CRAWFORD Perspectives

July 7, 2014 Vol. 14/07

LUCKY MONTH SEVEN?!

We wrote our second official CP letter on July 7, 1977 that is 7/7/77. This year, also being a numerological '7', 2+0+1+4=7, today becomes 7/7/7 in that regard. Many of us think astrology and numerology are cutesy entertainment. In fact, it used to be necessary in any media publication mentioning these, to add "For entertainment purposes only."

So, why would the current head of the International Monetary Fund, Christine Lagarde, give a numerological lesson to an audience attending an official IMF 2014 forecast, emphasizing the Magic Number Seven?

She mentions that 2014 is 70 years from IMF birth at Bretton Woods International Monetary Conference, 25 years (2+5=7) from the fall of the Berlin Wall, and 7 years from the 'financial market jitters' that led to the 2008 meltdown.

Watch for yourself here:
http://www.youtube.com/watch?v=QYmViPTndxw

This fellow expects IMF to significantly change the world monetary system on July 20 (7+2+0+2+0+1+4=16=7). Lagarde also mentioned G-20 (where G is the 7th letter in the alphabet). She did not mention the several other "7" days in July, specifically July 2, 11, and 29. We are astounded that this forecast took place at the National Press Club in Washington DC on January 15, 2014 (=14 or 2x7). Astrologically, the 20th and 21st are of considerable importance as the first is the Direct Station of Saturn and the second (21st) is the retrograde station of Uranus, and they are in 150 degree orb, an irritating alignment degree.

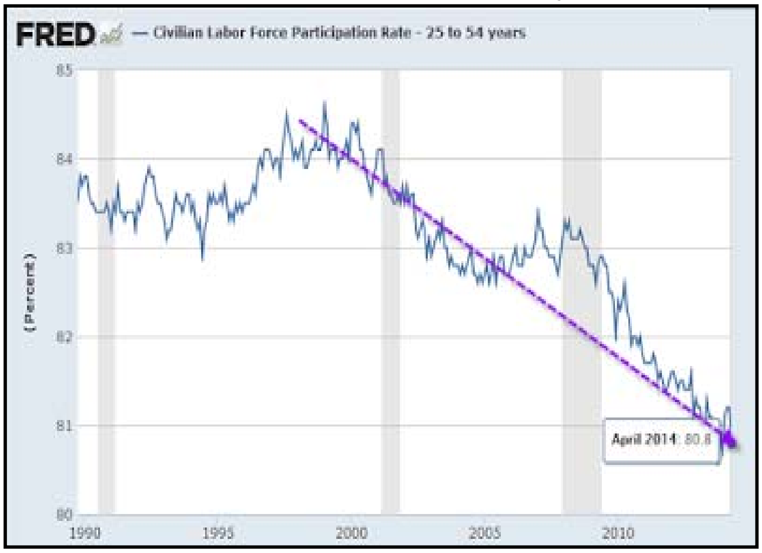
This would seem to be a really crazy conspiracy theory except for the circumstances of Who, Where and When this all came about. Considering these, we will watch with heightened interest. The U.S. Dollar Index chart looked ready to tank but was saved by a sharp rally on Thursday!

VITAL SIGNS

RESHORTED 100% JAN 6 @16,425.10
WITH 5% STOP at Close above17,246.36
INCREASE TO 200%Short DJIA on any Close Below 16,600. Add 5% STOP

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!



A further comment supporting a tight control of markets by superior force is that the combined Central Banks of Western establishment countries now hold $7 Trillion in equities! What is the purpose for that? How long will they hold them? What will happen if they try to sell them? Either they are going to drive their investments higher by more money printing [now obsolete terminology] into a hyperinflationary end game, or they may dump them on markets secretly, to cause a collapse from which we will do whatever they want in order for them to stop our suffering.

A noted analyst was promoting a chart showing terrible technical weakness from a comparison of 'first hour' trading vs. 'last hour' trading, which has been reliable upon heavy divergence between these two. Within 2-3 weeks from then, the pattern then evident has been reversed, at least on the very short term.

