

FRUSTRATING CONTRADICTIONS!

Last month we wrote on page two: “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. After registering a 43 on May 13 and 40 on May 19, they have dribbled back down to 10.

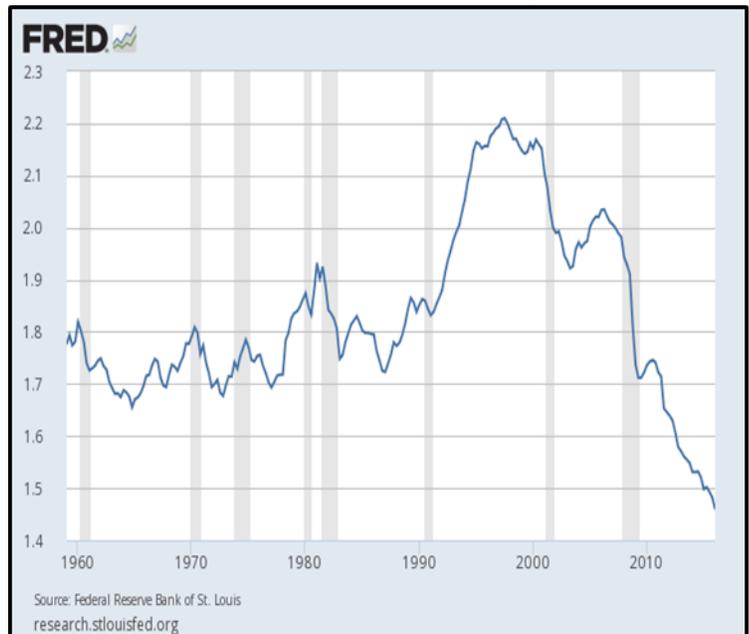
The NYSE New Highs have been equally non-confirming, falling from a 10-Day Average peak at 164 on May 17 to 89 this past Friday. That covers a 438-point rally with virtually NO technical confirmation from anything. Volume on the NYSE has been declining gradually since mid-March. Fifty percent of stocks are below their 200-Day Moving Averages.

The “Distribution Days” for NASDAQ moved up to 9 (tying record highs) a few days ago and then slipped back to 6, which is the same now as the S&P500. They remain at this ‘warning’ level, though some have dropped off.

We are living in a fantasy world. If not a “Matrix” world, then certainly a “Truman” world where we are encouraged to NOT seek uncomfortable truths behind the curtains, & to remain naively passive about the unknown.

For instance, the CPI computed by the Bureau of Labor Statistics is used by several government payment systems to determine amount to be paid out in benefits.

When payments become a strain on certain government asset classes, well then, the government gets the BLS to change the definition in such a way that it obscures the actual rates of inflation to the detriment of recipients. The current tortured outcome would be unre-



M2 MONEY SUPPLY as of MAY 2016

cognizable to government payment recipients of the 1970’s or 1980’s and would not seem to them as ‘fair’ as before!

That’s just one simple example. The financial press assists in the obfuscation by reporting that our “Unemployment Rate” is 5% which is an indication of how wonderful our lives are. It was decided some time ago that workers too discouraged to look for work where there is none, should no longer be counted as “unemployed,” even though they certainly are. To come closer to truth, one must now watch the Employment Participation Rate which has been dropping like a stone. You get what we mean!

Much worse is the info that our elected representatives are nearly all becoming millionaires while in elected office. Did you know that they can “legally” trade on “Inside Information” while doing so yourself would result in large fines and jail time.

We also did not recognize that our two monolithic political parties are actually “private clubs” and that their governing boards can throw out any membership votes and appoint whomsoever they wish to be their candidate. The only reason these boards have not yet thrown out Donald and Bernie is that their enormous popularity among the grass roots will make it very uncomfortable for these perpetrators to exercise their “legal authority”!

It’s a blow to realize that “Anyone can become president of the US” has never really been true. You have to k... a lot of a.. to become our ‘puppet’ leader. ‘Most powerful office’ in the world? – Not so much. Who owns the puppet pulls the strings!

Back to sum up market activity = incomprehensible! It appears to us that the “powers that be” are desperately trying to hold things together with ‘masking’ tape and bailing wire until... until WHAT? Until Goldman gets their clients short? Until that which is hidden can no longer be hidden? Until World War III? Until the aliens land? Until the Antichrist takes over? Until the Sun explodes? Guess we’ll know shortly after they all go into their deep bunkers!

