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To: Alan Rohrbach
Subject: ROHR-BLOG: Trend Test Triumph, Quick Take, Calendar

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Dear Subscribers,

The bulls have won. The US EQUITIES bull is back on track after surviving a very sharp test of the key lower up trend Tolerance. That striking blind flash of the obvious only comes after the previous very rigorous assessment, and a thought spared for how things might have been different as the bears had the market on the ropes during the US Thanksgiving holiday weekend (much more below.)

Yet this is consistent with our oft-repeated observation: While US EQUITIES bulls can be weighed down by three or more stressors, as those are removed the market is most likely to revert back to form; and sometimes with a vengeance, as is the case at present. Recent stressors included weaker data (even if that is also now abating a bit today.)

More important were the macro factors like the various OECD analyses cited in our Friday November 23rd emailed research note (i.e. into the very weak weekly Close.) However, it is important to note that a lot of the ‘macro’ angst in those major analyses and other assessments was based on future trade psychology, especially the US-China confrontation.

Yet last week Monday the US EQUITIES were higher on the removal of the EU-UK Brexit stressor. Then there was the less hawkish tone from Fed Chair Powell in last Wednesday’s speech (<http://bit.ly/2Ssqyd4> from the top

of page 2.) And that was followed by last weekend's partial US-China trade rapprochement at the G20 meeting. While that is more détente than definitive agreement, the suspension of further aggressive action for 90 days was all the market needed to hear.

It is interesting that nobody seems to be thinking about how the return to a stronger growth psychology might encourage the commensurate return to more hawkish Fed activity. But that doesn't seem to matter as much as THE major stressor abating for now.

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, the rally into early November after a new late-October trading low was an UP Closing Price Reversal (CPR) from the previous week's 2,670 Close.

That extended the channel Tolerance to the 2,675-70 range with the UP CPR 'extended' Tolerance to 2,627 (heavy red line) at the low of the preceding week then being the ultimate test of the bull trend. Yet it held Friday November 23rd, depriving the bears of what might have been a far more meaningful downward spiral. It is one of our classic Sherlock Holmes eliminating a 'highly unlikely' possibility leading to the other outcome (see page 2 on <http://bit.ly/25GidVh>.)

In hindsight it is (as always) easy to see how the bears inability to extend their control led to the sharp recovery as succeeding levels of stressors were removed (<http://bit.ly/2BOdF7u> as of 09:00 EST this morning.)

And initial modest recovery on the Brexit breakthrough last Monday was indeed able to get (as we inquired on Friday) "Better, better, better" on the additional major stress reduction from the US-China warming. It is now interesting that the DECEMBER S&P 500 FUTURE has stalled after a brief look above the 2,800 area resistance, with interim 2,750 area as next support. Higher resistances remain into 2,850 and 2,900 areas.

Consistently weak data that might influence the Fed has also encouraged GOVVIES to predictably push up again despite the US EQUITIES

rebound. While that was with less volatility than might have been expected on the previous US EQUITIES implosion, they are holding their gains in spite of the current sharp US EQUITIES recovery.

Combined with remaining Brexit concerns and in spite of some lowered EU-Italy budget face off tension, strong sister DECEMBER BUND FUTURE remains back above the 160.00-.30 area. Already above recent upper-160.00 area highs two weeks ago, after a slight dip it has pushed back above it on Powell's comments despite the US EQUITIES rally. Of note, the MARCH BUND FUTURE is trading at a recently unusual 0.85 premium to the December contract that expires this Thursday. That already leaves it into more major 162.00-.50 area next resistance.

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 before Powell's speech. Now back above it points 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 as its rebounds from into the 123.00 area into the mid-123.00s.

Similarly in FOREIGN EXCHANGE, a 'haven' bid returning to the US DOLLAR INDEX left all others under some pressure once again. And now the US DOLLAR INDEX is once again weakening from near its mid-upper 97.00 resistance after Powell's more dovish speech. Yet it held previous (early November) back toward its important 95.00-.50 area previously tested in mid-October, and we suspect the same will occur now.

Yet EUR/USD back below 1.1400 remains the case after the weaker-than-expected European Commission Growth Forecast three weeks ago, with next support into 1.1250-00 that has been neared on the recent dip. GBP/USD dropped from the upper end of the 1.28-1.30 area to somewhat back below it on previous negative Brexit psychology, and failed again recently into the low end of that range. Next major support is 1.25-1.24 area not seen on its August selloff.

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 last week. However the Powell speech now has it back above that area, with next resistances into the .7400 and .7500 areas.

It all smacks of the importance of the perceptions on the future path of FOMC rate decisions, and by extension US inflation indications.

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 remained a key influence into the end of last week, and is now extending on the US-China rapprochement.

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 prior to sliding from it 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 last month yet being initially probed into the beginning of this week.

USD/RUB that had reacted back down from above 67.00 was back there again in the wake of imploding Crude Oil prices with next resistance as nearby as the 68.00 area tested early last month and not again until the 70.00 last seen in mid-September. Yet the Fed shift has engendered slippage back below 67.00 there as well, likely due to the encouragement both it and the US-China situation has provided the recently suffering Crude Oil market.

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 still obviously 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.

It is already a high impact week due to the US-China partial trade rapprochement at the G20 meeting over the weekend. And all of the early month economic data this week that culminates in the usual US Employment report is augmented once again by significant central bank activity, especially the Fed, ECB and BoE along with key political and government influences.

Not the least of which are the yet to be specified Wednesday US government and markets closures for the former President George H.W. Bush national day of mourning designated by President Trump. What this will mean for US government reports and Fed Chair Powell's scheduled testimony is yet to be seen.

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