CRAWFORD Perspectives

January 5, 2015 Vol. 15/1

2015! - How did we get here?

If you're a little bit older, you may be familiar with the sensation that time has taken on some tricky attributes, especially when looking back! We may start remembering years ago better than more recent times, sometimes even better than Yesterday! When these new years roll around, they remind us that they seem further & further from a sense of reality, or at least familiarity.

It took many years of gradual change to radically shift international power entities after WWII settled out, even with Cuban missile crisis and men landing on the moon. We became familiar with computers as a cold room full in the 1960's but the change from that to a handheld gizmo has been at the speed of lightening.

But the greatest nearest changes have developed from a general sense of safety and stability to a place where the FBI considers White, Male, Christian Veterans as most likely terrorist suspects, and Israel is considered an irritant in the U.S. move to embrace factions in the Middle East.

In markets astro-dynamics have remained questionable to extremely negative during 2014 while among the largest world stock markets, five are higher and twelve are lower. The high-five are India +22.3%; U.S. +12.4% (S&P500% + NASDQ%/2); China +5.4% (Big Cap + Small Cap/2); Taiwan +4.8%; South Africa +0.5%. The lower six are Russia -49.3%; Brazil -18.2%; South Korea -14.5%; Germany -13.7%; U.K. -13.6%; France -13.4%. Of the 16 countries, the Median 2 average to -8.2%. Most smaller exchanges are off far more! (Ukraine, Italy, Greece-forget it)

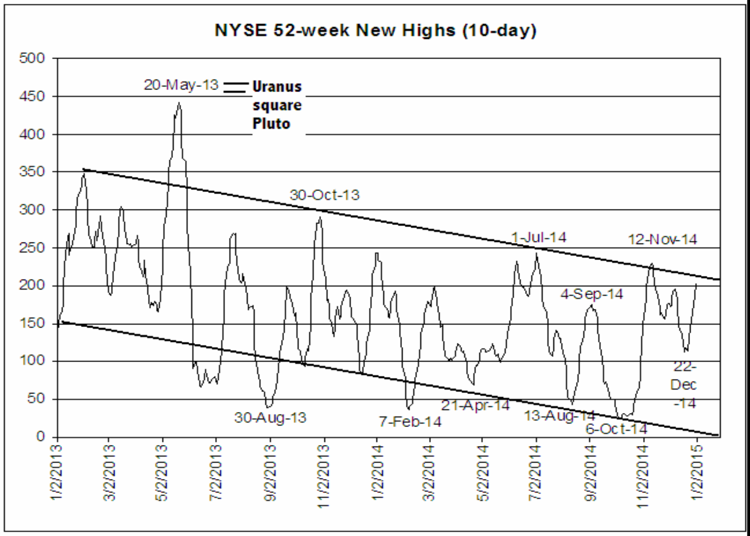
Remember that we have mentioned several times since May 2008 that the recurring Uranus/Pluto square connects with the Pluto/Uranus square in Brazil's natal horoscope!

VITAL SIGNS

ReShort DJIA 100% on close below 17,700
Shorted 17,533.15 on Close Dec 10
5% STOP at 18,409.81 Close only
Increase to 200% Short any Cls below 17,550
Shorted 17,280.83 - New 5% Stop @ 18,144.87

ReShort 100% on close below 2047
Shorted 2026.14 on Close Dec 10
Placed 5% Stop at 2127.45
Increase to 200% Short on cls below 2017
Short at 2002.33 on close Dec 12
5% Stop on the new position at 2102.45

ALL OUR STOPS ARE CLOSE ONLY!



We had originally thought (and written) that the year-end pop may have brought the 10-Day Average of the NYSE 52-week New Highs, along with Major Indices to higher highs to keep the "rubes" interested and positive. Well, they did take the Indices to New Highs, but the internal dynamics continue to flounder. Though the Advance-Decline Line continues higher, 10-Day New Highs have failed to make even a moderate showing. (See chart above)

They may still give a better showing in January, unless this IS a top of some significance. It is fairly common for Year End-New Year Beginning to be an important turning point. Besides, the fourth of January is also the Earth's closest passage to the Sun (within a day – depending on the Leap Year cycle). So there are astronomic as well as calendric reasons for that possibility.

