CRAWFORD Perspectives

November 2, 2015 Vol. 15/11

CAN WE TRUST THIS RALLY TO HOLD?!

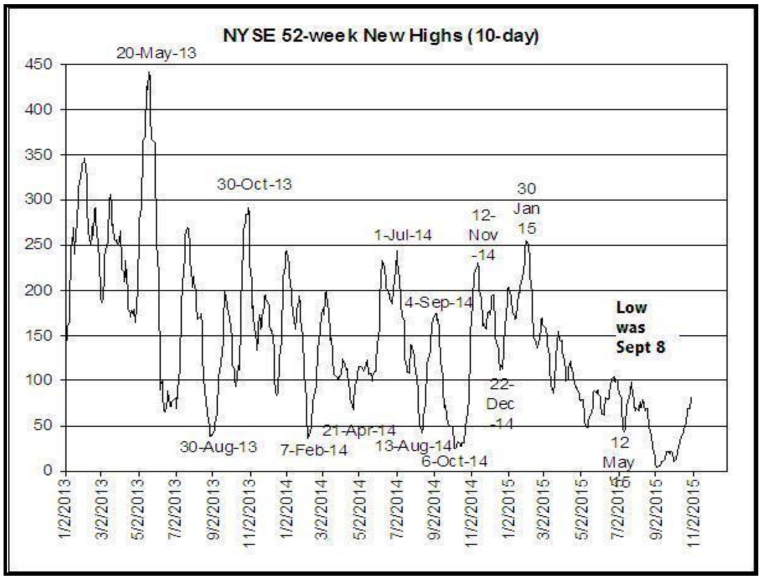
Last month we wrote: "However, it is either late in the game or it remains very early in the game. Some technical indicators are reaching levels that must be considered better than normally "Oversold", yet many intermediate and long term factors remain possibly in early stages of a more serious Bear Market."

Needless to say, the Major Indices have powered higher since then, erasing the "Oversold" mode of short-term indicators. You can see from the chart at right that the 52-week NYSE New Highs 10-Day put in a low September 8 not seen in some time, actually since August 2011.

You might also note that New Highs have not yet been able to expand above previous recent levels. Not so impressive internally as externally. Some analysts mention the high Short Interest started running at the FED announcement. Friday was, incidentally, the fiscal year-end for many mutual funds, who may have been interested to "paint the tape" for better results in their own favorites.

The next level of proof will pass muster if the May highs for the SPX and DJIA and the NASDAQ Indices July highs can be transcended. It would be considered stronger if the smaller cap Russell Indices can also recover. So far, they are not as ebullient as the larger mainstays.

We don't know if the stock market's volume characteristics have changed permanently with over 70% attributable to automatic machine trading and the public largely absent, but the old rules requiring increasing volume for sustained moves does not match recent norms. Option expirations and Index rebalancing covers all the large volume days except for Flash Crashes?! Tensions in today's world are approaching those prior to WWII!



Unfortunately, the tension is not the only similarity. Violence by authoritarian rulers against their own populations is also increasing exponentially leading to massive border crossings closely matching that of more dangerous historical periods. Bankruptcies of cities, states and countries is on the rise and many more are in process 'behind the scenes' which we will be hearing from down the road.

There are many glowing expectations for 2016. However, the entire year will be under the aspects of the Mars-Uranus Crash period, beginning with Mars/Uranus=Pluto T-square this December 9-11, an extremely dangerous time. This will also be the next to last Uranus/Pluto square in Right Ascension. Last will be April 1, 2016. A significant precursor may intrude during the difficult last week in November.

The Mars-Uranus Crash Cycle begins with the opposition of Mars to Uranus and concludes when Mars reaches 36 degrees prior to the next conjunction or 144 degrees of the total 360 = 40% of it. The synodic cycle of these two planets is actually 1.9240 years or 702.72 days. 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!

