CRAWFORD Perspectives

May 4, 2015 Vol. 15/5

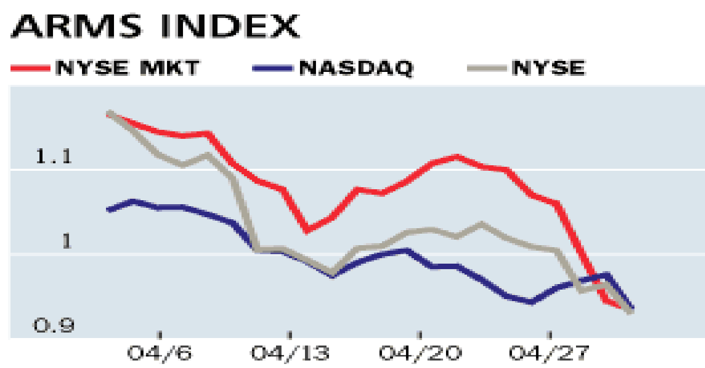
HERE WE ARE IN MAY AGAIN!

Once more we are approaching the end of the Seasonal Bull period. The normal pattern was a "Bust" last year but statistically, that only happens about 17% of the time. It remains one of the best statistically rated occurrences in all of market literature. Therefore, we again urge Caution for this frame, and an even more Bearish tilt over the near term as some of our charts show a greater Overbought reading than any seen in many months.

Last month we documented extremes that were already well developed. Our page one chart showed that companies in the S&P500 had announced Buybacks that had returned to levels commensurate with those of the heady days at the top of that cycle in 2007. On page three we showcased charts of Market Letter Writers whose bearish constituency had dropped below 14% [a Contrary indicator]. And then a comparison of Total Margin Debt [Highest ever] to Mutual Fund Cash balances, which have not been over 4.2% since late 2009 or early 2010. They've only been below 4% for a brief period in late 2007 and early 2008.

This month, a more crucial time frame, in weeks, is highlighted, such as that which graces the top of this page. The ARMS or TRIN Index measures Volume trends against Price trends. If it has been falling into a relative low and turns back up, it is indicative of the possibility existing that a market High is unfolding. If it is rising into a relative high and reverses to a declining trend, a market Low is being formed. This short term technical tool, declining into a relative Low will increase the likelihood of a top in place as it begins to rise, perhaps very soon.

The page three top chart shows Insider Selling now at the highest level on the chart! The smart money is Selling and the Institutional Money is Selling since the Volume goes up on Down Days! So who does that mean is left? The public and the government. How long is That going to last? They don't tell us. Historically, there are limits. And here we are in May!



Greater than 1 more action in declining stocks. Less than 1 action is in rising stocks. Graph is a 4-week moving average.

Mercury will be in apparent Retrograde motion from May 18 to June 11. This is typically a time for reversals of all sorts. We also expect a 16-20 week intermediate low during this frame. Perchance we shall see these short term excesses moderated somewhat. It may look like the December or October declines evident on the Major Index charts on page two.

Even though it might be temporarily more serious than those, we do not expect a crash here unless it is like the Flash Crash on May 6, 2010. Remember when the DJIA dropped 1000 points in 10-15 minutes? Certainly the most intense selling wave our markets have experienced in that short a time. It is much in the news these days as a young Indian man raised in a modest London suburb is being charged as one of the principle causes of that little disaster.

He is said to have stolen part of a program used by the automatic trading machines and tweaking it, made $40 million over time, entering thousands of sell orders just away from market levels and then cancelling them before they were activated. This is said to have shown up on all trading platforms and initiated more selling by the high speed trading machinery. It is called "spoofing" and is illegal. We don't know if this is a "witch hunt" to blame some individual rather than the powerful banking interests, none of whose officials or traders are in jail for the 2008 debacle? Maybe he did it?

