CRAWFORD Perspectives

HAS IT BEGUN? Interesting, but not yet confirmed.

August 4, 2014 Vol. 14/08

Last week left the Major Indices net down on the year, with S&P500 and DJIA breaking their 50-Day Moving Averages. They were both negative over the last four days and the Dow Jones 65 Composite was down for all five. We have mentioned here from time to time that we consider a short term sell signal when NYSE New 52-week Lows exceed 40 for three days running. Last Tuesday was the third day! Thursday New Lows jumped to 109, above the New Highs and highest since last December 13.

We also suffer a VIX (Volatility Index) up to 17.57 Friday, highest since April. There have been highs every point or so higher over the last two years at 18, 19, 21, 22 and 23. The record recent low was just above 10 in early July. Low numbers there indicate a potentially unhealthy complacency, while the largest spikes tend to occur at market lows. There were two highs at 48 in May 2010 and August 2011, but the highest was a hair under 90 on October 24, 2008 followed by an 81 on Option Expiration, November 20.

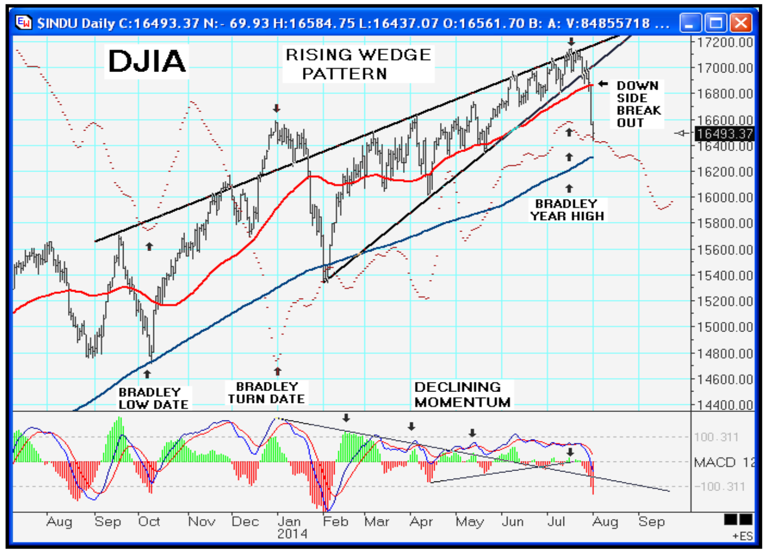
The question is whether this is the beginning of something more serious or just another corrective downtick? We are leaning toward a YES because of the technical breakdown from a Rising Wedge pattern in the DJIA (chart this page) & coinciding with the year high in the BRADLEY Model (see detailed explanation in our July issue-available free on our website). The technical damage inflicted this week will not be so quickly healed. Perhaps we shall rally 2-3 days this new week before retesting this low and perhaps more. It will take time to build a new base from which to launch a further assault. It is also possible that it drops straightaway from here. We would keep a negative insurance position in Shorts, ETFs or Puts at least until the dust settles.

VITAL SIGNS

RESHORTED 100% JAN 6 @16,425.10
WITH 5% STOP at Close above17,246.36
INCREASED TO 200%Short DJIA on
Close 16,563.30 for an Avg 16,494.20
Add 5% STOP at 17,318.91 closing basis

SHORT SPX on any close below 1893
Add a 5% Stoploss
Raise to 200% SHORT on Cls below 1792
ADD a 5% Stop to new position

ALL OUR STOPS ARE CLOSE ONLY!



The Short Term market action seems a touch overdone on the negative side for right now, and we may get more of a bounce than 2-4 days. Some of our technical indicators are much oversold. Unless we start breaking more important price levels on increasing volume and momentum, we could stabilize in this range or have a sharp move up for 3-4 days, then stabilize. For how long?

