

# CRAWFORD *Perspectives*

November 4, 2002 Vol. 11/02

## BUY THE NEXT DIP OR TWO! HIGHER INTO LATE NOVEMBER

Last month we wrote: "The strongest Turning Point for quite some time is NOW (as we write this on Sunday, October 06, 2002)." The low close was Oct. 9, low hour was 10am on Oct. 10!

Also: "The Bradley Model chart on page one of the July & Sept. issues pointed to a probable "astronomic" low on September 29, but with a "flat" period continuing into the middle of October, leaving us with a wider than normal window for the bottom to form. A Mars/Saturn Square with Jupiter at midpoint, 45 deg. to both actually pinpoints the latter phase to Monday the 14<sup>th</sup> +/-2 trading days." **The 14<sup>th</sup>, minus 2 trading days was Oct. 10!**

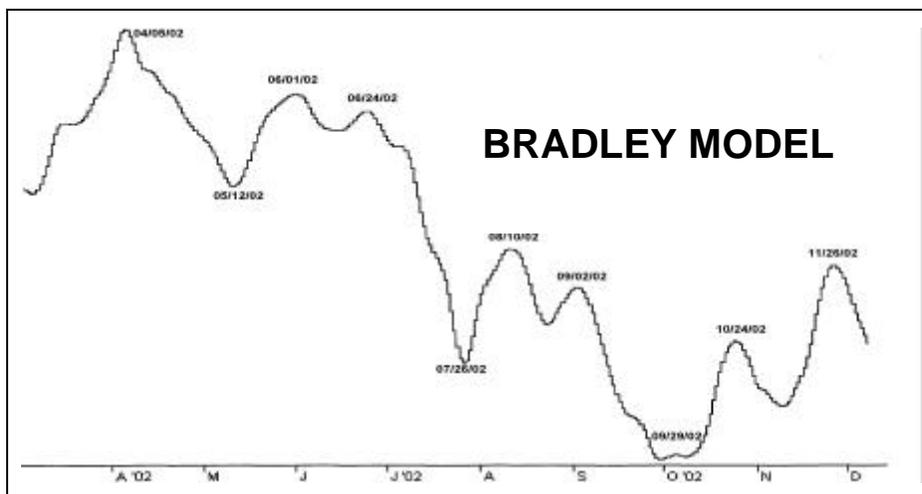
The BRADLEY Model has been extremely helpful, this year! Not always so, it can be a fickle mistress, and must always be backed up with magnanimous helpings of Technical Market Analysis. That is why we waited for the October letter to give the ALL CLEAR, as the technicals finally confirmed the high probability turn!

### VITAL SIGNS

**WE COVERED HALF OUR SHORT POSITIONS AND WENT HALF LONG ON OCT 7 (OR WHEN YOU REC. THE OCT. NEWSLETTER, COVERING THE REMAINDER AND COMPLETING A 100% LONG POSITION (WITHOUT USING MARGIN) AS DETAILED FOR OCTOBER 14<sup>TH</sup>.**

**WE WISH TO PLACE STOPLOSS ORDERS TO BE REMOVED ON ALL POSITIONS AT DJIA 7850, OR S&P500 AT 830 ON A CLOSE-ONLY BASIS.**

**EXPECT TO RETURN TO SHORT TRADING EARLY IN THE NEW YEAR.**



Although the Bradley AND the technical picture suggest a minor pull-back, followed by higher prices into month-end, from there, the crystal ball becomes more fuzzy around the perimeter. Bradley's model clearly peaks out around Nov. 29 +/- 2 Trading Days, and declines for the remainder of December. However, December has a wonderful record of pulling gains at year-end, even against cyclical negatives.

To further muddy the water, an Eclipse of the Moon hits on November 19, followed by a Total Solar Eclipse on December 4! Neither the Bradley nor technical analysis takes full account of Eclipses, which have a reputation for throwing off predictability of any sort of regular pattern analysis.

