CRAWFORD *Perspectives*

January 5, 2009 Vol. 09/01

IT'S OFFICIAL, WE'RE #1 FOR 2008!

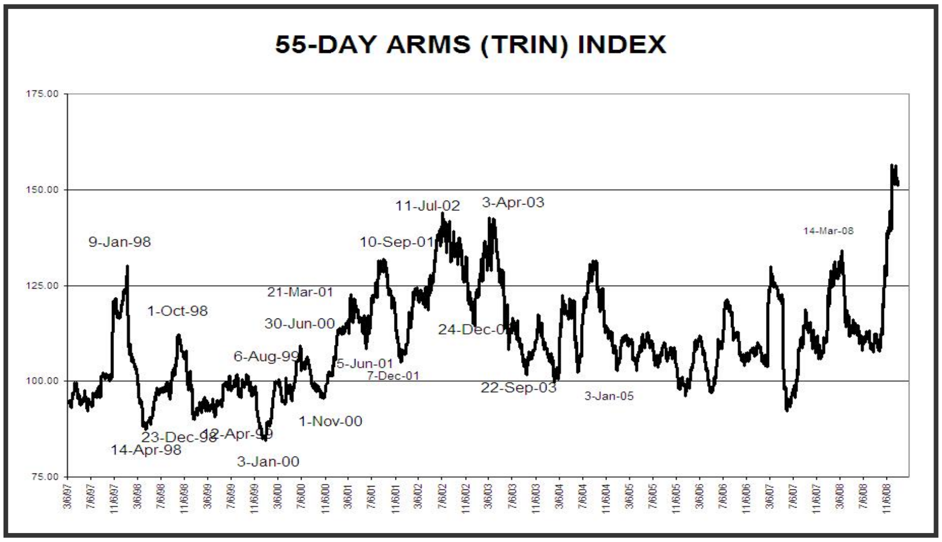
One of the major rating agencies, which allows for the use of margin leverage has ranked us #1 for profits for the calendar year, double those of the second highest contender. Our position with them was #2 in 2002. In mid-1997, they wrote that ***Crawford Perspectives*** was the only advisory letter that had beaten the S&P500 buy-and-hold strategy for the previous five years, quoted in ***Kiplinger's Personal Finance*** Magazine (July, 1997).

Their long-term rankings do not include our 9 out of 10 correct calls from 1977 to 1981 as confirmed by the ***Chicago Tribune*** (January 15, 1981) or our Sell and Short signal on the exact high day in 1987 and Crash prediction 3 weeks in advance of that peak reported by ***The OTC Stock Journal*** (August 24, 1987), which prediction gained the ranking services attention in the first place.

Please forgive our horn-blowing. We just wanted to keep our longer term record straight, which is not as widely known or available.

Enough already, what's the market going to do? Our developing opinion is that it is probably OK for now, but may get some downside this week or next, when the momentum dies down. Our hourly indices are quite overbought already, possibly pointing towards a down week. On the other hand, these momentum runs can extend if sidelined cash comes in.

For the new subscribers who have swamped our order systems, we are not



often so wishy-washy in our projections. However, the Easy Down case has ended now and likely morphing into a complex of base building, prior to the next more exciting advance we think is due from March to late Summer.

There are many complications in the current picture. Some sentiment indicators are becoming more bearish in their bullishness, seasonal patterns will be positive only for a couple more days, there was little volume behind the positive trends of the last few sessions. Yet we have seen historical readings in ARMS or TRIN (see chart this page), and VIX (Option Volatility Index) at the measures not seen since the Crash of 1987, not to mention the Values represented by stocks, giving a slight positive glint to the fundamental Q Ratio for the first time in years! Of course, interest rates at Zero on T-Bills should eventually bear some fruit.

Another complication is that there is so much in the way of position squaring and other cross-currents that, this time of year provides technical analysis numbers that are NOT reliable. We are inclined to be short term SHORT for a few days and add to Long positions on dips – but not aggressively yet.