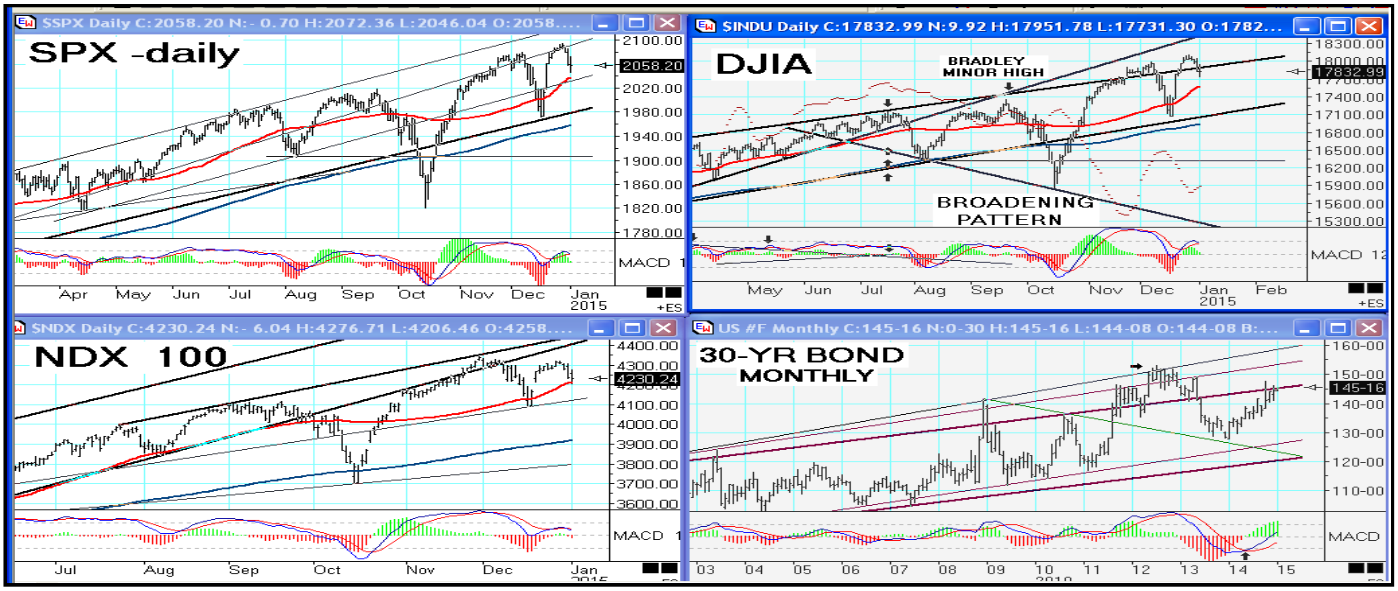
The U.S. Founding Fathers may well have chosen July 4 as our birthday as the Sun is farthest from the Earth then, and comes ever closer afterwards. The Sun is farthest South on June 21 (St. John's Day) and that also adds to the positive energy of our birth!

This year the fourth is also a Full Moon opposite Pluto and square the Moon's Nodal Axis and Uranus. This is one of the most powerful days of this year +/-3 days, with additional hits on the 9th & 10th, then the New Moon & Mercury retrograde on 20th -21st.

We Shorted first 100% of both DJIA and SPX on December 10 on closes below our Stop IN price levels. We Shorted the second 100% positions on December 12 on closes below our second Stop IN price levels. We added Stoploss orders on all four positions 5% above our shorting prices [See VITAL SIGNS box for further details].

Commodities and Currency markets have had their own devastating declines, at least partially matching the BRADLEY Model gyrations as reported here and on our website Home Page. We believe that the dislocations from these high volatility moves will tear asunder some long term geopolitical relationships.

We are extending our potential crisis period to the Mercury Direct Station on February 11 and Friday, February the 13th.



NDX is back on a MACD SELL SIGNAL. The Others are Tight on the Verge – This could turn SERIOUS!

Sometimes it takes more than one active **MACD Sell** signal, especially in a strong move in price levels such as we have seen in recent times. Major Indices are diverging as NDX made no new highs in December, and it tends to lead in both up and down directions! The DJIA chart has still never wavered from its forming of a potential "Broadening Pattern" or "Megaphone." A monthly **MACD SELL** was given on the **DJIA** last July at the BRADLEY Yearly high. The **SPX MACD** gave one in October. These longer term MACD's tend to be more reliable and one instance may prove sufficient over time.

