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To: Alan Rohrbach
Subject: ROHR-BLOG: Testing Time, Quick Take, Calendar

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Dear Subscribers,

Does the somewhat more orderly US EQUITIES selloff signal a market that is still bullish or not? That is the question as the DECEMBER S&P 500 FUTURE heads back into the key technical trend activity from two weeks ago that signaled reversal of the 'Shoctober' selloff (much more below.) And the current selloff is no surprise in the wake of it not holding above higher resistance at the end of last week.

The important 'macro' and 'micro' fundamental influences remain into this very important trend decision. In the short term, US economic data continues to outperform other developed economies. This could have been easily anticipated from the past OECD Composite Leading Indicators (CLI), the most recent of which (http://bit.ly/2DhmQhN) was released this Monday. This morning's stark contrast in weak UK and strong US Retail Sales is simply the latest indication (even if the latter is making up for an isolated weak indication last month.)

On the 'macro' front the US-China trade tiff remains, and may accelerate if there is no change late this year. And the still not very normal communications from the opposing trade camps within the Trump administration also remain. Please see Wednesday's emailed research note for much more on the Navarro-Kudlow disconsonance. There is also what is characterized by both UK Remainers and Leavers as Prime Minister May's

unacceptably terrible Brexit deal, which casts shadows over both of those weakening economies (see the OECD CLI on that.)

With global challenges into still strong US economic data and (on balance) positive corporate earnings, it will be interesting to see what the US EQUITIES tell us in their own right on the retest of a very key technical trend area. That will also likely hold some lessons for especially the GOVVIES and somewhat for FOREIGN EXCHANGE as well.

Market Quick Take

Since the beginning of October FRONT MONTH S&P 500 FUTURE had obviously been back below the 2,900 area and old violated higher resistance into the 2,840-50 area. The latter failure included a weekly channel 2,835 DOWN Break, and subsequently failed 2,800-2,790 support, all of which remain current key areas.

In late October the DECEMBER S&P 500 FUTURE Broke DOWN below 2,708 from its broad weekly up channel since the February-April sharp reaction lows. As noted previous, that week's Close below the late-May 2,675 pullback low Tolerance of the channel was by such a marginal factor as to allow subsequent recovery.

And the rally into early November after a new late-October trading low for the selloff exhibited an UP Closing Price Reversal from the previous week's 2,670 Close. The extends Tolerance to the 2,675-70 range being neared once again, as apparent on the weekly chart from Wednesday's Close (http://bit.ly/2zUP6DJ.)

As this is also marginally back below the 2,708 DOWN Break that was Negated two weeks ago, it is a particularly critical test. It is also important due to that Tolerance area being last year's annual Close, which may therefore affect the potential for any 'Santa Claus' Rally late this year. Higher interim resistance remains around 2,750, with 2,800-2,790 above. Next lower support is 2,600-2,590.

The recent US EQUITIES weakness is also encouraging GOVVIES to predictably push up again. Combined with the Brexit concerns and continued EU-Italy budget face off, strong sister DECEMBER BUND

FUTURE once again back above the 160.00.-30 area. Yet whether it can make it fully up to the next major 162.00-.50 range missed on its mid-October rally likely rests with whether US EQUITIES fail the current support test.

And weak sister DECEMBER T-NOTE FUTURE is currently back above its 118-10 mid-May trading low after recently testing the key 117-22 area 8.5-year trading low. Yet higher trend resistance remains in the 119-00/-08 area seen on its late-October rally.

Similarly in FOREIGN EXCHANGE the POUND is especially suffering again even as the EURO also remains weaker than other DEVELOPED ECONOMY CURRENCIES on the now weakening global economic health psychology. This has brought continued strength in the US DOLLAR INDEX that is once again near its mid-upper 97.00 resistance after holding the early November dip back toward its important 95.00-.50 area previously tested in mid-October.

EUR/USD back below 1.1400 after last Thursday's weaker-than-expected European Commission Growth Forecast still looks like a test of 1.1250-00 is in progress, while GBP/USD has dropped from the upper end of the 1.28-1.30 area to somewhat back below it. And despite the US changeability, the previous hint of US-China rapprochement abating has encouraged AUD/USD to squeeze back above its historic .7200-50 area.

And while the EMERGING CURRENCIES are still more country-specific trends than previous, they are also enjoying a bounce from support on US-China potential. The looming government change-beleaguered MEXICAN PESO that had seen USD/MXN drop back temporarily below its 20.00-20.20 congestion, now has it back up testing the 20.50 area. And that is just part of the EMERGING CURRENCY bounce from weakness as USD/ZAR has pushed up from below 14.00 to testing and failing from 14.50 again, USD/RUB has reacted back down a bit from above 67.00 on extremely weak Crude Oil prices with the next major resistance not until 70.00 again, even if the still improved TURKISH LIRA has USD/TRY slipping slightly from 5.50.

While still 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. It is still a useful guide to all of the important data and events of this week like early Wednesday Chinese economic data (that came in weaker again) and Thursday's UK and US Retail Sales data (see above) into somewhat weaker overall global economic indications along with additional important US data on Friday.

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