

HUGE SWINGS IN MAJOR CURRENCIES?!

December 7, 2015 Vol. 15/12

It has been a long while since the US Dollar and the Euro have moved 3% relative to each other in one day. Since it is common for the margin to trade major currencies, even for individuals, is ordinarily about 5%, less for bigger players, we can predict with some confidence that there will be some serious consequences to Thursday's extreme volatility. It will take time for bankruptcies to show up.

There have been a number of 2-2.8% moves in this index, including that of the recent August 24 near-debacle. However, in that instance, the USD recovered most of that decline on the same day. Notice in the hourly chart (at right) that Friday's recovery was negligible, and it is certainly possible that the damage done could extend for another leg down, or could consolidate here for awhile.

This is reminiscent of the sudden Swiss undoing of their Franc peg to the Euro last January 15. Moments later the Franc was up 30% vs. Euros, and settled up 18% on the day! But the USD down 3% in one day remains rather unusual, to say the least.

Then there were the sharp declines in Oil and also the Chinese stock market. We think these multiple volatilities point to a revamping of geopolitical priorities this year which have challenged the stability delegated by governments to Central Bankers. And they, in their own interests, promulgated the massive accumulation of DEBT worldwide which now approaches an important tipping point, a point at which chaos takes over and the outcomes may become dependent on control by force.

This is the natural progression of conditions that we observe approaching week by week which will, in all



probability, compromise the Great Democratic Experiment.

The Mars-Uranus Crash Cycle begins with the opposition of Mars to Uranus December 10 and concludes when Mars reaches 36 degrees prior to the next conjunction near the end of December 2016. Since crashes are quite rare, we do not have crashes every cycle but only a small fraction of cycles. The interesting and exciting part is that ALL crashes within the last 100 years have been in the same 40% of this cycle!

December 10 contains much more than the Mars/Uranus opposition. There are a multitude of tight alignments on this day, many of them in Apparent Right Ascension (the way astronomers measure longitude or East-West direction) and therefore invisible to most normal astrologers. There is also the next to last square of Uranus to Pluto in R.A. on December 15, the day the FOMC meeting begins. There will be tension and uncertainty right down to the last minutes, and maybe even a few minutes after!

So we may look for a December low around the traditional tax selling exhaustion on Tuesday the 15th +/-3 days. With the Full Moon on Christmas Day, Neptune aspects may bring confusion and/or water damage. Danger from too much drink or drugs; overdoses seem to abound around Full Moons as it enhances body reactions to stimuli. With Uranus station in the evening, we may experience some more than normal earthquake severity.

We reduced our STOP levels on Short positions last month in the November CP letter and the S&P500 lower Stop was hit on the close on November 3rd, taking out the first half of our position entered last December 10 at 2026.14 close. Re-short to 200% on close of tomorrow, December 8 with a 3% Stop. We remain Short 100% from June 29 w/o using margin at 2057.64 with a Stop at 2129.57 for this position. DJIA position remains 200% Short with Stop levels in VITAL SIGNS.

VITAL SIGNS

Shorted DJIA 17,533.15 on Close Dec 10
Change to 3% STOP at 18,059.14 Close only
Increased to 200% Short July 6 ASAP.
Mon. close=17,683.58; 3% Stop at 18,214.09

Shorted S&P500 2026.14 on Close Dec 10
Change to 4% Stop at 2107.19 Close only
Stop closed this position Nov 3 @ 2109.79
ReShort close Dec 8, add 3% Stop this half.
ReShorted 200% on Close at 2057.64 June 29
Change to 3% STOP at 2129.57 for this set.

ALL OUR STOPS ARE CLOSE ONLY!

MAY ALL WHO LOVE UNCONDITIONALLY BE BLESSED



WILL DEATH CROSSES TO BE REVERSED? NDX HAS ALREADY!

If these Main Index price levels remain about where they are, their 50-Day Moving Averages will cross back above their 200-Day MA's, reversing the "Death Cross" designations. There remains a degree of resistance at recent highs and long term rising trendlines. It is most peculiar that with the powerful price rally on Friday, NYSE New Highs increased minimally while New Lows expanded to 198, the highest levels since November 13! As Will S. would say: "Something is rotten in the state of Denmark!"

Prices will have to decline fairly far fairly fast to keep the 50-Day MA's (red) from re-crossing to the positive case. We shall see how things develop as Investor's Business Daily's "Distribution Days" are back up to 8 for NASDAQ and 7 for SPX, indicating unusual danger over the immediate frame. [9 is the most we have seen in several years]

It has long been our considered opinion that the cabal of Government/Central bank/Wall Street has on their payroll technical market analysts who tell them where and when to act in order to confound and confuse followers of market statistics and short term traders tactics. This suspicion is strongly bolstered by the fact that Hedge Funds, supposedly the smartest guys in the room, have lost significant money this year. Even the high speed equipment has had losing periods of late. However, the most obvious indication is that major index futures will break technical support, then accelerate the declining trend. All of a sudden big orders to Buy Index Futures come in from nowhere, taking markets back to technically safer shores.