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!



3 MAJOR STOCK INDICES NOW HAVE GOLDEN CROSSES – Unconfirmed by other info!

The major Market Indices continue to evade the reality defined by its own internally generated technical statistics. If this happens in a person, they soon exhibit symptoms defined collectively as schizophrenia! We would define these market actions similarly. The actions across a wide swatch can only be explained rationally if there is a vast conspiracy of great money power attempting to hold up the appearance of solvency until it can be solved without fanfare, or until it becomes so widespread as to initiate a massive 'run' on physical assets of real value. So far, masses of people are restless and frightened (if at all aware), but they don't know what is wrong or what to do about it.

In my career, I've been able to sense correctly when things were getting 'out-of-hand' and about to enter periods of severe contraction, at least in stock markets. Beginning with the 1962 Crash, and then the 1987 Crash, I did not hear of anyone else who was sounding warnings of any specific nature. We published projections of tops which were accurate exactly, and that crashes would ensue. They did. There were no other analysts or astrologers or tealeaf readers making these projections about markets publicly at those times. We predicted War for the date Saddam Hussein attacked Kuwait and the week of a US War for September 6-7, missing 9/11 by three days. The Bradley Model correctly called both market lows for Oct. '02 and March '03. We did not hear of others who projected the 2008 Crash, we published a date, October 10, days in advance and that ended with the largest number of NYSE New Lows recorded even to this date.

Unusually, we now have a large number of very substantial worthies calling for much the same as reported here in CP, where before, there were none or precious few, with our past calls. Ominous pronouncements are all over the internet from very serious analysts. Here are a few names, some of whom were correct on one or more of the earlier calls but many new ones as well: Robert Prechter, Peter Eliades, Alan Newman, Marc Faber, Richard Russell, Harry Dent and Paul Montgomery all had good calls in newsletters from long ago. Now we have Bill Bonner, Doug Casey, Porter Stansberry, Peter Schiff, Jim Rickards, James Dale Davidson, even Congressman Ron Paul making scary (and probably truthful/accurate) statements on internet videos. I was not so familiar with these gentlemen as their communications were not so well known in strictly stock market terms, some better known for economics or 'special situation' investments.

Admittedly, there have been occasions where things took longer to develop, but THIS time is Ridiculous (and costly). We have stayed 200% Short for an extended period even though we have written that the 'worst' would most likely be in September this year as it is not only the worst statistical month for markets, but also contains Eclipses which sometimes will exacerbate otherwise critical developments. There were 5 planets in apparent retrograde motion late April into May and the major averages did decline, but grudgingly. Now another stretch is coming into focus.

There will be six bodies, planets plus Moon and Sun, in Water signs on our Fourth of July weekend, five from June 29 through July 11 except for the July 3-5 New Moon period, which adds the Moon. We guarantee you that there will be a massive increase in Emotionalism at this interval! We cannot guarantee that it will affect our markets. It might very well! We will be more especially negative on world markets during this sensitive frame, as well as for the usual September-October.



The 10-YEAR TREASURY BOND INTEREST RATE – CONSISTENT TREND!

Unless this 10-Year Rate can break above 2.5% and then 3.0%, it must be considered remaining in the Downtrend Channel. We believe that no matter what the FED does over the short term, World rates, and eventually our rates, will continue lower. Do you think the FED is going to get ‘stuck’ with their huge inventory of US bonds? What about ‘their’ constituents, who are most probably also loaded up with similar positions. Although Americans are not willing to accept negative interest rates at the present time, our opinion is that they will be forced to do so during the Next Crisis!

How much better off will our banking system be when it has achieved total control over your “digital only” assets? They, in cahoots with our government entities, can erase your account if you insist on being disagreeable, and they can charge you whatever they like to maintain your ‘illusion’ of cash. The chip in your hand can be disabled with the click of a button. Then we will see how disagreeable you can be when you cannot buy food.

“1984 actually occurred around 1934 but we were too busy to notice.” - Marshall McLuhan

“Several of the world’s central banks have crossed the Rubicon, commencing a high-risk experiment with negative interest rates. The intent is clear: reduce debt by confiscation and transfer wealth from savers to borrowers. This is ultimately an admission of defeat, as traditional means of bringing excessive debt under control have failed.

