

TIME and MARKETS ARE MARCHING ON!

April 4, 2016 Vol. 16/04

The Dow Industrial average was up 1.6% last week and closed out the first quarter up 1.5%. FED folks complicit? Could that have been just enough “pump” to make the headlines better for the end-of-quarter? Our NASDAQ remained off -1.9% as was the Indian market, while Europe’s big 3 are down -1% to -3.8%. China’s Big Cap & Small Cap stocks averaged about -5.4% with Japan off a whopping -8.2%!

Best advancers were the previously beaten down resource countries: Brazil +30%; South Africa +13.2%; Russia +11.3% and Canada +9.8%. These were in line with the recovering commodities, Oil, Metals, OJ, Lumber and selected agricultural.

Confirmatory of market rise, NYSE New 52-week Highs achieved triple digits for the past 5 days, with the 10-Day Average rising to 127.2 on Friday. In addition, stocks above their 200-Day Moving Average reasserted themselves back above the 50% level.

Non-confirmatory of market rise, since the February low there have only been three days on NASDAQ with volume above its 200-Day average. Of the two in March, one was Option Expiry and the other was the positive employment data release. Of Major Indices, there has only been one such day in the past three and a half weeks.

A couple of strange contra-indicated technical factors include 10-Day New Lows which bottomed on March 15 and have been rising with the market. Perhaps far more important, the Arms Index or TRIN 5 and 10-day averages have been strongly rising with the market trend, suggesting heavy selling underneath, a fairly rare and possibly serious anomaly!



First Quarter IPO’s Lowest Since Q1 2009 (chart above from Renaissance Capital - thanks to Doug Casey Research)

Apparently there was one deal in Q1 2009 but it covered the same Dollar amount as this quarter’s eight! We think the main reason for no more is the market has not been able to float them. Much of the investing public is pulling money OUT of markets. Those who are putting INTO the market are companies buying their own stock! It’s a massive manipulation, largely with OPM, other people’s money!

From the astronomic perspective, the week after Options expire looks the worst. This is also the earliest date possible for expiration (third Friday is the 15th). Both Mars and Pluto turn to Retrograde motion within 24 hours, before markets open on Monday, the 18th (Tax day this year).

Our opinion is that there may be extremes of violence +/-2 weeks during this intense period. The U.S. has entered wars, had a president murdered, attacked Waco, and suffered the Oklahoma City bombing. Hitler was born on the 20th of April and supposedly died on Beltane, April 30th.

Often markets will peak during this period, especially during election years, or in early May as the normal seasonal cycle projects. The question is: “When will the situation become so grim that the FED and all her men, can’t keep Humpty Dumpty from falling and cracking open?”

In meantime, the Mars-Uranus synodic cycle is in its more dangerous phase for several more months. And will be joined shortly by the more dangerous portion of the seasonal cycle as well. The little rhyme, “Sell in May and go away.” It is more than a child’s entertaining riddle. It has solid statistical back-up which can save one from some of the more vicious savagery of our market’s whimsy!

VITAL SIGNS

Shorted DJIA 17,533.15 on Close Dec 10 '14
3% STOP at 18,059.14 Close only
Increased to 200% Short July 6
Mon. close=17,683.58; 3% Stop at 18,214.09

Re-Shorted close Dec 8, at 2060,
Add 3% Stop this half = 2121.80
ReShorted 200% on Close at 2057.64 June 29
Changed to 3% STOP at 2129.57 for this set.

ALL OUR STOPS ARE CLOSE ONLY!



ALL MAJOR STOCK INDICES HAVE REGAINED THEIR 200-DAY MOVING AVERAGES!

As we wrote last month: “Even though the Major Index prices have returned to challenge their respective 200-Day Moving Averages, they will not be able to reverse their “Death Crosses” anytime soon, since their 50-Day MA’s are so far below their 200-Day MA’s.” That remains the same, although the 50-Day MA’s (red lines) have begun to turn back up. They are still great distances from negating the Death Crosses, but that does not solidify a negative case, only delays a positive confirmation if things continue to advance.

