

STRONG RALLY MEETS RESISTANCE! SEASONAL PEAK NEAR FOMC?

Of the last seven days, six were Less Up or More Down than the previous same-direction day (DJIA)! We have not checked back far enough to determine if this is a record for this phenomenon but we have none such in our conscious memory bank. (If anyone checks with LIM – Let us know!)

The NASDAQ is back up to six Distribution Days (Down on increasing Volume), five on the S&P500. Major stock Indices are all approaching old highs which could act as considerable resistance as they were last year. A battle is likely to ensue over following weeks/months as it will be necessary for stock groups to chew their way through the people who bought here in the last two years and just want to “get out even”!

We reiterate from last month that Volume characteristics remain in the ‘Zombie’ category, with volume often increasing on downside price action and falling as prices rise, and that this is totally contradictory to the fundamentals of economics. March options expiry was the ONLY day in the past two months that registered above its 200-Day Moving Averages for both the NYSE and DJIA. The ONLY exception for the NASDAQ was this past Friday, as the price level broke down from an ‘Island Reversal’ which intensifies its negative connotation!

Dow Theory Letters (continued by RR’s friends & family) remain on a Dow Theory SELL as the Dow Transports stay among the weakest stock groups, currently having failed even to penetrate the Fib .618 retracement line! Even worse technical action from China, as it retracted by 4% last week, ending down -12% from Dec. 31.



GOLD is holding on to its gains so far, although it closed below its 50-Day MA Friday. It is at or very near best asset gainer this year! A close below 1200 would speak for further caution, at least momentarily, as technical damage would need to be negated. On the other hand, a close above 1280 should put it quickly up to the next resistance in the area of 1320-1380. We would add to positions on a close above 1260, and above 1280, Buy with Both Hands!

SILVER belatedly joined the Gold party and spiked on Wednesday to \$17.72, ending the week up 6% at 16.95. It is now up 20% YTD! That represents a further confirmation of the strength in Gold. The XAU Gold & Silver Stock Index already made that confirm with a breakout April 12-13.

Mercury Retrograde from April 28 to May 22 always suggest caution, and special care should be taken regarding errors in communications and in electrical and computer glitches. The market will occasionally take a terrible dump during the retro, so be particularly watchful over investments, but don’t meddle with them or plan any long term strategy until the Direct station.

For other reasons, worst days in May are likely around the 15th and 21st through 29th. Remember the “Sell in May and go away” mantra. It is a helpful aid, even if you lighten up on your total holdings during the worst of the seasonal difficulties. We think this year could be one of the uglier manifestations to date!

Remember too that the Mars-Uranus synodic cycle is in its more dangerous phase for several more months, ending with the year in late December. The greatest dangers can often be avoided by extra care during hurricane season around September-October and months with eclipses. This year they coincide in September and could result in more severe damage to markets and property.

Some people are warning that there may be clashes this summer involving whites, blacks and Muslims, in any combinations. It might be prudent to spend time away from our cities, especially during high heat periods. This is NOT a joke. It is preferable if we could all spend some of this time in prayer or meditation or with relaxation and philosophic contemplation!

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 ARE BACK TOWARDS GOLDEN CROSSES!

We have never seen the stock market go so far so fast while Volume meanders about at low and decreasing levels. One more indication of long term deterioration is registered in the NYSE New 52-week High statistics. An important high of May 15, 2013 had 536. They have trended lower with 472 on October 18, 2013; 370 on June 6, 2014; 358 on October 31, 2014; 350 on January 28, 2015; 300 on March 20, 2015; and the latest was 218 on March 30, 2016.

Although the rally up from the February 11 lows has been quite remarkable in rapidity and extent, we remain of the opinion that this is the last gasp of desperation from a crumbling financial/economic behemoth wounded unto death. A great many plates have been spinning in the air and finally some serious ones are beginning to drop and a couple are actually hitting the floor!

This week Dilma Rousseff was impeached – she’s appealing to UN world court?! And Puerto Rico has stopped paying anything more on their debt until at least 2017. Something is going on out there that is finalizing some of the situational fence-sitting. This week we have our largest coal company entering bankruptcy. We have warned here that widespread economic and market volatilities would lead to many lawsuits and bankruptcies.

Heavy recent Earthquake activity as well – are they correlated? Japan, Ecuador, both Again and now the [Kliuchevskoi \(Kamchatka\)](#) volcano. This series has clustered nearby to the Full Moon of April 21. Are we really not told that ‘The largest producers of CO2 are thirty or more Active Volcanoes?’ It was on magazine covers over a dozen years ago that ‘The Sun is the hottest it’s been in 8000 years!’ Why is everything not agreeing with ‘the agenda’ so completely hushed up?

We have found volcanic activity preceding market downturns. Will it this time? We have not yet gotten to the fine details. And the government interference has trickled down to hour by hour timetables. More and more damaging information is beginning to leak out over the internet, and there are those who want to shut it down. Our President has asked Congress for such a power. We are not informed as to whether they have given it yet. Everything is waiting for the right moment. And the stars get really ugly, well before this year is over.