VITAL SIGNS

Cover 2nd Half DJIA and go Long 100%
Close Dec 15 on both DJIA and S&P500

Short Covered & new Long at 8564.53 DJIA
New Long at 868.57 S&P500

Add Stop on new Long positions at -5% of cost

Stoploss for DJIA is 8136.30
Stoploss for S&P500 is 825.14

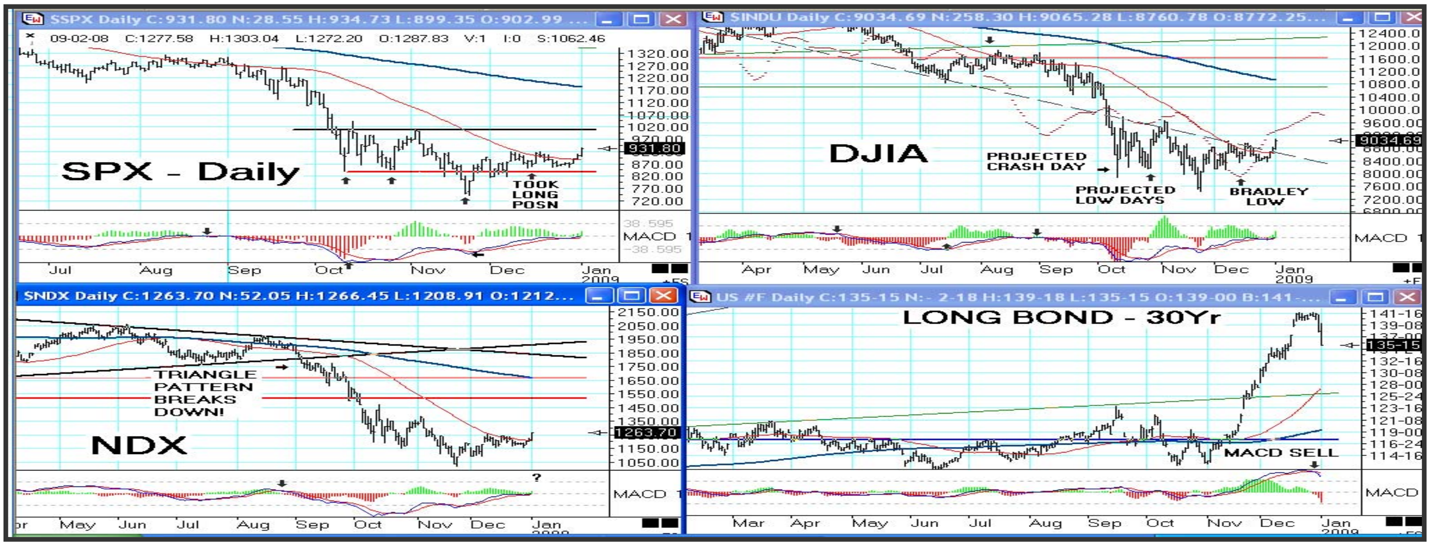
Covered 2nd Half under 760 = 752.44 Cl. On 11/20

ALL OUR STOPS ARE CLOSE ONLY!!

There remains a great deal of uncertainty in current market and economic, and even geopolitical conditions. This is especially true as we approach the next Eclipse series which begins with a Solar Eclipse early on January 26 and then a Lunar Eclipse on February 9, 20 minutes after the NYSE opening bell.

The most important thing to remember about such events is that there may be a sudden, unexpected turn in a variety of trading media. But in any case, there is a tendency for normal pattern development to be truncated or inverted. Whatever has been working well and making money, all of a sudden does not work anymore, leaving traders high and dry, and without any understanding of what just happened to them. There may be sudden spikes in either direction, or both directions. Some old timers say not to try to trade around the Eclipses, or the Mercury Retrogrades, for that matter. The unsettling Mercury condition exists from January 11 to February 1, so we get both around that Jan. 26 Lunar Eclipse. So be extra careful around these dates.

CP ended the year ranked #1 in *Hulbert Financial Digest*



ALL MAJOR INDICES HAVE BOUNCED SHARPLY FROM NOVEMBER 20-21 LOWS!
AND HAVE BROKEN UP THROUGH 50-DAY MOVING AVERAGES (Red curved lines)

We expected the major averages to trend back to their November and October rally highs during a traditional year-end “Santa Claus” rally, then pull back down into a symmetrical Right Shoulder, to complete at least a temporary bottom pattern. Our expectations were thwarted as the earlier peaks were not tested, a somewhat weaker indication than normal for this pattern. Having pulled back down to proper “right shoulders”, the break to higher levels is appearing NOW! Better late than never! Our initial LONG positions were established on market close of December 15, with 5% Stoploss protection on a close-only basis.

