

YIELD CURVE GETTING TIGHT!

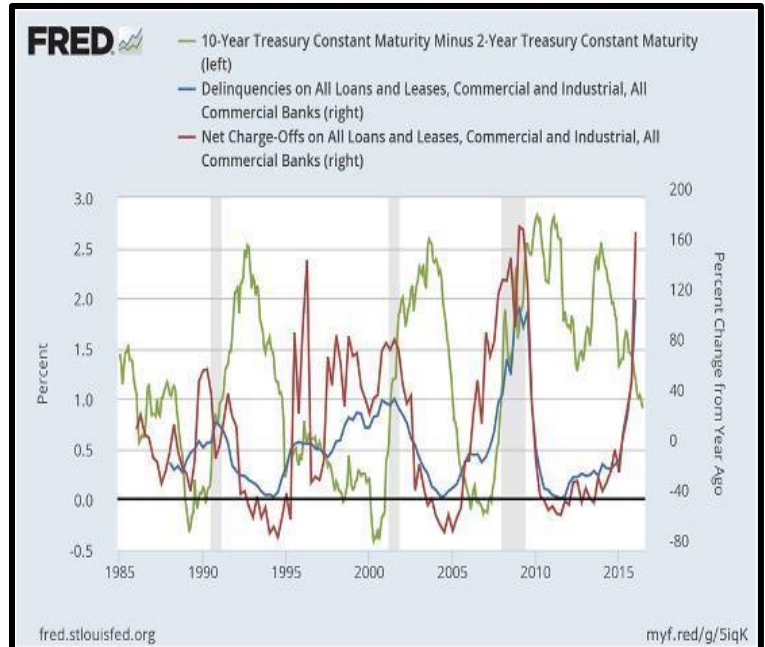
Last two months we mentioned: “A good short-term SELL signal will likely appear when the NYSE New Lows, now in single digits or low doubles, begin to rise and reach 40 or better for 3 days running or 3 days out of 4 in some cases. An arbitrary but useful rule.” “We have no short term SELL yet by this rule.” Nor have we yet!

We apologize for last month having a “... no short term Buy yet by this rule” in the hard copy and initially in the digital copy which was quickly corrected on line. We hope that the context made it an understandable error.

We have also harped on the extended downtrend in the NYSE New Highs which have now reversed sharply as Market Indices have approached their old highs. This is interesting but so many other things are “out of whack” that we can’t get too excited about much further upside.

For one thing, the 10-day average of the Highs peaked in early February 2015 and declined through August of last year. Therefore we just dropped off numbers that would make this rise less rigorous. Another warning comes with the 10-day average back up to where several tops have been formed, so they may find resistance to further expansion. If momentum lasts this week, new highs are in.

Meanwhile, the Yield Curve has flattened out in an ominous manner and an inversion could eventuate in due course. That has been a prime indicant of economic disturbance not too far down the road. More immediate in economic terms, see chart this page, showing drastic increase in Delinquencies and Charge-offs on loans in very recent times in All Commercial Banks. This is the fastest and furthest increase we’ve experienced EVER!



Isn’t it clear that many economic series are waving red flags that are demanding to be noticed but are continually swept under the rug by the media and the media-friendly analysts? There are more and more whistleblowers who are aware and willing to speak of the developing inconsistencies, but it is very difficult for them to get ‘air time’ with media who are dependent on their advertisers who don’t want their customers apprised of the inconvenient facts. Thank goodness you can find them on the internet – so far, at least.

The market projections for July are mixed to mostly negative. Especially July 11-22 has a heavy preponderance of negative planetary aspects. Yet there is no concentration of power that could precipitate a serious crash. The aspects are disconnected, disjointed – there is one hit after another, after another – yet are likely to manifest in unrelated areas of life. In other words it does not seem to form a coherent causal chain, although difficult.

The usual September-October period is more likely to bring focus, perhaps deadly focus, to the “affairs of men.” August 15th is the 45th anniversary of Nixon closing the US Gold window, essentially devaluing the US Dollar, internationally. There may be further echoes of the qualities of that time. Then on September 10th we experience the second of three squares of Saturn to Neptune. On March 27, 1980 another one accompanied a broker of the Hunt brothers of Texas selling out their stock positions to cover their Silver margin calls! Another of those fated squares occurred around Christmas of 1994 when the Mexican Peso came under pressure and devalued.

