

CRAWFORD Perspectives

November 3, 2008 Vol. 08/11

“IT AIN’T OVER ‘TIL IT’S OVER” ANOTHER NASTY FULL MOON OR SO

The Full Moon of November 13 is in tight harmonic aspect with the position of planet Neptune, forming the angle of a “T” within one quarter of one degree! Expect a trading rally in Inflation-hedge commodities (Gold, Oil, CRB, etc.) to begin a few days prior and maximize on or very near that Full Moon day. If you have familiarity with trading these vehicles, BUY any positive technical break-out from today forward. Then SELL and SHORT on November 13, most likely in the earlier half of the day. Possibility exists for a double top on Monday Nov. 17. After that one might add a trailing Stoploss or simply hold into the first week in December.

The Full Moon of December 12 is forming the same “T” relationship with Saturn within one half of one degree. Saturn tends toward the cold, coagulating, confining, limiting side of the ledger and can be counted on to bring equity markets down into either a retest or a lower low. After “Crash” activity, markets tend to make new lows, but without the momentum or volatility previously experienced. Considering the time of year and month, it will likely be the result of “tax-selling” which usually culminates around mid-December, amidst less chaos and greater forethought than the emotional dumping phase. The Bradley Model makes a low even later (chart page 3), but leaves room for year-end “Santa Claus” rally into New Year’s.

If you are one who is reticent in adding Lunar Phase to your trading tools, let us call your attention to the fact that the last FOUR largest market moves were within hours of both New and Full Moons (two each). If you look at ALL



examples, the effect is complex and difficult to extract statistically, though possible with very tiny percentage movements on average. Where emotional volatility component rises, look for violent swings to maximize within a day of syzygy exactitude, especially where apogee/aphelion (nearness) or Eclipse alignment increase the gravitational vectors. John Nelson, a Radio Propagations Specialist for RCA Corp and I were interested to discover that Solar Flux from unusual sunspot activity, encountered at these gravitational maxima could further enhance volatility in short wave communication bands and human behavior! [See *Cosmic Patterns* by John H Nelson and *Electro-dynamic Man* by Leonard J Ravitz or his article on *Electromagnetic Field Changes in Health and Disease* Annals of the NY Academy of Sciences, October 30, 1962 pp 1144-1201]

Anyway, here is recent history: Sep 15, Full Moon 5:13amEDT DJIA -504.48; Sep 29, New Moon 4:13amEDT DJIA -777.66; Oct 13, day before FM, DJIA +936.42; Oct 14, Full Moon 4:03pmEDT after close – Next day Oct 15 DJIA -733.08; Oct 28, New Moon 7:14pmEDT DJIA +889.35. That catches ALL but one day change of over 600 DJIA points. The Sep 15 Full Moon was the First +/-500 pointer in 2008!

Our call for “Market Crash...Best Bet=October 10” worked out pretty well with a DJIA Down Open of over -800 points, and was the market low to date!

We have written for several months that all efforts to hold our markets up by US Government & Wall Street would fail sometime after August 6th Mars-Uranus CRASH Cycle kicked in. Our projection calls for the 2002 lows to be tested. The 2002 price lows were 7197.49 DJIA and 768.63 S&P500. If those supports are broken, we could see much worse!

A number of technical issues have begun to improve on this latest dip down to our expected low dates of October 24-28. We may yet see sharply lower lows, but there are now some non-confirmations of such a trend continuation. They are NOT so compelling as to easily overcome some further astronomic distress as indicated by the next two Full Moons. In addition, Mercury enters Scorpio on election day. We have noticed that maximum numbers of planets in Water signs (of the Fire, Earth, Air, Water categories) often coincides with Panic Lows in stocks. That would point up the period November 5-16 as a potential Panic bottom.

