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Dear Subscribers,

We are coming to you a quite bit earlier than usual in order to provide a full perspective on where the US EQUITIES correction stands, and why it is not likely a full bull trend reversal. Our assessment of the current hypervolatile downside correction remains much the same as our ‘Quadruple Whammy!’ emailed note on Thursday.

And yes, we still believe it is a correction, even if a typically sharp one after the previous sustained rally that did not see any significant correction along the way since March... just like the February correction and quite a few previous examples. We leave you with Thursday’s assessment and its associated intermediate-term weekly continuation chart (<http://bit.ly/2Oi6XOV>) going back a full year in the lower Evolutionary Trend View ‘critical consideration’ section.

In addition to lesser (Italian budget profligacy and Hurricane Michael) concerns, the extended impact of the US-China trade tiff and the rightful rate increases from the Fed remain the less clearly defined (‘uncertainty’) factors that may more broadly affect corporate earnings. Yet the Fed move from accommodation to neutrality was brought into question just a bit by Thursday morning’s much weaker than expected US CPI data.

In any event the old axiom, “The market (i.e. EQUITIES) dislikes nothing

quite so much as uncertainty” remains. However, the degree to which the EQUITIES weakness might be a sign of a major global economic reversal into weakness is just not being reflected in the other asset classes.

While they got a bit of a ‘haven’ bid this week on EQUITIES weakness, the GOVVIES only bounced back to failed supports. For instance, DECEMBER T-NOTE FUTURE only trading back up to the area of its failed 7.5-year 118-10 trading low support from back in April really did not do anything to change the overall trend.

Similarly in FOREIGN EXCHANGE, the greenback has not lost much of its bid against DEVELOPED ECONOMY CURRENCIES, as evidenced by the US DOLLAR INDEX only reacting back down into its 95.50-.00 key congestion. And if there was a real economic crisis unfolding, the EMERGING CURRENCIES would likely be much weaker than their recent more resilient activity. In fact, even after the DECEMBER S&P 500 FUTURE neared and rebounded from the more major 2,700 area support, the EMERGINGS have overall strengthened over the past several sessions.

And that’s where we leave you on that lower support in DECEMBER S&P 500 FUTURE after failures back up at the 2,800 area and the current 6-month up channel DOWN Break below 2,835 (see the chart for the definitive picture.) We noted Thursday morning that the current volatility makes for active swings between those levels without any real up trend reversal as long as 2,700 area holds.

Have a great weekend.

The Rohr-Blog Research Team

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