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Dear Subscribers,

Governor Carney presided over a very interesting Bank of England Inflation Report press conference this morning. And our assessment there is much the same as after the week earlier ECB press conference: in spite of the rightful continued tightening by the Fed, other central banks remain very accommodative at present.

And Governor Carney was very pointed on two key fronts that give us more confidence in the likely return of near-term bullish activity to the US EQUITIES (and others) as well as weighing to some degree on GOVVIES once the EQUITIES strength becomes more prominent.

He saw the same weakening of the European and global growth as we have noted for some time, yet was also in line with our assessment (and the sheer levels of the recent PMI's) that this was just slippage back to trend growth from overt strength in 2017.

Yet that near-term economic weakness also leaves BoE in a position to remain accommodative despite the current inflation reading being above its target, as it expects it to drop back to target early next year. Central banks other than the Fed remaining accommodative on current economic weakness yet allowing growth is solid overall looks like further encouragement for the US EQUITIES (and their global counterparts) and a

risk for GOVVIES.

And the US EQUITIES being nominally back above the key resistance from last week (more below) flips the 'burden of proof' onto bears. That is in spite of challenging international cross currents (see previous emailed research notes on those) and the looming US midterm election.

Yet as mentioned on Wednesday, US EQUITIES have been known to "climb the wall of worry" previous as long as corporate earnings remain solid... and that classical dynamic will be vigorously tested over the next week.

Market Quick Take

Since the beginning of October FRONT MONTH S&P 500 FUTURE has obviously been back below old violated higher resistance into the 2,840-50 area (including a weekly channel 2,835 DOWN Break) and subsequently failed 2,800-2,790 support. In the event the 'quadruple whammy' noted three weeks ago Thursday hit near-term psychology for failures below those areas all within that same week.

Last week's further DECEMBER S&P 500 FUTURE downside activity also exhibited a 2,708 DOWN Break (see Monday morning's weekly chart http://bit.ly/2CLEyda from before that session's 2,603 new trading low) out of the broad up channel since the February-April mid-2,500 area sharp reaction lows. As noted previous, last week's Close was below the late-May 2,675 pullback low Tolerance of the channel, yet by such a marginal factor as to allow subsequent recovery; like the present rally.

That represents enough of a recovery to begin to restore the overall upward trend momentum (i.e. marginally above that 2,708 DOWN Break.) If last week's Close was only 'slippage' below the channel, that should lead to sustained recovery that could regain recent losses.

Or there might even be new highs as this year's 'Santa Portfolio Manager Rally" sets in later this month if indeed the EQUITIES experience any sustained recovery. Based on the price movement from here, the proof in the pudding should soon be apparent either way.

And as very little has changed elsewhere since Monday's research note, we refer you back to that for more on the various OTHER ASSET CLASSES. The GOVVIES are predictably giving back some of their recent 'haven' bid on the US EQUITIES reversing their recent weakness, yet with the BUND still the most resilient on concerns in EUROPE.

Similarly in FOREIGN EXCHANGE the EURO and POUND are suffering more than the other DEVELOPED ECONOMY CURRENCIES. Even on today's near-term setback, the US DOLLAR INDEX maintains its push toward mid-upper 97.00 resistance we have noted since it first pushed back above 95,00-.50 in early October. And the EMERGING CURRENCIES are still more country-specific trends than previous, especially the looming government change beleaguered MEXICAN PESO.

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 German politics), we have now seen most of the late-month and early-month economic data this week prior to Friday's US Employment report.

And even all of that is the lead-in to next Tuesday's US midterm elections. The 'received wisdom' is the Democrats will likely regain control of the House of Representatives. The other 'likely' therefore is there will be no further tax, regulatory, entitlements or other fiscal reforms likely for the next two years… for better or worse. And there might just possibly (only a possibility) be a move to impeach President Trump, whether that has any chance to turn into a conviction in the Senate. So that is yet another key factor into next week at such a critical time for the Evolutionary Trend View in the EQUITIES and OTHER ASSET CLASSES.

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