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Sent: Friday, December 14, 2018 9:41 AM
To: Alan Rohrbach
Subject: ROHR-BLOG: Totally as Expected, Quick Take

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Dear Subscribers,

Global data reinforces US EQUITIES weakness despite US economic strength. This morning saw weaker than expected key Chinese data that offset complementary lifting of recently suspended US tariffs for the first quarter of 2019. Yet European Advance PMI's were weaker than already downbeat estimates, with France falling shockingly below 50.0 (i.e. contraction territory.) We are coming to you a bit later than usual in order to see the US Advance PMI's after the very strong Retail Sales data. And while a bit weaker, they were still well above 50.0.

And in more classic inter-market tendencies than have been the case recently, the other asset classes are reflecting that data differential. GOVVIES are maintaining their rally, and US DOLLAR is recovering its 'haven' bid after only a modest setback into the middle of this week. As such, it is all totally as expected.

This is also reinforced by the still accommodative views from Mario Draghi at Thursday's ECB post-rate (non-)decision press conference (<http://bit.ly/2yMh99Z>.) Previous we have also cited the serial weak indications from OECD, like Monday's Composite Leading Indicators (<http://bit.ly/2B78ZYF>) that are now showing more extensive weakness for both the US and Canada. This continues their past views and full quarterly Outlook presentation (<http://bit.ly/2xQTogU> or just review the PowerPoint

at <http://bit.ly/2PMdUZh>) and Trade stats (<http://bit.ly/2PZSUP2>.)

It all reinforces last week's US EQUITIES 'failure swing' (see Monday's emailed research note for more on that Evolutionary Trend View), reinforced by this week's rally failure.

Market Quick Take (lower S&P 500 supports added)

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. And it held Friday November 23rd.

While the bears inability to extend that selloff led to a sharp rally into last Monday morning on G20 US-China stressor removal, Tuesday Trump 'Tariff Man' tweets (and others) put it below key levels like 2,708 and even 2,675-70 (including the 2017 Close.) See the weekly chart from last Friday's Close: <http://bit.ly/2C15pRT>.

Note that its recovery rally also failed Friday morning at the 2,708 level it should not have violated again after the last rally; hence it was a 'failure swing'. As such, December S&P 500 future back below the critical CPR UP signal at 2,670 is also below the 2017 Close area, threatening any Santa Claus psychology late this year. And below 2,627 (heavy red line) Tolerance of the UP CPR, 2,603 low was unlikely to hold. Lower supports remain the early-2018 2,529-52 lows and the 2,400 area.

Consistently weak data that might influence the Fed has also encouraged GOVVIES to predictably push up again as the US EQUITIES come back under pressure. That has recently exhibited the volatility which seemed to be missing on the previous US EQUITIES selloffs.

Combined with remaining Brexit concerns and in spite of some lowered EU-

Italy budget face off tension, strong sister DECEMBER BUND FUTURE remained back above the 160.00-.30 area as well as the upper-160.00 area highs on its way to the 162.00-.50 area next resistance. On its Thursday DEC 6 expiration the MARCH BUND FUTURE was trading at a recently unusual 0.85 premium to December contract, and was already above 162.00-.50 area it has now reacted back down to. The more major resistance remains in the 164.00-.50 area.

And weak sister DECEMBER T-NOTE FUTURE well back above its 118-10 mid-May trading low has also sustained its rally above higher trend resistance in the 119-00/-08 area previously seen on its late-October rally. Back above it after Powell's speech pointed to the heftier 120-00 area congestion (also weekly MA-41) it is now also above. That leaves the 120-24 area highs it has recently tested and previous trading highs into the 121-12 area as next resistance.

The same is true for DECEMBER GILT FUTURE above 122.00-.50, with next heavy congestion into the 124.00-.50 range it is currently testing with 125.50-126.50 next major resistance.

Similarly in FOREIGN EXCHANGE, a 'haven' bid returning to the US DOLLAR INDEX left all others under some pressure once again. Even as the US DOLLAR INDEX reacted once again from near its mid-upper 97.00 resistance, it held now worse than the mid-96.00 area.

And as it held previous (early November) back toward its important 95.00-.50 area previously tested in mid-October, the recent holding looks even more resilient. Next interim resistance if the mid-upper 97.00 area is violated is 99.00, with more major congestion into 100.00-.50.

Even though it has recovered near it, EUR/USD back below 1.1400 has only recovered marginally back above it on comparative weakness of the POUND. Next support is into 1.1250-00 that has been neared on the recent dip. Yet the Brexit concerns have indeed dropped GBP/USD well below 1.28-1.30 toward next major support in the 1.25-1.24 area not seen on its August selloff.

And despite the US changeability, the previous hint of US-China rapprochement encouraged AUD/USD to squeeze back above its historic

.7200-50 area prior to dropping back into it on recent dips. Even though the Powell speech had it back above that area, with next resistances into the .7400 and .7500 areas, it is back into it now.

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 rapprochement that remained a key influence, yet with it now abating on ‘Grinch Trump’ influences.

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 on multiple tests of the 20.50 area prior to sliding 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 that was initially probed into the beginning of last week. However, it was also back into 14.40-.50 early this week prior to sliding back below it at present.

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. Even though the Fed shift had engendered slippage back below 67.00 there as well the encouragement both it and the US-China situation has provided the recently suffering Crude Oil market with a boost. Since Friday’s OPEC-driven recovery, USD/RUB is weakening again from back up near 67.00.

In the meantime, the still improved TURKISH LIRA has USD/TRY was slipping once again from 5.50, even if not reaching next support into the 5.00 area (now including weekly MA-41.) The last week-and-a-half has been a truly stagnant trend stuck between 5.45 and 5.25.

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