As assistant to Robert Farrell at MLPF&S in the early 1960's, we saw the Horsey monthly chart-books from the 1920's and 1930's. The fractal patterns of those days are in evidence once more but over a decade and a half now as opposed to 4-7 years back then. "Head and Shoulder" tops and "Broadening Patterns" were all over the stocks well before the final rapid accelerations appeared. In May of 1929 there was a sudden drop where several major issues broke important support levels. It seems that the Federal Reserve had a hand in trying to reign in the developing runaway stock market. But the brief scare passed and sharp new highs followed. Much later, the FRB folks have admitted that their austerity policies made the Great Depression worse.

We are cognizant that the patterns are taking much longer to form and complete than they did back then. For instance, the rise from 1921 to 1929 was the wildest swing move that ever developed, a period of almost nine years. The more recent experience was the rise from 1982 to 2000, double that time and many multiples of that price. In both cases, the Dow Industrials never broke the low of the previous year! Not even in the Crash year of 1987, as the rise had been so fast. We continue of the opinion that the multi-year patterns are the continuation of a massive distributive process and are finally nearing completion of cycles far longer than even the Kondratiev (54-60 year) people can imagine.

Last month we wrote: "There tends to be a mid-December low due to tax-selling after which the annual average rises until the end or a bit later. The next Uranus/Pluto square is exact at 12:15am EST, very early on Monday, December 15th, late on the 14th elsewhere in the US. That may be instrumental in deciding the Low…". The low was put in on December 16th, a 'Turn-Around Tuesday!'

Astrologers are announcing the final square of Uranus to Pluto coming up on March 16. Are we going to get a replay of Shakespearian drama with the old familiar: "Beware the ides of March" bit? Speaking of Shakespeare: His writings contain hundreds of astrologically referenced predictions, ALL of which came true! In fiction, anyway. But it was expected in those days and applauded! BTW- There will be three more squares of Uranus to Pluto in Apparent Right Ascension, the way astronomers measure Longitude, along the Equator, as opposed to the Ecliptic path.

"Gundlach isn't particularly sanguine about the prospects for U.S. stock markets. Early in the year, rebalancing of diversified institutional portfolios from stocks to bonds will create some price undertow for equities, he claims. Also he worries that GDP growth for next year and 2016 is unlikely to hit the 3%-plus annual targets that forecasters are assuming. That's because the deflationary tide unleashed by a slowing world economy and excess capacity will begin to lap against U.S. shores by the middle of 2015. A strengthening dollar won't help U.S. competitiveness.'

"Low oil prices will begin to wreak real havoc on employment, capital spending, loan collateral values, energy-company balance sheets, and the junk-bond market." Jonathan R. Laing quoting Jeffrey Gundlach in today's *BARRON's*

DOLLAR INDEX HAS MADE A TERRIFIC RUN – WHAT NEXT?

The long-term charts often help us to grasp the larger picture. Here, the **U.S. Dollar** has broken up from a massive, multi-year consolidation pattern and is now nearly matching 2004-5 highs and 1998 and 2003 lows in the 92 area. Having also broken up through 50-month and 200-month Moving Averages and the .382 Fibonacci retracement, it has proven itself a formidable investment. The next levels of potential resistance are 92 (as mentioned) and the 50% Fibonacci retracement around 95-96 area. Other Fib levels from the chart are 61.8% near 101.50 and the 75% at 100-102.

There is so much talk from countries getting away from the Bretton Woods requirement to use **Dollars** in international trade, that the strength and distance of this move are surprising in most international circles. Yet whenever there are major currency threats coming ‘round, there is still a “Run” for safety to the good old U. S. of A. Remember that the chief past threats were from Saddam Hussein and Muammar Gaddafi. That old refrain: “Where are they now?”

More recently, Iran threatened to form an Oil Exchange without Dollars. Notice that they are saddled with severe worldwide sanctions against them, whether their nuclear ambitions are really part of the picture or not. Very recently, huge oil deals between China and Russia without dollars have been negotiated and signed, and that there are now heavy sanctions against Russia, whether or not the Ukraine is just an excuse. Our question was: “Are we going to attack Russia and China? We don’t think so.” And yet, Russia is in collapse mode and China is stumbling. These currency wars are very serious business, but the real reasons for these things are never revealed publicly. “Weapons of mass destruction” are just a ruse!

