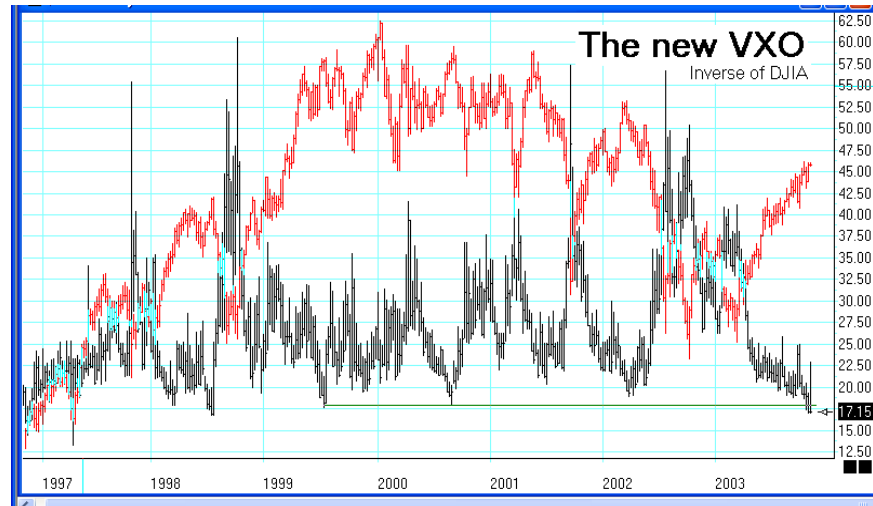


HARMONIC CONCORDANCE A Repeat of 1987?

In 1987, the stock market kept on keeping on from November 1986 up 28.5% to April 6-7'87, then formed a sideways shelf dipping about 10.9% near the end. Then up again, staying Overbought, dipping 1½ days, back up, 24.5% from April to August. It was similarly very frustrating trying to trade. Then, news came (on the front page of the Wall St. Journal) that New Age people all over were going to celebrate at sacred sites on the “Harmonic Convergence” indicated by the Mayan Calendar. Their guess was for August 17, and they celebrated.

But astrologically, it was clear that the Mayan date would be August 24-25, as there was the tightest conjunction of 5 bodies in at least 800 years that we checked. Having seen this type of market action before, and watching them peak out exactly on extremely rare astro-events, your editor projected the market TOP for August 24, +/-3 days, and then a “horrendous Crash.” That prediction brought us our first worldwide notice and got us in the rankings.

Now, the New Age people are looking for another saving grace period on November 8-9. There are indeed multiple sextiles (60 degrees) and trines (120 degrees) during this time, highlighted by a Lunar Eclipse. At the 1987 peak, the 5 body conjunction was also Trine Jupiter. We looked at that chart and said: “It is so goooood, it



can't get any better than that! So THAT HAD to be the TOP!"

The current picture is indeed modestly positive, and with the inclusion of the Jupiter sextile to Saturn, may also turn out to be The High for now. This one, called the “Harmonic Concordance” is nowhere near as powerful as the earlier date, and the near term downside is also not as dangerous, in my opinion. In the first place, sextiles and trines, while ‘nice’, will not often precipitate powerful events. In addition, the Lunar Eclipse has never been considered a positive omen. But finally, we are **not** now in the Mars/Uranus potential Crash cycle until August of 2004. We do expect major downside again from there!

This world needs all the positive, favorable, evolutionary, peaceful energy as it can get, and we heartily approve of any efforts to meditate/pray and bring good things to our Earthly home. An amazing meeting just occurred in Tucson recently with mystics of the Abrahamic traditions, and they very much agree on many aspects of life's essence. It is the politicizing and power-grabbing throughout bureaucratic organizations that have brought

problems to religions and to governments.

Meanwhile, the Bradley Model has turned back down as of October 21-22 until November 21-24, after which it turns very positive and remains positive for the duration of seasonal favorableness, through April. We have waited for the aborted Sell signals to reassert, yet they have not. Our guidelines were to Short after 4 days in a row of 40+ New NYSE Lows, and a rise to 26 on the VIX. These came about on the lows in early August, and were immediately reversed. Those remain good guidelines.

New Lows returned to mostly single digits, and the VIX is recording lowest levels since November 1996! The wheels are coming off the world, and the Volatility has dried up completely. Any one of several scandals and/or bankruptcies of recent months would have caused the market to Cave, Crater, Collapse, in the “old days”! Extreme low rates notwithstanding, various measures of Money Supply momentum are imploding to historic, multi-year lows. The market and economy usually follow.

