Alan Rohrbach

From:	no-reply@vrmailer3.com on behalf of ROHR-BLOG <info@rohr-blog.com>
Sent:	Friday, October 26, 2018 9:41 AM
To:	ar.rohr.intl@comcast.net
Subject:	ROHR-BLOG: Crunch Time, Quick Take

View this email in your browser

Dear Subscribers,

We are coming to you a bit earlier than usual after the markets have had a chance to digest the somewhat more constructive than expected first look at US Q3 GDP. Yet regardless of that positive factor, there are broader influences afoot which may mean the US EQUITIES (and others) continue lower unless they can stabilize and recover later today.

Even after this week's overall US EQUITIES slide, today represents the major critical 'event horizon' into key technical trend levels. And any further US EQUITIES slide may mean a further extension of the GOVVIES current rally as well as more of a 'haven' bid in the US DOLLAR.

As we want to devote more space to the macro factors this morning, please refer back to Thursday's emailed note for the US EQUITIES Market Take that remains the same as that broader Evolutionary Trend View discussion. That includes the links to the heavily marked-up weekly chart (http://bit.ly/2ELhXjt) from Wednesday morning, and Thursday morning's monthly chart (http://bit.ly/2z6emGS) projections of the lower major up channels from 2011 and major 2009 lows not coming in respectively until the upper-2,400 and upper-2,300 areas.

While those lower levels sound a bit scary after the sharp FRONT MONTH S&P 500 FUTURE slide from the mid-2,900 area since the beginning of

October, first things first: as apparent on the weekly chart (and in our previous assessment), the DECEMBER S&P 500 FUTURE 2,700 area represents the front month 8-month up channel support; and that has a Tolerance to the late-May 2,675 pullback low. As such, any weekly Close below those areas would represent a failure out of the up trend since the February-April lows.

The bigger question at this point is whether the 'macro' influences that include the near-term data releases encourage such a failure to what may still be bull market supports, yet at potentially much lower levels (see the monthly chart)?

There is the slowing economy in Europe, now exacerbated by the EU-Italy budget confrontation. Yet this is not likely another critical concern on Italy leaving the Euro-zone. There are also the suddenly less impressive US corporate earnings announcements, which were a major part of Wednesday's US EQUITIES weakness that initially brought them below the key supports noted above. Yet today's better than expected US Q3 GDP headline growth along with weaker Core PCE inflation indications should go some way toward mitigating weak earnings.

Then there is uncertainty on the upcoming US midterm election in eleven days. Yet even if the Democrats manage to (likely) retake the House, the impeachment of Donald Trump would not likely lead to conviction in the Senate. Even if it did, (contrary to Trump's typically outlandish assertion) that would not reverse all the recent US tax and regulatory change economic gains under a President Pence.

The current parcel 'terror bomb' scare is yet another tangential market influence, even if a scary one on a human level. We have already noted the inept nature of that effort in Thursday's emailed note, and suspect the perpetrator(s) will soon be caught. Yet all of this raises MORE uncertainty at an already unsettled time.

As the old adage we revisited again recently says, "The market (i.e. equities) dislikes nothing quite so much as uncertainty." And the issue into today's Close is whether there is now enough of it to shove the US EQUITIES out of their more aggressive bull trend of the past eight months into a more extensive correction (with implications for the OTHER ASSET CLASSES

as well.)

Market Quick Take

As we have already covered the US EQUITIES situation above (with the suggestion of looking back to Thursday's emailed note for more details on the Evolutionary Trend View), this will only deal with the changes to other asset classes.

While very little had changed elsewhere outside of the sharp moves in the EQUITIES up to this point, along with the threat to the near term strength of the US EQUITIES trend that is changing a bit now. US GOVVIES have had a 'haven' bid since the EQUITIES weakness began two weeks ago. They have now bounced back above failed support. The DECEMBER T-NOTE FUTURE above its failed 7.5-year 118-10 trading low support from back in April has reached extended resistance into the 119-00/-08 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 is a more trend-decisive threshold (including weekly MA-41.) As it is also now above that area's Tolerance to the 160.30 congestion, it is possible to consider a further push to the old 162.00-.50 area.

And the DECEMBER GILT FUTURE finally recovered from its early month test of the 120.00 area to back above 122.00-.50 this week, opening the door to a test of the more prominent repeatedly tested 124.00-.50 area last seen in mid-August.

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 continues to churn its way toward. That seems a bit of a 'haven' bid on the weakness elsewhere, with EUR/USD below 1.15-1.14 looking like a test of the 1.1250-00 area

might be in order. And GBP/USD slightly below the broad 1.30-1.28 congestion range might be ready to test the 1.26-1.25 congestion it never reached on the selloff in August.

And while the EMERGING CURRENCIES held up well on the initial US EQUITIES selloff, the current weaker psychology is finally having an impact. Even though it may prove to not be the case, a DECEMBER S&P 500 FUTURE failure below the 2,700-2,675 area could be taken as a sign the overall global economic performance will not remain firm enough in the intermediate term to support even these external capital hungry economies.

The SOUTH AFRICAN RAND had benefitted from the overall global confidence factor that had seen USD/ZAR back below the key 14.50-.40 area. Yet of late it is once again above it with higher resistance is into the interim 14.75 and more major 15.00 areas.

USD/MXN has been stronger than the others of late, ranging above the 19.00 area (including all weekly MAs) once again. Now it is above 19.50 as well. And even though there is a September 19.68 trading high, the full resistance is not until the 20.00-.25 range.

The one EMERGING CURRENCY that continues to benefit from recent changes after a previous diabolical slide is the TURKISH LIRA. Yet that is due to it benefitting from an improved US relationship in the wake of the release of US Pastor Andrew Brunson after two years in detention. The USD/TRY drop below its key 6.00-5.90 range support two weeks ago led to a test of 5.50 next support last week. And it remains relatively near that lower level at present.

The Rohr-Blog Research Team

info@rohr-blog.com

incidental liability for financial loss or forgone profit against Rohr International, Inc. and any informational contributors under all circumstances. Information contained herein may have already been disseminated to others who may have acted upon it. Implicit in the Rohr services is the understanding that principals or employees of Rohr may have already taken positions. By review of Rohr alerts and/or Rohr views and all attendant information you confirm receipt of them as educational content, as well as agreement with all of the stipulations articulated above.