

CRAWFORD *Perspectives*

October 6, 2003 Vol. 03/10

MEGAPHONE! MARKETS CHOPPY BUT HIGHER

As things have turned out so far, the violence in the sky has correctly been mirrored on the Earth, with very high levels of Martian energy being released on a day-by-day basis. Not fortunate for our projections, it has NOT been clearly evident in stock prices. However, there does seem to be a greater than normal hysteria about the markets, with emotional swings up followed by emotional swings down.

If you're not trading in the wildest segments, overall market action has been quite staid. Our mention last month that August was the lowest volatility month in 5-6 years, which is usually bearish, has not yet clearly manifested in price action. Yet the Dow Industrial Average is, as of Friday's close, up only +2.35% from its June 17 high – That's 3½ months! The S&P500 Cash Index is higher by a more anemic +1.43%.

You may say: "But, the NDX100 is up 8.66%..." And then you may remember that we never proffered that as one of our choices! So, we are not pleased with most Indices being UP when Bradley and some technicals inferred much lower prices. Well, they've been wrong. There DOES seem to be a greater disappointment about that than is warranted by such small losses, against our strong gains during the first half year. We're still #4 ranked over the last 24-months by the most recent *Timer Digest*.



The frustration among traders is palpable, and most methodologies have been badly whipsawed. At least the Bradley Model was dead on until past mid-June. Nearly every time we get a solid looking set-up for a down move, buying comes out of left field, and the market runs the other way.

Last month we wrote of possible/probable government interference in the 'Free' market. We don't want to lean on this too heavily, as to some it will seem 'sour grapes', but it is becoming more obvious to the initiated, that markets are NOT performing in a 'Natural' order. For instance, September 29 & October 1 markets were sharply higher – both days on volume lower than the previous. In addition, Sept. 30 saw the completion of 5 waves down, according to Elliotticians, an Impulsive pattern downside, and an intermediate negative.

Then Friday, a surprise gap up, on employment numbers which, on closer inspection, do not meet the criteria for a much stronger economy. The DJIA was up over +170 and lost over half the gain by the close, holding on to only +84.51. This creates a

'Shooting Star' negative 'candle' pattern, and calls for further downside action over the near term and possibly longer. We are remaining SHORT with Stoploss strategies in place!

Now we have other manipulative things to worry about. This is an incredible story of the last few days: [Debka File](#), a private Intelligence News Service in Israel (mentioned in our March letter) announced that on Monday, October 6, both Iran and N. Korea will explode Nuclear devices! We forwarded this to a few colleagues.

The following day, we made ready to forward this important story to others. It was NOT FOUND on our Hard Drive! Called the person who forwarded it to me – Not on his either, neither in Inbox or Sent Items or anywhere else. Called 2 people to whom we sent it, and they can't find it either! Clicked over to their website www.debka.com to find and renew that message... "DEBKAFfile is on break from October 3. Back on October 14, 2003" This sort of thing happen to anyone else?

The next two Bradley Dates are Oct. 22 & Nov. 23. It is not yet clear whether the Bradley will invert (bottom where top is expected or vice-versa) or if it will just wander off into limbo.

This has not been an easy market. Hold positions with stop orders as indicated in Vital Signs box at left.

Happy High Holy Days!

VITAL SIGNS

WE MOVED TO 200% SHORT ON AUGUST 4-5 AS THE S&P500 CASH DROPPED TO 969 AND THE DJIA TO 9100. CHANGED 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. IF STOPPED, SHORTED AGAIN TO 100% SEP. 7 OR UPON RECEIPT OF SEP. CP LETTER WITHOUT USING MARGIN, INCREASING TO 200% ON A CLOSE BELOW 9230. COVER ALL SHORTS ON A RISE TO 9820.

WE LOWERED THE S&P STOP TO 1052.