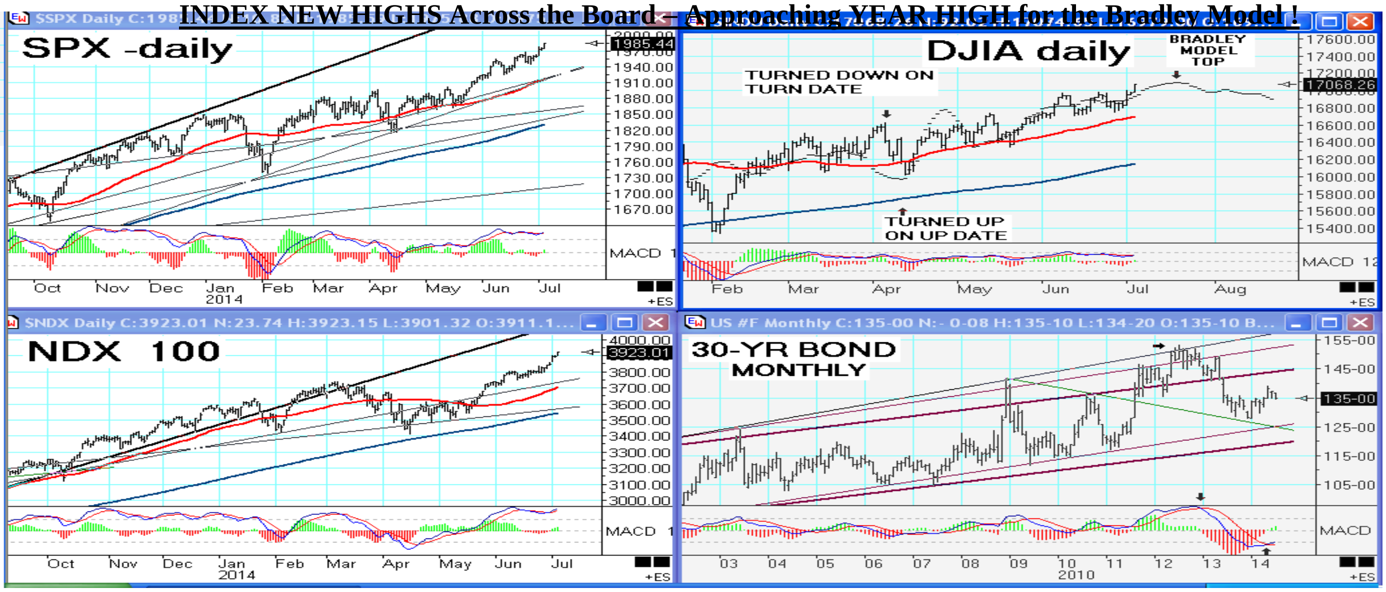
We have mentioned here, and were probably not alone in doing so, that virtually every high volume day this year has been on declining index prices in the Nasdaq ($COMP) and NASDQ(100) and most of the time in the other major indices. The last two Friday's have had extreme volumes on the upside in prices. But at least this reversal had more real reasons for their occurrence. One was on Quadruple Witch expiration day, and the other was on a Russell Index reset (with stocks added and subtracted) so that institutional managers had to rollover portfolios to keep the match. We'll just have to see if there are more such anomalies or not!

Thanks to the St Louis FED for chart (above) of Civilian Labor Force Participation Rate from 1990. These are some of the most disheartening economic statistics pointing up the collapse of our general system of economic activity. Want the unemployment statistics to get better, just stop counting work age people who are not working. AAaaHHhh! That's better! This chart is much closer to the truth. You may not find this chart among mainstream media!

The DJIA closed over 17,000 this week. The S&P500 at 1985+ is probably headed above 2000, and the NDX at 3923 is looking for 4000. These are just psychological factors. Recent years Nobel winners have finally noticed that "Psychological" counts!

Arch is speaking to the Denver Trading Group on September 20.

INDEX NEW HIGHS Across the Board – Approaching YEAR HIGH for the Bradley Model !



Indices have returned to a configuration that usually leads to further advance, by which we mean the **NDX** leading and the **DJIA** following the **S&P500**. Another remarkable quality is the period of time each is remaining above its own 50-Day and 200-Day Moving Averages. This rise, since March 2009, has been “long in the tooth” for quite a spell already, and is now among those rarified events of which there are only one or two on the books yet to be superseded. Then there are the ‘round’ numbers that are showing up. The DJIA just closed over 17,000. The S&P500 is closing in on 2000 (now 1976) and the NDX at 3913 is nearing 4000. The resistance at these levels is real although there may be no objective technical reason for resistance to be there.

We are of the opinion that government and FED interventionist strategies directly in market pricing mechanisms, has stretched out the natural cyclical functions. At some point, nature will snap all these things back to their natural conditions. When that occurs, it will appear as other natural phenomena and destroy every artificial barrier prepared by man as we experience now and again with wind, or water, or mud, or quakes, or avalanches. In any case, it will come rapidly and leave nothing in its wake. We will continue our watch with July, but after that, it will have to be October!

Many of the “good news” items that have surfaced in recent weeks are about economic series that have returned to the high levels of 2007. Those levels represented grossly distended trends where prices were far in advance of moving averages, of reasonableness, and even of reality in some areas, as tested and proven by the crisis of 2008. So, are we ready to do THAT again? The Russell 2000 is back up to 84 times trailing earnings! Are we already doing THAT again?