A good short-term SELL signal will likely appear when the NYSE New Lows, now in single digits or low doubles, begin to rise and reach 40 or better for 3 days running or 3 days out of 4 in some cases. An arbitrary but useful rule.

‘I watched (TV) dumbly, tiredly. Then for no reason – this is true, it just doesn’t sound it – I thought of an old Paul Simon song that had been crossing my mind, “The Boy in the Bubble.” I muted the TV, found the song on YouTube, and listened as I stared at the soundless miles of cars and the soundless demonstrators. [Blocking traffic at Trump rally in AZ] As the lyrics came – “The way we look to a distant constellation/ That’s dying in a corner of the sky/...Don’t cry baby/ Don’t cry” – my eyes filled with tears. And a sob welled up and I literally put my hands to my face and sobbed, silently, for I suppose a minute. Because my country is in trouble. Because I felt anguish at all the estrangements. Because some things that shouldn’t have changed have changed. Because too much is being lost. Because the great choice in a nation of 320 million may come down to Crazy Man vs Criminal. And yes, I know this is all personal and not column-ish. But that was my Moment. You’ll feel better the next day, I promise, but you won’t be able to tell yourself that this is history as usual anymore. This is big, what we’re living through.’ Peggy Noonan - *The WALL STREET JOURNAL* – Sat-Sun – April 23-24



The NASDAQ COMPOSITE FORMING a BROADENING PATTERN or TWO!

The Broadening Pattern was written up in Magee & Edwards *Technical Analysis of Stock Trends* [ours was 6th edition] as having the most generally negative outcome of all the chart patterns. Reason being that markets that feel stable and confident move in regular patterns, and caution makes narrowing patterns. The Broadening or widening Megaphone is indicative of uncertainty tinged with fear! Nobody knows what's coming next and wider & wider swings induce more fear and uncertainty.

The 'smart money' tends to get out, away from uncertainty and incalculable Risk! The masses are told they should always hold and Buy More on a regular basis. That leaves the 'Bag-holders' to hold the bag, and it goes Down – Usually. The ONLY thing that Always Happens is that the flow of Money determines the outcome. NOT how many shares, or how many people... how much MONEY! And is it coming IN or going Out on balance?

The MACD indicator is not shown on this chart largely because it only adds to the confusion of the average person who expects the indicators to always have something to say! In this case, the MACD was positive a long while, went negative for a while, positive for two days and then back negative for one day – and that's where it stands. Sometimes the best thing a trader or investor can do is WAIT! What one should be waiting for is a condition where the Risk/Reward ratio is more favorable.

As Indices rise into their old highs, selling will increase. Will there be enough buying to overcome the new supply? At least we have a strategy for this, Sell and Sell Short very near the old high and Cover and Buy back if it blows through with sufficient energy, usually meaning if it Breaks-Out on higher volume and momentum. That is a judgement call!

In the 'old days' before Technical Analysis was so popular, these things would work better with fairly simple rules. These methodologies worked so well that they became tremendously popular and widely followed. So naturally, the Smart Money would push an item up through resistance or down through support to accentuate a signal falsely, and then reverse it to the disadvantage of the technically inclined 'newbies'. Then the academics come in and prove with statistics that 'Technical Analysis doesn't work.'

Trading is like a poker game. The other players react to how you act. If you have the money, the guts and the acting ability, you can pull off a successful bluff. The academics haven't a clue about how to measure that. One thing is sure. When enough people figure out the game, the game changes! To be good, one must be clever, fast and adaptable.

