

CRAWFORD *Perspectives*

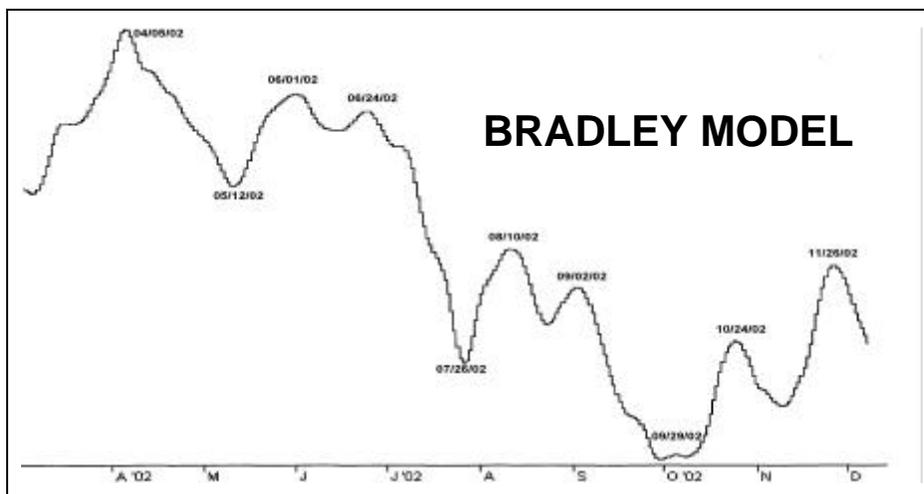
September 3, 2002 Vol. 09/02

THE EASY PART IS PAST! RETEST OR DEEP NEW LOWS?

Mixed Indications are prevalent in our economic and technical conformations! Last month we wrote: "One ramification (of a market bubble) leads to very oversold markets which stay oversold, reaching extremes on technical indicators never before witnessed, yet without producing important market turns."

The Bradley Model chart here on page one points to a probable "astronomic" low on July 26, +/-2 trading days, followed by a rally phase into mid-August and down hard again after a minor rally high around Sep. 2 +/-2 trading days into a more severe bottom in late September or early October. CP also mentioned: "Expect extreme hostilities 23rd and into the early morning of the full moon 5:07 AM EDT on the 24th!" The low to date was only minutes of trading after that pre-opening full moon!

We were interviewed on CNBC July 25, and we stated that "Barring unsettling news over this weekend, we expect the low is in for



now, for a rally into mid-August." We did NOT cover our short positions placed at the early January highs (without using margin) and in early April (using full margin). The dangers of a sudden downside continuation were too great, in our estimation, and we would have re-instituted the shorts by now, in any case.

At market peak on the August full moon, the S&P was up about 23% from the lows, occasioning denizens of CNBC to speculate on the possibility of a new bull market (20% higher is a definition considered by some optimists)! Although the retracement from the first quarter highs was between the 38.2% and the 50% levels of the recent decline, it only managed to recover a modest 22-23% of the total losses from the first quarter 2000.

Another important measure gave a positive reading as most major indices surmounted their 50-Day moving averages on August 19, but most are back below by this past Friday. Was it a bull trap?

Seasonal influences usually boost markets into US-Canada Labor Day, but price action on this approach has been desultory, at best...weak and disappointing. If that's the best they could show during the positive bias, what shall we see during the "normal" September-October "willies"?

In contra-distinction to the technical and economic uncertainties, astro-components are clear and strong in the negative, as are the seasonals, and

sentiment readings, in addition. "In the latest reported week, the % of bulls took an astounding leap, to 45.7% from 36.7% the week before, while the % of bears shrank to 31.5%, from 40%." – Abelson, of *Barron's*, on the *Investor's Intelligence* advisory sentiment.

As for the astronomies: the next 3 lunations/syzygies are extremely powerful. The new moon this Friday is 24-hours from the Perigee (closest passage to Earth) which equals high tidal forces which equals maximal disturbances which equals earthquakes! It is also little more than 1/2 degree from a square to Pluto (planet of coercion, use of force, underworld, nuclear energy, interest rates, assets below ground [OIL-Gold?], psychological insights, passion, regeneration, spiritual rebirth).