We recommend covering HALF of Shorts, exiting our margin positions on Market Close November 15, and lowering Stops again on the remaining portion.
Lower DJIA STOP now to 10,150.
Lower Stops on S&P500 NOW to 1060.
Arch is ranked #2 Last 12 months in TIMER DIGEST

VITAL SIGNS

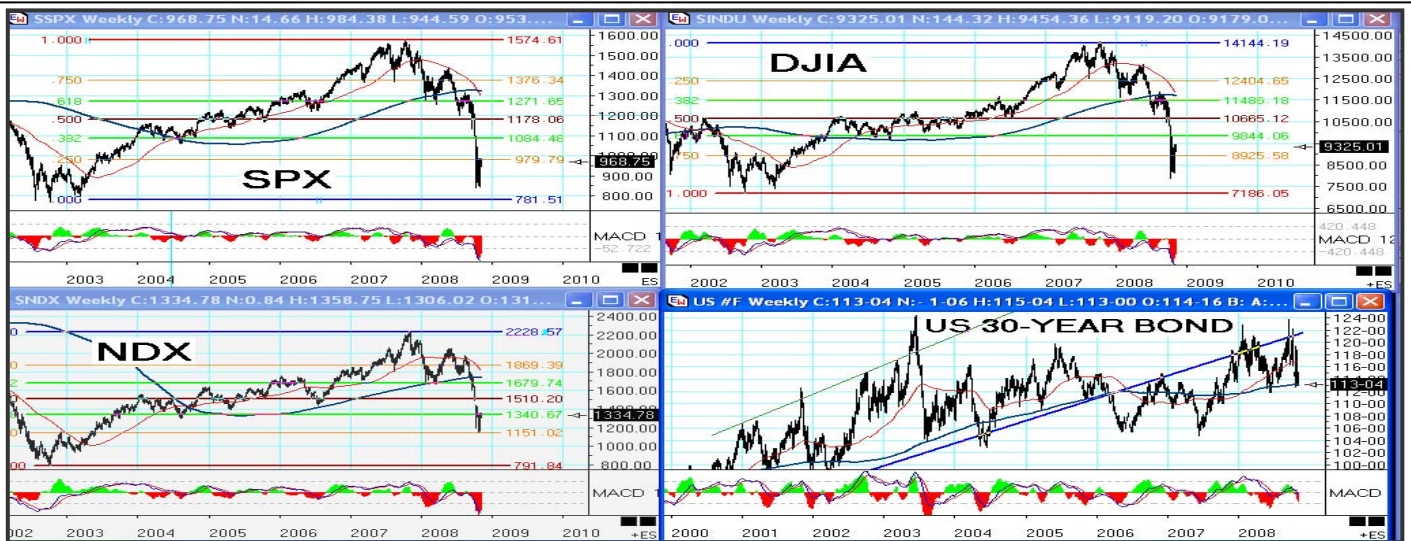
SHORTED 200% DJIA at 13,912.94 & 12,209.81
Lower Stop NOW to 10,150

Shorted S&P 200% 1417.49 & 1360.68
Lower STOP NOW to 1060

COVER HALF of BOTH on Close Nov. 15

If DJIA drops to 7200 Cover Remainder
If S&P drops to 760 Cover Remainder

ALL OUR STOPS ARE CLOSE ONLY!!



ALL MAJOR INDICES HAVE BROKEN BELOW THEIR 62% RETRACEMENT LEVELS OF THE 2002-2007 MARKET UPTHURST! (Heavy green lines – above)

Old Market rule: If markets reverse previous extensive (not just short term) movements by over 50%, it is likely that the entire 100% will be corrected. In present case, that would mean a return to 2002-2003 low levels. All three Index charts above sliced through the Golden Mean ratio, and only the NDX (NASDAQ100) held at the 75% retracement band to date (lower light orange line). Both S&P and DJIA are relatively short distances from their 2002 lows, and could arrive there in an eye blink under current market uncertainties.