Therefore, we will wait for early December to make determination on whether to SELL at that time, or hold out for the "window-dressing" "Santa-Claus" rally! Meantime, we will place & keep Stoploss Orders in our present positions. Considering the lack of clarity during this time frame, we will hold at 100% levels, without activating higher risk Margin conditions.

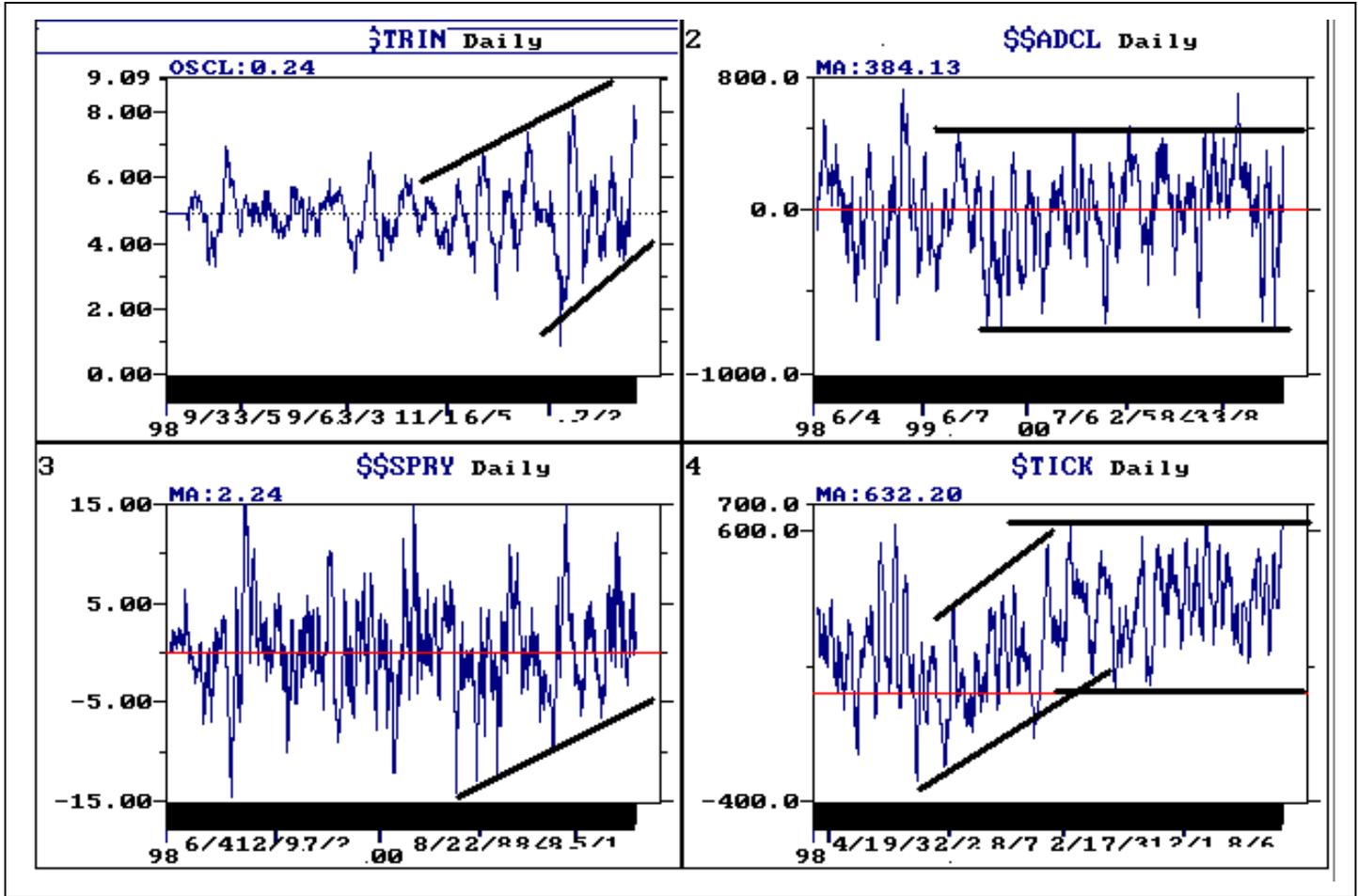
Today should be an interesting one, to say the least. Starting off in the early morning with the Direct Station of Uranus (1:26amEST), then Mercury conjunct Venus, favoring finances, and it