As for right now, we would not be surprised if the run up to Friday was an exhaustion move, or if we do manage new highs, might then immediately fall back. We choose to honor our stop-loss points as outlined in the VITAL SIGNS box at left, and thereby limit any further losses that may be inflicted with more than modest continuations.

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, 2015
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
Re-Shorted 200% on Close
at 2057.64 June 29, 2015
Changed to 3% STOP at 2129.57 for this set.

ALL OUR STOPS ARE CLOSE ONLY!



DJIA & SPX Near Highs – NASDAQ, NY COMP, WILSHIRE – NOT!!

The major Market Indices are more sanguine this month than they have been in a long while. We mean that they are nearer to the All Time Highs, and that the New High/New Low statistics have improved considerably. Oddly, the Volume characteristics still do not confirm the buying patterns. Markets seem to remain in a more or less reactive stance, where certain support levels are being emphasized and protected but the upside lacks dynamism, except for the NH/NL figures which are running much better. However, short term indications may be affected by NH-NLs back up to their highest levels since October 2013 – in other words – significant Resistance levels.

We continue to see the two indices most known to the public, the DJIA and the S&P500, acting better than all other measures in terms of their historical highs. The NASDAQ, NY Composite Index, Dow Jones Transports, Wilshire (broadest measure), are not keeping up with the strength of the better known and, especially with the DJIA (30 stocks) which we would consider more easily manipulable. However, these must be watched carefully during this testing of old highs. If more and more indices are able to break through those highs and especially if they are able to hold above those benchmarks, a more credible advance must be recognized.

We remain skeptical that the blowing of huge asset bubbles with digital creationism is any answer to the underlying facts of ordinary business cycles. And now we have experienced several cycles where banking systems have interfered with the out-workings of natural selection by protecting the Do-dos who should have been sloughed off as clearly not among those “fit” to survive. Our ‘Capitalist’ system has been replaced by an ‘Oligarchy’ of the 1%, or the .1% or .01% - at any rate – the Very Rich, not unlike that of Russia, where political and social connection determines who succeeds and who fails.

The decadal movement towards giant monopolies has further aggravated these problems where the giants use the government and their regulative bodies to protect them from the more innovative small businesses who are more clever and more agile, but cannot afford to play with those regulatory handicaps which dull the survival mechanisms of even the most imaginative and hard-working younger Capitalists.

The question lingers: When exactly do all these ‘unsustainable’ trends hit the wall & become actually unsustainable? We are of the opinion that things economic and political will get even further out of control during the usual disruption period known commonly as hurricane season. In the Atlantic side of the US, it officially starts June 1 and ends November 30. That included the Summer Solstice June 20, and will include the Fall (Vernal) Equinox September 22, our National Conventions and the Presidential Election. End of quarter September 26-30 looks particularly interesting. There is plenty of room for error!

“The British, or a majority of them, understood that the EU is a dictatorial governing mechanism in which power is in the hands of unaccountable people and in which law can easily be used as a weapon in the hands of unaccountable government.” --- Paul Craig Roberts



WEEKLY GOLD (Current Contract) STRONGEST SINCE 2011

After a magnificent run up from 1999 to 2011, **GOLD** has been consolidating for about four and a half years. We at CP gave a BUY signal to clients on April 4, 2001 at \$258 on a Jupiter trine to Neptune, and rode it up most of that rising period. Getting out not far from the 2011 highs we stayed out most of the last five years. During that period we bought twice and were quickly stopped out.

We became excited about it once more as it broke above a downtrend channel line above 1140, and then made a new intermediate high above 1191.70. It was the first higher intermediate high all the way back to the top! After it dropped back from above 1300 this year, we wrote to buy more if it breaks above 1260, and if it exceeds 1280 again, BUY WITH BOTH HANDS!