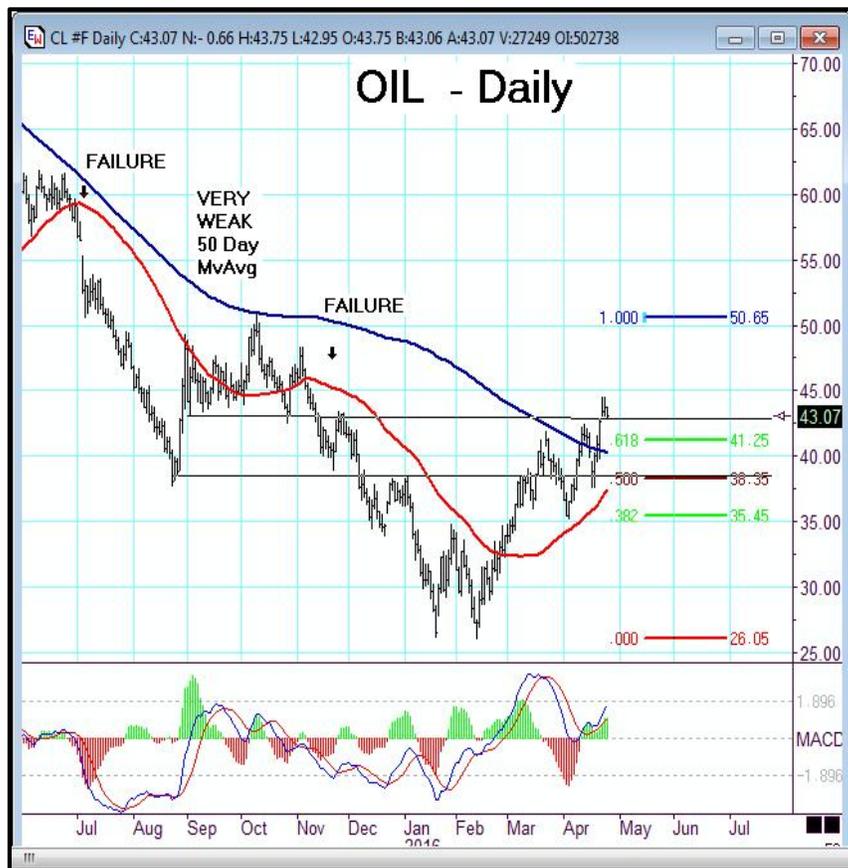
“US STOCKS : The last large cycle turn due between March 31st and April 7th finds the market at a top, but has yet to roll over. There was a daily cycle turn April 19th, and now a DJIA turn due April 28th. We will see if any of these causes a rollover in the market. On a large scale, we have a yearly top extension on the DJIA, and QUARTERLY scale extension tops on the S&P 500 at the end of 2015Q2, and also in the Transports, and the Russell 2000 Growth Index. This indicates a major “generational” top is probably in place (the same signals were seen in 1929). Our long-term forecast based on these signals is still flat to down through early-2018 or longer. – S. Kris Kaufman - PARALAX Financial Rsch.

OIL is showing considerably more power than we have seen at any time since the breakdown at about \$90.00. The recent rally from \$26 to \$44.50 represented a 71% increase over three months. As with the drama of the downside, there will be lawsuits and bankruptcies of short traders caused by unusual volatility on the upside.

The shorter-term technicals are all very positive for the moment. Heaviest resistance in the immediate future is the former intermediate high just above \$50. The round number will add to the resistance value of that point.

One must check the broader view to see anything more. The 50-Week MA (not shown) is about where the price is now. If it pulls back now, we would say that is the reason. Otherwise, we would caution that the rise may have been sufficient. Just raise your stoploss point to a bit below \$41 (.618 Fib –green line) and let it ride!

COMMODITIES in general and GRAINS in particular had spectacular runs Up from the first week in April to this past Thursday where Mercury contra-parallelled Pluto early and Saturn late and the Full Moon after midnight! Some records were mad up and many more on the Thursday-Friday massacre.



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

- APR 17-18 = Mars and Pluto go into Stationary Retrograde motion. Especially violent times +/-10 days or so. Four planets Retrograde now.
- APR 27 = FOMC announcement at 2pm EDT = Moon/Uranus=Ascendant -"An energetic and excitable woman. An upsetting experience."
- APR 28 = Mercury goes Retrograde at 23 Pisces conjunct Capulus = "Blindness or defective eyesight" = Now five planets will be Retrograde.
- APR 29 = Mercury contra-parallel Saturn and Pluto = News of dastardly deeds. Communications glitches now & next 3 weeks.
- Retrogrades are often associated with Down Markets! - 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 5 = Mars 135 to Uranus = Difficult early in the day – maybe just the first hour.
- MAY 6 = New Moon forms a Grand Trine with Pluto & 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. Hillary or Janet? Other?
- MAY 21 = Full Moon conjoins Mars & semi-square Pluto = Ruthlessness, cruelty, brutality, violent assaults, explosions, earthquakes.
- MAY 22 = Into Sunday, Sun opposes Mars so the danger continues at an intense pace. Also Mercury Stations direct.
- Violent Mars line West Africa, Saudi Arabia, Jordan, Syria, Turkey, Moscow. Pluto line thru East coast Africa, Portugal, Ireland
- Mercury Station favors Jupiter and hinders Saturn, suggesting that this weekend will be a win for the Democrats in some fashion.
- MAY 26 = Jupiter squares Saturn Thursday while Rx Mars backs into Scorpio = Criticism of Authorities = Everyone could get hurt on this one!
- MAY 28 = Powerful aspects for down markets, but on Saturday = Will the effects carry over into Monday's Open? We'll short some, just in case!
- This could also be related to more and bigger Earthquakes!
- JUN 3 = Employment numbers surprisingly bad – substantial down day! JUN 4 = New Moon
- JUN 17 = Saturn squares Neptune = People awake from the dream/illusion. In 1980, the day the Hunt brothers' silver was sold out by their brokers!
- It's also Option Expiration Friday! Tends to be very close to monthly highs. JUN 20 = Full Moon!

ATTENTION: The CP newsletters are usually emailed on 1st Monday of months. Next CP will be available on Tuesday May 31

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