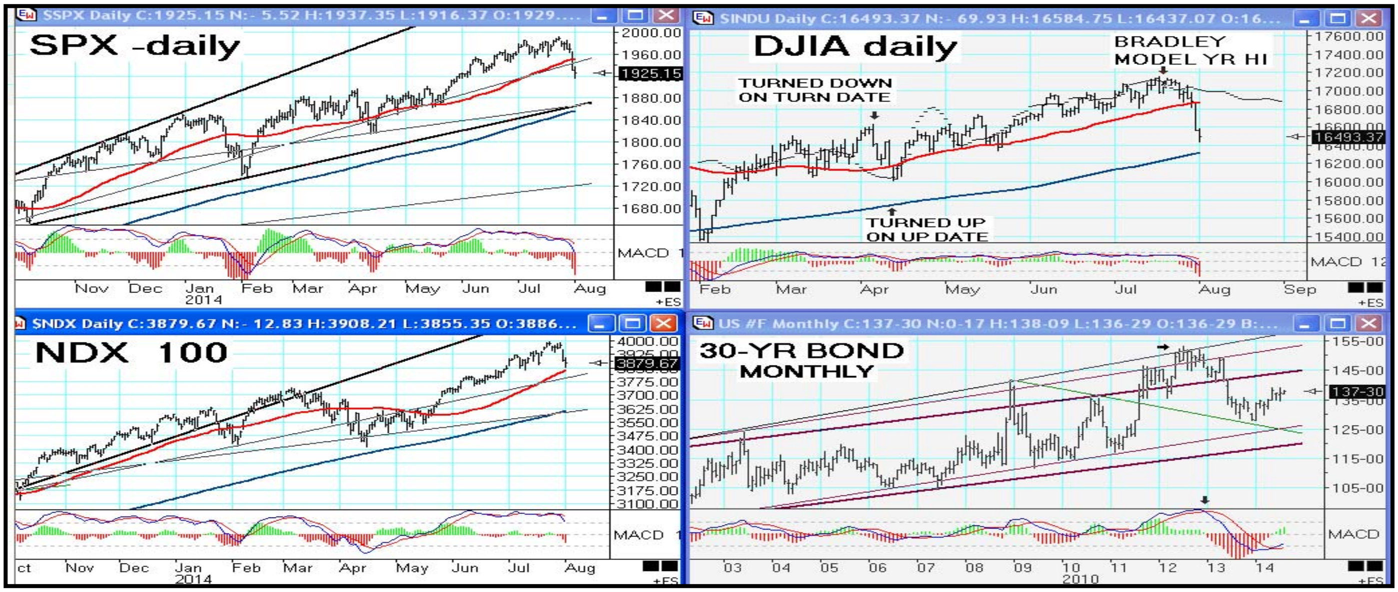
The world is standing on the edge of a cliff. The dangers are greater than most realize. Yet the outer market and economic results are being rigged until… what?! The people are suffering far more than markets and economic stats reveal. John Williams at www.shadowstats.com attempts do decipher real conditions by computing some government stats as they did years ago, before the continuing changes in method made things totally incomprehensible even to sophisticated analysts. It's now a land of smoke and mirrors.

It remains our opinion that some of these things will come unglued during the current dangerous portion of the Mars-Uranus cycle, during which ALL crashes have occurred within the last 100 years. Many of these cycles pass without serious consequences. We need to see technical and fundamental set-ups, of which we currently have a growing abundance.

The Powers That Be are fighting tooth and nail to gloss over problems and keep populations unaware of what's coming down the road. But the discrepancies are becoming more evidential, and even those who don't know anything are becoming restless and suspicious. As the September-October hurricane season begins to affect markets, people will quickly get the message that something is dreadfully wrong. Maximum time sequence is 18 months from April. That would be September- OK give it October too of 2015.

In the VITAL SIGNS account actions, Thursday's close stopped us into the -200% Short on the DJIA, from -100% Short, for an average short price of 16,494.20 with a STOP on ALL at 17,318.91. We were Stopped Out of our S&P500 Short on March 4 and our Short levels have not been activated since then, leaving us in a Neutral position relative to that Index.

Arch is speaking to the Denver Trading Group on September 6!



Just a STUMBLE or a FALL? – PAST the YEAR HIGH for the Bradley Model !