Two more have occurred since we wrote the article, 2001-2 and 2008-9. Both were in the predicted time frame and were actively announced and followed in this publication. As crashes have been increasingly frequent and severe, we expect one in 2016 to usher in a period reminiscent of the Great Depression of the 1930's. You may want to read ***The Decline of the West*** by Oswald Spengler. We are reducing our STOP levels on Short positions in both the DJIA and SPX. Reduce DJIA position stops to 3% from 5% and one of the S&P500 Stops from 6% to 4% and the other to 3% as per info in Red in the accompanying VITAL SIGNS box at left. Drove over to Loews Ventana resort 2 blocks from home where Doug Casey was holding a conference, to have dinner with a client and watch Marc Faber's presentation. We have exchanged newsletters for over 20 years. He put on a fine show, as did Doug.

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
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!

EVEN WITH THIS LARGE BOUNCE, INTERNALS REMAIN WEAK TO MIXED

Even though Index price levels have exceeded both 50-Day and 200-Day Moving Averages, momentum has paused just above MA's and trend lines drawn from way back. The largest single issue is that all Indices have moved up dramatically but with but a handful of stocks carrying the entire load!

Friday, October 23 our markets gapped up with the overnight news of China's rate cut, the 6th in a series. More spectacularly, NASDAQ and NDX made huge gaps on Friday morning, augmented by strong quarterly reports from three 'biggies' Amazon, Google and Microsoft, all of which gapped sharply on huge volume at the opening [see NDX chart above lower left]. Additionally, Mario Draghi of the European Central Bank hinted at more stimulation may be on the way.

This past Wednesday, the FOMC announcement twisted market action all around in both directions. Down first, looked rather bad, saved by what forces we know not, and rallied until near the close, registering the high in indices to date. The more usual recent pattern has been to top on or near Option Expiration. Then there is a quarterly influence which peaks on the 18-19th day of earnings reports. We had warned in the October 5 CP letter that sky patterns called for the 28th to reflect "Uncertainty, Nonsense-Confusion, Lies". We opine that was an accurate assessment!

"All isn't well, however, with the quality of the market's advance… [The] rebound from the August lows is increasingly made up of a narrow list of mostly big and mega-capitalization stocks. Too many stocks are not participating in the rally and, for the short term at least, that should serve as a flashing yellow light for investors. 'This latest rally is led by the generals, and you have to wonder where some of the soldiers are.' Says Chris Varrone, chief technical analyst at Strategas."

"There wasn't much 'plain vanilla' buying from institutional investors, says Tom Carter, a trader at Jones Trading. With market short-interest levels at the highest they've been in years, last week's Federal Reserve news pushed shorts to cover, he adds." - The Trader column in today's BARRON's by V J Racanelli.

All this being said, the final arbiter in this business is PRICE, and if it is in the direction for you to PROFIT! We make our projections with a great deal of accumulated knowledge. That doesn't seem to help much in a world gone crazy with this desperate "printing of phony money" created to serve the banks and NOT the American public. It is especially damaging for those in or contemplating retirement, as the Interest Rate anomalies interfere with income calculations based on NORMAL conditions. With seven years of extremely low rates, every Pension Fund as well as every normally "Safe" investment is guaranteed to produce serious shortfalls.

"For those who guide the people are leading them astray; And those who are guided by them are brought to confusion."
Isaiah 9:16

<u>ALL NYSE STOCK INDEX WEAKER THAN OTHER MAJORS!</u>

It is an important technical point that the broader index is weaker than those comprising fewer stocks. It may be suggestive that TPTB [The Powers That Be] are more desperate than usual to make things look good to the uninitiated. As the DJIA has the fewest numbers of stocks, a small but determined group might drive up three or four of the larger capitalization issues to give a better impression to the general public who gets their info from radio/TV news.

The NYSE Advance-Decline Line, in the 'old days' used to top out four to nine months before the general averages, giving good intermediate/long term signals for the general market. But that was when it took 12.5 cents in a stock to register an 'advance.' Since the advent of the 1 cent trading change, even that has become easier for a group to adjust indicators into a better light.

It has always been the practice for the Insiders, legally designated or not, to hold up big name high capitalization stocks while they are selling all the 'lesser lights' from their portfolios. The 'Blue Chips' were always the last to go down and the first to come back up.

"It's a bearish sign that so many advisers are declaring that we're now in a "stock picker's market." That's because fewer and fewer stocks participate in a bull market as it approaches its top. Advisers therefore find it increasingly difficult to identify stocks that will keep up with the market, much less beat it. By telling their clients this is a "stock picker's market," these advisers think they are distinguishing the investment environment from other periods in which the majority of stocks participate in the market's major trend. Little do they appreciate that, in effect, they are also declaring the bull market to be getting extremely long in the tooth."