The negative MEGAPHONE pattern remains in effect, and its borders have not been violated. Can we have a quick & steep 2-3 week decline followed by a much longer advance? Bradley says “yes”, Extreme Valuations says ‘no’.

WE PREFER TO RETAIN OR RENEW SHORTS PRIOR TO THE LUNAR ECLIPSE OF NOVEMBER 8!

VITAL SIGNS

WE MOVED TO 200% SHORT ON AUGUST 4-5 AS THE S&P500 CASH DROPPED TO 969. MOVED ALL STOPS IMMEDIATELY TO 1062 S&P OR 9450 VS. DJIA ON A CLOSE ONLY BASIS.

THOSE WHO FOLLOWED THE DJIA OPTION WERE STOPPED OUT AT MARKET CLOSE ON SEPTEMBER 2. DJIA FOLLOWERS SHORTED AGAIN TO 100% SEP. 7 OR UPON RECEIPT OF SEP. CP LETTER WITHOUT USING MARGIN, INCREASE TO 200% ON A CLOSE BELOW 9230 ORDER WAS NOT ACTIVATED.

COVER ALL SHORTS ON A RISE TO 9820.

WE LOWERED THE S&P STOP TO 1052.

ALL OUR STOPS ARE CLOSE ONLY!!

IF STOPPED, RESHORT ON A DROP BELOW 9820 BASIS DJIA WITH NEW STOP AT 10150, OR 1047 BASIS S&P500 WITH NEW STOP 1110!



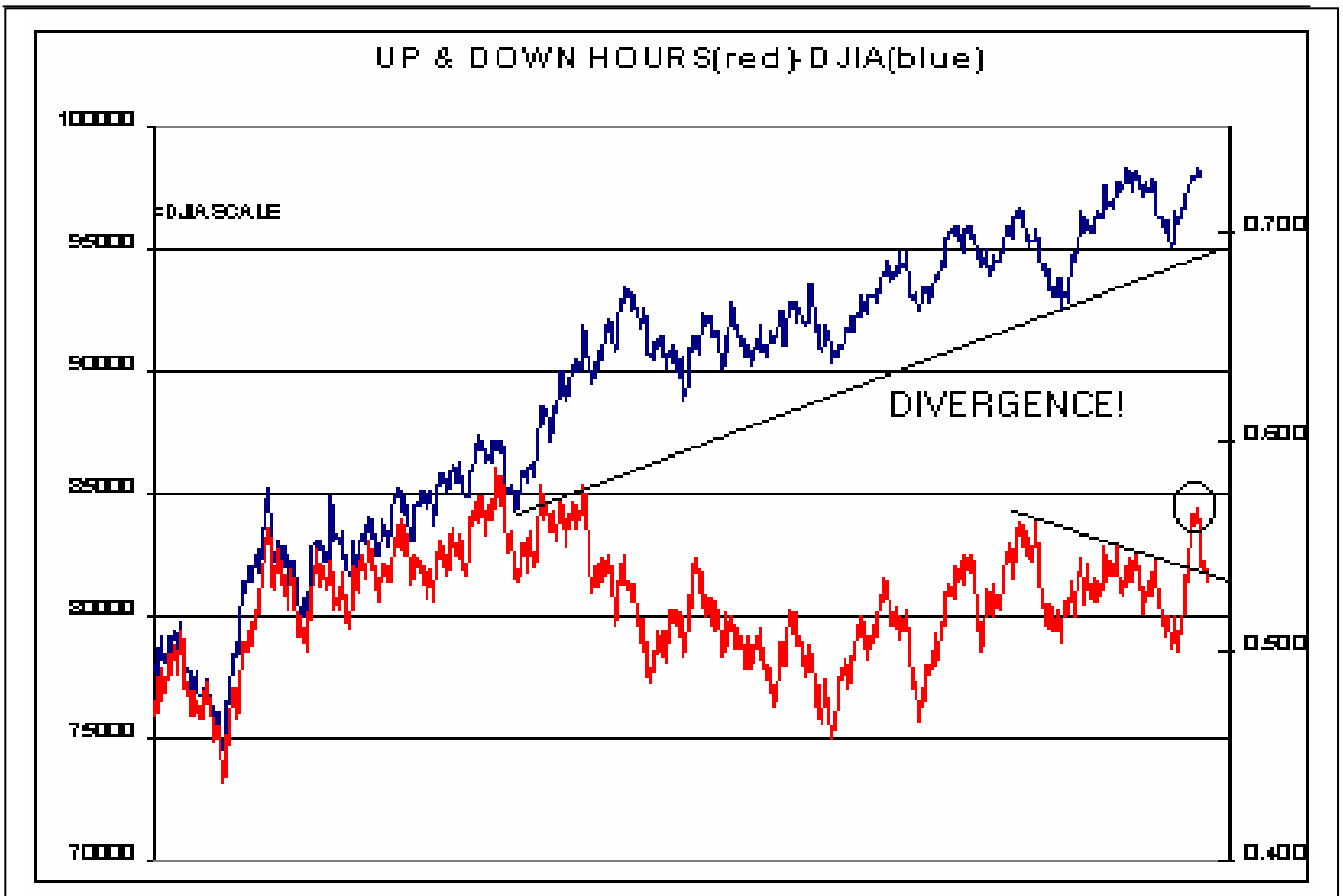
ADVANCE MORE HALTING, NO FINAL TOP CONFIRM, BE SHORT FOR NOV. ECLIPSES!