There is a continuation of the syndrome of lighter volume on UP days and heavier volume on DOWN days. This is total anathema to ordinary ideas of "strength" and "weakness" in all the history of technical analysis, or much greater, in all of the history of ANY price movement. It is a sham and a disgrace that this manipulation is allowed to exist in our major financial markets. Our concern is that, without this interference, we would already be in a Great Depression atmosphere or worse. The bankrupt banks were saved in late 2008 by FED and Treasury telling senators: "If you don't pass this [bailout for \$700 billion] the country will be under martial law tomorrow." In truth, our government is continually covering up how bad things have already become. At least the panic hasn't started yet. But neither has the TRUTH!

Note that we show the 30-Year Bond chart as a weekly this time. It emphasizes that the previous year's data is forming an equilateral triangle. The weakening picture is indicated by the break down through the 50-Week MA (red) and by the MACD momentum Sell signal three weeks ago. Next support should come in at the rising lower triangle line up from early 2014 now about 149-150 area and then the 200-Week MA at 143-145. If the Bond market is healthy, we should see bounces take place from these levels and price will stabilize above one or another. Right now the short term appears to need a bit more consolidation lower. So maybe the FED will act this month?!

"Am I therefore become your enemy, because I tell you the truth?" Galatians 4:16

"The world is deflating. But people don't want to see their standard of living go down. As a result, they continue to borrow. In turn the politicians continue to spend, and the federal debt continues to rise."— Richard Russell— July 1, 2015



ONE OF THE BETTER MEASURES OF INTERNATIONAL BUSINESS!

The **BALTIC DRY INDEX** is the price at which goods are shipped by ocean-going craft and is an excellent measure of collective supply for collective demand. This indication is that there are plenty of ships laying around doing nothing! Therefore Cost of shipping is way down. The fact that it just broke to a new low for many years by dropping through levels from this year's first quarter is devastating to any hopes for an economic recovery near term. Maybe that's why countries are acting as if they'd like to go to War – to give their citizens something to think about other than replacing their leaders! THAT will get rid of a few vociferous malcontents.

Another thing that indicates discontent in many places is a multiplicity of national elections moving toward new non-Politically-Correct rebellious right-wing-leaning elements. Greece was the early on prime example, but it's happening all over now. Nations with heavy Socialist programs are running out of "Other People's Money" as a headline in today's *Investor's Business Daily* declares. "The region's [Latin Left] socialist rule is collapsing as the cash runs out." Oddly confirmation here in the States finds the most socialist-leaning states and cities are the 'headliners' having the most financial/economic discombobulations! What don't we all understand about: "We don't have the money for that?"

Politicians must keep the spending up because in these days and times, they have to BUY their votes from their constituencies, over or under the table. It is not by chance that most of the people's representatives are millionaires, if not when they get there, then not too long after. Nor is it by chance that the counties surrounding DC have the greatest increases in wealth in all the United States.

The conservative 'heart of America' [those with the bibles and the guns] have won the intermediate elections and now control most states and counties are now becoming angry that their newly ensconced national reps are still not able to win very many battles in Washington. It appears that the national media have been successful in keeping the ordinary citizen ignorant of how serious the nation's economic problems have become, and they vote the way of 'tradition,' not yet realizing that both parties have been co-opted to a radical socialist/communist regime.

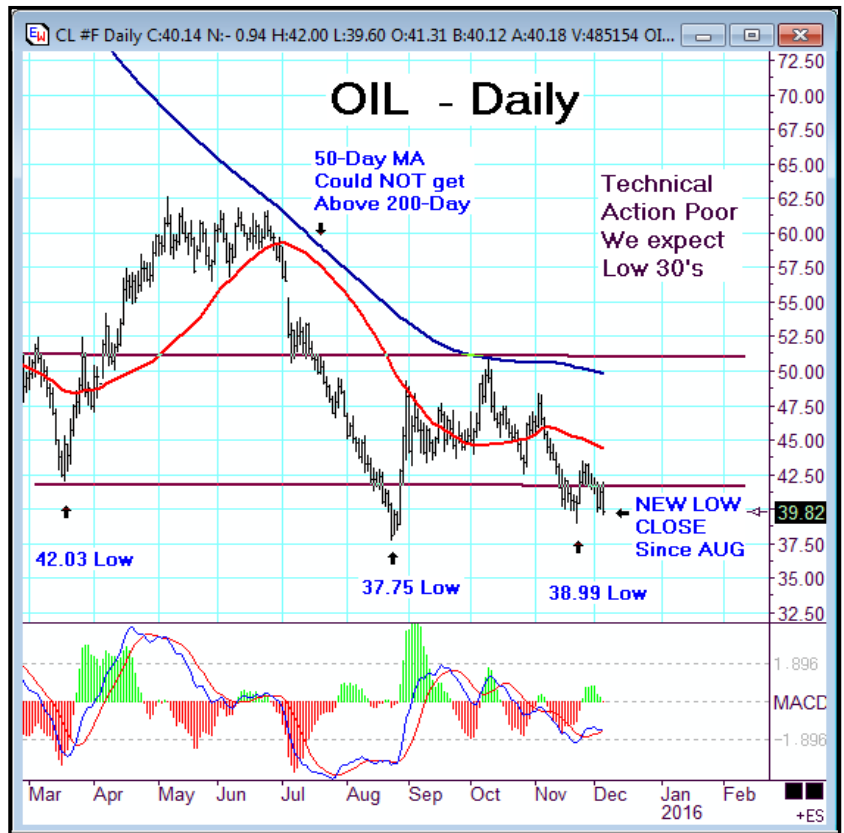
We cannot guess how this is all going to play out, but we seem to be leaning towards an Oligarchic mechanism not unlike that of Russia, where the rich control the government, or those in the government become rich! In either case, Democratic countries have a habit of ending up with Fascist leadership. That's because someone must tell the kids they can't have any more 'candy'! Well, whatever is going down, it will be extremely interesting to watch.