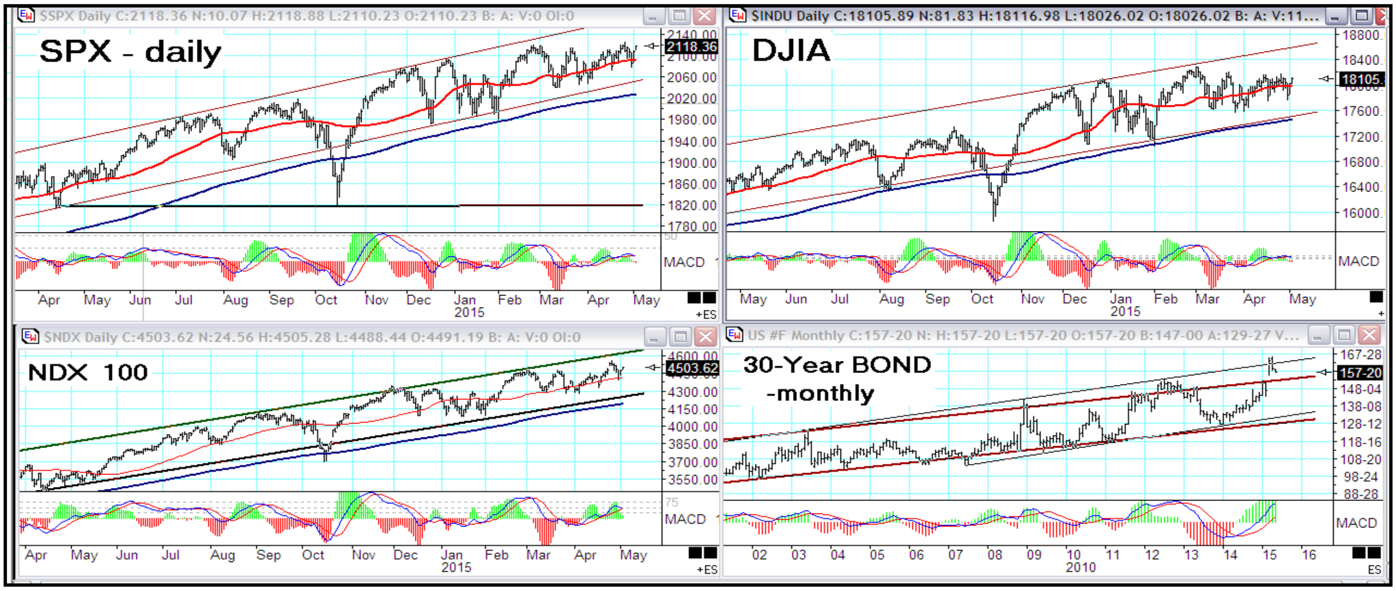
Looking at the sky patterns on that day, we noticed that May 6, plus or minus a day is coincident with a square aspect between the local Ascendant and Midheaven on markets closing bell for the Latitude of New York City. There does appear a minor tendency for declines in early May around that time. That one though had some very tight astro meaningful happenings. Also date of an annual meteor shower! So, watch out the rest of this week…at least!

VITAL SIGNS

Shorted DJIA 17,533.15 on Close Dec 10
5% STOP at 18,409.81 Close only
Increase to 200% Short any Cls below 17,550
Add 5% STOP on any new position.

Shorted S&P500 2026.14 on Close Dec 10
Increase to 6% Stop at 2147.71 Close only
ReShort 200% on Close below 2020.00
Add 5% STOP on new position.

ALL OUR STOPS ARE CLOSE ONLY!



ANOTHER MONTH OSCILLATING AROUND the 50-DAY MA's

After marking new highs on April 27, yet failing to regain their upper channel limits, **Major Indices** came back down to their lower uptrend channel lines on Thursday on much heavier volume, as further evidence of 'distributive' behavior. Although they ALL closed below their 50-Day Moving Averages, The **S&P500** and the **DJIA** managed to hold at the lower channel line support. The **NASDAQ** close broke both the MA and the channel line on the heaviest volume since February 3 (other than March quarterly futures/options expiration). On Friday, all recovered their 50-Day MA's on average non-confirming volume.

The DJIA was alone among our Majors that failed to create a new record high. The all time high close to date was registered on March 2, where the Most Positive Jupiter trine (120 degree) to Uranus occurred prior to the market open on March 3. The second highest close came exactly on the Solar Eclipse on the Vernal Equinox March 20. The third slightly lower high came on April 15 tax day where the Retrograde Station of Pluto was on the 16th. The new highs of April 27 in other Indices early in the day accompanied a Mars parallel to Jupiter (another strong positive – this one in Declination) in the early A.M. The **Dow Industrials** made a fourth slightly lower high that day, and they all closed lower after a higher open – a technically weak indication.

