

CRAWFORD *Perspectives*

August 9, 2004 Vol. 04/08

ALL MAJOR INDICES BREAKING SUPPORT!

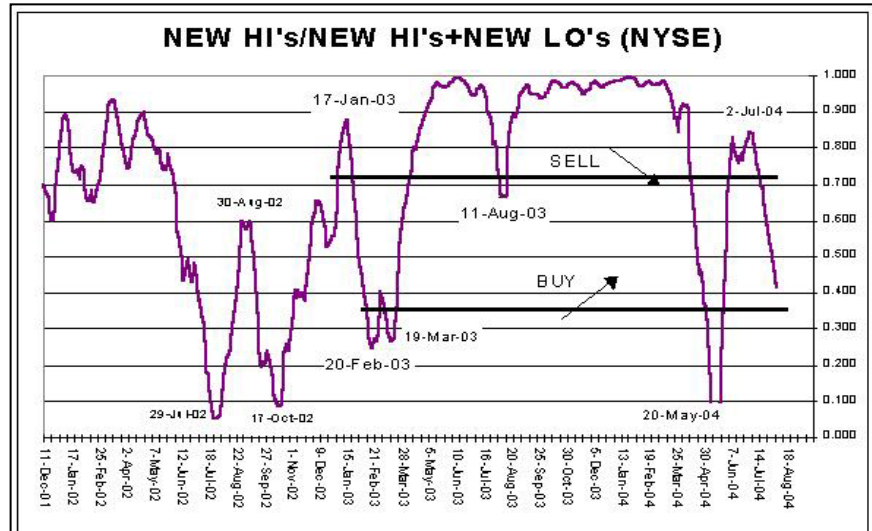
Although we expected another rally attempt to carry into August, the S&P500 Cash Index closed below our stop short close only order at 1098 on July 21st, immediately precipitating a short sale on the close that day at 1093.88! For those following the DJIA, we have remained short since January. Both are now SHORT without using margin.

Last letter, indications were for a rally into August, but that "If they break critical support earlier, we will not hesitate to act aggressively on the negative case." In the VITAL SIGNS box on this page: "**SHORT THE S&P500 IF IT DIPS TO 1098 (Close only) & PLACE A STOP AT 1140.**"

We also delayed the August newsletter, hoping to get a better technical signal on which to act. Only on the last 2 trading days have all major indices broken open Pandora's box by violating moving averages and previous lows, clearly proclaiming an important downtrend in effect!

There have been plenty of hints all along, and CP has continually warned of the dangers. Yet, every time markets approached the precipice, they managed a recovery in the 'nick of time.' NOT THIS TIME! A multitude of market indicators have spoken 'Lima Charlie'; That means LOUD and CLEAR for you non-military types out there. These breaks are concerted, confirmatory and decisive.

Do not listen to the 'party line' from



'sell side' pundits trying to rationalize some reason to buy and hold. The smart money, which has been quietly selling for many months, has finally decided they must sell more aggressively. That's what causes charts to break down. The danger is great. **PROTECT YOURSELF TO THE MAX!**

As of August 18, Mars opposes Uranus, catapulting markets into the dreaded crash phase of that cycle. To read our article on that subject, go to our website at: www.CrawfordPerspectives.com and click on Member Login button. No code or password is yet required to enter. Then click Archives and scroll down to the article **THE MARS-URANUS CYCLE IN U.S. STOCK PRICES.** The URL is www.CrawfordPerspectives.com/documents/Mars-Uranus.pdf but the site may not let you in there until you're logged in. It appears that every crash during the last 100 years has come

VITAL SIGNS

IN JANUARY, WE SAID TO "SHORT ONCE MORE IMMEDIATELY AND PLACE A STOP AT 10,790 BASIS DJIA ON A CLOSE ONLY BASIS."