There is an unusually wide divergence among the various major indices. Although their "shape" is similar, the relation to their moving averages indicates the variant. The **NDX** or other NASDAQ indices, tending to be more volatile, are often far more above or below their own MAs. The immediate result is that **NDX** has not yet broken down through its 50-Day MA (red line), although they all broke their strongest rising Trendlines.

The **DJIA** seems to be leading on the downside here, and is almost down to the more important 200-Day MA (blue line). It is more common for the Blue Chips to hold up while the lesser (smaller cap) stocks begin dropping off. Not so with the **SPX** or **NDX** yet, but the Russell 2000 has already been trashed (not shown) by spending much of May below its 200-Day MA, then rallying back up to a new high on July 1st, by less than a point above the March 4th high, then gapping back down below the 200-Day MA on Thursday. None have broken important previous lows yet. That's partly because there are no important lows since early February, with some minor ones around mid-April.

This reminds us somewhat of our technical analysis before 9/11/01. We predicted that the U.S. would be at War around the weekend of September 7-8, 2001 and that the market might crash by October 5. After 9/11, Tom Demark told the Phoenix FBI to call me on that one. They did! However, in that same September 4 CP letter, we wrote a thorough technical comment with chart, showing the order of growing weaknesses, which we thought might lead to a market capitulation sell-off more or less immediately!

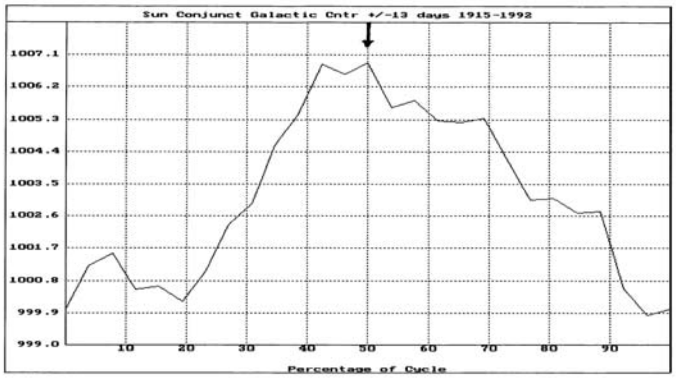
You can read the whole letter at: http://crawfordperspectives.com/documents/CP01Sep4.PDF

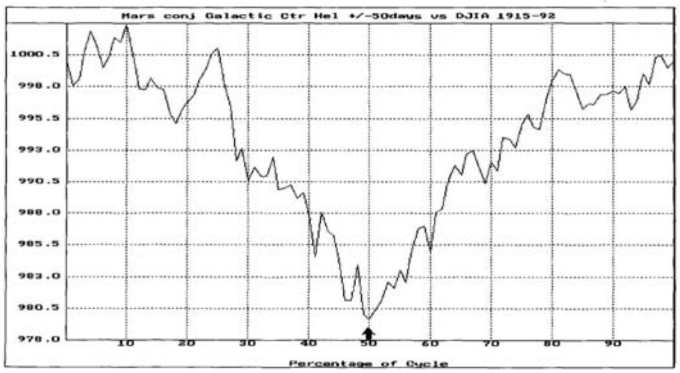
There were several mentions of the War prediction on page 4, but we are interested here with the technical analysis under the chart on page 3, as it gives an excellent description of the **process of turning from bullish to bearish.**

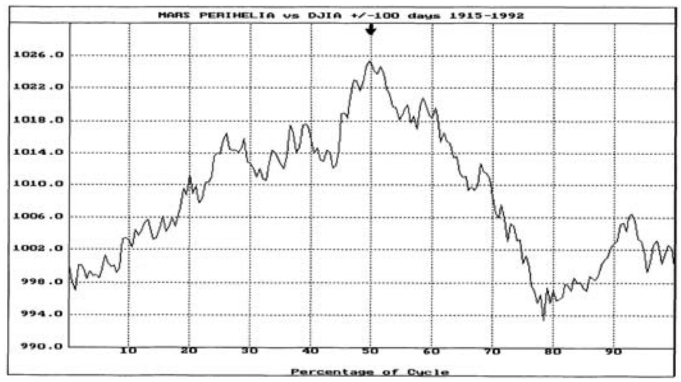
The fact is price is just now beginning to break steep uptrend lines and 50-Day MAs. That is, we remain in the very earliest stages of the process of rolling over and beginning a potential bear market. In the two October Massacres of 1978 and 1979, markets just tanked and never went through the gradual process. It is fairly rare but it does happen. Although there are some stiff astro-alignments during August, the really problematic aspects seem more rigorously dangerous during the traditional "hurricane season" of September-October.