looks like a gap UP opening, as the Moon conjoints both well before the open. The NEW MOON occurs in very close square (90 deg) to asteroid Pallas (Warrior Woman with Lance), at 3:34pmEST, and would tend to affect GOLD stocks into the close.

A very close conjunction of Sun & Mercury, also close in declination (North/South) means we may be able to see Mercury cross the face of the Sun on the 13<sup>th</sup>. Likely a short-term market turn. A Lunar Eclipse on the 19<sup>th</sup> finds Sun quincunx (150 deg.) to Saturn, somewhat depressive, literally "stalled gains" according to Dell Horoscope.

Venus has spent its Retrograde period in its Fall, an ominous implication, and goes Direct on the 21<sup>st</sup> only 3 minutes of arc from Zero Scorpio, the Sting of the Scorpion! Beware women with bombs, and trouble with Banking and Insurance industry stocks in particular. Even with a broader based rally phase, this will NOT be an easy time to make money.

This week will be historic...again. With very tense mid-term elections, deciding the power structure of our political landscape, the Uranus Station relates to Upsets, and Mercury square Neptune on Tuesday is a further indicant of confusion, deception and indefinite outcomes. Current trends in our Bond markets infer a 100% probability that the FOMC will lower rates by .25% or maybe .50% on Wednesday. Plenty of excitement! ~