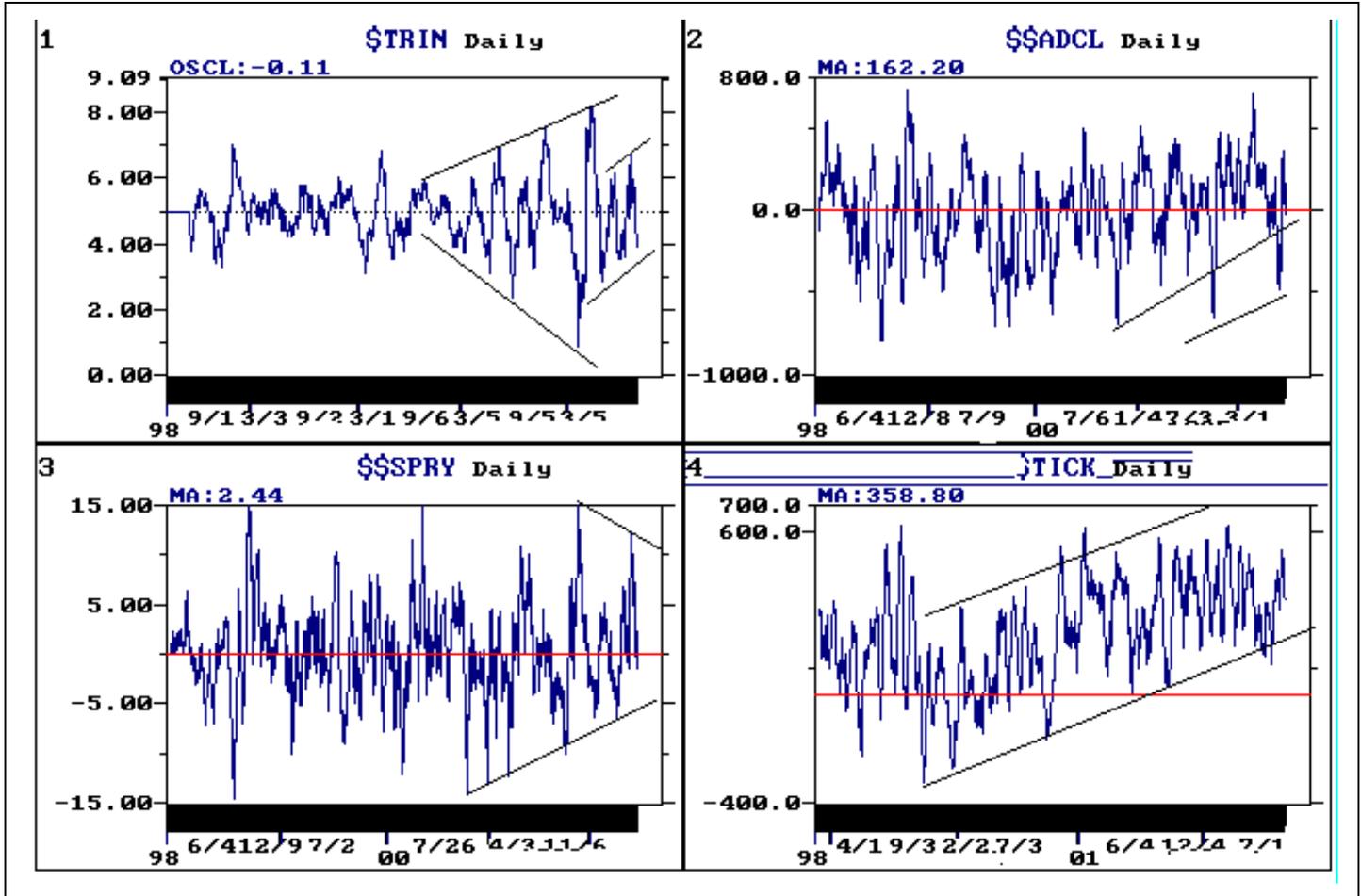
Next, the full moon on the 21st is less than 1/2 degree from a square to Saturn, and Mars squares Pluto on the fall equinox! This is one lean, mean weekend, but the negative aspects start well before and continue after. Friday the 13th is no picnic either, with strange and wicked energies floating about. October 6 is a SuperMoon, and is less than 2 hours from the perigee passage. It is sextile (60 degrees) to Jupiter, which will bring flooding.

The frequency and intensity of astronomic energies this month will trigger the largest rise for gold, oil & many other commodities since the Big Gold Run in 1979!