“Building the third major stock market peak since 2000 while many of the cans that were kicked down the road to bailout the US & European banking system in 2008 may be coming home to roost as the Central Bonkers (one of the best labels my old friend James Dines, who is still writing ***The Dines Letter***, ever came up with) are running low on additional bullets to fight the ‘too little inflation’ – their label for the more fearful traditional label…deflation.

There’s no question individual consumers are experiencing inflation in such essentials as food, fuel and a never ending flow of new governmentally imposed user fees, obamacare insurance premium spikes & special taxes that are all excluded from the ‘official CPI’ that the government misleadingly puts forth as the ‘Consumer Price Index – All Urban’ that is used in many contractually ‘inflation indexed’ commitments.

The Deflation the Central Bonkers fear most is the financial asset bubble they fueled as part of bailing out banks.

In many respects there are more dangerous elements in the credit markets today than there were in 2007, with TBTF (Too Big To Fail) banks bigger & more concentrated today with much larger derivative daisy chain exposure that’s essentially immeasurable despite claims that “VAR” (value at risk) is allegedly healthier. Suspension of FASB 157 accounting rules in April 2009 for bank asset valuation rotated the system from mark-to-model to mark-to-market, to the mark-to-myth that’s cosmetically ‘prettied up” the alleged earnings of the mega banks to enable them to pay billions of fines to a different branch of the government that bailed them out…

Total Global OTC Derivative Notionals rose by $71 Trillion (11%) in 2013 while the US Treasury was spewing out QE3 & QE4. The numbers are beyond mind-boggling…” **Ian McAvity’s Deliberations on World Markets - June 30, 2014**

BRADLEY MODEL APPROACHES ITS 2014 PEAK!

The BRADLEY Model developed in his 1948 booklet, ***STOCK MARKET PREDICTION***, has the most remarkable property that, although the market drifts off of following the model for a time, it returns to an actual portrayal for significant periods of time. It may drift off again and again, but will once again come back and follow it rather precisely for extended periods. All other modelling attempts of which we are familiar may correctly project current trends for a time, but when markets begin to drift from the model, they do NOT come back – ever! We believe the Bradley is unique in this regard, being based on natural cyclic functions. It is based almost totally on the angular separation of two-planet pairs from the viewpoint of the Earth.

It does not include Lunar relationships, New Moons, Full Moons or Eclipses. It does not use Declinations of the planets (north-south orientations) except for Mars and Venus. There is no mention of planetary Aphelion or Perihelion, Apogee or Perigee, Maximum North or South declinations, maximum East or West longitude.

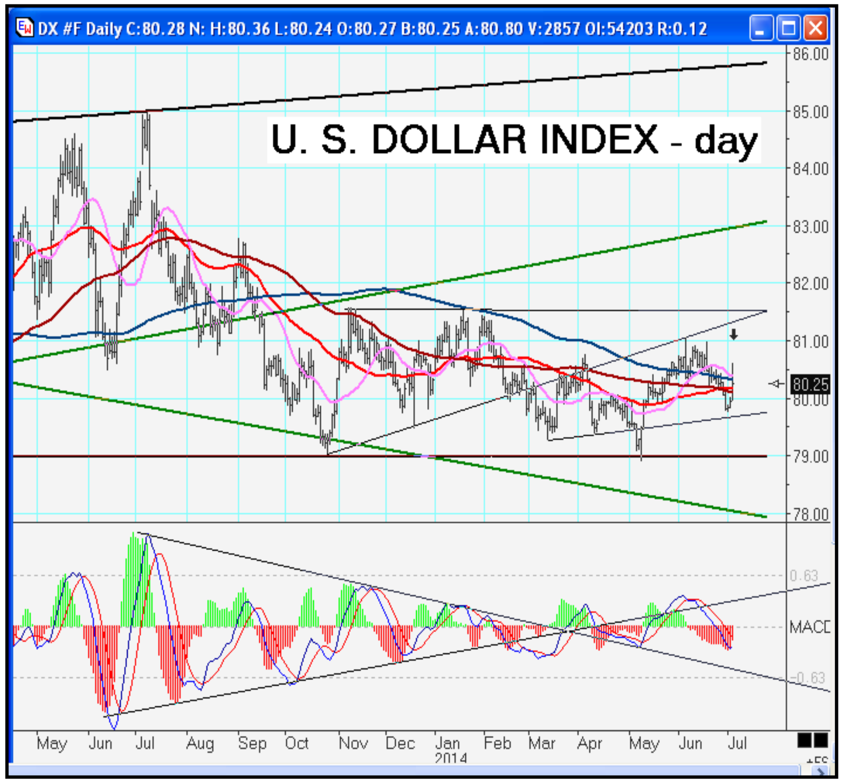
The turning dates of the Bradley tend to be the most accurate phenomena, even when the direction turns out to be opposite, such that a high in the model results in a low in the stock index or the inverse. The turn still takes place, often to the day or +/- 2-3 days. For that reason, it is best used with other reliable technical indicators, which have a good record for directional emphasis. The amount of the move is the least reliable parameter.

