

CRAWFORD *Perspectives*

October 6, 2008 Vol. 08/10

MARKET CRASH - DEAD AHEAD BEST BET=OCTOBER 10 +/-3 BIZ DAYS!

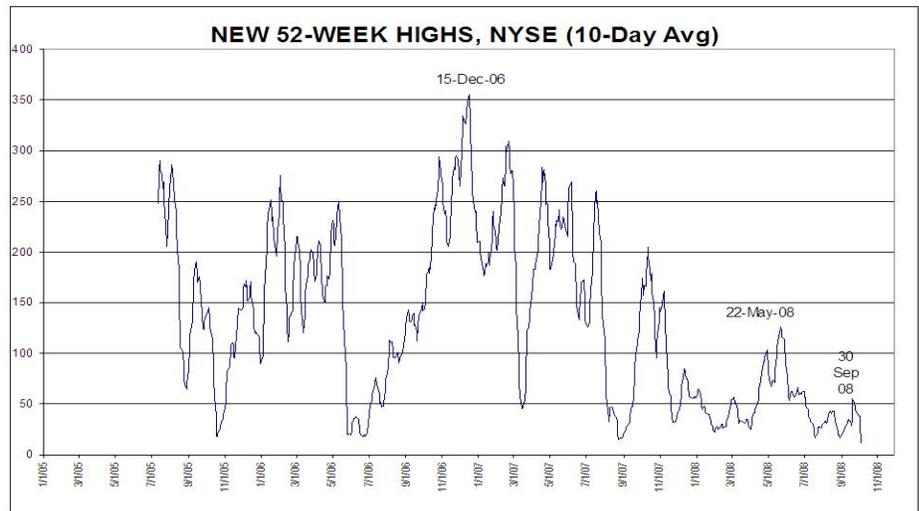
On Monday, September 29, the House of Representatives failed to pass the "Bailout" proposal. The DJIA dropped a record -777.68. Friday, the House passed the bill under extreme arm-twisting, and from 1:09 pm EDT the DJIA slumped from +313 to -157, a total of -470 points in a little under 3 hours, confirming our suspicion that it wouldn't make any difference!

Confirming our conviction that 'emotional' markets are more sensitive to New and Full Moons, last Monday record decline was on the New Moon, and next largest recent down was on the Full Moon of September 15, -504.48!

In the "Old Days", meaning before the interventionist strategies of the "Working Group on Markets" became so obviously intrusive, a market close at Friday's low would be a "lock" on a negative Monday. Even a mild decline on a Friday (most positive day of week) would lead to a Monday drop with 82% correlation.

With ALL major indices breaking to new lows and closing there last Friday, on higher volume and accelerating momentum, we would reasonably expect a major 'hit' TODAY! Now, who knows? We, and readers who have gone along with us, are fully prepared for the worst, having been Short, using Full Margin for the most part since early November, 2007.

Planetary Cycles are pointing sharply lower, with a probable CRASH date of October 10, +/-3 trading days, i.e. October 7-15 as mentioned in the CP September 2 issue. We have written for several months that all efforts to hold our markets up would fail sometime after August 6th Mars-Uranus Cycle kicked in.



The August 1 Solar Eclipse culminated over Russia, and 5 days later, on the August 6 opposition of Mars to Uranus, Russia invaded the little nation of Georgia. The DJIA fell -224.64 the next day but recovered to peak out on August 11, and has been in an accelerating decline ever since. Our projection calls for the 2002 lows to be tested and New NYSE 52-Week Lows to exceed the July 15 1304 excesses. The 2002 price lows were 7197.49 DJIA and 768.63 S&P500. If those supports are broken, we could see much worse!

With segments of world money markets completely frozen for more than a year, it is generally accepted as the worst conditions since the Great Depression. If this assessment were understood and acknowledged, stock and bond markets would be MUCH lower! The public is NOT responding to the crisis, seemingly stunned as in the "deer in the headlights" syndrome. Though enough have sought refuge in Gold Coins to have exhausted the supply!

Crawford Perspectives has shied away from the GOLD, OIL & CRB Index for several months after being on the long side since April 4, 2001! Banking systems who hate Gold have continued to Short, driving prices lower. Now, with the physical metal in limited supply, there is doubt that all those Shorted contracts can deliver the actual metal (if asked). One tactic was to have the exchanges raise the margin requirements per contract, which forced sales by those unable to add further liquidity to their trading accounts -dropping price.

