CRAWFORD Perspectives

April 27, 2009 Vol. 09/05

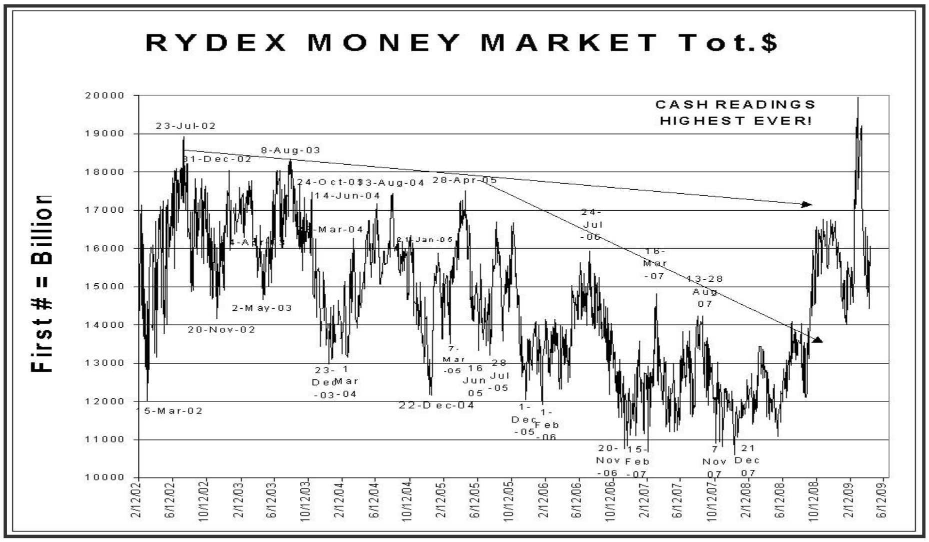
MOMENTUM BEGINS TO FLAG AS INDICES MEET RESISTANCE!

In accordance with the afore-mentioned momentum loss, markets may observe a more determined con-solidation phase during May. This is further emphasized by the Mercury Retrograde period May 7-30, whereby we often find the McClelland Advance-Decline Oscillator crossing through the zero level (down in this case). This tends to be a rest period rather than a major reversal.

Traders may want to take advantage, but intermediate position holders and investors generally should not disturb holdings over much. Some active managers may want to hedge a percentage of Longs over this period.

There is also added risk in that the action may rotate out of current leading issues or groups into different, possibly lagging ones.

The battle between the Inflation camp and the deflation camp will become excruciating late this month with the first of three Jupiter/Neptune conjunctions. Mars exaggerates the inflationary argument by sextiling this pair and it is also tightly aligned with the Neptune Station the day after (27-28)!



Although our Bradley Planetary Model shows confidence continuing to build well into this summer, some astro-conditions in May suggest the possibility that problems this month could be worse than expected. The MACD momentum portion of major Index charts (page 2) could give a SELL signal any one or two day period in this frame. The amount of this decline may tell us much about the market potential following this corrective phase.

But we do not know if any correction could make traders nervous and turn into something worse rather quickly. A second MACD SELL, after a small correction is far more reliable than the First one, and we remain optimistic that we'll have a late-summer spike to new highs to trap the unwary. Let us be CLEAR on ONE point: **<u>We will see Much Worse in late July 2010 from a massive multi-planet destructive force, like nothing we have seen!</u>** So take these increasing Pollyanna forecasts with a sack of salt and remember, they didn't warn you LAST YEAR!

VITAL SIGNS

<u>By Email of 3/12: BOT LONG 100%</u>
<u>OPEN 3/13: DJIA 7167.35; S&P 751.97</u>

<u>Enter or move Stoploss Points from:</u>
<u>DJIA @ 6952.30; S&P500 @ 729.41</u>