**IN FEBRUARY, WE RAISED THE STOP TO 10,820 ON THE DJIA.
WE REMAIN SHORT FOR THE DJIA.**

WE SHORTED THE S&P500 CASH INDEX WHEN IT DIPPED TO CLOSE AT 1093.88 ON JULY 21 & PLACED A STOP AT 1140.

MOVE TO 200% SHORT USING FULL MARGIN ON MARKET CLOSE ON AUGUST 17. KEEP STOPS.

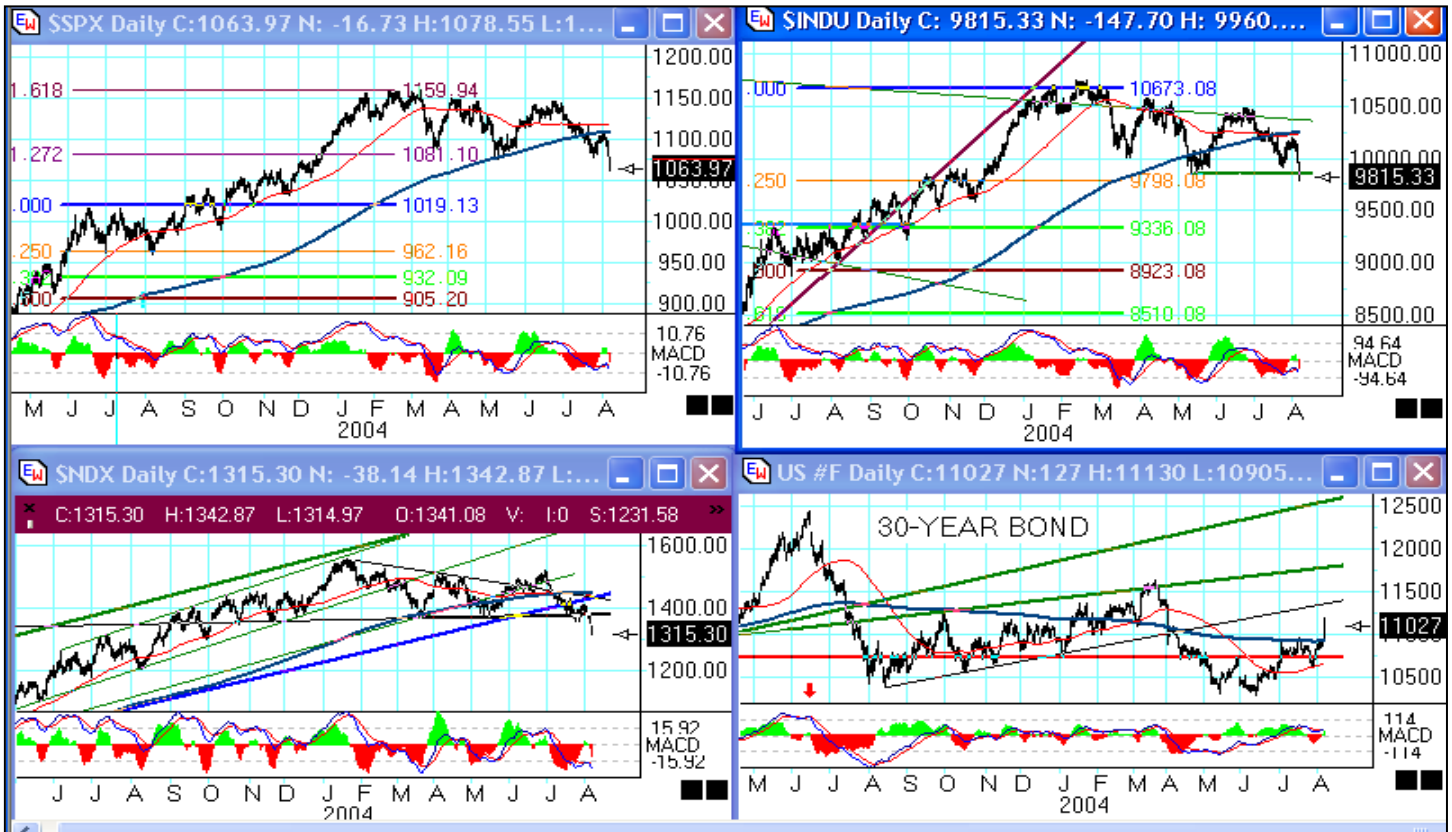
ALL OUR STOPS ARE CLOSE ONLY!!

about during the same phase of this planetary cycle.

