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To: Alan Rohrbach
Subject: ROHR-BLOG: Partial Equities Implosion Recovery, Quick Take, Calendar

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Dear Subscribers,

So was that it? Is this morning's US EQUITIES recovery the beginning of the healing of the market after the Monday-Tuesday short-term implosion? Well we are actually coming to you quite a bit earlier than usual again today due to the most important fresh influences hitting early this morning (US time) as expected.

With that, we refer you to the previous couple of days emailed research notes for background on the other issues, as we want to concentrate on major fresh inputs. In the first instance, there is the EU verdict on the proposed fiscally looser proposed Italian budget; and it is very negative. The EU has followed through on its threats, and is suggesting if Italy proceeds it will be fined; which is negative for EU growth.

Speaking of growth, there was bad news and good news from the OECD's latest Economic Outlook (http://bit.ly/2xQTogU) this morning. For those who do not want to view the entire press conference video, the accompanying PowerPoint presentation (http://bit.ly/2PMdUZh) is very instructive. In this version of the 'agony and ecstasy' (with apologies to Irving Stone) there is an extended risk that any escalation of the US-China trade tiff will indeed inflict damage on the entire global economy. However, near-term ecstasy may still prevail.

As a very good article in today's Financial Times (http://bit.ly/2S5XF5X) notes, those OECD fears would not likely become full blown until 2021; 2019 growth would only slip from 3.7% to 3.5%. Given the short-term anticipation of EQUITIES, that might still leave room for a recovery back above the key level (more below.)

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 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. This extends the Tolerance to 2,675-70 range tested last Thursday, and violated on Tuesday's downside follow through. Its importance is apparent on the weekly chart from last Friday (http://bit.ly/2OWnSSQ.)

As noted above, it is important as well due to 2,676 being last year's Close, which may therefore affect the potential for any 'Santa Claus' Rally late this year. So the decision on the late year tone rests with the market decision on that area in the near term. Higher interim resistance is 2,750, with 2,800-2,790 above. Lower support is 2,600-2,590, with previous early 2018 2,550 and 2,530 lows below that.

The US EQUITIES weakness has also encouraged GOVVIES to predictably push up again, yet possibly not as much as the volatility of the US EQUITIES short-term implosion might have suggested. Combined with Brexit concerns and continued EU-Italy budget face off, strong sister DECEMBER BUND FUTURE is once again back above the 160.00.-30

area. Already back up into recent upper-160.00 area highs, it has backed off again on the modest EQUITIES recovery. if the EQUITIES should sink further it will likely test at least the more major 162.00-.50 area.

And weak sister DECEMBER T-NOTE FUTURE now well back above its 118-10 mid-May trading low is also pushing above higher trend resistance in the 119-00/-08 area last seen on its late-October rally. While if that maintains it points to a retest of heftier 120-00 area congestion (also now weekly MA-41), for now it is back below 119-08.

The same is true for DECEMBER GILT FUTURE above 122.00-.50, with next heavy congestion into the 124.00-.50 range even if it has sagged back to the 123.00 area for now.

Similarly in FOREIGN EXCHANGE, a 'haven' bid returning to the US DOLLAR INDEX left all others under some pressure once again, yet is revesring a bit this morning. While the US DOLLAR INDEX was once again weakening from 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, it maintains its overall up trend.

EUR/USD back around 1.1400 even after last Thursday's weaker-than-expected European Commission Growth Forecast still looks stabilized again without even nearing any test of 1.1250-00. GBP/USD dropped from the upper end of the 1.28-1.30 area to somewhat back below it on last week's negative Brexit psychology, but is now back into the low end of that range. And despite the US changeability, the previous hint of US-China rapprochement abating has encouraged AUD/USD to hold squeeze back above its historic .7200-50 area.

It all smacks of the importance of the overall decision later this week on the US EQUITIES.

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, had been back up testing the 20.50 area prior to its

current slide.

And that is just part of the EMERGING CURRENCY return from weakness as USD/ZAR had pushed up from below 14.00 to testing and failing from 14.50 again on its way back below 14.00. Next lower support is the 13.60-.50 area not reached earlier this month.

USD/RUB has reacted back down above 67.00 in spite of imploding Crude Oil prices with the next interim support into the 65.00 and even heftier 64.00 area congestion below. In the meantime, the still improved TURKISH LIRA has USD/TRY slipping once again from 5.50.

While now obviously still a bit less relevant (as we have been noting for a while) on the standard report releases 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 key regular economic data culminating in Friday's global Advance PMI's, it lists all of the many other major influences.

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