We CELEBRATE the passing of old friend Richard Russell to a higher plane of existence. Richard was kind enough to begin trading with us in the late 1970's or very early 1980's. We have all his newsletters since then. His *Dow Theory Letters* from 1958 has been an interesting, original and profitable read. His insightful analyses were always powerful and his personal stories of old New York and WWII a delight. Articles he wrote for *BARRON's* occasionally over many years were well received, especially by the technical analysis crowd [not much ever made the popular press]. His personal life was up and down, with three wives and five children. Though somewhat curmudgeonly early on, he mellowed tremendously in his late years. We enjoyed following his metamorphosis through his writings involving depth psychology and spirituality as he moved toward a deep appreciation of kindness and gratitude. We feel that he has 'graduated' with honors! - Thanks RR for your life and writings.

OIL has remained on our negative balance sheet as below the 200-Day MA and most-times below the 50-Day. It has now closed below everything but the August low at 37.75. We wanted some clarity of action – We Got It! The action must be considered critical and immediate and only needs to break that final low to prove the near-certainty of our case for \$32-34. We went negative on it as it broke \$90 and the 200-Day MA, and we remain so.

GOLD has made another new low and then bounced again. Price must close above 1192 recent high and hold above the 200-Day MA in order to break the downward pattern of lower highs and lower lows. It's barely holding on above the 50-Day MA line (red). A close below 1120 would break the very minor rally phase in the metal. Chart & other comments on LinkedIn here: <https://www.linkedin.com/pulse/gold-bottom-needs-more-work-arch-crawford?published=t>

As the **DOLLAR INDEX** tanked last Thursday the TNX or 10-Year Bond Rate rose about 13-15 ticks, and partially retraced on Friday. This was after a dip to 2.14 which connected with the strong support of the 50-Day and 200-Day MA's. It could mean that traders are more confident that the FED will take action at this FOMC announcement on December 16.



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

- DEC 1 = Mercury trines Uranus = Buy/Install/Fix Computers and electrical equipment generally. Possibly a temporary market high.
- DEC 6 = Sunday afternoon = Mars squares Pluto = Good energy early, Bad energy around market close 3:45-4:15 in particular.
- DEC 10 = Mars opposite Uranus – Begins the Mars-Uranus Crash Cycle for the next 12.5 months. A market crash may take place during that time. Multiple hostile aspects in Right Ascension similar to the day Saddam Hussein attacked Kuwait!
- DEC 9-11 = Losses through loans or securities. – A surprise attack! Mars/Uranus=Pluto T square in R.A.
- DEC 13 = French Vote – Right Wing will win at least 2 regions.
- DEC 15-16 = Uranus square Pluto in R.A.; Saturn/Neptune=MC = To be under the spell of a long & unpleasant chronic condition. Uranus/Apollon=MC at 2 on 16 in NYC for FOMC announcement = To look for coming things with great interest and tenseness! Your initial reaction to that statement may be...”DUH!” However, this info about this day was available 10 years ago or 100!
- DEC 18 = Option Expiry – Often a market High +/-3 trading days. This is one of the four major expiration months for volume and volatility.
- DEC 21 = Sun enters Capricorn= Winter Solstice 12 min to Midnight. A magical time for prayer or projection. Shortest day – Longest night.
- DEC 25 = Early Full Moon 4 deg Cancer = Harassment that is unfair. Standing up for oneself. Questioning established power structures. Bickering.
- DEC 31 = Should be a good year-end rally culminating here or by Fri Jan 8 latest.
- JAN 3 = Moon/Mars conjunction at 0-1 deg Scorpio = More news of war, betrayal on Sunday/Monday.
- JAN 4 = First trading day Friday, only one minor Moon aspect all trading day. No surprise nobody much will be around.
- JAN 5 = Mars squares stationing Mercury = War news – not so surprising these days!
- JAN 7 = Jupiter enters Retro motion = Another layer of protection will be removed. Sun square Uranus = Edgy, unusual, unexpected.
- JAN 11 = Friday New Moon before open. Temporary low in Gold Fri-Mon?
- JAN 15 = Earliest possible Option Expiry – Don’t let it creep up on you unawares!

ATTENTION: The CP newsletters are usually emailed on 1st Monday of months. Next CP will be available on Monday January 4

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