At any rate, the battle against the anti-dollar upstarts has been more successful than most widespread predictions, including the suppression of **GOLD.** Fortunately, CP has commented on the technical positives of the **Dollar** and the weakness of **Gold,** without taking strong positions on either. On the **OIL** we wrote in October: “If the 90 support fails to hold, Oil may test the 83-84 level and then very strong support at 75.” In November, with **Oil** at 80.70, we posed: “The best and strongest support in the past has been the 200-Month MA now around the 60 level.” With the chart showing the long term downside breakout at 86.

At some time, there may develop an international backlash to U.S. strength. But for now, the U.S. Dollar is the tallest dwarf in the room and the prettiest horse in the glue factory!

“Looking further ahead into the New Year, the 5.8-year uptrend for U.S. stocks and the complacency of the bullish majority may be tested due to the vulnerability of the weakest links in the interlocking chain of financial institutions globally. Deflationary price trends may cause financial strains for global currencies and producers of commodities--and their creditors. If commodity producers have trouble paying their debts, that could lead to very significant financial trouble, which the world seems ill equipped to handle.” **Robert Colby – *Global Markets Report***

GOLD continues to languish below 1200 for the most part. Making new recent lows is more a sign of weakness than not. But for the intermediate and long terms, the near total lack of any higher high is the more comprehensive signal of note. A large Triangle (middle of chart) broke out downside in early September and subsequently prices made a new multi-year low. However, there has been no further confirming penetration, while another smaller and narrower Triangle has formed. Though weakness has not yet followed the breakdown, there is little or no evidence of impending strength either. We await more positive developments.

A push above 1260 would signify at least some semblance of strength as it would break above a downtrend line and the more important 200-Day Moving Average. There are some new planetary aspects in January which may prove efficacious to the precious metal complex.We would prefer to see some muscle appear which is not immediately followed by retrenchment.

The MACD lines are showing three series of higher momentum measures where the depth of declines (rising red sequence of lows) shows a moderating influence. But there has been little or no improvement in price action. **GOLD** so far, at least, has not proven any enduring positive technical development.

30-Year Rate TYX remains Technically weaker than the 10-Year component and is barely holding the 2.70% level. Look for both to attempt further reductions before a counter-trend rally can catch hold.

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

DEC 23 =Saturn enters Sagittarius = A new outlook for Republican issues; Foreign markets worse from here; Era of austerity!
DEC 27-31 = Unusually quiet for a normally quiet time. Markets may reflect some Inflationary prospects.
Gold rose from a low of 1170.7 on 12/22 to a high of 1210.9 on 12/30
JAN 1-4 = Much more active and potentially dangerous as Mars attacks Jupiter and Sun messes with Uranus/Pluto into Full Moon 4th evening.
JAN 5 = Monday markets may be distressed over weekend jitters!
JAN 9-10 = Mars attacks Uranus/Pluto = Not a good time to take chances with your personal safety. Terrorist acts, revolution, unstable econ.
JAN 11 = Sunday the SUN attacks Neptune and Jupiter = Highly Inflationary = Trading high in Metals & Oil? Another later on 20-21?!
JAN 12 = Monday again disturbed/disrupted by events of the weekend.
JAN 16 = Especially rough for an option expiration. We think down into the close.
JAN 20-21 = New Moon on the 20th, Mercury Retrogrades on the 21st for 3 weeks = Nothing Ordinary about this time frame!
JAN 30 = Fairly intense as the planetary pairs interact. One hard/difficult, One energetic/strong and one Neutral!
FEB 2-3 = Markets may be better, Maybe a high on the Full Moon. Low in Gold and Oil possible. Enter – but keep close Stops! Next CP!
FEB 6 = Sun opposite Jupiter = That appeared at the 1987 crash low. DELL says: "Fiery enthusiasm may make you overextend."
FEB 11 = Mercury Direct Station just before 10 AM EST. Safe yet? Wait for the pass of Friday the 13th!
FEB 18 = New Moon semi-squares Uranus and Pluto = More activation of the energy of spontaneous Revolution, earthquakes!

We are extending the danger period Mars-Uranus Crash Cycle (January 15, 2015) out through Mercury Retro period!

ATTENTION: The CP newsletters are usually Emailed 1st Monday. Next (Nov) CP will be Monday, Feb 2

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