Charts pictured above show (\$SPX) S&P500 Cash Index, (\$INDU) Dow Jones Industrial Average, (\$NDX) NASDAQ 100 (not COMPOSITE), and (US #F) 30-Year T-BOND (price)

These Major Indices (3) have all broken their steepest uptrend channel lines and successfully retested their 50-Day Moving Averages (thin Red line), bouncing quickly after an initial penetration. All three made new yearly highs on October 14-15, but only the S&P500 has bested those watermarks this past week. Neither the DJIA nor the ND100 was able to Bull through. They may do so this week, as the first trading days of each new month are given additional power by the addition of reinvested money and new money pouring into IRA's and 401-K's and Mutual Fund Investment plans. Last month we wrote: "A clear upside break on good momentum and higher volume would cinch the near term positive...". However, these breakthroughs have been labored, on lower momentum, and with more down days on increasing volume than heretofore. Dick Arms says the resistance to advance jumped this week! (color ONLY in the Online version.)

MACD studies, at bottom of individual charts, show that volatility oscillations have narrowed to the almost non-existent. This action simulates that of a triangle or narrowing Price pattern, where the direction of a break will signal the direction of a new leg of price movement. A quote from October: "If they can continue to turn Up here, above the Zero Line in this case, a more positive signal would result. Failure would precipitate immediate Capitulation phase!" We got neither! More wishy-washy indications. But we cannot deny that Price is the ultimate arbiter of success in markets, and Price has continued to advance, though haltingly.

Sentiment remains doggedly bullish...or bullishly dogged, as the case may be. Positive feelings among the masses are suspect where trading markets are concerned. Wall Street analysts are also near maximum in their equity "tout" mode, another negative. Are people so insane that they believe the "Good Times are gonna roll, again"? How many realize that the low in markets registered a year ago were at valuation and yield ratios consistent with previous Bull Market TOPS! Remember that the markets can and will do ANYTHING! And "The trend is your friend." Try to remember also that the "Smart Money" in the name of Warren Buffet, Sir John Templeton and George Soros have already left the building! There is a maniacal undertow to the feel of current times as with the Russian roulette player in *The Deer Hunter!*



DIVERGENCES ARE BECOMING MORE INSISTENT!

The chart (above) has no dates on it. It is an Hourly chart, and you can tell from the price level of the Dow Jones Industrial Average (dark blue in the online version, darker in the print copy) that it starts near the October, 2002 bottom. The other line (lower, red) is an exponential moving average of the number of Up relative to Down hours. As you can easily discern, up hours have not been nearly so keen as up prices in that average.

In the more recent portion, you can see that a higher high in price was accompanied by a lower high in hours, and then a higher low in price coincided with a lower low in time. As we go to press, the most recent price high is just under the previous, while up hours rose sharply, and broke new ground relative to the last few months. However, those exceptional gains in up hours were summarily dispatched, negating the positive indication.

This is another method we discovered to clarify cycle tops and bottoms. When they may not have clear demarcations in the price structure, they may show up in the time markers. Actually, the present picture is indicating a minor Megaphone pattern in time, as we diagrammed in Price on page one a month ago!

Dick Arms, who is expert in volume/price relations and author of the ARMS or TRIN indicator, has a tool he calls his YO-YO indicator that measures the amount of volume necessary to move the Price so many points. He shows a similar picture of attempted strength, followed by some sort of internal failure!