VITAL SIGNS

WE SHORTED THE S&P500 CASH INDEX IN OUR JAN. 7 NEWSLETTER AND UPPED SHORTS TO 200% (USING FULL MARGIN) IN THE APRIL 8 ISSUE. WE WILL NOW LOWER OUR STOPLOSS EXIT POINTS PLACING ONE HALF AT 1070 AND HALF AT 988 BASIS S&P (CLOSE ONLY).

FOR THOSE WHO PREFER THE DOW JONES INDUSTRIAL AVERAGE, WE SHORTED 100% AS PER THE APRIL 8 LETTER AND INCREASED TO 200% SHORT ON APRIL 23 CLOSE AT 10,071.32. PLACE STOP ON ONE HALF AT 9820 AND HALF AT 9300 (CLOSING BASIS ONLY).



THEY HAVE ALL CONVERGED ON TOP INDICATIONS!

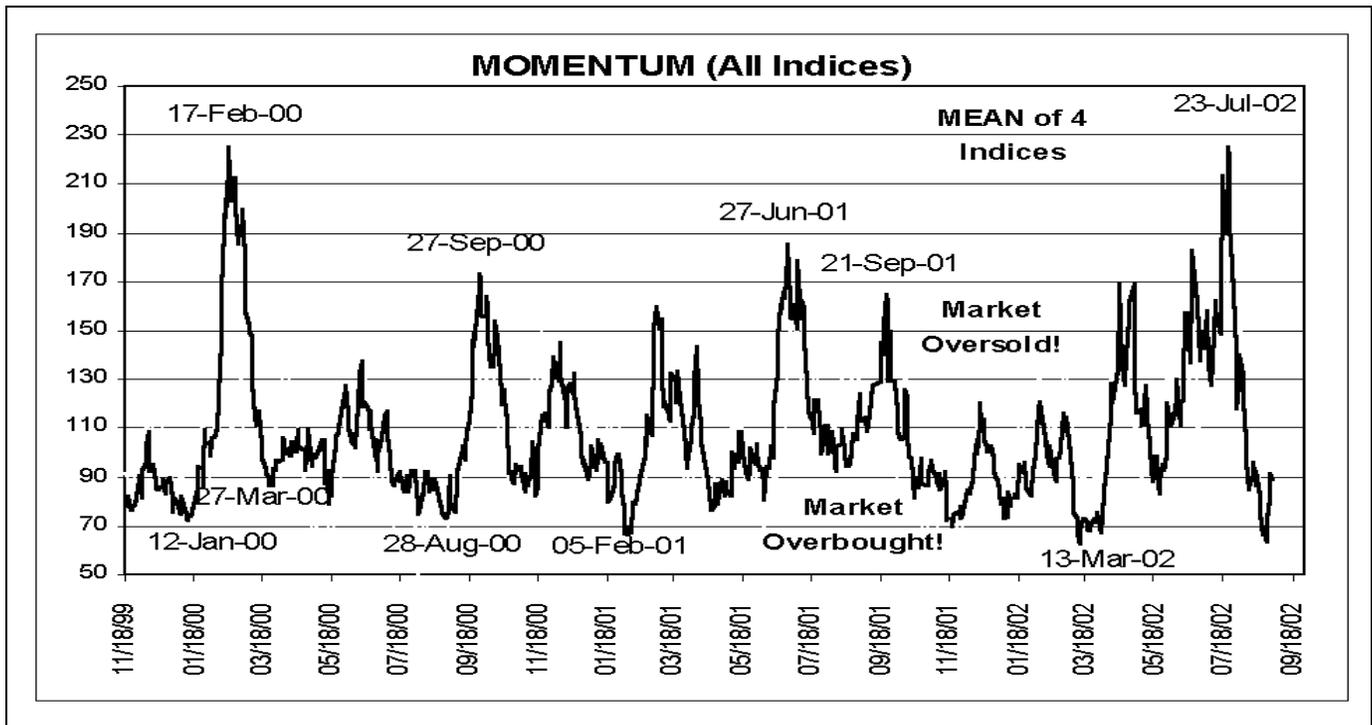
As a general rule, these indicators are positive when low and rising, weak when high and falling.

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 the pattern of Higher Highs AND Lower Lows, first with a higher low, and now with a slightly higher high. At this point it is oscillating in the neutral range.