Negative rates are now the policy of the European Central Bank, with a deposit rate of minus 0.40%. Ditto for Switzerland, where the rate is minus 0.75%. In Sweden, the rate is minus 0.35%. The Bank of Japan too has announced negative interest rates, of 0.10%.

More than \$26 trillion of government bonds now trade at yields of below 1%, with around \$7 trillion currently yielding less than 0%. Government bonds in Germany with a maturity of seven years are trading at negative yields, while Swiss and Japanese government bonds out to 10 years trade at negative yields.

Negative real rates entail return on the amount invested but loss of purchasing power because inflation rates are greater than the return. Negative nominal rates involve a guaranteed loss of capital invested. Yet negative rates so far have not boosted growth or inflation.”

[Instead the policy is creating serious economic and financial distortions.](#)”

Satyajit Das – SMART MONEY

“One ring to rule them all, and in the darkness bind them.” - *The Hobbit* by J R R Tolkien

OIL has recovered over 92% from its lows in the first quarter this year. The high last week, a touch over \$50.00 also matches the last intermediate high from last October. We would expect this double resistance technically to halt the advance for a time and lead to a corrective move back to the low 40's or high 30's. It could stay in the 43-48 range for awhile. A break-out above 53.75 would suggest more upside immediately. We mentioned last month: "As with the drama of the downside, there will be lawsuits and bankruptcies of short traders caused by unusual volatility on the upside."

GOLD (not shown) has shown a corrective downside from \$1306 down to a hair below 1200 in electronic trading on Monday. There is strong support between 1190 and 1202. We'd like to see that hold. A normal rally would carry to 1260 minimum. We would add to positions at new highs above that \$1306.

OIL is up against resistance, the Dollar Index broke above an important trendline Friday, & Gold is down to support. The Interest Rate is in the middle of a Triangle and could break either way. Many important commodities are at or near critical levels. We await the decisions of these markets!



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

- MAY 9-10 = Tuesday Venus trines stationing Jupiter = This should make for very favorable days. **Biggest up day March 1 to date!**
- 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 Tuesday's Open? We'll short some, just in case!
This could also be related to more and bigger Earthquakes!
- MAY 31 = Fall of a leader or a government.
- JUN 3 = Employment numbers surprisingly bad – substantial down day! Sun opposes Saturn early A.M., Venus opposes Saturn Fri. evening.
- JUN 4 = New Moon opposes Saturn and squares Jupiter = Not good for economic numbers.
- JUN 13 = Neptune Stationary Retrograde. Saturn is closing in on the square. Operating plans may dissolve on the floor! Shock to illusions 12-18th
- JUN 15 = FOMC – From aspects Jun 13-17, we suspect that the FED will Raise Rates! At least it is more likely than any other nearby months!
- 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! Around 7am EDT at ½ degree from the World Point (Zero Capricorn); Mercury opposes Saturn 11am squares Neptune 1:12pm
This is a Fully Mercury day as additionally, Mercury contra-parallel both Mars & Pluto in the evening! BIG News of a Violent Nature.
- JUN 22-23 = Mercury squares Jupiter, 150 to Pluto overnight. More potential bad news as irritating aspects rule the sky patterns. Brexit?! Likely?
- JUN 26 = Active day Sunday as "good and "bad" aspects to major malefics! Big NEWS day?
- JUN 29 = Another active day Wednesday as Sun 135 to stationing Mars while Pluto parallels it. Mercury enters Cancer. News of War/Brutality.
- JUL 1 = Venus sextile (60 deg) Jupiter (3:19 pm EDT) = Should be a good UP day!
- JUL 4 = New Moon in Cancer = Americans may seek a return to formerly American values. Six planets in Water signs may be trouble for markets!
- JUL 6-7 = Strong reversal = Strong UP followed by strong Down! (Wed-Thur)
- JUL 11-22 = Looks like a really rough period. Probably Not a Crash, but one hit after another after another in possibly unrelated areas?!
The Full Moon on Tuesday, July 19 is across my own chart – We won't hazard a guess for that day – May stay in bed!

ATTENTION: The CP newsletters are usually emailed on 1st Monday of months. Next CP will be available on Monday July 11

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