### 3 OF THESE 4 ARE HITTING RESISTANCE IN MODERATE/NEUTRAL AREAS!!

**As a general rule, these indicators are positive when low and rising, weak when high and falling.**

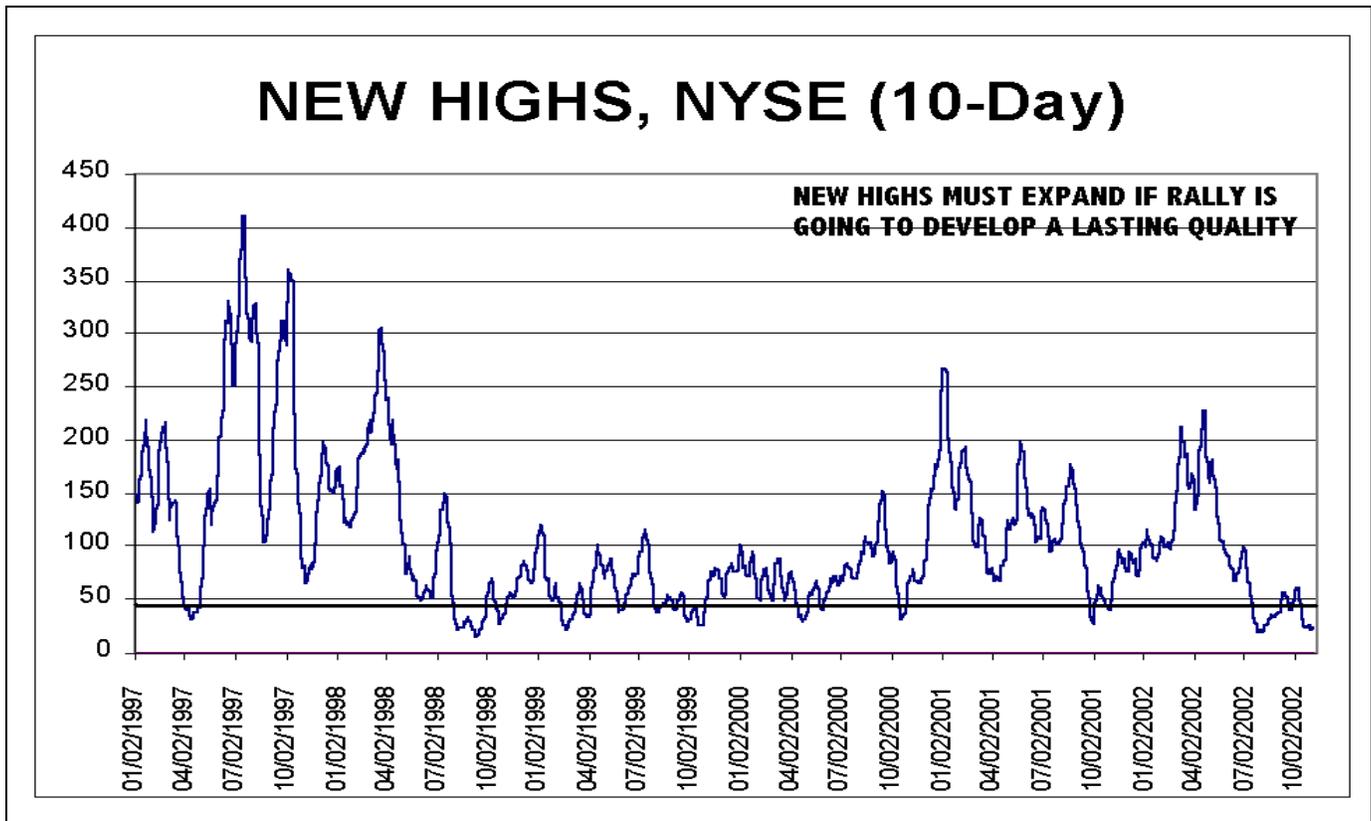
Chart (1) \$TRIN is an oscillator consisting of a 55-day moving average of the ARMS Index (TRIN) minus a 21-day moving average of the same. This oscillator is now breaking clearly into its higher ranges, showing strength for the general trend, yet nearing a near-term maxima of sorts. Markets should get some downward play into a low around next weekend (6<sup>th</sup> to 11<sup>th</sup>).

Chart (2) \$\$ADCL is a 10-day moving average of the net change in Advances-Declines (NYSE). A double bottom has formed with the successful retest, but the "lower high" the last couple days leaves us in doubt that the trend can last without a corrective phase, first.

Chart (3) \$\$SPRY is a measure of "smart money" action in the S&P futures. The pattern of rising bottoms in the extreme low range is encouraging. The line of "rising bottoms" has never broken, despite severe Oversold readings in so many other indicators! Strange at this juncture. Without a capitulation, we doubt it's a New BULL!

Chart (4) \$TICK is Closing TICK (NYSE 10-Day). The ability to hold within a long term rising pattern, while markets have been floundering is a very likely sign that Wall Street, or possibly our government is attempting to make the market look better on the last trade of most days!! (There is some concern that this indicator, as well as TRIN, could be more easily manipulated since trading began in 1 cent increments.) Intra-Day Highs on NYSE TICK have continued to rise since late 1999 while Closing TICK has flattened out again with raised range parameters beginning with late 2000. Currently rated a positive, but without "Gusto."

We believe that the rally will be healthier if we can get one week Down for a normal "breathing" "B"-wave pattern.



### FEW CHARTS SHOW MORE THAN A MINOR CORRECTIVE PHASE!

The chart of NYSE New (52-week) Highs (above), is one of the few which have shown little, if any, recovery. After an extended move lower over months, it will take some time to repair, as many stocks have to travel considerable distances to overcome well-established downtrends sufficient to reach a new yearly High. We remember not seeing this degree of sluggishness on such a good percentage move as we've experienced, but must chalk it up to the very steady and steep angle of decline persisting for 2½ years!