We are moderating our negative stance somewhat in that some cycles are in the time frame for possible reversal and we feel it prudent to take some of our huge profits off the table! Some technical divergences are beginning to pop up here and there, but are not yet sufficient to make a definitive redistribution of asset classes. It will take many weeks before lows can be tested and retested and proven worthy – this while economic fundamentals continue to implode.

The BRADLEY Model (chart page 3) shows another rather harsh leg down into late December, bottoming in time for the traditional “Santa Claus” rally into the New Year. In large down years, heavy tax-selling may weigh on prices into about the middle of December. A late December low would suggest a poor Christmas selling season! Several seasonal factors make it very difficult to manifest a Down December month. It is the strongest of seasonal patterns, and can cost you money betting against them too often.

This month we are showing the HOURLY charts of the major indices (page 1), so you may see the shorter term relationships, and the Moving Averages that are coming down to impact current price levels. We think these will pressure the major indices into the next down-leg soon. If indices are able to surmount these MA's and hold above them, turning them from down to flat, then to rising, an important obstacle will have been overcome. There remain powerful indications that these financial markets are continuing Melting Down, and have Much Further to fall, eventually. The question is: “Do we encompass another down leg immediately, or is there a tradable intervening rally before the next level of banking disasters surface?” We'll keep half of shorts betting on downside!

The US Dollar (not shown) has had a magnificent uptrend explosion. Apparently, when push comes to shove, we're safer than most other places. That's hard to believe considering our debt and spending levels. However, most emerging country markets are already down over 70% against our 43% or so. Of course, we didn't participate in the stupendous ride of the last three years where Russia, China and India went wild. However, the Dollar is back up against an important resistance area, the middle of the huge Diamond formation so evident in 2005 into early 2006 around 89-90 in the Dollar Index traded commodity against a basket of 12 other currencies. At least we went Neutral to slightly positive when this Index broke up through a 20-year downtrend channel line, while we went Negative on all other major commodities.

“Political campaigns are designedly made into emotional orgies which endeavor to distract attention from the real issues involved, and they actually paralyze what slight powers of cerebration man can normally muster.” -

The Human Comedy [1937] – James Harvey Robinson

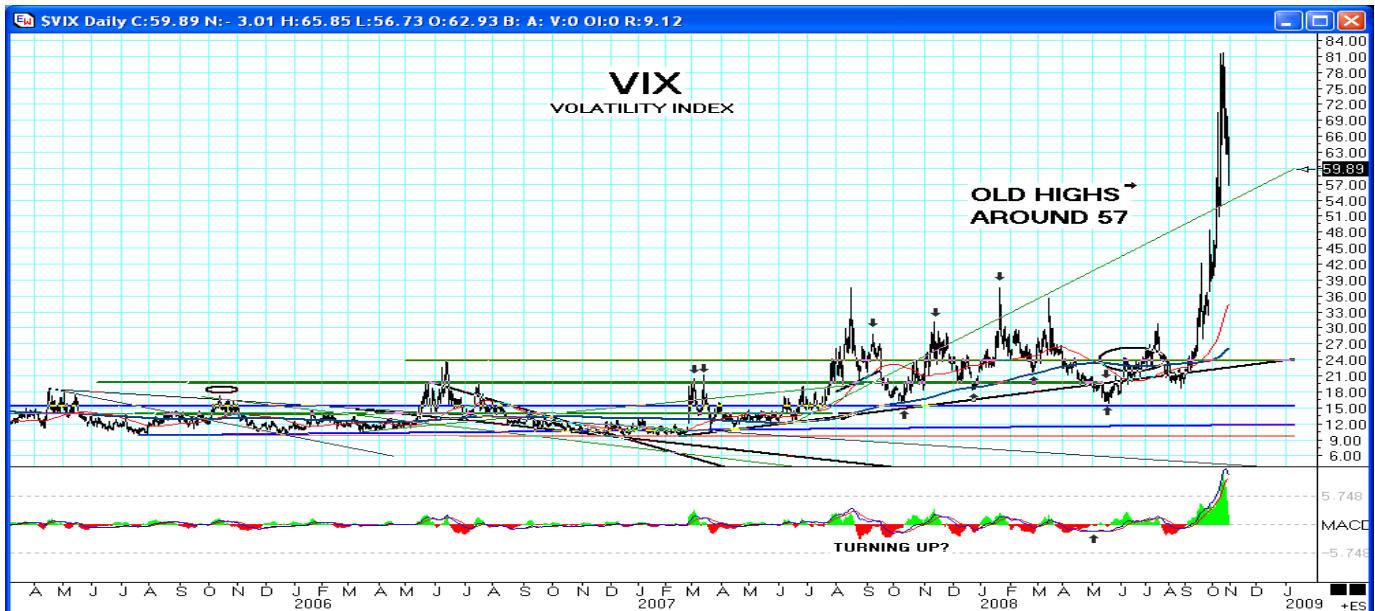
“We must away ‘ere break of day, to seek the pale, enchanted gold.” **The Hobbit - J R R Tolkien**