Hourly indications are registering short-term overbought, and last week’s advance lacked the conviction of volume enhancement. We would therefore expect some consolidation over this week or next. There is now the greatest amount of Cash on the sidelines as there has been in some number of years. It is yet to be determined how much of that must be paid out to fund investors who have been waiting to get their hands on some of their own money, and been thwarted by delays of up to one year. Then how much of the remainder will be committed to new positions as significant numbers of equities move above moving averages and former resistance points?

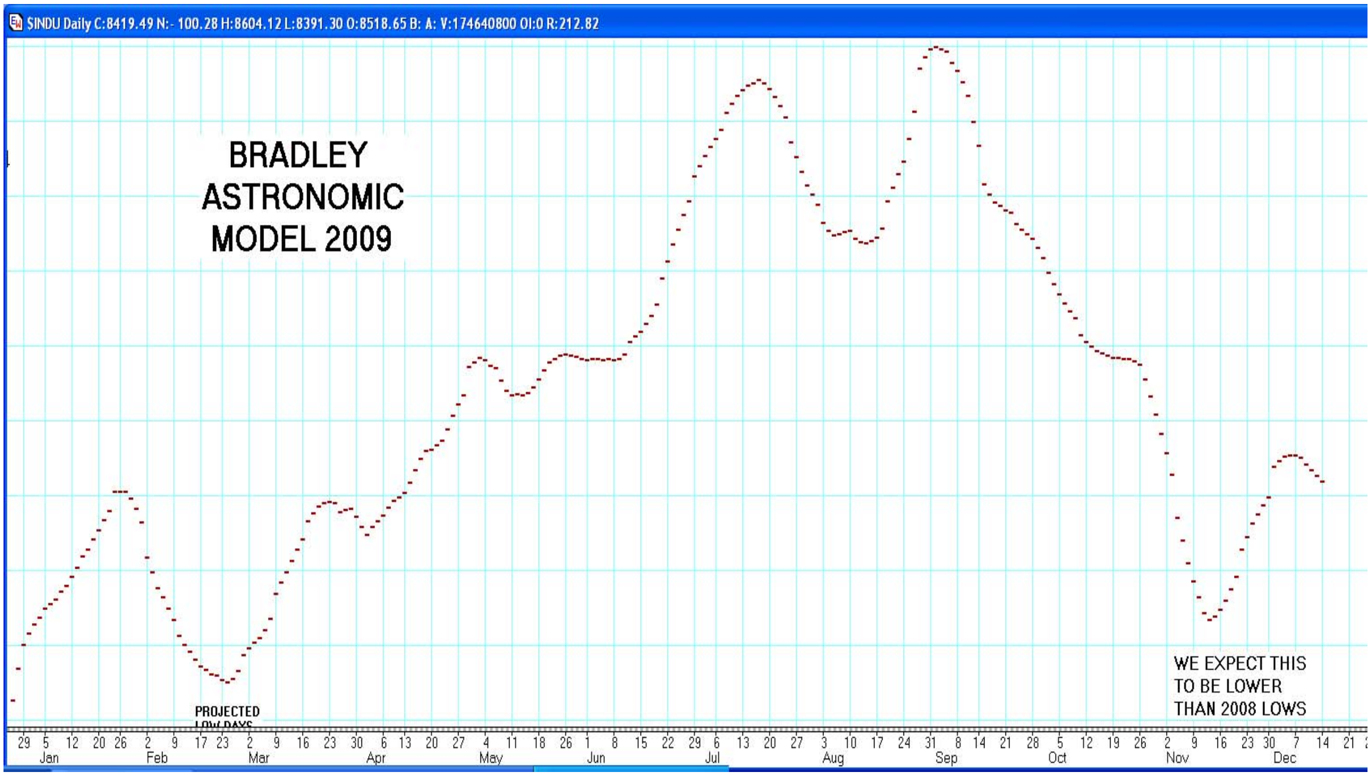
As we enter the disruptive period of the Eclipse series, we could see sharp moves in either direction around January 26 and Feb 9 +/-3 days or so.

“Make no mistake, the year ahead will prove enigmatic until we finally begin to see some of the results in the rear view mirror. While we intend to make a very good case for vastly improved odds for stocks, we cannot avoid the many reasons that keep risk very much in our view. The first year of the Presidential Cycle is no barn burner and as history has shown, is actually the worst performing year of the cycle. Clearly, President-elect Obama and his entire administration will have their hands full in the attempt to turn the economy around from its present state of woeful torpidity.” Alan M. Newman in ***CROSSCURRENTS*** www.crosscurrents.net

The LONG BOND chart continued its rapid moon-shot from 113 all the way up to 141 1/2, before turning sharply lower last week, backing off to 135 ½. It appears that the “degree of fear” is finally dropping by several measures, including this Long Bond, VIX and ARMS/TRIN. We would short the bonds soon but not right away. There may be a bit of counter-trend over the next few days, which could lead to these measures moving higher for one more lesser peak, and a better equity Buy point.