The VXO Index is the new form of VIX, measured instead upon the volatility of the S&P500 options (instead of OEX) and also utilizing more layers of information than before. Both are measuring an extreme low for Option Volatility that has only been seen in the late 1990's! This chart emphasizes the "mirror image" between Price and Volatility over the historic data whereby the lowest prices are marked by highest volatility, and inversely, highest prices are coincident with lowest volatility. Now, we are witnessing the lowest volatility in our markets by varying methodologies, and this diagram warns of the dangers inherent therein.

The SUNSPOTS are going absolutely NUTS, blasting us with Solar Flux particles that are off the scales in speed and density. We have found such bursts to be a negative influence on markets, and increases the risk of major Earthquakes!

GOLD, after breaking out of a large Triangle pattern, has lost momentum, yet was able to find support on its second FAN-line, and quickly recovered above its 50-day moving average. As we said last month: "This places doubt upon its vigor to overcome this minor (so far) weakness." Even though the MACD Oscillator has been turned back at its downtrend line, a hold above the 50-day MA is a positive. Now, the precious metal must soon break to new highs above 394 or break back below the 50-day, currently just below 380, which could quickly turn that moving average to a downtrend. The parameters are 380 to 394...follow whichever breaks first. However, with the Tricky element, be ready to reverse suddenly if prices do! We now have the 200-day MA just below 360, while the upper declining trendline now offers some support at 352. The LONG Term charts look absolutely fine, though corrective phases may appear from time to time. Remaining LONG for major upswing!



The **US Dollar**, remaining in mirror image with the metals, is attempting to turn Up, at least to form a small base from which a better rally may be launched. The Lunar Eclipse on November 8 should clarify these imponderables. The Long Term looks like a bottomless pit, unless the balance of payments and budget deficits miraculously go away! We prefer to stay short!

SILVER was hit much harder than the **GOLD** on the drop into October 3, and noticeably weaker on the rebound from there. While the **XAU Index** easily cleared its recent high (usually an upbeat precursor), and **GOLD** came back up to at least challenge the comparable point (a possible failure), **SILVER** was unable to climb above its "Left shoulder" July high a hair above 5.20. Although the long term Gold/Silver Ratio suggests a deeply undervalued Silver component, the near term technical pictures favor Gold, relatively.

COPPER is trading up much stronger than either of the sparkly metals, a sign that someone, at least, is Bullish on our economy! The other sparkly, **PLATINUM**, seems also headed for the Moon!

The **OIL Complex** looks like Huge Multi-Year TOPPING patterns! Either our troops in proximity to so much **OIL** has guaranteed a cheap supply, or a worldwide recession is on the horizon. Somebody out there knows, we don't.

We have continued to recommend the Stocks, BONDS and Currencies of Australia, New Zealand, Canada, and to a lesser extent Russia and South Africa (greater political risk) for the last 2 ½ years! "The Major shift to Resources is ongoing and will last for years. We believe there will be coordinated attacks against US\$-denominated assets over the next few weeks.

ASTRONOMIC ACTIVITY

NOV 1 = Jupiter sextile (60deg) Saturn, Mercury semi-sextile both = GOOD News, UP markets.

NOV 5-8 = MARS opposes GWB natal Mars, squares previous Solar Eclipse point, and returns to its own Shadow Point.

Another totally angry, hostile, warlike period. Bombs, tempers, international incidents.

NOV 8 = Uranus Dir. Station on Full Moon Eclipse, Another spike in Gold, Oil & CRB Index? Grand sextile may top stocks?

NOV 23 = Solar Eclipse at Perigee squares Uranus on Midheaven for New York, Mars opposes Jupiter forms T with Mercury & Pluto. Very Powerful Tidal Force = Earthquakes, also expected LOW in Bradley Potential Line! Violence.

NOV 26 = Mars square Pluto, Jupiter Biquintile Neptune = Violent! Major changes in Gold, Oil & currencies.

The Eclipses this month are close to Moon's Perigee, increasing their force, mostly for ill. The Solar Eclipse will be only 9 hours from Perigee, and will record one of the highest Tidal Forces in history. Earth's magnetic field unstable. Psychological as well as physical distress. Between the eclipses, planets are fairly quiet., but watch the quarter moons as well!

DEC 8 = The Full Moon will form a T-square with Jupiter and Sun/Pluto, but a Grand Trine including Jupiter increases complexity. Intense! But Not an easy prediction. Most likely favorable for stocks, marriage, births. Focus on Democrats.

DEC 14 = Jupiter square Pluto in Right Asc. = Bankruptcies. Change or transformation. Liberals silenced by force. - here or elsewhere?

ATTENTION: The letters are usually mailed 1st Monday. In December, that will be the 1st Day!

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

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