We have never seen such positive price movement as since the middle of February to now, accompanied by contraction of Volume characteristics. It is unheard of and cannot be considered a healthy development. It continues to smack of heavier and heavier governmental/banking establishment intrusion into what was once considered a healthy free market environment. The greatest volume days have generally been on Option Expirations and Employment Data releases, with an occasional FOMC meeting thrown in for good measure. The two FOMC dates have accounted for virtually ALL price gains in the averages!

Another truly unusual characteristic recently has been the ratio to Up Days vs Down Days. In the Dow Jones Average, it has logged in at 17+ and 5- over the last 22 trading days. That’s 77.27% against a long term historical average around 55%. My own observation over many decades has been that rallies of several consecutive days has either been coming up off of an important intermediate low, or rising into an intermediate high, often on the last day of the directional run.

The most often commonality is a rise of six days, concluding with a short term overbought of unusual proportion. The DJIA ran up for seven days into the Vernal (Spring) Equinox, itself with a record of coinciding with directional change dates. Yet a dip of two days was followed by four more up and a down last Friday. So the high so far this year was on the last trading day of the First Quarter. Was the whole thing a consensus painting of the tape to force a positive asset appreciation?

The DJIA formed a Rising Wedge pattern which carries the connotation of a negative outcome. Then we saw a false break-out upside, followed by a false break to the downside, then a slightly higher high. This is a very strange and nervous market of which it can be said that “Nothing about it can, by any stretch, be identified as normal!”

“(W)e’re not at five percent unemployment. We’re at a number that’s probably into the twenties if you look at the real number... (M)y stock tip is that the market – I believe we’re sitting on a big bubble. So you take a look at what’s going on. You have — think of it — you have cheap money that nobody can get unless you’re rich. You have the regulators are running the banks. Not the guys that are being paid \$50 million a year to run the banks. I mean, when you look at many of your friends that are running banks that are being paid \$40 and \$50 million, yeah, they’re not running the banks. The regulators are running the banks. You have a situation where you have an inflated stock market. It started to deflate, but then it went back up again. Usually that’s a bad sign. That’s a sign of things to come. And yeah, I think we’re sitting on a very, very big bubble.” - Donald Trump Tnx-GN



INTEREST RATE TREND IS REMARKABLY CONSISTENT OVER TIME!

This is a really tight trend channel for over 21 years. Over the last seven years it has tightened up into a narrower channel. Of course, a semi-logarithmic chart would likely show percentage swings to be more consistent as well as price. The regularity of this trend speaks worlds for it to continue... "...until acted upon by an outside force." To apply the same comment by Newton to an economic series [an intuitive leap that some may find difficult].

However, that 'outside force' may be present in the form of long term rate cycles, which would suggest beginning to look for symptoms of a change in trend from the exhaustion of Time in effect. For example, 21-22 years is about the average time for two Sun-spot cycles! And the current cycle peaked in 2014. From the more practical aspect, the Rate has been adhering to an upper portion of the projected range, hinting that we should be more cautious in accepting a simplistic continuation.

A second and still more practical reason used to be that the Rate cannot go below zero, but that is a theoretic limitation now staring at its own obsolescence! Negative interest rates are now extant in 24 countries and proliferating at a rapid pace. We think that the FED is loath to effect such blatant confiscation at this time, for fear of volatile reactions. But just watch for the next crisis, which is never far away after this extensive hiatus, and the masses may knuckle under at threat of economic collapse [as they did in late 2008].

That would mean you have to pay the bankers to keep your money safe. It might seem more practical to keep ones near term assets in cash. It has already become law that large transactions in cash are illegal, and government is now moving to do away with cash altogether. Paul Craig Roberts has commented recently that; "There is NO government. The five largest banks own and control the government."

We wrote here several years ago that since the FED can create money out of nothing, by pushing computer buttons, how many buttons would they have to push to buy everyone in the Washington establishment at a million U.S. dollars? Answer = Only one for the creation, distribution might take a few more. If they could do that, why haven't they done it? We strongly suspect that they indeed have already done so.