With the entry of Mars into Scorpio, we wrote: "Diplomacy fails and bloodlust begins!" This may be taken on every level of human interaction, from the personal, through the national and on to the international. Incidents will tend to escalate in personal relationships. Political campaigns become more bitter. Border incidents will flare into larger and more dangerous interactions. Scorpio also rules sex, coercion, joint finances, interest rates, bankruptcy, nuclear radiation/power, death and taxes. The most powerful human emotions and deepest transformations will emerge from this Mars passage October 3 to November 16. NOTHING will be the same after this period of extreme intensity!!

"A prudent man foreseeeth the evil, and hideth himself: but the simple pass on, and are punished." And this: "The rich ruleth over the poor, and the borrower is servant to the lender."

**Lower DJIA STOP now to 12,050.
Lower Stops on S&P500 NOW to 1310.**

Arch Crawford will speak at the meeting of the Committee on Monetary Research & Education (CMRE) at the Union League Club, 38 East 37th St, New York just south of Grand Central. Non-Members \$185.00 each, cocktails at 4:30
More Info: CMRE@bellsouth.net or call (704)598-3717

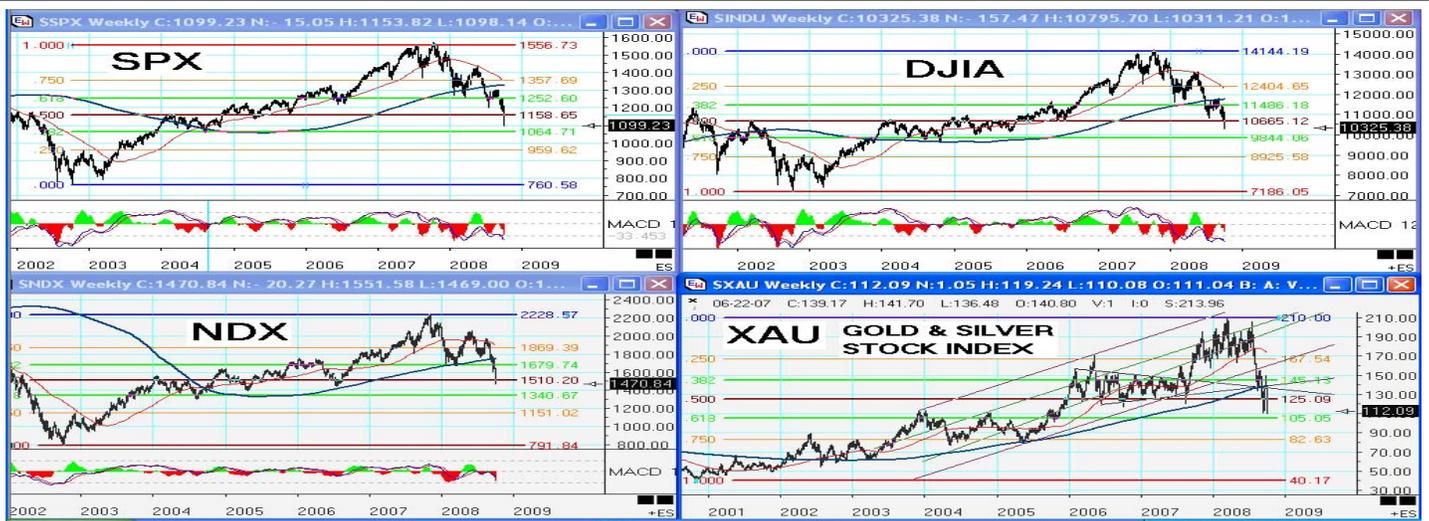
VITAL SIGNS

SHORTED 200% DJIA at 13,912.94 & 12,209.81
Lower Stop to 12,050
IF DJIA DROPS to 9,500 Lower STOP to 11,050

Shorted S&P 200% 1417.49 & 1360.68
Lower Stop to 1310
If S&P drops to 1000 Lower STOP to 1160

If DJIA drops to 7200 Cover Half to 100%
If S&P drops to 760 Cover Half to 100%

ALL OUR STOPS ARE CLOSE ONLY!!