We have warned the last few issues that this potential crash cycle kicks in from August 18 to next March 23, with the greatest likelihood during the 'seasonal' weakness around the fall equinox (Sept.-Nov.). As markets are now experiencing high Price/Earnings Ratios and Low Dividend Yields relative to historic norms, we conclude that there is greater than normal probability of a multi-sigma (meltdown) event during this cycle phase. The last one, shown before the event in the article, was the period ending October 5, 2001. The week into the fall equinox low of Sept 21, 2001, was the worst week since the fall of France (May 1940) in % change, and the worst ever in DJIA points!

Our expectation is for a further sell-off with a low in the next 1-4 days; then a bounce into August 13-20. From there, a much more serious decline might commence. **We will increase positions to 200% SHORT using full margin on close of August 17 for both DJIA and S&P500 Indices! Keep stops where they are until next CP letter.**

If you do not wish to experience the risk or have a mental block against selling SHORT, just GET OUT and wait for a better BUY point in November or December. **THERE IS TOO MUCH RISK TO DO NOTHING!**



“SOMETHING WICKED THIS WAY COMES” – Shakespeare from MacBeth

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)

All Major Indices (3) broke their uptrend channel lines several times in the rollover process, and even penetrated their 50-Day Moving Averages (thin Red line) repeatedly. The 50-Day MA's turned lower in March, but flattened out, negating the developing negative context. The DJIA (INDU) and the NDX even broke their 200-Day MA's in early May, but quickly popped back above. ALL have now destroyed every vestige of technical support, after months of 'Cat & Mouse' games that have totally frustrated traders, who merely wish to see some trend, ANY trend!
“The game's afoot!” - FROM Henry IV (Color ONLY in the electronic Adobe.pdf version.)

The order of progression for Moving Averages in the process of rolling over are these: 1. Price breaks below the rising 50-Day MA; 2. The 50-Day MA turns down; 3. Price breaks below the rising 200-Day MA; 4. The 50-Day MA breaks below the rising 200-Day MA; 5. The 200-Day MA turns down. Although this order may vary slightly, it is clear that an important decline is in effect when Price is below both, the 50-Day MA below the 200-Day MA and both MA's are declining. The Dow Industrials (\$INDU) and the NASDAQ100 (\$NDX) indices have now reached point 4., with only the 200-Day MA's remaining positive. The S&P500 (\$SPX) has not yet experienced the crossing of the 200-Day MA by the 50-Day, so remains at point 3. The reprieve of Our Cycle work expires the middle of this month, after which Nothing Furthers, and the Darkness overpowers the Light!

As written in our missive of July: “We want to await more coherent and cohesive indications before we commit more funds on either side.” Please forgive us, that we are pleased with the clarity of the current market signal. Not that it is going down, but that it is doing SOMETHING after a period of 'wishy washy' & frustrating false starts. This one looks REAL and DETERMINED! It's like counting cards at blackjack. After a great deal of nothing, all of a sudden, there are only black Aces remaining in the deck!

“In nature's infinite book of secrecy A little I can read.” - Shakespeare from Anthony and Cleopatra



BRADLEY MODEL BEGINS A STEEPER DECLINING PHASE AS OF MID-AUGUST!