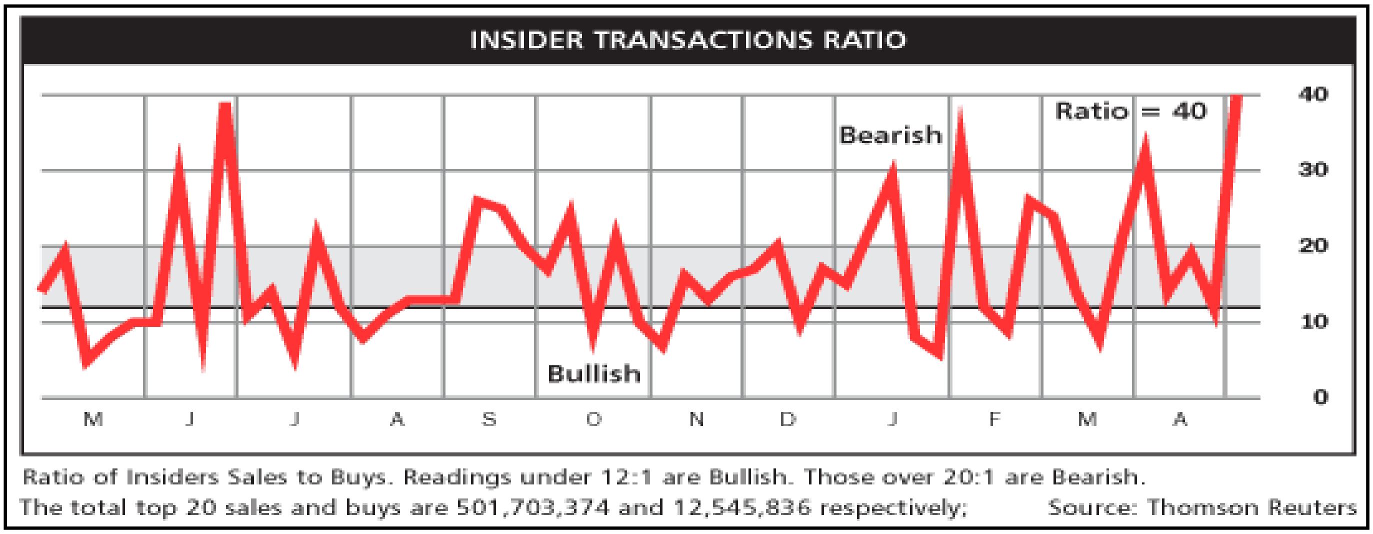
So the **DJIA** has had the high and three successively lower highs. That would constitute a serious weakness in itself if confirmed by other Indices, and if the amount of successive failures was not quite so minimal. As it is, the **Dow 30** is the least broad measure and as such it is the easiest for Wall Street to manipulate. Therefore it would not be surprising if it has one final spike to confirm a positive case just at the seasonal period for a market high. If this senior average makes a new high without the broader constituencies, we would consider it a Fake-out! We have already seen a long series of highs on lower volume and lows on higher volume which marks this entire period as inconsistent with conditional internal market strength.

Another very short term indicator mentioned fairly often here is if NYSE New 52-week Lows reach above 40 for 3 days in a row, it is often a decent near term Sell. Thursday and Friday they were 58 and 48. But today, May 4 there were only 17, blowing out that potentially negative series. However, the 10-Day New Highs have been dropping steadily from January 30. With all these price highs, a considerable disparity is building up over a three month period. We are looking for a 16-20 week low coming in between May18 and June 11.

Note the **<u>30-Year Bond</u>** chart at bottom/right of charts this page. It shows long bonds accelerating above a long term advancing channel. It has been followed by a sharp retracement below the extended higher trend channel. That pattern alone could posit a top already in place. We'll have to see how that plays out. The fooler of a top was on the FOOLS VERY DAY!

"The old saw of 'sell in May and go away' didn't pay off last year, but Citigroup strategist Tobias Levkovich thinks 2015 may be different. The reason: The tendency of stocks to trade in sync, known as correlation, is low. That's a sign Wall Street might have gotten too comfortable picking stocks on their individual merits while ignoring 'volatile macro developments.' In fact, correlation has gotten so low that Levkovich calls it 'worrisome in the short term."