ALL MAJOR INDICES ARE BREAKING BELOW THEIR 50% RETRACEMENT LEVELS OF THE 2002-2007 MARKET UPTHURST! (Heavy brown 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. On shorter term trading moves and some longer ones, the Golden Mean ratio may also result in, at least, a temporary reversal or trading range. That would be a 61.8% or possibly a 2/3 at 66.7% retracement band to keep one eye on. This 61.8% retracement support (in this case) is the green line just below current price levels.

Our current technical opinion is that NO near term support will hold, and that the early decade lows will indeed be tested and possibly breached. We have often declared here that we did not understand the 'complacency' exhibited by the multitude of investors who have taken no action to protect themselves from events that have been clearly stated in newspaper headlines for more than a year! Many analysts on TV have shown the same disregard of the obvious (to us) warnings. Are they stupid?... or blind?... or just doing their jobs to lull the buyers to keep on buying so their firms can keep on selling?

This month we are showing the WEEKLY charts of the major indices, so you may see the longer term relationships, and the importance of long term trendlines and Moving Averages that are being violated 'en mass.' What this all means is there exists powerful indications that these financial markets are Melting Down, and have Much Further to fall. What this actually means to our 'personal lifestyles' remains too scary to contemplate, much less mention to a queasy bunch of 'non-combatants'!

What you really DON'T want to know is that different factions within the highest levels of our governing and corporate classes are battling each other over the 'spoils' of American power, and with that power itself melting down, the 'friendly' rivalries occasionally become bitter, and quite often DEADLY! The major parties, although the more public of the avenues of power, are the least of the REAL power which controls our destinies.

Bush and Cheney and Pelosi and Reid and McCain and Obama are empty puppets and tools who, like professional sports teams, focus the emotions of the masses on apparently opposite principles. Yet, the expressed 'principles' are secondary, like the 'names' of the pro-teams. Even when they win elections, they are thrown some milky sop to appease their egos, without any real CHANGE in the structure. It is no better and little difference than the winning pro-team getting champagne and prostitutes from their owners.

So you think that if you love one team and hate the other, and get out and vote, you are doing your patriotic and responsible civic duty. And when something really goes 'wrong', (in your opinion), you attack the 'Big Brother' the 'puppet in charge' at the time of your dissatisfaction, while the 'puppet-masters' remain in the background, unheralded and unknown, counting their money and laughing up their sleeves at your passionate display.

Government of, by and for the people has long since perished from the earth, but the fantasy remains, and the old slogans continue to bring forth the passions by which we are manipulated and controlled. With my own passion, I will 'waste' my vote on Ron Paul, the only HONEST man among them, knowing full well that if he were to gain any real power, his plane would go down as with Wellstone or Ron Brown, or be shot as was Reagan, or removed like Nixon or murdered in public as was Kennedy.



US\$ BREAKS UP THROUGH THE 2004 LOWS, NEXT IS 200-WEEK MA JUST UNDER 83
REALIZATION that FOREIGN ECONOMIES are also WEAK BRINGS CASH to the US FOR SAFETY

Flight to the safety of US shores has come to the rescue of the benighted and maligned Dollar! Having broken a 20-Year Downtrend, our currency demands at least a neutral opinion, if not better! We would prefer to see sustainability in the positive direction before jumping on board. We certainly cannot criticize its current technical action. Upward movement through trendline and moving average resistance levels can only be considered a strong near-term positive.