Chart (2) \$\$ADCL is a 10-day moving average of the net change in Advances-Declines (NYSE). After demonstrating an ability to remain consistently near the range highs, and looping higher in a probably exhaustive maneuver, it appears that an important top may be in place, now confirmed by a break below several recent lows just under the Zero line. Still more room underneath for a major Down Spike!

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, and the September 21 bottom, without breaking lower, has extended that positive pattern. Now coming off a secondary high, we predict that the line of "rising bottoms" will soon break! Strange at this juncture. We would still prefer (and expect) to see a Washout to the lower range of previous lows.

Chart (4) \$TICK is Closing TICK (NYSE 10-Day). This index was the first to rebound to sharp "new highs" after a "Moderate Oversold" condition in October, 2000. They have never gone lower, nor even penetrated into the negative range since then, despite bad markets over extended periods. 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.) This recent action is the worst we have seen in some time, as the momentum continues to Roll Over, but so far with only minor breaks.



OUR PROPRIETARY MOMENTUM MODEL

Our proprietary momentum model is constructed to emphasize the negative extremes, and is the mean (average) of four measurements. The four input indices are (1) Dow Jones Industrial Average, (2) NYSE Advance-Declines, (3) S&P500 Futures and (4) Granville's CLIMAX Indicator of the DJIA 30 stocks (On-Balance-Volume).

While it is clear that markets were extremely Oversold at the July lows, we have no previous record of such an abrupt return to deep Overbought levels! We hypothesize that the ultra-rapid loss of momentum is an artifact of this SECULAR Bear Market and a shrill alarm that internal deterioration may well lead to an immediate collapse!

BRADLEY MODEL (WHOLLY ASTRONOMIC RELATED)

In 1948, Donald Bradley wrote a 58 page pamphlet titled *Stock Market Prediction* which describes a methodology for creating a Model based on transiting harmonic angles between all 2-planet pairs. Some years this **Siderial Potential Line** precisely point up highs, lows and turning dates for the Major Stock Market Indices, and other years will seem a random mishmash of useless squiggles. *Turning dates* are the most reliable portion of the Bradley curve, *direction* somewhat less so, and the *amount of the move* least reliable. Sometimes a calculated high will come about as a low in stock prices & vice versa. It's so good as to command the attention but cannot be relied upon without extensive confirmatory technical back-up! This year, this Model has been very helpful, as we increased our Short positions to full margin use on the April high!

The current Bradley shows a potential for Hard Down into September 29. From thence, a decent, tradeable rally is indicated for a year-end recovery move. Oddly, it does NOT show much resilience during the most seasonably favorable December period, but peaks out in late November, instead. However, we have personally lost money going against that strong year-end seasonality, planets or no planets! Eclipses on November 20 and December 4 further complicate analysis of that critical juncture. We may take lighter than usual investment positions unless methodologies converge in agreement. The BRADLEY remains in declining mode through the entire First Quarter of 2003.

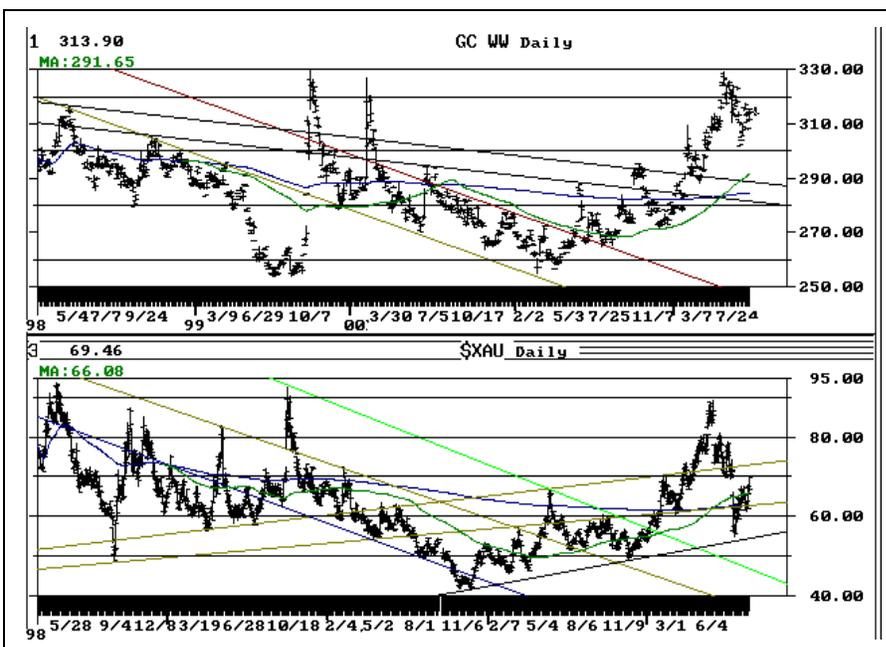
We strongly recommend the purchase of Robert Prechter's popular new book, *CONQUER the CRASH* with the subtitle *You Can SURVIVE and PROSPER in a Deflationary Depression*.

