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Sent: Tuesday, November 27, 2018 9:47 AM
To: Alan Rohrbach
Subject: ROHR-BLOG: Macro Mash, Quick Take, Calendar

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Dear Subscribers,

While month end data is interesting, the significant US EQUITIES trend decision more likely rests with 'macro' influences that reach a crescendo at the end of this week. Of course, that will also affect other asset classes like GOVVIES that have been encouraged by weak data and recent US EQUITIES weakness.

There will also be an impact on FOREIGN EXCHANGE that has seen the return of a US DOLLAR INDEX 'haven' bid on weakness in Europe, and EMERGING CURRENCIES will also likely be affected by the outlook for China.

As revisited on Monday, last week was not going to be a typically quiet third week of the month reporting phase into a US holiday due to too many central bank and other organizations' influences; and that only intensifies into this already robust economic release week. Please see that emailed research note and others from the middle to end of last week for much more.

It would be easy to see the US EQUITIES Monday rescue rally from Friday's Close into a very critical support Tolerance as a return to a more bullish trend. Yet much like last Wednesday's bounce, it stalled at key

higher resistance (more below on all of that.)

There are quite a few influences that might foment a move out of this recent 'indecision' range. After the Fed's Clarida sounded a bit more dovish this morning, might Fed Chair Powell's lunchtime Wednesday speech be the decisive factor? Or might it be the major central bank and NGO releases? Possibly. Yet the overarching impact will be Friday's G20 meeting.

It will boil down to whether there is any modest thaw in the so far consistently frosty US-China trade indications. That is not due only to the sheer levels of US-China trade… that's a sideshow.

The real issue is corporate capital investment confidence. Across every economic cycle that is the most telling factor through multiple quarters.

And in spite of the US corporate tax cuts and incentives, US boardrooms have decided that uncertainty over not just current conditions but also proposed future aggressive US actions mean at least a 'pause' in capital investment is warranted. As such, any Trump-Xi meeting, and especially the lack of one, in the wake of future US threats is THE major 'macro' outlook driver.

Courtesy Repeat of Monday's Market Quick Take

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 (CPR) from the previous week's 2,670 Close. That extended the Tolerance to the 2,675-70 range held two weeks ago, yet violated on last Tuesday's sharp selloff. Its importance is apparent on the weekly chart from last Friday's Close (http://bit.ly/2PUWpWU.) The UP 'CPR' into early November would be 'Negated' (i.e. reversed) on any Close below its 2,627 Tolerance (heavy red line) at the low of the preceding week.

That is a very important consideration with the market already below the key 2,675-70 UP CPR signal area that is also last year's Close; that may therefore affect the potential for any 'Santa Claus' Rally late this year. And if the UP CPR is indeed Negated, it carries the implication that the late-October 2,603 trading low was NOT the end of the selloff.

While a further top (Head & Shoulders) evolution is possible if the early 2018 lows hold, it is very interesting that this morning's recovery is only up to 2,675-70 so far. This remains a critical psychological trend area for whether any new current trend low is possible, or the US EQUITIES have seen the lows and will indeed attract 'Santa Claus' buying late this year.

The US EQUITIES weakness had 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 was once again back above the 160.00.-30 area. Already above recent upper-160.00 area highs late last week, it is fading now. If the US 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 was also pushing above higher trend resistance in the 119-00/-08 area last seen on its late-October rally prior to fading this morning. If that maintained it would have pointed to the heftier 120-00 area congestion (also now weekly MA-41.)

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 below the 123.00 area.

Similarly in FOREIGN EXCHANGE, a 'haven' bid returning to the US DOLLAR INDEX left all others under some pressure once again, yet is reversing 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 below 1.1400 was also the case after the weaker-than-

expected European Commission Growth Forecast two weeks ago, with next support into 1.1250-00. GBP/USD dropped from the upper end of the 1.28-1.30 area to somewhat back below it on previous 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 prior to dropping back into it.

It all smacks of the importance of the overall decision by the US EQUITIES. And while the EMERGING CURRENCIES are still more country-specific trends than previous, they were also enjoying a bounce from support on US-China potential that remains a key influence into the end of this week. 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 previous and again at present.

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 from above 67.00 and is back there again in the wake of imploding Crude Oil prices. Next interim support is 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, with next support into the 5.00 area (now including weekly MA-41.)

While now obviously still a bit less relevant (as we have been noting for some time) 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.

And despite the critical nature of those 'macro' influences such as Wednesday's BoE Financial Stability Report, OECD International Trade Statistics and Fed Chair Powell's speech followed by Thursday's ECB Financial Stability Review and FOMC Meeting Minutes into Friday's G20 Meeting, the key late month data is going to also remain important right

into that G20 meeting.

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