Although markets have experienced a severe commodity bear down from last year, Gold began to decrease its downside momentum and since the lows in late 2015, the technical action has been exemplary, recently breaking above its 200 Week Moving Average (blue line). It also surmounted its 50-Month moving average (not shown). We posted here for the last couple of months that our technical measuring count should take the price to the \$1440 area.

SILVER has finally begun to catch up to the Gold activity and has very recently surpassed it. You can see from this chart that it has also surpassed its 50-Month MA (Red line) after finding long term support from the 200-Month MA (Blue line). It could pull back from this level for awhile or it could Bull on through. Next heavy resistance range begins around 26.400, our target.



OIL has recovered over 92% from its lows in the first quarter this year. The high last month, a touch under \$52.00 also matches the intermediate high from late last year. We expected this 49-52 area to halt the advance for a time and lead to a Fibonacci retracement move back to the 61.8% line near 41.25 or possibly the 38.2% line around 35 and a half. It could stay in the 43-48 range for awhile. A break-out above 53.75 would seem less likely now but remains a possibility, especially with more Middle-East turmoil.

Fracking developments in the US have decreased the importance of Arabian Gulf politics as US production has overtaken even the most prolific producers there. In addition, worldwide recessionary forces, including those affecting China, have added to the fiscal limitations of petroleum producers everywhere. South American economic turmoil caused by massive price declines has drastically changed the face of Socialist politics in the West.

Although the sharp recovery in OIL and many other commodities has somewhat moderated the damages, leading to economic, stock market and currency recoveries in many third world nations, the extreme volatilities have left uncertainties with bankruptcies working their way through the courts of many nations. The damages are thus being suffered anew as these delayed effects come to the surface to be worked out.



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

- JUN 3 = **Employment numbers surprisingly bad** – substantial down day! Sun opposes Saturn early A.M., Venus opposes Saturn Fri. evening.
- JUN 22-23 = Mercury squ Jupiter, 150 to Pluto overnight. **More potential bad news as irritating aspects rule the sky patterns. Brexit?! Likely?**
- JUL 1 = Venus sextile (60 deg) Jupiter (3:19 pmEDT) = Should be a good UP day! **DJIA was UP +800 points 4 days into & including Friday July 1!**
- JUL 6-7 = Strong reversal = Strong UP followed by strong Down! (Wed-Thur) **Not so strong, but directionally correct! +78.00 -22.74**
- JUL 11-22 = Looks like a really rough period. Probably Not a Crash, but one hit after another after another in possibly unrelated areas?!
- JUL 12 = Venus contra-parallel Pluto= Often a hard hit to markets.
- JUL 14-15 = Option Expiration Friday - Extraordinary excitable markets on 4PM Close both days, or news immediately following!
- JUL 18 = MC-“The dictator. Subjected to force.” Moon-“Persons who obey an order. Sudden strong explosion. Nation in arms.”
- JUL 19 = Full Moon = “Dissolution of a partnership or community” –Witte Political Mandates – Possibly WAR?!
- JUL 22 = Sun enters Leo early = Foreign markets higher. Expansion of speculative energies.
- JUL 27 = Mercury trine Uranus = Buy or Fix electrical equipment/computers. “Say yes quickly to an impulsive offer.” Dell Horoscope
- JUL 29 = Uranus Retrograde Station = Intense excitement. Turning point in Oil. Divisive encounters. JUL 30=Mercury enters Virgo (it’s home sign)
- AUG 2 = New Moon aspecting Saturn, Uranus and Neptune = Major generational shifts are accelerating!
- AUG 2 = Mars enters Sagittarius = Love of sport and adventure, extravagance. Luxury retailers could get a bounce Aug 3 to Sept 28!
- AUG 5-7 = Friday morning to Sunday morning = ALL(11) Difficult Aspects [includes asteroids but not Moon] =Irritating/discouraging at best.
- AUG 10 = Pluto semi-square Pallas = An unusual confrontation with Hillary, Loretta or other strong, public women.
- AUG 13 = Saturn Stationary Direct – Some form of restrictions tend to reappear over the near term. Markets may begin a pull-back of sorts.
- AUG 18 = Full Moon in Aquarius = Torrential rains – Flooding! More forest fires – Fire & Rain!

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

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