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Dear Subscribers,

It was the classic US EQUITIES slipping on a Trump banana peel Wednesday afternoon due to antagonistic trade comments directed at Canada. As we have consistently noted since the upbeat influence of the US-Mexico trade deal announcement, reviving NAFTA via a renewed US-Canada arrangement was the key to maintaining that positive psychology. Now it is in a bit of trouble.

While we will return to that below, first it is important to note that it was the overt negative influence later Wednesday after US EQUITIES responded well to a highly anticipated FOMC rate hike and statement (http://bit.ly/2Oi7rUy for our lightly highlighted version.) Even more so was Chair Powell's upbeat press conference. He even responded to one question on the US economy growing faster than expected with the statement, "...and that's a good thing." Hardly sounds like the Fed is trying to derail either the economy or US EQUITIES.

Yet after that was the Trump press conference (https://cnb.cx/2OVGz9S for CNBC video) where he criticizes Canada's trade stance, and also specifically slams their negotiators (from the opening of that segment.) And as if that wasn't negative enough, he also notes that the next step (from 02:40) is to heavily tax future US car imports from Canada. Whoops! And

therein lays the reason for the US EQUITIES slide, and a modest 'haven' bid returning to GOVVIES and the US DOLLAR.

Yet as is often the case with Trump braggadocio, might this shake up the negotiations to the point where something positive comes out of his hyperbole? We shall see when the now stressed US-Canada negotiations resume.

The excitable bears finally appear to have gotten it right in the near-term due to reasons they were not necessarily anticipating into this week. Yet one totally 'tangential' political upset for the US EQUITIES and temporary boost for the GOVVIES has been deferred on the Trump-Rosenstein meeting pushed off out of today. As noted previous, we are very skeptical even Mr. Trump would be so benighted as to fire the Deputy AG on what are at best specious grounds.

And if the US-Canada conundrum can be addressed to any degree, US EQUITIES are likely to push higher once again based on a firm global (and very strong US) economy. That is still reinforced by some broader asset class tendencies we have reviewed over the past couple of weeks. GOVVIES remain in a down trend in spite of the current bounce, and the US DOLLAR is still losing its 'haven' bid against the other DEVELOPED CURRENCIES on the greater confidence a broadly constructive economic picture; that is very atypically even after the FOMC rate hike on Wednesday.

And as a final word on the international trade front, as noted repeatedly the US-Canada trade talks are considered a still important precursor to any US-EU agreement. And that will be the basis for any meaningful discussions by the US and others on the much greater challenge of the Chinese trade talks. As opposed to our previous views (i.e. we were wrong in the near-term), right now the US EQUITIES are bothered by the trade and tariffs outlook (more below) pending further developments on the US-Canada talks.

Market Quick Take

FRONT MONTH S&P 500 FUTURE (NOW DECEMBER) still had higher resistance into the 2,840-50 area in early August. It was reinstated on the mid-August drop back below it. Yet not for long, even if subsequent initial recoveries stalling into the low end of that range confirmed its prominence. However, it was exceeded once again on the mid-August surge from the key 2,810-00 support.

Higher resistance at the 2,878.50 January all-time high was exceeded in late August, and has held on subsequent selloffs. Next weekly Oscillator resistance into 2,895-2,900 was also overrun. Slipping below 2,895-2,900 congestion left it resistance the SEPTEMBER CONTRACT pushed back above two weeks ago.

And the 5.00 premium DECEMBER S&P 500 FUTURE looked that much better after last Friday's September contract expiration. Higher resistance at the recent front month 2,917.50 high was exceeded, yet was dropped below again Wednesday. It is reinforced by 'classic' Oscillator resistance that rises to 2,925-30 this week, with 2,955-60 is next classical Oscillator resistance this week. Unless it can push back above 2,925-30 soon it may need to retest either 2,895-2,900 or even sag into that previous 2,878.50 January all-time high. Keep an eye on the US-Canada talks.

The balance of the Evolutionary Trend View remains much the same as the Extended Market Take in Friday's emailed note. Of particular interest, the GOVVIES remain under pressure in that firm global economic context and especially after Wednesday's FOMC rate hike. The previously more resilient DECEMBER BUND FUTURE has now failed its 159.00-158.72 loose Tolerance of the 160.00-159.50 congestion. That leaves next supports into the 157.50 January-May congestion it sagged near on Monday with its 156.22 March 33-month trading low.

Yet almost perversely in that regard, the premium US yields are not assisting a US DOLLAR INDEX that was weakening until Wednesday. That was likely also due to it losing the previous multiple stressors 'haven' bid to back nearer its 93.50 support on the more confident global economic picture. That now includes the EURO firming to the EUR/USD 1.1800

Tolerance of the recent heftier 1.1750 congestion, which it is also reacting from at present.

And the EMERGING CURRENCIES remain a more mixed affair, yet also firming to some degree on the better global economic feeling and also CHINESE EQUITIES firming from recent scary looking weakness (SHANGHAI COMPOSITE recently back down near early 2016 lows.)

While once again seeming a bit less relevant in the midst of the now more major global trade cross currents, this week's Weekly Report & Event Calendar (accessible for Sterling and higher level subscribers) is available via the www.rohr-blog.com sidebar. And we are now fully into the robust phase of the final reporting week of the month after Wednesday afternoon's FOMC decision, projections revisions and press conference.

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