WAITING FOR FINAL TOP CONFIRM

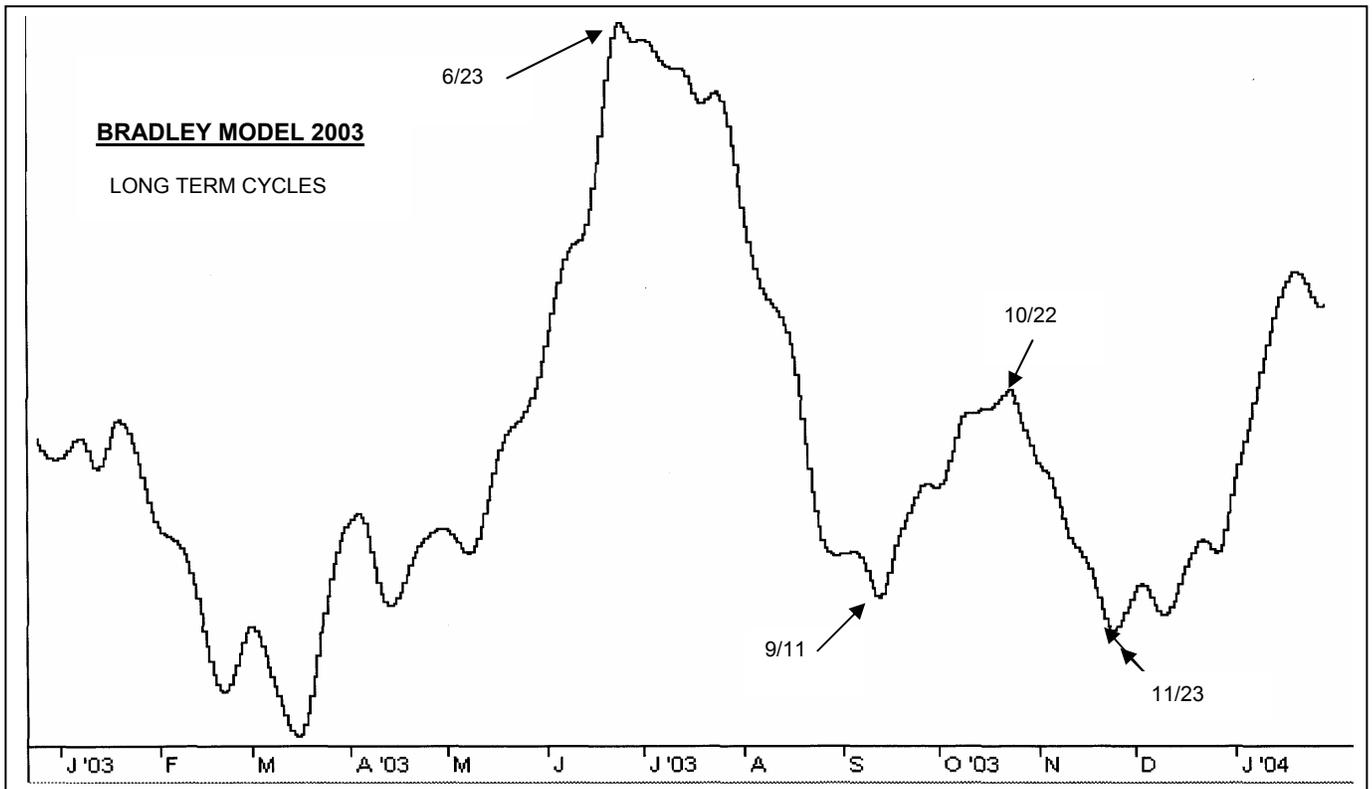
LACK OF FOLLOW-THROUGH AFTER FRIDAY GAP A POTENTIAL WARNING!

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. Several Main ones flirted with their 2003 rally highs before tumbling back this Friday afternoon, a failure that bears watching. A clear upside break on good momentum and higher volume would cinch the near term positive, while a break of Sept. 30 lows would suggest further weakness towards the 200-Day MA's (heavier Blue line). (lines colored ONLY in the Online version.)

MACD studies, at bottom of individual charts, which turned back DOWN from June's momentum peak, are now attempting to turn back UP. All declined below the middle Zero Line in early August, but recovered quickly back above, temporarily negating the baseline breaks. 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 now watch for price levels to break the 50-Day MA's once more, then for the MA's to turn Down, and later cross over the 200-Day MA's rendering a far more serious SELL signal.

Sentiment seems to be affected in an irrational way, lately. Some are worried that our markets continue higher. Last week's rise to new highs in several indices is indeed impressive, but they are very tiny percentages above their mid-June highs. Of course, the NASDAQ is up more than the others, but we Never said to Short the NASDAQ! Once markets have peaked, that Index will most probably drop faster than the others. The recovery, however small relative to their massive declines, show tremendous gains from their Sold-out lows. The danger now is that most of the 'little dogs' have returned to ridiculous 'bubble' Valuation levels...which cannot stand!



**NEXT TWO BRADLEY TURNS ARE OCT. 22 AND NOV. 23
MUST WATCH OUT FOR POSSIBLE INVERSIONS**

This BRADLEY Model chart measures planetary energies which correlate with one market or another over differing time periods. It was designed and studied specifically for prediction of the U.S. financial stock markets. In actuality, it operates more correctly in markets afflicted by heightened emotions! At the critical turns in planetary energy, there are frequently turns in the fastest moving stocks, stock groups, bonds, rates, commodities or currencies. More often than not, the turns will coincide with the direction of market turns, but about one third will Invert, whereby an indicated Top will become an actual Bottom or vice-versa. The Bradley Potential Line can definitely be useful, but utmost care must be taken in interpretation, and confirmation sought within the confines of actual price & momentum data of technical analysis.