"The Cumulative Daily Advance-Decline Line fell to its lowest level in more than 8 weeks and confirmed general stock market weakness. On 7/24/14, as the S&P 500 rose to a higher high, this Line failed to rise to its high of 7/1/14, thereby warning of bearish divergence. RSI and MACD momentum oscillators based on this Advance-Decline Line have remained bearishly divergent all year, staying stubbornly below their 2012-2013 highs, even as the Advance-Decline Line itself rose further above all previous highs on 7/1/14. Last week, ***RSI and MACD both broke down below their lows of the year, suggesting substantial weakness in breadth momentum."***

Robert Colby - http://www.colbyassetmanagement.com







A BIT OF OUR LONGTIME RESEARCH!

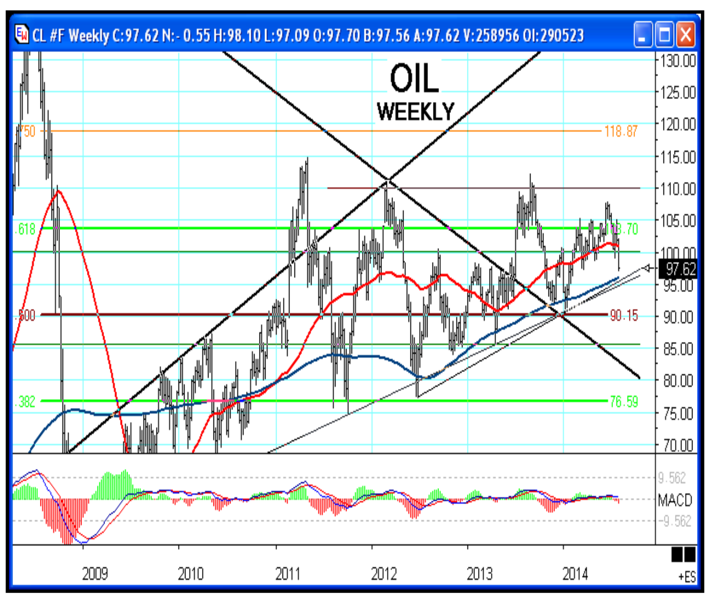
Chart #1 has average % change of DJIA as the SUN approaches and separates from (+/-13 days) Galactic Center (27 Sag) (77-Cycles).
Chart #2 has average % change of DJIA as MARS approaches and separates from (+/-20 days) Galactic Center (27 Sag) (33-Cycles).
Chart #3 has average % change of DJIA as MARS approaches and separates from (+/-50 days) Galactic Center (27 Sag) Heliocentric.
Chart #4 has average % change of DJIA as MARS approaches and separates from (+/-100 days) Perihelion (Closest pass to the SUN).
It is clear from charts #2 & #3 that the Galactic Center passage by MARS is far stronger from the Heliocentric perspective!

These charts are as described in the notations below. They consist of the average percent change in the Dow Jones Industrial stock average from 1915 to 1992 and the number of cycles averaged; 77 for the Sun, 33 Mars. Although the total percent changes are quite small, the number of cycles and the preciseness of direction shifts at exact event dates are startling, even to those who have watched these things more or less for years!

These are extremely subtle influences and most cycles of this nature will not calculate to .01 or .05 or even to .10 correlation. However, if you combine even a small number of these results additively, the correlations begin to light up like Christmas Trees.

OIL has collapsed along with other asset classes during the last two weeks, breaking the March lows and looking at the 90-92 lows of late last year. Although the price range the last three years has been stable between $75 and $112 or so, the rising bottoms are encouraging as to a positive outcome, unless the 200-Day MA and coincident trendline are penetrated.