The general quality is that when it is actually in synch, it will point out major shifts in sentiment, often To The Day! When not in synch, it appeas to be meaningless and worthless squiggles. It is so good when it is good, one must pay attention, or at least keep an eye on it as it does project major happenings which cannot be guessed by any other market methodology!

The current projection high for this year is on or about July 18, and is followed by a potentially steep decline before the end of this year. The entire drop is within the Crash portion of the Mars-Uranus cycle. One other cycle that agrees with the July 18 date is the quarterly (3-month) cycle. Many years ago, Joseph Granville wrote that there was a statistical probability of a high date on or about the 18-19th day of a calendar quarter. Joe theorized that companies with something positive to say about earnings tend to report in the early portion of the reporting period, and the bad news bears tended to delay their reports, perhaps until not so many people are still paying attention.

We did a follow up to this study in 1992 and the tendency was still active for the 18-19th calendar day for all quarters separately and together! Joe continued sending out daily faxes right up until his death last year at the age of 90. We applaud the continued concentrated attention of Richard Russell, who will be 90 in the next month or so. Many will miss the excellent work of another long time technical analyst, Justin Mamis, who graciously retired last week at 85. As a babe of 73, we hope to keep up with the work until we reach these advanced and erudite stages, God willing. These people love(d) what they do (did).

The **U$ Dollar Index,** after breaking briefly south of strong support at 80, has on Thursday July 3 spiked sharply higher, and closed smack dead in the middle of its 9-month range (79 to 81.50), between a much tighter range bounded by the 20-Day and 200-Day MA's on the top and the 50-Day and 100-Day MA's on the bottom. It looked as if it might have been an emergency measure to keep it from breaking down into a potential meltdown – which we expect before long anyway! There remains the possibility that troubles in Europe or elsewhere might precipitate one more flight to safety into the dollar, but the long term forces are gathering to bring it down from the lofty perch of Int'l Reserve currency.



OIL (no cht) has drifted quietly lower down to the 50-Day Moving Average, and just a touch short of its positive breakout point from an 'ascending triangle'. It remains safely above the 102 previous dip low, and well above the 200-Day MA at 100.

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 and are now threatening an upside break, now necessarily above that 2.70% high of last week in the 10-Year. It seems that several items, not otherwise connected, are in the throes of decision while caught in very narrow ranges. Some decisions must be made!

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

JUL 1 = Mercury goes back into Direct motion. Many annoyances begin to ease off! It may take a few days.
JUL 4 = "Anxious battles with Authority figures" -Dell mag
JUL 10-11 = Difficult days into the Full Moon on Saturday the 12th. Drought or fire destroys grain fields and jumps prices worldwide!
JUL 14 = Difficult Close on Monday as two negative aspects occur during the last half hour.
JUL 16 = Jupiter enters Leo = Possible ebullient TOP in equities, Includes Bradley Hi for Yr! Major news moves in precious metals!
JUL 18-21 = Friday-Monday=Multiple outer-planet contacts=Big News=Favorable & unfavorable=Luck for one, bankruptcy for another!
JUL 20-21 = The Saturn Direct station is abut 31 hours before the Uranus Retro station. AND they are Quincunx (150 deg) to each other!
JUL 22 = Sun enters Leo = Extension of positive but blow-off TOP patterns= Early negatives, positive close.
JUL 25 = Mars enters Scorpio = Powerful energies swirl about. WAR is far more likely from now until September 13.
JUL 28 = There could be bad news early in the overseas markets, and a down opening here.
JUL 31 = Mercury enters Leo = Speculative Binge. Later Venus opposes Pluto = Could be an important top
AUG 1-2 = Mercury conj Jupiter, both square Mars = News of greater deaths. War escalation.
AUG 8 = Mercury conj Sun, both trine Uranus = "Adjustments to new circumstances in life" Dell mag.
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, turning nastier midday! Wednesday a downer.
AUG 18 = Venus conjoins Jupiter at 7 Leo = Extreme Optimism – Good for U.S. balance but could overspend (more than usual).

July and then October look to be the most likely times for a Crash, during the Mars-Uranus Crash Cycle!

<u>ATTENTION: The CP newsletters are usually Emailed 1st Monday. Next CP will be Monday, Aug. 4.</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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