Today's *BARRON's* – page one of Market Week section

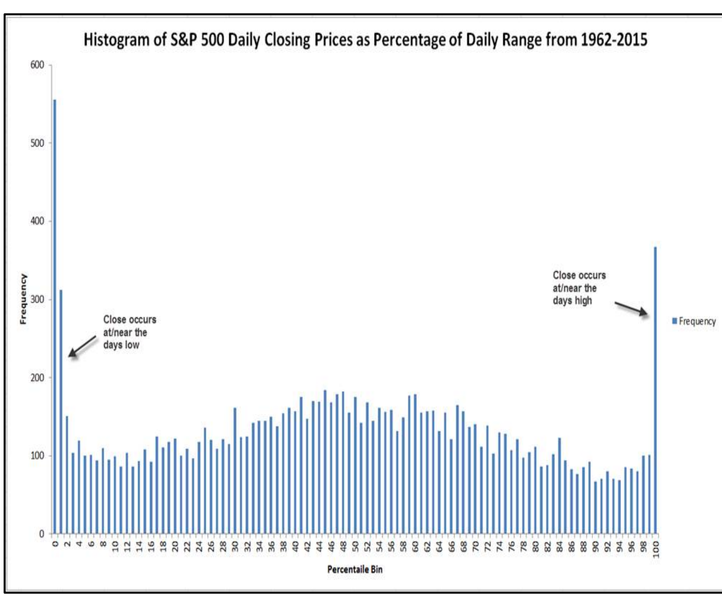


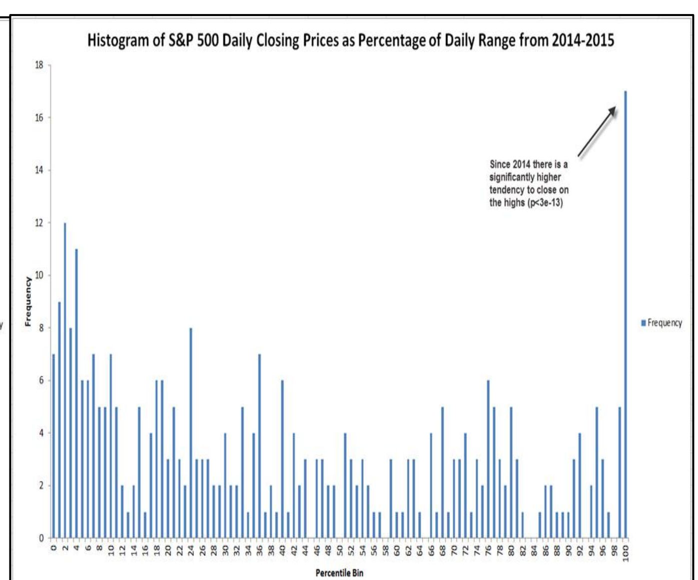
SENTIMENT READINGS, SMARTEST MONEY SELLING – 2015 EXTREMES!

You can see at a brief glance at this chart from Reuters [with thanks to *BARRON's*] that the people who really KNOW are dumping stocks pell-mell. Not only do we note the highest reading of the last 12 months, but that four of the six highest readings, 2/3rds, have occurred during 2015, 1/3rd of the time period shown. And that's both higher lows and higher highs! These guys are running for the hills. Do they know something we don't? – You Bet They Do!

Here's a quote from Alan Newman's *Crosscurrents* newsletter of March 30: "Regarding analysts, those brave souls advising 'sell' at the tech mania peak in 2000 and again in the summer and early autumn of 2007 averaged just a tad over 1%. Between the two groups of analyst opinions we have shown [largest Nasdaq & Biotech - chart not included here], there are only 7 'sell' opinions of the 572 tallied, 1.2% of the total *and eerily similar to the previous two momentous peaks.*[italics in the original – and this:]…How every unfavorable comparison continues to be ignored is beyond our ability to comprehend."

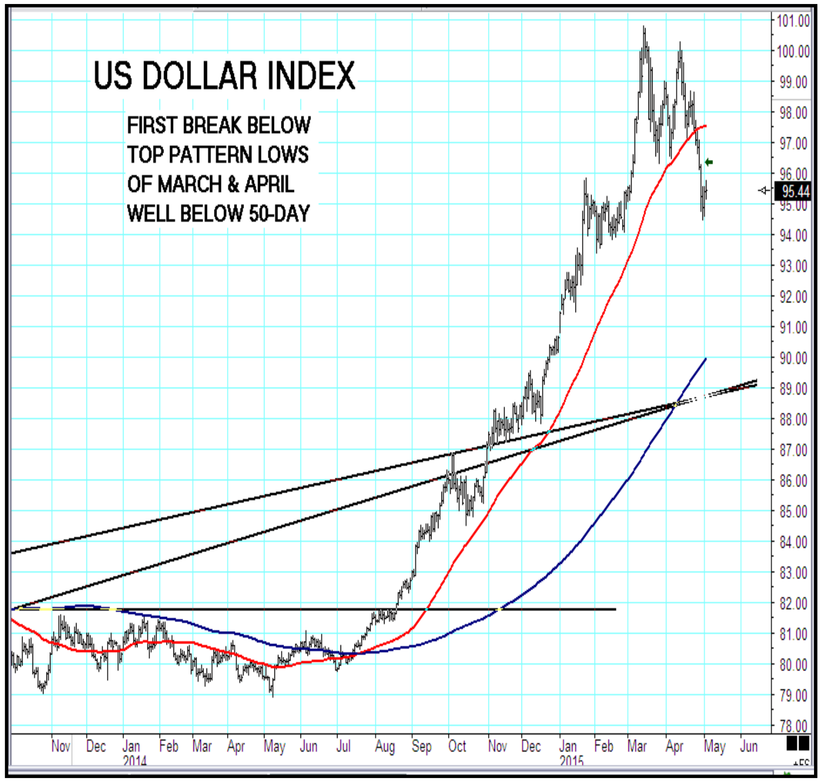
We asked friend Kris Kaufman of **PARALAX** to run a study for us showing S&P500 Close as % of the days range and we show some of the results in charts below. The average from 1962 shows a Bell-like shape with higher percentages near the center, but with extremely Fat Tails as would be expected at emotional Closes. The second histogram shows quite the opposite with few examples near the middle, an unusual extreme of Ups and far fewer extremes in the low range. We think these histograms hint at large scale manipulation, preventing emotional Down closes and exaggerating the Up rushes into the closes. These charts are very interesting and could lead to further studies. They are not exacting proof that Random Walk is dead, but they indicate the possibility to prove that with a bit more work!