The number of NEW LOWS is perhaps a better measure of a trend change near bottoms. There has been a tendency for the formation of "V" bottoms in the course of our 18-year Bull Market, with quite rapid recoveries from fast moving, sold-out bases. The "Spike" in New Lows (not shown) has been a definitive signature of an Intermediate Bottom. The Long Term BEAR will most likely end with a Long Flat Stretch, with little volume and momentum, and few among the general public willing to participate in equity investment.

Other market indicators which have pulled back to recent lows, but not to levels commensurate with the formation of massive TOP patterns include many of the old standards: ARMS or TRIN, PUT/CALL ratios, ODD LOT SHORTS, VIX and quite a number of investor Sentiment readings, four of which are reported weekly in *BARRON'S*. With one of the best Octobers on record, there has been a rapid shift of advisor sentiment, and correspondingly, investor sentiment, to a more hopeful stance.

Our opinion is that the degree of improvement across a wide swatch of technical and psychological measures, even Fundamental measures, is sufficient to precipitate a temporary setback, to disabuse the many of their budding new hope! When so many are jumping on board too fast, with stories on CNBC of doubling and tripling money in the sold out penny stocks of former glory days, there is a tendency for a shake-out to appear out of nowhere, just a short one, to knock a few hangers-on off the cart...so that it can go faster. That is likely to come about in the next week or ten days.

**Our HOTLINES at 1-900-73-SOLAR are updated at 10 & 2 EDT and cost \$4.30 per call.**

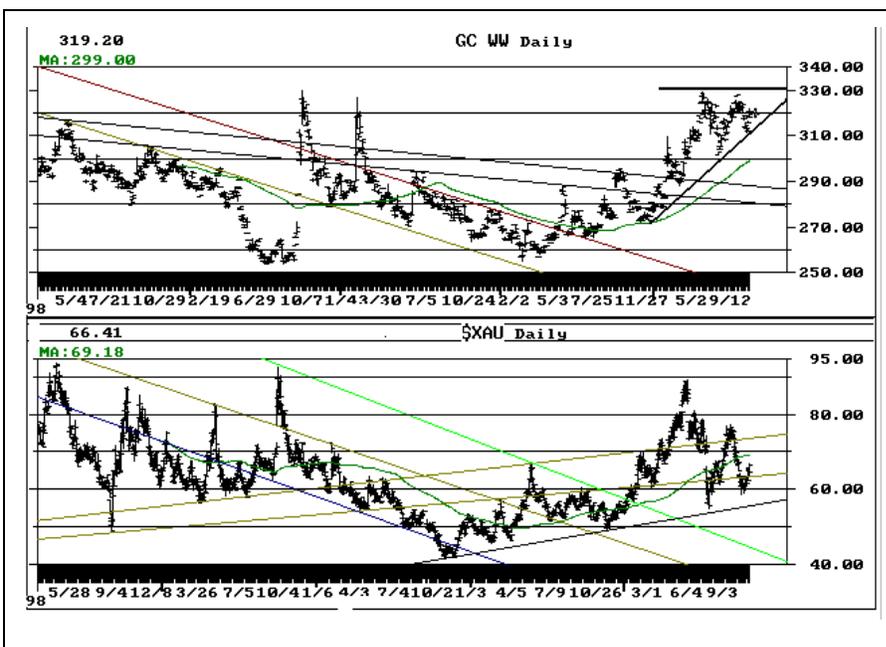
We are still expecting an important move in **GOLD**, which is continuing to hang near its old highs (320 vs. the previous highs at 332)! Although it has not yet broken out, and the stock average (**XAU**) is weaker, both continue in favorable chart patterns characterized by "rising bottoms." **XAU** must regain its 200-Day Moving Average (now just below 70) to hold the favorable assignation. **GOLD** metal is holding well above its MA, at 300 presently, and looks far more dynamic than the stocks, as a whole. But, if the **Metal** takes off, the heavily leveraged mining group will NOT be far behind! The Commodity Research Bureau (**CRB**) **Index** continues a steady ascent, now one year old, from 180 to 230!

