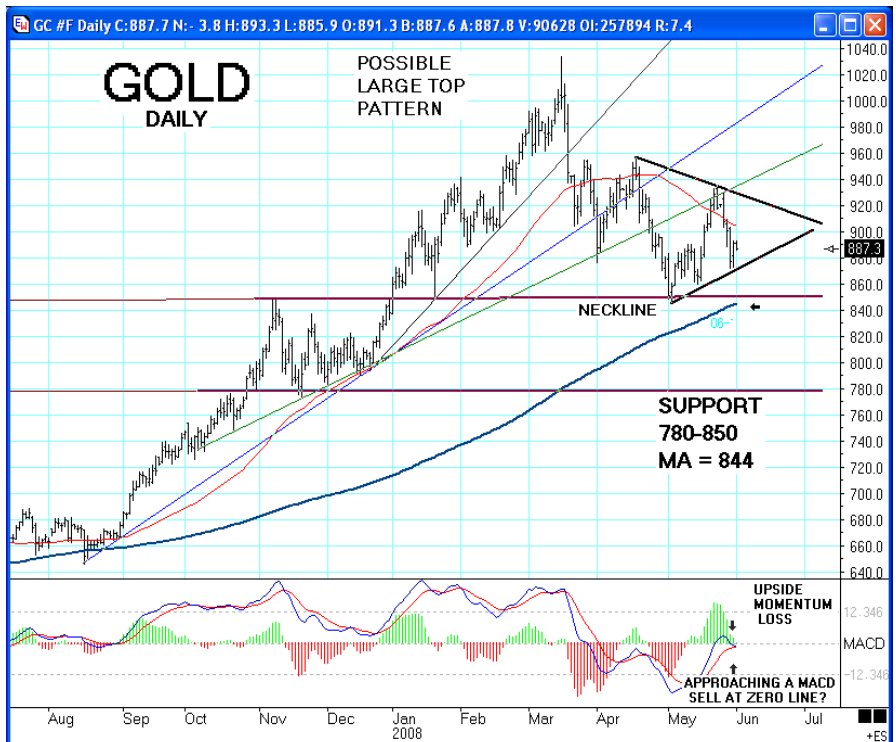
GOLD is now triangulating between the 200-Day MA and the 50-Day MA (often the case when they are in process of a pincer movement, with one rising from below and the other falling from above). This has the effect of elongating the Head-&-Shoulder pattern to the right and making the technical picture less certain. At least, when the triangle breaks (dark black lines), a likely direction will emerge, especially if the 200-Day MA (now at 844) is violated. That should lead to a test of \$780 support. An upside break would not as clearly resolve the issue as it would remain within a larger pattern.

Short term Astro, GOLD may put in a trading bottom on June 6 +/- 2 or 3 trading days and rally into a high June 25-26 or 30th. We believe the lower supports will be tested, perhaps near the seasonal lows late August to early September.

MACD (bottom of chart) shows momentum losing power, typical of a triangle. We got the bullish pop we were expecting from a Bullish crossing (of the blue line above the red). “Perhaps it can manage a better short term rally before succumbing to further weakness.”

We consider ALL the inflation hedge commodities at a critical juncture, which will probably require a longer and deeper consolidation phase than we have seen in this Bull Market phase. We caution that it may take several weeks, and possibly several months before a new Bull leg commences. **OIL** may hold near highs longer, until China has enough of the stuff to Gas up all those tourists attending the Olympic Games.

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

MAY 7 = Another terrifying morning! [Gomez head of Fed Police shot dead in Mexico City – by Drug Lords?]

MAY 26 = Mercury and Neptune retrograde together. Better stick to routines & avoid new projects or unnecessary expenditures 3 weeks.

JUN 1-2 = Mercury parallel Venus, both contra-parallel Jupiter = Could push prices higher on Monday – Don't buy the top tick!

JUN 3 = New Moon in Gemini sextile Mars = Highly energetic – may move prices sharply higher.

JUN 6-8 = Weekend very good social, intellectual, with Sun-Venus-Mercury conjunction. Monday a damper on the good times.

SHORT MORE on Friday Close using Full Margin.

Sun/Venus moving in conjunction square Uranus 12th but trine Neptune Friday the 13th & 14th, bad for computer purchase or operation.

JUN 9-12 = Nothing but harsh, difficult planetary patterns Monday through Thursday. Even worse on Full Moon Wed.-Fri. June 18-20!

JUN 25-26 = High for Inflation Hedge commodities, may be as late as the 30th.

JUL 3-4 = Be careful of possible excesses in food, drink, other, on the long weekend. Don't pay too much for stocks into the holiday.

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!

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