THE DOW JONES INDUSTRIAL AVERAGE (above) has Followed Our Projections with the Exception of the March-May Rally Phase

Crawford Perspectives shorted the S&P500 and the DJIA in October of 2007, at the projected peak of our BRADLEY Model measure of astronomic relationship power. Our Dow Jones position has been uninterrupted, even though our S&P500 was stopped out and quickly reinstated. We wrote for many months that the FREEZE in segments of the US subprime markets should have had greater and more immediate consequences than were being recognized by investment professionals. Complacency at all levels was to us surprising in light of continuing newspaper headlines outlining these problems. That the inevitable consequences of the already known seemed obvious, we took our positions and retained them against the crowd.

The VIX (CBOE Option Volatility Index) is a powerful measure of Market Sentiment, and spikes to the upper reaches have definitely marked important market lows. The question is: How high is high when we are spiraling in an unprecedented simultaneous rise in price volatility across ALL asset classes? This chart goes back three years and nothing comparable to current conditions is evident in this frame. Going back further, the 1987 Crash generated incredible numbers in the 180+ range. Last month we wrote that: "... we expect to see 60 to 75 in this measurement as we approach the gut-wrenching denouement!" These levels have already been superseded up to 82. The TRIN or ARMS Index (not shown) makes a similar pattern but has not yet surpassed conditions as existed at the 2002-3 highs (stock price lows). Potential remains for further price erosion!



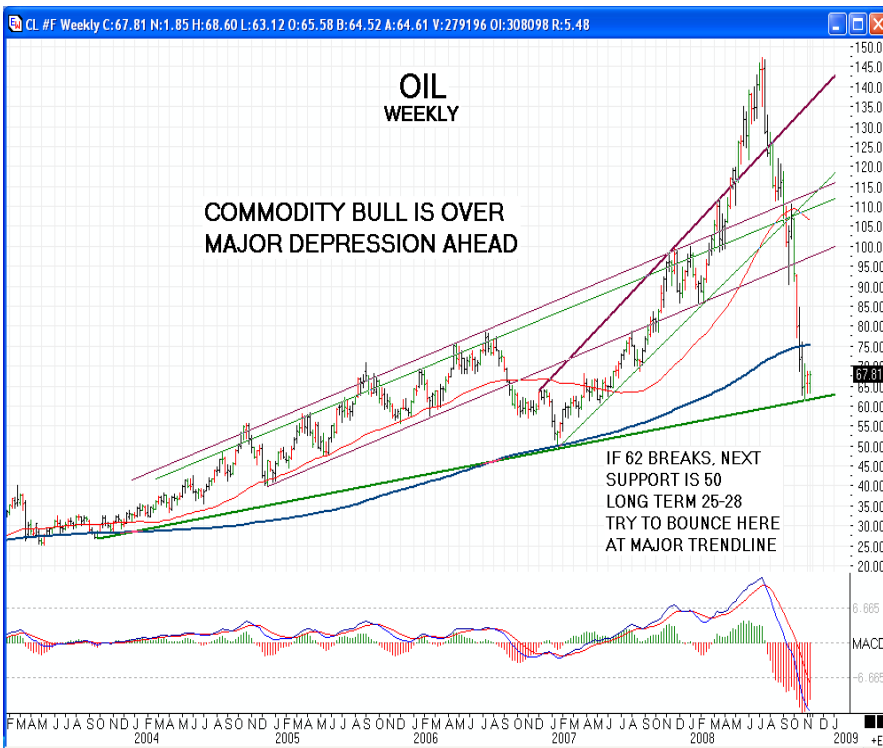
A week or so ago, perusing many commodity charts, we noticed that a large number had declined by 50%, a natural inflection point. Since then, that natural barrier has been soundly pierced, while nothing has stepped up to offer support to a troubled wasteland.