<u>TO: DJIA@7435.00; S&P500@797.00</u>

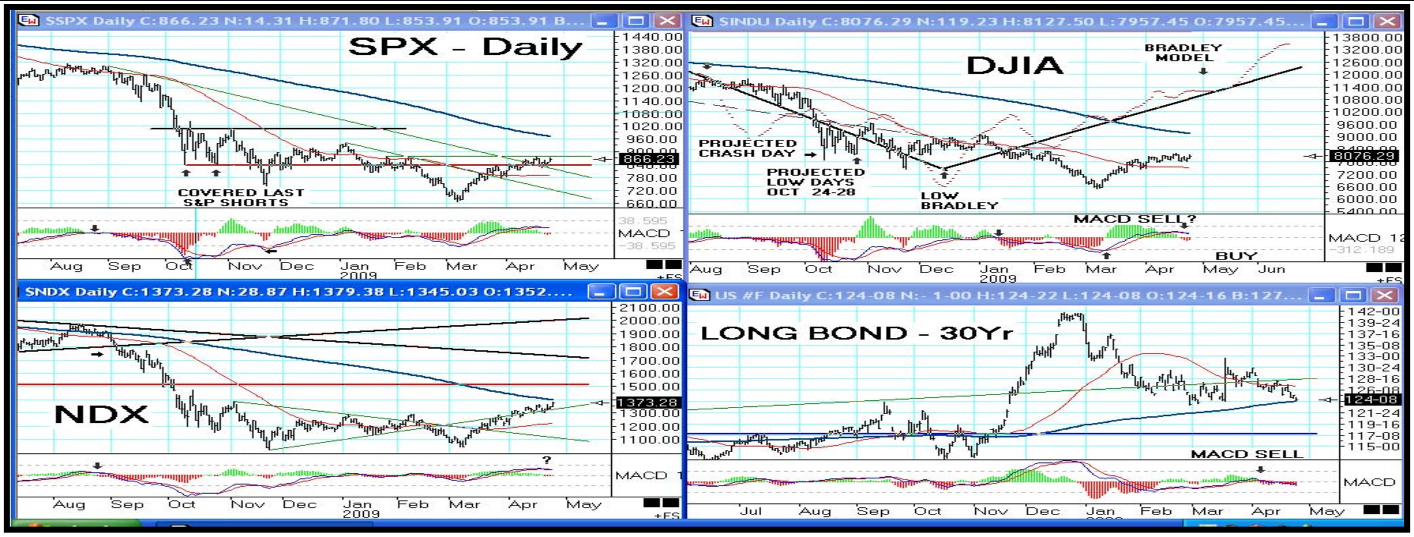
<u>ALL OUR STOPS ARE CLOSE ONLY!!</u>

Since our markets have had a darn good rally already, and with nearby resistance levels on charts, we are concerned that another significant leg up is less than certain, we will not move up to 200% Long positions this summer, even if there is a strong spike sometime during the summer months.

CP is more likely to return to a Double Short condition once downside momentum picks up during the usual seasonal weakness straddling the Fall Equinox. For now, we are satisfied to merely raise our stoploss points to lock in some of our excellent gains (see Vital Signs box at left).

. We have spoken at the Wealth Protection conference in Tempe, Arizona for the last few years. It is a relatively cheap way to hear some excellent speakers on market topics of interest in a healthy, family atmosphere. There are raffles every break for mostly gold & silver coins. Folks are friendly.

<u>Arch will speak at Wealth Protection conf in Tempe AZ May 1-2. Money/Metals - Good speakers - 800-494-4149</u>



ALL MAJOR INDICES AT OR NEAR RESISTANCE CHART POINTS!
ONLY THE NDX100 BACK TO 200-DAY MOVING AVERAGE

All major indices have also broken above their 50-Day Moving Averages (curved light red lines), and continued higher into the next level of technical resistance. Both the Dow Jones Industrials and the S&P500 Index are at their previous rally highs of late January and early February. Our analysis suggests that further progress may be more labored. The MACD indicators (bottom panel on the charts above) are rolling over showing loss of momentum. It is easy to see from the price charts themselves that the more dynamic phase occurred at liftoff from the early March bottom.

Both the NASDAQ (not shown) and the NASDAQ100 indices have continued to act more strongly than the S&P500 and the Dow Industrials, so much so as to have returned to their 200-Day Moving Averages. There is usually considerable resistance there as many institutions use those averages as entry and exit signals. If price levels are able to break through, a strong sign, then the MA's become support. The other indices are not even close to such a strong statement. We doubt they will break through on the first try, hence the likelihood of a corrective phase in May.

We believe some of the majors will actually break through upside later this summer, but that the positive signal will be falsely manipulated, and will be a contrarian SELL indication. This week figures were released on Insider Selling, which is running 8.3 times Insider Buying. Apparently those in best positions to know corporate trends are not anxious to participate, or more appropriately, they are anxious to NOT participate!