Bill Meridian’s January missive brings us this jewel: “There is no way to avoid the collapse of a boom brought about by credit expansion.” - Ludwig von Mises www.CyclesResearch.com

“In comparison with the other human planes of being in the Universe, the human material plane is no less significant, and we must lovingly cherish our relationship to it.” Anastasia in ***CO-CREATION*** by Vladimir Megre.



BRADLEY MODEL PROJECTION LINE FOR 2009

The **BRADLEY MODEL**, described by Donald Bradley in his 1948 booklet, ***STOCK MARKET PREDICTION***, has gained quite a bit of notoriety in recent years for its incredible accuracy. It projected to the exact day both of the double bottoms in October 2002 and March 2003. It indicated possibility of an extremely rapid decline for September-October of 2008. We discovered years ago that it is major alignments with hard and soft aspects that will throw that projection off. Other complications are described below.

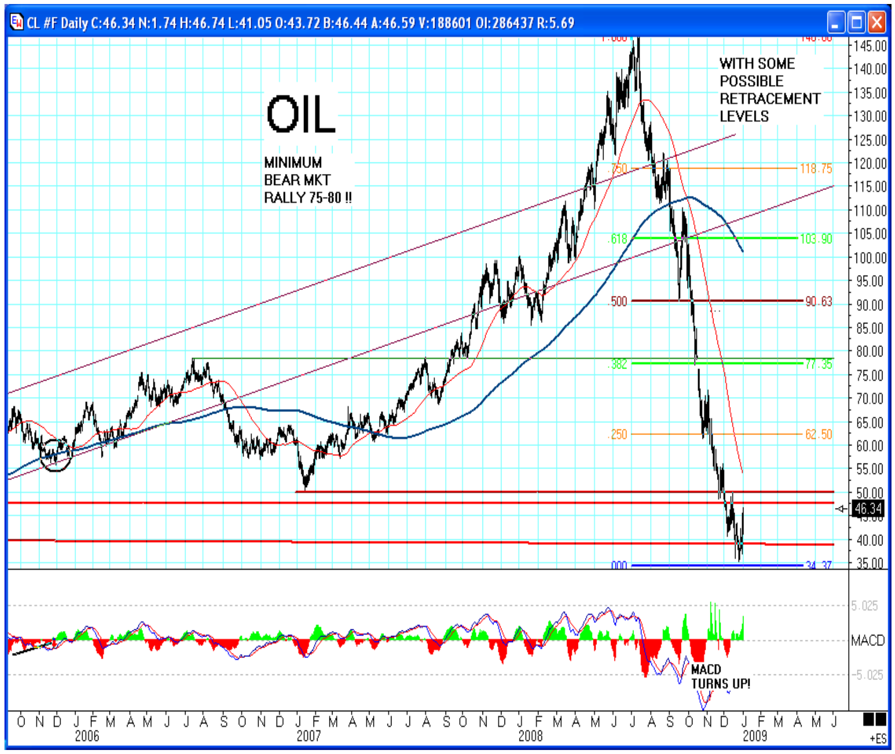
Bradley's **SIDEREAL POTENTIAL LINE** takes into consideration EVERY one of the classical Ptolemaic harmonic angles between any 2-planet pairs. Its strength and its weakness is that some years, it will precisely point up Highs, Lows and Turning dates for the Major Stock Market Indices, and other years will seem a random mishmash of useless squiggles. The Turning Dates are the most reliable portion of the Bradley, Direction, somewhat less so, and Amount of Move, least reliable. Sometimes a calculated High will, in reality, come about at a Low in stock prices and vice versa. In other words, it's something we should keep our eyes on, but not something to bet the Farm on, especially in a vacuum as in the absence of other technical confirmation from real-time data generated by the actual movements of prices in Wall Street.