The BRADLEY has been deadly accurate for about 18-19 months, an unusually long run into late June. From there, a sharp decline potential indicated by the model has failed to materialize. Our parameters for a legitimate Sell signal were met in early August, but quickly negated by subsequent retracements in a number of technical informational packets. It was NOT a clear case of "Inversion" as the indicated 9/11 expected Low actually coincided with a minor low 9/12 which was lower than major indices during the 3 weeks before and after.

Stock market indices rallied from 9/12 into a 9/19 New High, then fell to a Lower Low on Sep. 30. Last weeks rally did not take out the high in most popular indexes. The technical pattern formed by these movements is designated a 'Broadening Pattern' or 'MEGAPHONE' (see the Hourly chart of the Dow Industrial Average on page one). The colored price bars (online version) represent one fourth of a Lunar Cycle! This formation is considered in Magee & Edwards *Technical Analysis of Stock Trends* as more negative than the dreaded Head & Shoulders TOP. In the GREAT BULL Market of the late 90's, both of those formations experienced significant failures to meet typical downside targets.

That was a very unusual period, and the excesses which ran rampant without minimum normal corrective retracements may well be past. Though the rally from March is putting on a very credible simulation, there are far too many cracks in underlying technical and sentiment measures for a meaningful continuation.

Remember that the Market CAN do Anything! As Lord Keynes remarked: "The market can remain irrational longer than you can remain solvent." For that crazy quirk of human consciousness, we keep protective Stops on all positions!

After breaking UP from a large Triangle pattern which counts to \$430, **GOLD** has now broken down through its steepest uptrend channel line. This places doubt upon its vigor to overcome this minor (so far) weakness. It has broken the first of three 'Fan Lines' which are drawn showing the acceleration low in December '02. The second acceleration FAN begins at the early April low of this year. The second line should offer some support, and a bounce, around 360. The third FAN line began around August 1 and lasted until this week. **GOLD** dropped sharply Friday, breaking through its 50-Day MA as well. The 200-Day MA, now at about 357 should hold with perhaps a brief penetration. The 340 level looks SOLID as a ROCK! There is also the possibility that, having tested the previous High and retreated, it could muster the strength to rally once more & break through. That depends largely on what the U.S. Dollar does. At this time, it is close to a mirror image of the **GOLD**.



SILVER has been hit harder than the **GOLD**, but it is back down to stronger chart support above an important trendline and 200-Day Moving Average at 478-480. After hitting 5.40, it has retraced to 4.89. We would be forced to capitulate below 4.60. The **OIL Complex** dropped sharply right after Labor Day, as it should have (with major driving season ending) but **CRUDE** pulled back to the confluence of a rising trendline, a .382 Fib retracement and the 200-Week MA, between 27 & 28. Then bounced back over 30 last week on surprise OPEC announcements.

The **CRB Index** is inching its way back up near Feb. highs at 250. Inflation is back in the picture. The Major currencies have ALL been higher against the **DOLLAR** last month. September letter we said: "With Saturn in the sign of the U. S., look for more hard Down over the next few months!"

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 years! "The Major shift to Resources is ongoing and will probably last for years. We firmly believe that coordinated attacks against US\$-denominated assets over next 2 months.

ASTRONOMIC ACTIVITY

- OCT 6 = Sun square Saturn, Mercury inconjunct (150 deg) Uranus = depressing and unsettling News!
- OCT 10 = Full Moon square Saturn and trine Pluto, semi-square Mars = So much Mars/Uranus/Pluto these 2 months!!
- Another of many signatures of surprise attack or ambush. Governments step in to support markets. NOT a peaceful time!
- OCT 15 = Multiple planetary combination in the Fifth Harmonic (quintiles). We expect a temporary market LOW there.
- OCT 22 = Direct Station of Neptune. This can spike the prices of Gold, Oil & CRB Index. May be possible high of these items.
- OCT 24=Saturn stations at 13Cancer14, so close to Bush's natal sun = Very difficult for him, illness or sorrow for him or U.S.
- OCT 25=New Moon at Perigee & conjunct Mercury & trine Mars/Uranus. Bullish for market sentiment. Earthquakes?
- NOV 1 = Jupiter sextile (60deg) Saturn, Mercury semi-sextile both = GOOD News, UP markets.
- NOV 5-8 = MARS opposes GW's 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 Direct Station on Full Moon, Another spike in Gold, Oil & CRB Index? Grand Trine possibly bullish for stocks.
- NOV 23 = Solar Eclipse at Perigee squares Uranus on Midheaven for New York, Mars opposite Jupiter forms T with Mercury & Pluto. Very Powerful Time and also an expected LOW in Bradley Potential Line!

ATTENTION: The letters are usually mailed on 1st Monday. Next month that will be November 3.

Our twice-daily HOTLINE update is available 10:02AM & 2:02PM for \$4.30 total per 2-3 minute call = **1-900-73-SOLAR**

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