One of our indicators that called this bottom to near perfection was the RYDEX Cash levels (see chart page 1). You will note that the minimum on their cash was December 21, 2007. From there it began rising, and stayed in the rising mode generally until the high was reached, new all time highs above 1.9 Billion Dollars on March 5, 2009 and stayed above that level through March 11, 2009. Market's low hour was on the 6th & the low close on the 9th.

Inversely to the NASDAQ indices, the Long Bond is back down on its 200-Day MA, and will probably get an initial bounce from that contact. If it is able to penetrate downside, then rates will be rising substantially, adversely affecting entire economies. Although our dollars are in great demand worldwide as entities, personal and corporate, are rushing to pay down choking debt loads, most of which are denominated in US Dollars, our major debt holders are becoming nervous over excessive dollar creation, diluting their $ assets value in buying power against all other assets. We are in the fortunate position of having the world's 'reserve currency' whereby every new dollar created out of thin air, acts as a TAX on the entire dollar using world. This long standing relationship has begun to irritate large holders who have been watching the deterioration of their Dollar denominated asset base.

"One thing to keep in mind, as the bulls tell their tall tales about recovery on TV is that there are no 'long term buy and holders' any more. Every one buying now will be a seller on the first scary drop & that's what takes you to record lows very quickly. The strength now is an illusion being made up of shorts covering and day trading bulls. Once the top is obvious they will sell and short and few buyers will have the courage to bid."

Michael S. Jenkins – ***Stock Cycles Forecast - POB 652 Cathedral Sta. PO, NY 10025***

GOLD MAY BE READY TO BEGIN A NEW UPLEG?!

GOLD has been in a consolidation phase since March 23 high. It is likely that it has completed an A-B-C corrective pattern. Although it broke down through its steepest uptrend channel line (rising heavy black line), it violated neither the 860 chart support area nor the 200-Day Moving Average slightly above that level. In addition, we note that a MACD BUY signal has been rendered by the upward crossing of the light blue line above the light red line in the lower panel of the Daily chart (above).

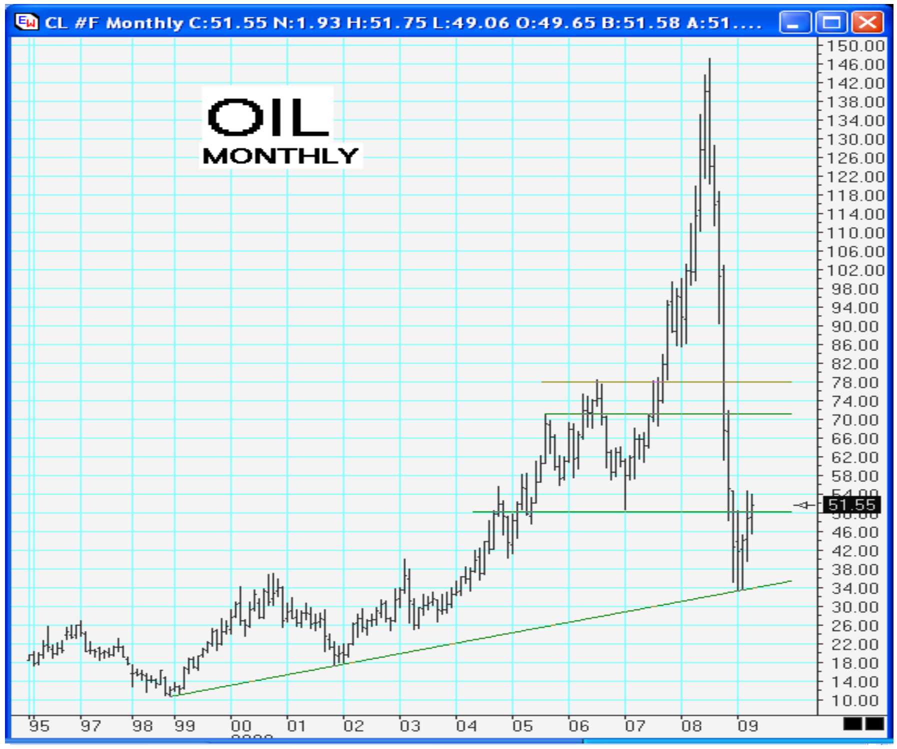
A most positive sign would be an upward break of the higher declining black trendline, now at about 920 and the 50-Day MA very slightly above that level (light red line in the body of the price chart). That would signal an immediate move to the 960 and then 980-1000 area under the rising black trend channel line.