**OIL** may be completing a 4-6 week corrective phase. With AETNA spewing forth volcanic ash, we could get a colder than expected winter, driving UP

**Heating Oil**. Will other Arab countries cut us off if we attack Iraq? Otherwise, Muslim countries are in discussion about returning to some form of **GOLD** Dinar for international settlements among themselves. This despite a BAN on such settlements by the IMF. IMF? Who in Hell gave them the right to tell nations how they may settle debts? In my opinion, the IMF will end up a "Barbarous relic" long before **GOLD** does! Anyway, speculation is rampant that many of the **OIL** producers may demand **GOLD**, and we better grab the Iraqi fields before then!!!

Jupiter/Neptune opposition will continue to influence Inflation Hedge commodities, as the opposition repeats on 19 Jan. and 30 April of 2003. We would prefer to Overweight Metals until that completion.

**Non-U.S. Currencies** are strong against the **Dollar** last two weeks. **EURO** and **Swiss Franc** have broken above 3-4 month trading ranges. With larger than expected deficits facing the U.S., one cannot blame those holders of our currency for getting a little restless. Last time OPEC quadrupled the price of **OIL**, US roads were full of Gas-guzzlers! Sound familiar?



## ASTRONOMIC ACTIVITY

OCT 27-29 = Triple Trines!! Jupiter/Pluto, Mars/Neptune, & Mercury/Uranus = What could be better?? BRADLEY TOP!  
 NOV 4 = Uranus Stations coincident with the New Moon = Rebellion for Independence = More moves Gold/Oil/CRB!!  
 NOV 7-8 = Sun parallel Venus, both Contra-parallel Jupiter = Immoderate/Immodest Mergers! Someone may pay too much!  
 NOV 13 = TWO Triple Parallels = Intense, Wild, Deceptive = USE MEDITATION, NOT MEDICATION!! Oil prices vary.  
 NOV 19 = LUNAR ECLIPSE square Uranus = Double the above line for this one = stay off the streets = CAUTION!  
 NOV 21 = Venus Stationary Direct at Zero Scorpio = Watch for bankruptcies in Banking and Insurance industries.  
 NOV 22-24 = A pleasant weekend. Mild favorables without too much intensity.  
 NOV 30 = (Saturday) Mercury conjoins Pluto and trines Jupiter = Major favorable = Bradley TOP Nov 28-Dec 2! Gold low!  
 DEC 1 = Moon/Mars/Venus 0-2 Scorpio, semi-square (45 deg) Pluto. Careful not to be lured by the illicit!  
 DEC 4 = MOST IMPORTANT DAY! TOTAL SOLAR ECLIPSE! Jupiter Retrograde Station,  
 DEC 13-15 = Intense release of Energy! Mars/Uranus/Pluto parallel. Venus and Mars square Neptune. WAR? Gold/Oil UP!

**ATTENTION: The letters are usually mailed 1<sup>st</sup> Monday. Next month, that will be Monday, December 2!**

Our twice-daily HOTLINE update is available at 10AM & 2PM EST for \$4.30 total per 2-3 minute call =1-900-73-SOLAR

Crawford Perspectives is published 12 times per year. Sources of information are believed reliable, but are in no way guaranteed. Opinions and recommendations are given with the understanding that our sophisticated investors are aware of the risks involved. Crawford Perspectives is written and published by Arch Crawford. © 2002 Arch Crawford. All Rights Reserved.

CRAWFORD PERSPECTIVES 6890 E. Sunrise Drive, Suite 120-70, Tucson, AZ 85750-0840 Tel. (520) 577-1158 FAX (520) 577-1110