We believe that the multiple aspects to the Jupiter/Neptune opposition will lead to large moves in Inflation Hedge commodities, and **GOLD** and **Silver**, **Metals Complex**, the **XAU Index**, **CRB and OIL** in particular! It is our opinion that **Bankruptcies** on the World stage will leave some fiat currencies (backed only with the promise to pay) in doubt about whether they will ever be paid off in negotiable paper of ANY sort! This is NOT a short-term influence, as the opposition repeats on 19 Jan. and 30 April of 2003. **GOLD** stock group was the Best Performer in 2001 and Second Best so far this year! Expect continuation AT LEAST until the Jupiter/Neptune alignment breaks up next May.

Although the fundamentals for **SILVER** show clearly that use has overtaken production, price action has remained worse than suspect, it's downright intolerable! Our pockets are not as deep as those of Warren Buffett and Bill Gates, so we try to keep closer control of our positions with technical analysis and trading strategies. When the trend breaks, we get out and await better probability distributions! Expecting the Silver & Platinum to get a play this month with the Gold.

Other than the Metals, **Non-U.S. Currencies** have been the steadiest gainers (against the US\$). Recently, they have all been in counter trend declines against the Dollar. Very Long Term charts indicate that the **Dollar** has a long way to go on the Downside, while near term, we have continued to warn about Dollar strength that will prove itself temporary

Among the agriculturals, **Soybean Complex** leaders have been joined by **Corn & Wheat**, while **Sugar** has been languishing in a flat pattern last month or two, and **Cocoa** is hitting 15-year highs! Last time we said: "**COPPER** looks very toppy, and that is bad news for our economy as it is a precursor", ... has finally dumped from \$0.80 to \$0.67 the last 2 months. It may attempt another rally here, after a month long consolidation. Below 66 would abandon all hope. The **CRB Index** has also been a steady gainer, rising from a low 180 last October, to a new recent high at 216! Still on a BUY for commodities, generally.



ASTRONOMIC ACTIVITY

- SEP 2-4 = All sextiles & trines, also seasonally favorable = A pleasant US Holiday and good opening on Tuesday.
- SEP 6-7 = New Moon square Pluto = Hostile in the extreme. Power controls, worst unconscious motivations rule.
- SEP 11-24 = Excruciating rise in the price of GOLD!! Perhaps many other commodities, as well.
- SEP 10-11 = Jupiter opposes Neptune squaring Moon/Mc at NYSE close = GOLD goes bonkers! Remembering 9/11.
- SEP 13 = Moon opposes Hades, forming a T-square with the Sun on NYSE close. This one could be really unlucky!
- SEP 14 = Mercury Retrogrades making it difficult to complete tasks, computers haywire, don't sign contracts 3 weeks!
- SEP 16-19 = Sun/Venus/Jupiter/Neptune multiple aspects drive Inflationary forces, commodities, metals HIGHER!
- SEP 21-22 = Full Moon squares (90) Saturn, Mars squares Pluto, Mercury/Jupiter/Uranus aspects. We'll know Mon A.M.!
- SEP 23 = Early A.M. Sun enters Libra = Fall Equinox! Middle of hurricane season in weather and markets!
- SEP 27-30 = Moon squares Sun/Mercury = Emotional disputes interfere with diplomatic efforts. Markets may turn!
- OCT 1-3-4 = Very strange & mixed indications, mostly gloomy, serious news broken by moments of hilarity?!
- OCT 6 = Sun sextile (60) Jupiter, New Super-PG-Moon in Libra, Mercury Direct Station = Everything turning, changing!
- OCT 10-11 = Venus and Saturn Retrograde Stations, they are very close to sesqui-quadrature (135 deg) for a month! DOUR!

ATTENTION: The letters are usually mailed 1st Monday. Next month, that will be October 7!

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