The **US DOLLAR INDEX** has made its first weak move since its fantastic run began one year ago! Not that it is actually weak per se, as it could drop to the 89-90 level where there are trendlines and the 200-Day MA and that would be a "normal" corrective move of about 50% of the rise. There is no grand prediction that that has to happen, but if it does, it would not show unusual "weakness". It may also quiet down into a range-bound pattern for a time, say from around 93.5 to 100.7 without adding further to the volatility extreme. It does show just enough weakness to suggest a greater loss of upside momentum.

Though possible, it is less likely that another great leap forward could ensue. Perhaps if Greece pulls out and the EU starts breaking up, the **DOLLAR** could concievably benefit further. We think the trend has gone so far so fast that the energy of movement may flag for awhile from sheer exhaustion.



The development by China of an Asia Bank has attracted even ardent supporters of the US to join in an effort to dislodge the IMF which is largely controlled by US banking interests. That is one very strong signal that the **DOLLAR** may be on its "last legs" with this final run before it is abandoned.

Current strength in **COPPER** but continued down to flat with **LUMBER** could mean that manufacturing is getting better but housing isn't. **WHEAT and CORN** continue with new lows while **SOYBEANS** have flattened out. China has stocked up on many things and are backing off from years of heavy purchases of a multitude of raw commodities.

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

MAR 20 = TOTAL SOLAR ECLIPSE at 29 Pisces 27, 33 minutes of arc from the Vernal Equinox. This is ANOTHER REALLY BIG ONE!
Remains as of this writing (May 4) the secondary high day of the Dow Jones Industrial Average. Top was Jupiter trine Uranus on March 3.
APR 27-30 = The next Uranus square Pluto in RA will be April 29, which was a Lunar Eclipse last year = Look for a sharp down period!
MAY 1 = Mercury 135 degrees to Pluto, Mars Contra-parallel Saturn = Expect more pressure on equity prices.
MAY 4 = Monday. Night before, Saturn 135 to Uranus and several small negatives on the trading day.
MAY 5-8 = There can be unusual losses in markets – Extremes. Watch your leverage at these times.
MAY 11-12 = Mars makes tight aspect to Pluto bring more brutality/violence into the picture = More likely to affect Interest Rate swings.
MAY 18 = New Moon and Mercury Stationary Retrograde = Both likely turning points in a variety of venues. Problems over the next 3 weeks, especially with Computers/travel/communications. Do not sign legal papers or buy expensive or long lasting merchandise.
MAY 21 = Pluto attacks Jupiter, Sun and Venus today = Coercion, Use of Force, bankruptcy, negative emotional states, Transformation, Radiation.
MAY 22-31 = Almost all planetary power release his frame is of a difficult and complex variety. Annoy authority enough & it will react!
Particularly difficult are the 25th and 27th to June 2.
JUNE 2 = Troublesome Mars/Pluto interaction at the Full Moon could bring unusual acts of violence, riots, warfare and explosive forces.
JUN 6-10 = Should turn out to be much more pleasant with rising markets and sociable cooperation.
JUN 11 = Mercury returns to apparent forward motion = OK to begin moving plans forward once more – not too fast too soon.
JUN 12 = Early Friday Neptune begins Retrograde period. Evening Venus/Pluto contra-parallel. = Bad news after markets close? Hostility, rapes?
JUN 14-16 = More "Bad blood" as Sun conjuncts Mars and Saturn enters Scorpio = Too much energy directed towards devious & hostile acts.

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

CRAWFORD PERSPECTIVES 6890 E. Sunrise Drive, Suite #70, Tucson, AZ 85750-0738 Tel. (520) 577-1158