NOT Included in Bradley's work are Syzygies (New & Full Moons) and their special cases, the Eclipses; Declination Factors (North-South positions, except for Mars & Venus), Heliocentric (Sun-centered) alignments and Large Configurations composed of Multiple Harmonic Interactions among several planets, simultaneously. When the Force is extra-ordinarily perturbed by any of these other factors, the Bradley projection can go totally awry. That being said, the Bradley shows a high for this year in mid-July, hitting a higher peak around Labor Day, before turning lower into a November bottom.

The normal Seasonal pattern is for markets to rise from October to May and drop from May to October. The Bradley Model for this year indicates somewhat later turning periods than the average. Many other astrologers will also consider aspect alignments relative to Birth Horoscopes or First Trade Dates of Companies, Nations, or bodies such as the Federal Reserve, which adds more information which may clarify or further obfuscate the analytical process. Go for the Big Picture, and do not get lost trying to figure trends day-to-day by this method. It is helpful to have an analysis of Your Own birth chart and hits to it by the transiting bodies for the current year, for periods of focus and clarity, ease in following a trading plan, or just plain LUCK!

Let it be here noted that we consider Entry and Exit strategies, and Risk Management at least as important as projective techniques in preparing your overall Investment Campaign.

OIL has broken down through several support areas and has yet to prove a possible bottom. Although economic data continues to tumble, it appears that prices of many types of investments have stabilized and are attempting to form base patterns. If this phase can be completed successfully, it seems that a minimum upward retracement should carry to 75-80 (.618 proportion of the drop from 147, .382 from the recent lows) where also resistance was encountered on the way up (see horizontal dark green line around 78) commensurate with the phi proportion. The MACD in lower part of chart (this page) is marking off the first diverging momentum line, further strengthening the positive hypothesis.



The U.S. Dollar Index has run into heavy resistance at the apex of the old Diamond pattern form 2005-6 in the 89 area. After a retreat to 79, it is attempting to mount a further attack on earlier highs. Rising +.70 to 83.50 before dawn this A.M., it is breaking out above a minor configuration which augurs higher for the immediate future. We are long term negative on the inflationary spending fundamentals, but with other nations in even more serious straits, the U$Dollar is rejuvenated by its "safe haven" status.

The **CRB index** of commodities recovered sharply last week to 233.93 as commodities across a wide spectrum advanced from extreme loss levels. **GOLD** has held well against the commodity Bust, only down about 30% from highs whereas a broad band of commodity exchange products have cratered more than half. Metal and coin seem to be coming more precious, while futures have continued to decline, a condition that cannot last forever!

ASTRONOMIC ACTIVITY

DEC 27-28 = New Moon at 6 Capricorn, Mars enters Capricorn and conjoins Pluto = High energy & purpose. More explosions?
DEC 31 = Mixed trends as Mercury joins joyous Jupiter early – Saturn Stationary Retrograde later a downer. Some up – some down!
JAN 5 = Jupiter enters Aquarius = Expansion of government social programs.
JAN 10-11 = Not so much activity 1st half of Jan. = Full Moon at 21 Cancer and Mercury Retrograde this weekend. Economy bogs down.
Do NOT start important projects or sign important documents while Mercury is retrograde (until Feb 1)!
JAN 19 = Venus contra-parallel Saturn very early A.M. = Foreign markets lower on news from abroad.
JAN 20 = Sun & Mercury conjoin at zero Aquarius; Pace of activities picks up sharply Jan. 20-22. Obama takes the reins!
JAN 22 = High energy, especially in relationships (mergers?).
JAN 26 = SOLAR ECLIPSE, Jan 27 = Jupiter semi-square Uranus = Sudden large swings in markets. What's been working – doesn't!
JAN 30 = Jupiter sesquiquadrate (135 deg) to Saturn = Maybe a little pull-back in stocks and commodities.
FEB 1 = Mercury goes back to forward movement = Not yet a favorable time to "deal & sign" until after the Eclipses.
FEB 2 = Transiting Jupiter conjoins the Solar Eclipse Point – possible short term peak in equities.
FEB 5-6 = Saturn opposes Uranus (2nd of 5 hits), Venus squares Pluto with Sun at midpoint. – Chill out, don't overdo in biz or social life.
FEB 9 = Lunar Eclipse 9:40 A.M. just after NYSE Opens Monday = Could be powerful emotional cross-currents, possible turn.
FEB 11-12 = Intensity picks up with multiple uneasy aspects both days – Careful of over-bearing or jealous actions/re-actions.

ATTENTION: The CP newsletters are usually mailed 1st Monday. Next will be Monday, February 2.