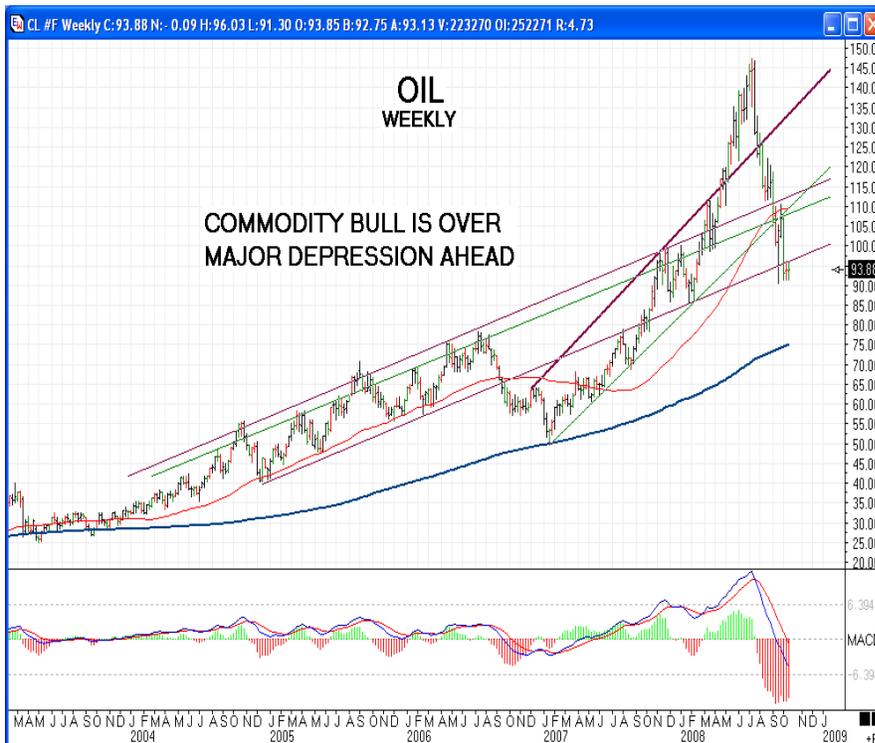
We are more concerned about strength in the Yen, as that may signal the unwinding of the “carry trade”. That would suck money out of the whole world that Japan had lent out at 0.5%, a far more dangerous outcome than U.S. subprime mess.

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?” This chart goes back three years and nothing comparable to current conditions is evident in this frame. Going back further, we remember spikes as high as 57. The very dangerous downside momentum demands an even greater capitulation intensity than we have yet encountered and we expect to see 60 to 75 in this measurement as we approach the gut-wrenching denouement! These conditions are as serious as they get... as serious as we’ve ever seen... and we’ve been watching since 1954. After now... “the deluge!” (flood of Noah)



In the September letter, in regards to **OIL**, we noted: "A break to the \$106 level would indicate a high probability of \$98-102 and would signify the end of commodity inflation!" It then proceeded to break to 91 and is below 90 in early Monday trading. The 200-Day MA is up around 212-13 area. All significant moving averages and trendlines have given up the ghost and we must now acknowledge its Bear Market status.

The Weekly chart of **OIL** (at right) gives the big-picture breakdown of everything except the 200-Week MA and suggests that the run up from 100 to nearly 150 was a speculative aberration. Although some technical support could hold here between 85 and 100, resulting in a symmetrical Head-&-Shoulder TOP, it could very well drop on down to the long, slow moving average (heavy blue line) at 75 before substantial support develops.



GOLD is holding just below its own midpoint of the last few months at around \$860 basis Dec. = Z. (chart not shown). The pattern remains in a general downtrend with lower highs and lower lows, about 896, clearly in Bear Market territory, chartwise. A break of \$775-780 could be very negative, but current action already confirms the Commodity Bull Market is likely dead. The worldwide economic collapse pretty much nails that, for now.

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 3 = Mars enters Scorpio. Diplomacy Fails and Bloodlust begins! Damage through War, Accident, Volcanic explosions.
- OCT 5-8 = Excruciating amount of planetary energy release – Good and Bad – powerful!
- OCT 10 = Best bet for Market Crash, plus or minus 3 trading days! (October 7-15)
- OCT 14 = Full Moon at 22 Aries 3 minutes after NYSE Close – More Market Intensity – Last Full & New Moons were biggest downs!
- OCT 15 = Mercury returns to forward motion 6 minutes after NYSE Close – Some relief comes out of nowhere?!
- OCT 17 = Maybe that relief rally carries into Option Expiration. If it follows 1987, it may Crash on Monday Oct. 20?!
- OCT 24-28 = Best bet for a Market LOW?! Cover some short transactions – Maybe lightly positive from here for a bit. – Careful!
- OCT 28 = New Moon at 6 Scorpio a couple hours after NYSE Close – New Beginnings?
- 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!

ATTENTION: The CP newsletters are usually mailed 1st Monday. Next may be Monday, November 10th.