- Mark Hulbert on MARKET WATCH - June 23, 2015

Another chart that shows the exact same pattern, yet is even weaker on the recent rally is the DJ Transportation index (not shown), which has not yet superseded even the mid-September spike. The Investor's Business Daily Mutual Fund Index is about on a par with the New York Comp. chart (above) in terms of percent of recovery since the lows. The chart of the Shanghai market (online at Bigcharts.com) shows the biggest influence on taking Western markets lower, but has only recovered about 14-17% of the amount of the loss from its peak.

"I think the subject which will be most important politically is mass psychology… Its importance has been enormously increased by modern methods of propaganda. Of these the most important is what could be called 'education.' Religion plays a part, although a diminishing one; the press, the cinema, and the radio play an increasing part… The populace will not be allowed to know how its convictions were generated. When the technique has been perfected, every government that has been in charge of education for a generation will be able to control its subjects securely without the need of armies or policemen."-Lord Bertrand A W Russell-philosopher

GOLD has managed to stay above recent lows but, disappointingly, has not yet closed above any meaningful previous high! The 50-Day Moving Average has not once in the last year surmounted the 200-Day line. That constitutes a further disparagement for the hopes & prayers of the Gold Bugs! We continue to hear that physical GOLD and SILVER are becoming more precious with greater premiums and greater wait times for delivery. On the chart at right, you can see that the downtrend has been steady and determined. Price must close above 1192 recent high and hold above the 200-Day MA (blue) 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.

The **US DOLLAR INDEX** has, since last month, accomplished the Death Cross and has now regained the 50-Day and 200-Day MA lines and a downtrend line from last March. The upper brreak remains unconfirmed but a close above 98 should accomplish at least that. A close back below 96.5 would affirm the probable negative case. (no cht)

The **TNX** or 10-Year Bond Rate was on the verge of its own Death Cross but a pop up last Thursday & Friday has placed a hold on that interpretation. It may still develop/or not, over the next week or more. So many charts are in that twilight world that could resolve in either direction. Indications are the next days/week or so could confirm the upside or the downside in a number of important areas. We are holding our respectives breaths until patterns necessarily become more certain.

OIL has remained on our negative balance sheet as below the 200-Day MA and sometimes below the 50-Day. It has not developed the 'animal magnetism' to break out of the limbo between the two moving averages, and yet it has not died below the recent low of 37.75 either. One more of those we are watching for some clarity of action – which we are NOT getting… yet! We went negative on it as it broke $90 and remain of the opinion thaat it will see 32-34. Willing to see change!

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

OCT 28 = FOMC 2pmEDT. Mercury/Neptune=Zero Aries = "Receptivity, Uncertainty, Nonsense–Confusion, Lies" (Witte) Moon Void fm 10:21am
NOV 2 = Venus/Mars conjunction at 8:10pm EST=along "With the Moon in frisky Leo, issues of love and attraction take centre stage." (Mountain)
NOV 5 = Jupiter quincunx (150 deg.) Uranus = "may increase anxiety" (Mountain Astrologer mag)
NOV 8 = Venus enters her home sign Libra and conjoins the Moon's Node = Could bring some relief to whatever ails.
NOV 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.
NOV 11 = New Moon at 19 Scorpio at 12:48 EST is sextile Jupiter = Markets may turn on a dime or become out of control.
NOV 20 = Venus squares Pluto = Big Down on Option Expiration!
NOV 28 = Sun conjunct Saturn, both square Neptune = Weakness of the body. Falseness and misunderstanding. Deflation stats increasing.
DEC 1 = Mercury trines Uranus = Buy/Install/Fix Computers and electrical equipment generally.
DEC 6 = Sunday afternoon = Mars squares Pluto
DEC 9-11 = Losses through loans or securities. – A surprise attack! Mars/Uranus=Pluto T square in R.A.
DEC 13 =
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!

We are unable to update our website for a few days more – Will add more technical charts for general observation as soon as possible.

<u>ATTENTION: The CP newsletters are usually emailed on 1st Monday of months. Next CP will be available on Monday December 7</u>

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