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Sent: Thursday, October 25, 2018 9:35 AM
To: ar.rohr.intl@comcast.net
Subject: ROHR-BLOG: Bombed Out? Quick Take, Calendar

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Dear Subscribers,

'Super Mario' Draghi recently wrapped up the ECB post rate (non-)decision press conference that did not see any pyrotechnics, as opposed to the fears on the package bomb revelations Wednesday afternoon in the US. And it is pure speculation just how much those might have affected US EQUITIES that were already under pressure from earlier unusually extensive weak US earnings.

We'll return to that below, but in the meantime Signore Draghi confirmed both the end of the ECB QE program in December, yet also the continued reinvestment of its entire balance sheet as a 'necessary' form of accommodation. That will be accompanied by indefinitely extended low interest rates. Given Europe's current weaker growth, that is reasonable there in a way not acceptable for the US.

Along with weaker US earnings, it will be very interesting to see what the real situation was with the failed 'terror bomb' threat. In the first instance, these were the least adept bombers in the history of parcel bombs; of the nine collected so far, none of them detonated when opened by the various bomb technicians. And while all parcels had postage on them, most were in fact hand delivered; leaving quite a bit of probability the delivery agents were caught on video surveillance.

All of this is only relevant to the degree to which disclosure of the perpetrators may have an impact on the US midterm election. Was it actually right wing kooks targeting left leaning politicians and celebrities? Or was it a 'false flag' operation by some misguided individual on the Left attempting to create sympathy? Either way it is a wholly unacceptable extension of highly vitriolic partisan rhetoric from the top of each political party on down to their minions.

Market Quick Take

This is a complete reset of the US EQUITIES Evolutionary Trend View in light of the recent sharp downside reaction that leaves the current key trend decision more relevant than old higher levels and price activity (please see previous emailed notes for that.) FRONT MONTH S&P 500 FUTURE is obviously back below old violated higher resistance into the 2,840-50 area and more recently failed 2,800-2,790 support. In the event the 'quadruple whammy' noted two weeks ago Thursday hit near-term psychology for failures below those areas.

However, as noted at the time, that still left room for further downside on what would still be a bull trend. That is apparent in Thursday morning's weekly chart (http://bit.ly/2ELhXjt right at the December S&P 500 future opening.) Even though it is below the 2,700 area up channel (from the last reaction into early April) and traded below its late-May 2,675 pullback low Tolerance, there is the question of whether that is temporary based on the 'terror bomb' news noted above.

This remains critical due to February-April mid-2,500 support possibly also being in jeopardy if the 2,700 area fails overall. That is due to lower major monthly chart (http://bit.ly/2z6emGS) up channels from 2011 and major 2009 lows not coming in respectively until the upper-2,400 and upper-2,300 areas noted Wednesday.

What is also very interesting is how little has changed elsewhere outside of the sharp moves in the EQUITIES led by the US. GOVVIES have had a 'haven' bid since the EQUITIES weakness began two weeks ago. Even the US GOVVIES have bounced back slightly above failed support. The DECEMBER T-NOTE FUTURE is now above its failed 7.5-year 118-10 trading low support from back in April, with extended resistance into the

119-00 area (congestion and weekly MAs.)

Yet in the context of more focused Brexit concerns and continued Italian budget confrontation, strong sister DECEMBER BUND FUTURE finally managed to push back above its 159.00-158.72 previously violated Tolerance of its more major 160.00-159.50 failed major congestion area. As noted previous, that higher area remains the overall more trend-decisive threshold (including weekly MA-41 and a Tolerance to congestion into 160.30 that has now been tested.)

Similarly in FOREIGN EXCHANGE, we had noted the GREENBACK had not lost much of its bid against DEVELOPED ECONOMY CURRENCIES. That was evidenced by the US DOLLAR INDEX only reacting back down to slightly below its 95.50-.00 key congestion it is now back well above, with next major resistance not until the mid-97.00 area it did not quite reach on its mid-August rally. Also as noted previous, even extended US EQUITIES weakness since earlier this week is not hurting the US DOLLAR INDEX, now up into the 96.50 area. It appears the problems elsewhere are more damaging to the other DEVELOPED ECONOMY CURRENCIES than the US EQUITIES weakness is for the US DOLLAR.

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 two weeks ago Thursday, the EMERGINGS have overall strengthened over the past two weeks prior to some of them (especially the MEXICAN PESO) weakening off again of late.

We interpret this as a sign the overall global economic performance will remain firm enough in the intermediate term to support even these external capital hungry economies, which (as noted previous) seem to have delinked from their classical tie to Chinese economic prospects.

This is especially so for the TURKISH LIRA that is benefitting from an improved US relationship in the wake of the release of US Pastor Andrew Brunson after two years in detention. As such, the USD/TRY drop below the key 6.00-5.90 range on its Close two weeks ago leading to a test of 5.50

next support last week was no surprise.

The SOUTH AFRICAN RAND has also benefitted from the overall global confidence factor, as USD/ZAR that had traded temporarily back above 15.00 again as recently two weeks ago had slipped back down below the key 14.50-.40 area once again prior to rising above it again. Higher resistance is once again back up into the interim 14.75 and more major 15.00 areas.

While once again seeming a bit less relevant as we have been noting for a while in the midst of more major global trade and political 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. In addition to everything else impacting the markets in the near-term (like Brexit, the Italian Budget, and central bank meetings), there is still Friday's first look at US Q3 GDP as a key late week factor into such a critical EQUITIES Evolutionary Trend View.

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