“The **BRADLEY MODEL**, described by Donald Bradley in his 1948 booklet, *STOCK MARKET PREDICTION*, has gained quite a bit of notoriety in recent years for its incredible accuracy. Except for the period of July through November 23, 2003, it has generally continued to be the most accurate market timing device for over two years, an exceptionally long run of correct calls. It is NOT always thus. Bradley’s **SIDEREAL POTENTIAL LINE** takes into consideration EVERY one of the classical Ptolemaic harmonic angles between any 2-planet pairs.

Its strength and its weakness is that some years, it will 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. The Turning Dates are the most reliable portion of the Bradley, Direction, somewhat less so, and Amount of Move, least reliable. Sometimes a calculated High will, in reality, come about at a Low in stock prices and vice versa. It’s something we should keep our eyes on, but not something to Bet the Farm on, especially in a vacuum as in the absence of other technical confirmation from real-time data generated by the actual movements of prices in Wall Street.

In this particular case, The New Moon of September 14 is exactly conjunct Mars and closely square to Pluto, while Mercury opposes Uranus and Neptune opposes the Midheaven for New York. These aspects of extreme violence are augmented by their connection to the Lunar Syzygy! The Mercury opposition to Uranus bespeaks communication problems, electrical system failures and possibly Internet hacking attacks. The Neptune at the IC for NYC may point to underground sewers or gasses or carriers of disease.

The predominant significators though, are obsessively brutal and sadistic. The low day for the BRADLEY, without the New Moon connection, is the 16th +/- 3 days, so we must be sensitive for this time period to contain the possibility of market reversal, although the BRADLEY trends lower into December 7th, perhaps a re-test of lows.

We will likely stay Short into this frame, and would recommend a strategy of “trailing stops” to glean the greatest advantage from what may prove a violent and sudden decline and recovery. That would consist of a ‘Reverse Stop’ or ‘Stop and Reverse’ at a certain price well above recent declining lows. As prices melt further down, keep lowering the ‘Reverse’ order until it is activated by a stronger than usual rally attempt.

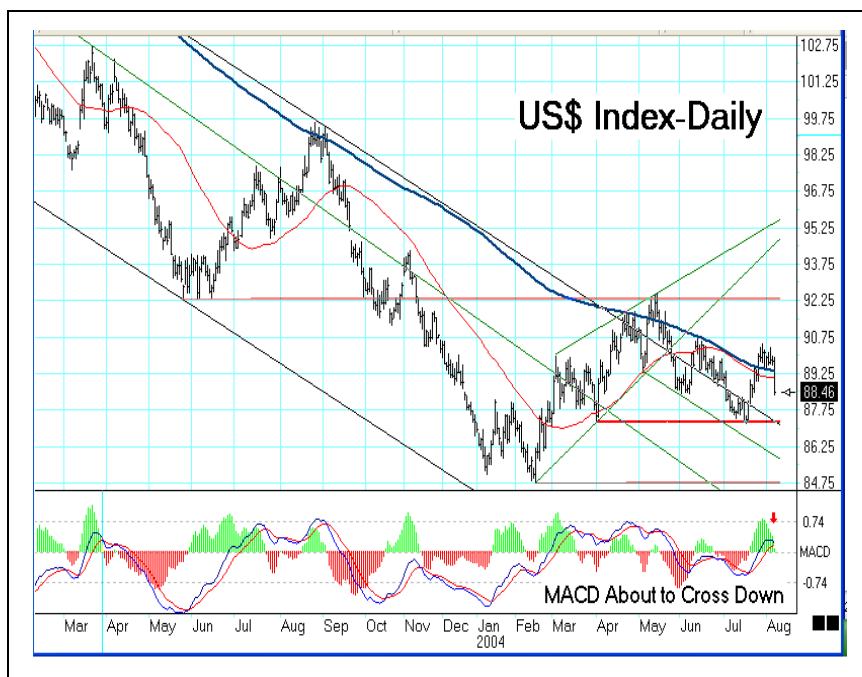
Many of you may not wish to learn these ‘new tricks’. In that case, just Get Out & protect yourself as best you know. Another ‘trick’ involves “Shorting Against the Box” which allows you to profit from a downside move, without losing your Long Term Tax Advantage on your Portfolio gains.