The seasonal pattern of GOLD shows a peak in May due to the marriage month in India, and a low in late August or early September due largely to the vacation month of European dentists and jewellers, either of which can be overridden by currency or geopolitical concerns. There is certainly enough on the plate there with Iranian nuclear accession, North Korean missle launches and potential Pakistani governmental collapse! If none of those escalates and the U.S. Dollar holds its own, we would still expect positive movement come September from the normal seasonals.

With most of the civilized world printing money like it's going out of style, we expect it to go out of style, if not today… then tomorrow! **[metaphorically speaking]** Certainly, conditions are developing that will eventually bring worldwide hyper-inflation of all Fiat currencies, which is pretty much ALL of them.

What most people do not realize at this time is the humongous **deflation** that has already occurred but not yet admitted. The banks are aware that many of their holdings are worth little or nothing, but have not been written off of their balance sheets. Therefore these worthless holdings and their loan multiplication factor are still being counted in our Money Supply statistics, when in fact, that money does not exist! Knowing this, the banks are not loaning this non-existant money out, and are being criticized for it. Yet, if all that were written off tomorrow – they would ALL be bankrupt – an unacceptable admission!

As for the near term in the precious metals, we look for a run up and probable high mid-month, May 14-18, and a steep drop into May 27-28 period. Summer is uncertain and the Fall looks good again. Any break above 920 should get some immediate follow-through to the high 900's.



OIL continues to roar back after every weak decline. Holding nicely above the 50 level, it shows it can act technically well in the face of contracting worldwide usage. That's got to change sometime, but we still think $70-$78 is possible, if not likely during the summer vacation driving period. Deflationary pressures will likely take hold again this Fall.

The **CRB index** of commodities has been attempting to form a base, and has risen back up to kiss 130. Although it has not advanced to much higher ground, it has not shown any particular weakness, either. As it has not broken any important technical support, we would expect further strength with higher prices in the Summer, and lower prices in the Fall, somewhat similar our expectations for equity markets, and perhaps more reliably so.

The **U.S.Dollar Index** chart looks terrible, having held its gains fairly well, but has traced out an extremely negative chart pattern and should be shorted immediately. If you do, place a stoploss order around 87.40. The Dollar weakness makes most other currencies look good in comparison, even the beleagered Yen, which may require a longer base before ticking up. The **PESO** has very much surprised on the upside, rising from 6.3 cents to over 7.6. Last year it registered at one dime briefly.

We return now to our advice to hold only bonds and currency of nations with known assets in the ground, such as Australia, New Zealand and Canada. If you can stand more geopolitical risk, Russia and South Africa may do well as havens.

ASTRONOMIC ACTIVITY

MAY 4 = Mars contra-parallel Uranus – Like the opposition – when Russia attacked Georgia! – Also danger of a market high.
MAY 7 = Mercury once more into Retrograde motion = For 23 days, not good for Left-brain mentation, signing papers, buying things.
MAY 8-12 = Much more Sun-Mars-Pluto = Widespread Confrontations, Volcanoes, Earthquakes, Explosions – Anger. Try to chill-out! Friday's Full Moon ramps these energies up to the Max!
MAY 14-18 = Approaching Jupiter/Neptune conj is semi-squared by Venus, then squared by Sun = Inflationary pressures. Hi in oil & gold.
MAY 16 = Saturn stationary to Direct motion! Can be important turning date in various trading vehicles. Depressing. Responsibility pays.
MAY 14-18 HIGH/TOP in Inflation Hedges to MAY 26-28 LOW in Same! Could be a steep decline. Beware inversion or sudden swings.
MAY 28 = Neptune Retrograde Station = Important turn in Inflation Hedges or Interest Rates.
MAY 30 = Mercury Direct Station resumes forward motion – OK to start new projects, negotiations, writings, maybe better news.
JUN 5 = Sun square Saturn = Repressive restrictions according to Dell Horoscope Magazine.
JUN 7 = Full Moon. Look for a down week in the stock market.
JUN 15 = Jupiter retrograde station may put in a minor stock high – not an important one.

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