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Sent: Friday, October 05, 2018 7:11 AM
To: ar.rohr.intl@comcast.net
Subject: ROHR-BLOG: Pre-Employment Alert, Watch the Govvies

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Dear Subscribers,

We are coming to you quite a bit earlier than usual with a pre-US Employment report critical market view. In light of the major influence that weaker US GOVVIES prices have had in weighing on US EQUITIES since Wednesday, we suggest closely watching the activity in that market as it remains near a critical low.

While the DECEMBER T-NOTE FUTURE recovered to hold it during Regular Trading Hours (RTH) on Thursday, overnight into that session it temporarily sagged below the FRONT MONTH T-NOTE FUTURE 117-22 7.5-year trading low (going back to February 2011.) However the data might come out, that remains a key support into today's trading as we head toward the weekly Close. The problem for any bond bulls (and the US EQUITIES in the short run) is the next major support below 117-22 is the 115-00 area (going back to extensive June 2009-April 2010 congestion.)

And much like the T-note, the US EQUITIES also traded below some key lower support (more below) on Thursday only to rebound once they sensed the worst was over in the GOVVIES. While anything can happen, if the GOVVIES appear to be in far worse trouble today we suspect the EQUITIES will not take it well; or vice versa if the GOVVIES manage to hold on, whatever the economic data might show. Similarly, any failure of the US GOVVIES (i.e. higher yields) will also likely strengthen the US

DOLLAR against ALL OTHER CURRENCIES.

This is the critical consideration

FRONT MONTH S&P 500 FUTURE 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 stalled into the low end of that range. However, it was exceeded once again on the mid-August surge.

Higher resistance at the 2,878.50 January all-time high was exceeded in late August, and remains a key interim support. Next weekly Oscillator resistance into 2,895-2,900 was also overrun. Slipping below 2,895-2,900 congestion left it near-term resistance the September contract pushed above in mid-September.

And the 5.00 premium DECEMBER S&P 500 FUTURE looked that much better after September contract expiration. Higher resistance at the late-August front month 2,917.50 high was exceeded, yet was dropped below again on the US-Canada trade concerns last Wednesday. It was reinforced by Oscillator resistance that rises to 2,930-35 this week: hence our concern a bit more upside confirmation that never developed was needed even if 2,917.50 was near-term support that was subsequently violated on Thursday. Lower support remains 2,900-2,895 that it traded below on Thursday prior to recovering. That remains support today with support lower levels at the previously violated resistances noted above

Please refer back to Thursday's emailed note for the full Extended Market Take on all of the other markets we analyze for you.

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