OIL has broken even the 200-Week MA and now rests on a long term trendline. We would consider at this extreme juncture to take a counter-trend position for a trading bounce! For one other cynical, conspiratorial reason, that the 'powers that be' may put in the low on or near election day. Even if you don't trade, go fill up your automobile tank!

GOLD has broken down through almost all chart support (not shown), but the GOLD Stock indices have done much worse, dropping by huge percentages, substantially more than the metal, itself! There's got to be some bargains in there somewhere?! As Central Banks are pumping out their soon to be worthless paper, Gresham's law has to start working sometime. That is that Fiat money will be spent rapidly, while valued money will be hoarded. For now, it is almost impossible to get any more GOLD Coins! Dealers want large premiums for whatever they have left. Noticing that REAL Gold is UP and paper gold is down, we surmise that the day may soon arrive where COMEX contracts cannot find enough actual metal for delivery demands. What does it mean that on April 8, 2004 N. M. Rothschild walked away from the twice daily Gold Fix, which had been set in their offices since September 12, 1919?

We have quoted THIS warning over the last few months:

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.**



ASTRONOMIC ACTIVITY

OCT 28 = New Moon at 6 Scorpio a couple hours after NYSE Close – [DJIA +889.35 Biggest Up continues high volatility syzygies]

NOV 1 = Neptune Direct Station = affects the Sea, Big OIL, Drugs, deception, the Catholic Church, the Black Race.

NOV 3 = Venus forms a T-Square with the Saturn/Uranus opposition – Negative for stocks, Unsociable!

NOV 4 = Another WEIRD ELECTION (If we have one) 1st of 5 oppositions of Saturn to Uranus =

Bitter battle Conservative vs. Radical – that will go on for two years! Mars squares Neptune = Angry, destructive voters?

NOV 13 = Full Moon forms a T-Square with Neptune! GOLD, OIL sharply higher but may be a TOP! Currency Devaluations?!

Jupiter sextile (60 deg) to Uranus and moving to trine (120 deg) Saturn on the 21st. Mercury semi-square Pluto Bearish stocks.

NOV 16-17 = Extreme Intensity continues with 5 aspects with Mercury – News, negotiations flying all around! News good Sun. bad Mon.

November 5-16 = Many planets in Watery signs = May lead to some emotionally charged market action?! More heavy Downside?

NOV 21 = Option Expiry = Moon conjoins Saturn in trine (120 deg) aspect to Jupiter = Should be an UP market into expiration.

NOV 26-27 = Pluto re-enters Capricorn (26) Uranus Direct Station 47 minutes before the New Moon between 11am & 12 Noon.

These three events so tightly aligned in time make for Generational Changes! – Well, that's what we're looking for, isn't it?

NOV 28-DEC 1 = Massive planetary energy release – Should be UP into Monday Dec 1 on Venus-Jupiter conjunction.

DEC 12 = Full Moon square Saturn = Classically, a very large negative – depressing, scary day!

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