The political process unfolding as it is this year, with challenges from 'outsiders' in both parties, is coming apart at the seams with established power bases crawling out from below their rocks to slap down the presumptive newcomers with convoluted and little known processes developed to insure their own continuance. However, their emersion from obscurity into the light of day has revealed that the so-called Democratic processes are wholly bereft of flexibility, of fairness, of any semblance of Democracy. More and more people are beginning to notice, and to become angry that they have been fooled! We'll watch it.

"Only the weak blame parents, their race, their times, lack of good fortune or the quirks of fate. Everyone has it within [their] power to say, This I am, today; that I will be tomorrow." - Louis L'Amour, - author

GOLD is showing considerably more power than we have seen at any time since the 2011 top. The last three weeks has been a time of rest and consolidation.

In early February, it Broke out of its negative major trend channel line for the first time. Then, it broke above a previous intermediate high – also for the first time.

Breaking above resistance in the 1130-40 area, it fulfilled our requirements for a significant change of trend. Ticking up through still more overhead lead to an impressive high above 1280.

During the last days in February, the 50-Day MA (red) also crossed above the long running upper downtrend channel line, and then the 200-Day MA (blue), forming a Golden Cross. All together it ran sharply higher by about +235 Dollars.

We don't know when the next bullish leg will begin, but it has retraced to the rising 50-Day MA support and there is further support from a trendline rising from the July low, now about \$1200. That leg could start around 1245 and accelerate with a break of 1280.

Although we may see prices once more below 1200 or possibly 1180, we have fairly good confidence level that the major lows are past!



OIL (not shown) ran up close to its declining 200-Day moving average the third week of March. The resistance to further advance at that time was massive and resulted in a consolidation which remains in force. We think it has more downside. If it overcomes 42-50, it is likely to continue the advance.

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

- MAR 23 = Lunar Eclipse = Can escalate an extremely tense situation into maximum danger. **Brussels bombs little more than 24 hours previous!**
- MAR 27 = Easter. Easter is the first Sunday after the first Full Moon in Aries! **Jesus crucified on Nissan-15 which is April 22 this year. Why?**
- APR 1 = The FINAL Uranus/Pluto square of this series, the last two of which occur in Apparent Right Ascension as astronomers measure it.
- Late 31st and early 1st Moon conjoins Pluto squaring Mercury conjunct Uranus in Right Ascension! A very dangerous time +/-3 days!
- APR 4 = Next CP letter. **DRASTIC CHANGES!** That is the reading for this date! Be careful in ALL ways. Can be health/accident/intended harm.
- APR 6 = Sun square Pluto, Mercury 135 to Saturn = Likely a down day in markets. Coercion, use of force, possible explosion, natural/terrorist?
- APR 7 = New Moon Thursday = Not quite an eclipse but quite strongly near one. "A nervous and agitated woman"/women/markets!
- APR 14-15 = Mercury trine Jupiter could be strong uptrend into a high today or tomorrow. – Beware earliest date for Options Expiration!
- APR 17-18 = Mars and Pluto go into Stationary Retrograde motion. Especially violent times +/-10 days or so. Four planets Retrograde now.
- TAX-Day has been extended to Monday rather than Friday April 15 – Maybe THEY need the time to get ready?!
- APR 18-22 = Rotten aspects this week, basically remainder of April! Mercury contra-parallel both Saturn & Pluto on 21st and 29th. FM on 22nd.
- APR 28 = Mercury goes Retrograde = Now five planets will be Retrograde. Comprehension comes slowly. Things could get out of control!
- We think that great dangers reverberate the world in April – Terrorist action or open Warfare spreading uncontrollably?!
- MAY 4 = Uranus contra-parallel Neptune (N to S declination) = Suddenly incapacitated, Unconsciousness, Crisis, Dead persons, Revolution.
- MAY 6 = New Moon form a Grand Trine with Pluto and the Moon's Node = The beginning of change in the state of mind. -Ebertin
- MAY 9-10 = Monday Jupiter Stations Direct, Tuesday Venus trines stationing Jupiter = This should make for very favorable days.
- MAY 15 = Mars square Pallas = Violence against strong women?! Not good for markets either.

ATTENTION: The CP newsletters are usually emailed on 1st Monday of months. Next CP will be available on Monday April 25

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