We Shorted the **US Dollar Index** contract in the May 3 CP letter (close on 5/3 was 91.02) and placed a STOP at 92.77. After re-testing a previous low at 87.20 on July 19, it rallied to 90.49 on July 29. Holding once more above the 200-Day MA for more than a week, this time, it tanked nearly 1½ points last Friday to 88.46. A break of that 87.20 low and the chart would immediately take on a more ominous potentiality! Something really strange going on with **US\$ & Interest Rates, Metals & Oil**, with high volatility in both directions, leaving traders bewildered. Mixed Economic Data have added to the confusion.

The **CRB Index** and **MANY Commodities** have depreciated against the **US Dollar** in a flat consolidation pattern, over the last quarter, and, with any further breakdown in the **Dollar**, are very likely to take off running again. **Lumber & Cattle** have stabilized over June and closed near their highs. **Wheat, Corn and the BEAN Complex & Cotton** are attempting to form bases after devastating declines, while **OJ** has rallied from 57 in early June, to a high of 73 – then all the way back down, collapsing in the last two weeks!

SILVER, Platinum & Copper have remained near their highs of the last 3 months, while **Gold** was playing catch-up by jumping nearly +\$8 on Friday. We believe they will recover & move higher as the **US Dollar** fulfills the negative promise of its chart. The **Metals** and the **Oil Complex** have been steadily higher, while **Natural Gas** is on 4-month lows.

We **NO LONGER** recommend the **Stocks**, but continue to like the **BONDS** and Currencies of Australia, New Zealand, Canada, and to a lesser extent Russia and South Africa (greater political risk). We have been **LONG** for the last 3 years, **along with GOLD**, (from April 5, 2001)! “The Major shift to Resources is ongoing and will probably last for years.



ASTRONOMIC ACTIVITY

AUG 1 = Mercury opposing Uranus & Mars contra-parallel Pluto may bring stocks down on Monday a.m., Gold/Oil UP!

AUG 5-6 = Sun opposes and contra-parallel Neptune after the close (5th), while Jupiter squares Pluto reg. way on Fri. 6th.

AUG 7 = Saturn 135 to Uranus = Routines, possibly Internet disrupted, Tech stocks Down! Electricity dangerous.

AUG 9 = Mercury Retrogrades = Usually about 21 days, Don't Buy electrical equipment or sign legal papers!

AUG 11 = Saturn squares the coming October Eclipse Point = Could be a hard down into a temporary low.

AUG 13 = Friday the 13th! Good morning. Sun contra-parallel Pluto later during the trading day = Down. (2:02pmEDT)

AUG 17-19 = Mars opposes & contra-parallel Uranus, Mercury conjoins Mars & opposes Uranus = Market TOP!!

There are a number of TOP indications over the period Aug. 15-23. We're increasing Shorts on August 17th.

AUG 27 = Sun/Venus/Uranus/Pluto combination = Rather Extreme Negative! Erratic, Surprises. Stocks down, Gold/Oil Up!

AUG 30-31 = Pluto direct station = Coercive, Strange Vibes. On 31 = Four hostile planetary aspects = DUCK!

SEP 2 = Mercury Direct Station favors Venus = Things delayed will begin to move ahead again. OK to sign papers.

SEP 9-15 = Sun & Mars square Pluto, Mercury opposes & contra-parallel Uranus = Really Violent Bad Stuff!!! Gold-Oil!

SEP 14 = New Moon exact conjunct Mars & square Pluto = This looks like the very worst for markets & society at large.

ATTENTION: The letters are usually mailed 1st Monday. In September, it will be sent on Tuesday, September 7th!

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