As for the Middle East, the Arab Spring of 2011 did measurably increase volatility which has moderated as each new year has gone by. We would consider it surprising that, with coups and wars and rumors of wars that OIL prices have not been even more wild in their fluctuations. Increased production from “fracking” in the U.S., and now from others, is most probably helpful in that regard. The OIL Markets obviously think that newspaper headlines are not truly representative of situations on the ground.



The **U$ Dollar Index,** after breaking briefly south of strong support at 80, has now rallied steadily from July 1 to a high on July 30 at 81.66, so far. That is slightly higher than the last three highs of the last 11 months, during November and January. It cannot be determined at this point if this will be a new established trend or if it was simply a "stop grabbing" move by big players (The NY Banks or their FED buddies?). It is certainly at a critical price & time. It was up against all of our heftiest Western trading partners. The fact that the movement was from 1st of one month to the 1st of the next is somewhat suspicious of manipulative intent, or that it might have something to do with heavy duty REPOs?! Last month we wrote: "There remains the possibility that troubles in Europe or elsewhere might precipitate one more flight to safety into the dollar,…" The Lagarde hint of a global currency reset was a total blow-out so far. We will expect it later!

The **10-Year Bond Rate** (not shown) has now managed to break back above a recent minor high and was stopped at the 200-Day MA at 2.70%. Worldwide rates have ticked higher in recent weeks, but they came back down the last 2 days, which makes us think there was easing in the face of the asset destruction, nearly $1 Trillion U.S.

<u>ASTRONOMIC ACTIVITY</u> – (Give all these a time period of +/- 2-3 Days)

JUL 31 = Earth/Mars=Pluto Helio = Solar Flares = DJIA down -317
AUG 1-2 = Mercury conj Jupiter, both square Mars = News of greater deaths. War escalation.
AUG 4 = Mars=Sat/Pluto in the Helio sky = Solar Flares in the sky; More powerful explosions on the Earth! More WAR!
AUG 8 = Mercury conj Sun, both trine Uranus = "Adjustments to new circumstances in life" Dell mag.
AUG 9 = Earth=Mars/Uranus Helio 90 dial = Unexpected actions, surprise attacks, hostilities, earthquakes, explosions.
AUG 10 = Full Moon near perigee [Supermoon] attacks the two great malefics Saturn and Mars. Sparks fly, earthquakes, explosions.
AUG 12-13 = Venus enters Leo on Tuesday affecting overseas markets up, turning nastier midday! Wednesday likely a downer.
AUG 15 = Earth squares Saturn Helio = U.S. closed GOLD Window 43 years ago (4+3=7) Earliest possible Option Expiration!
AUG 18 = Venus conjoins Jupiter at 7 Leo = Extreme Optimism – Good for U.S. balance but could overspend (more than usual).
AUG 20 = Earth=Uranus/Pluto Helio = Sudden power plays have unexpected consequences. AUG 21 = Probable up day in equities.
AUG 23-24 = Sun and Mars attack Uranus = Terrorist act or earthquake. Which will it be… or both?!
AUG 25 = New Moon aspects Uranus = More uncertainty and shifting ground, actually & Metaphorically. 5 Planetary combos! Next CP
AUG 26-27 = Venus squares the greater malefics (Mars & Saturn). No chance for peace at this time.
SEPT 2 = Ugly market open day after Labor Day holiday! Better on Wednesday SEPT 6 = Arch speaks in Denver!
SEP 7-8 = Ugly weekend of more War and power plays. Hostilities & explosions. Not a happy time.
SEP 8-9 = Late Monday 3rd of 3 Supermoons! Emotions run high. Tuesday = Deadly! GOLD will open UP Wednesday.

October looks to be the most likely time for a Crash, during the Mars-Uranus Crash Cycle – Could happen anytime!?!

<u>ATTENTION: The CP newsletters are usually Emailed 1st Monday. Next (Sept) CP will be Monday, Aug. 25.</u>

<u>Please remember that CP will be available in ONLY digital format. If you Must Have paper, call us to make some arrangement.</u>

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