

Alan Rohrbach

From: no-reply@vrmailer3.com on behalf of ROHR-BLOG <info@rohr-blog.com>
Sent: Monday, December 17, 2018 10:34 AM
To: Alan Rohrbach
Subject: ROHR-BLOG: Lump of Coal, Quick Take, Calendar

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Dear Subscribers,

As we have noted in previous years, there is no benevolent ‘Santa Claus’ handing out free profits in the markets: it is more so a ‘Santa Portfolio Manager’ function when managers feel it is to their benefit to shed cash into the end of an up year in US EQUITIES. As also previously suggested, a sustained drop back below the 2017 annual Close would negate the potential for any ‘Santa Claus’ rally late this year.

And ‘a lump of coal’ in investors’ and portfolio managers’ stockings is looking more so the most likely result late this year. The question is a matter of degree, as further explored in supports in the annotated chart and trend comments below. Suffice to say for now that the ‘macro’ situation has multiple threads which are creating more current weakness and future uncertainty than expected in early 2018 after the major US tax cuts and regulatory reform.

For more on the latest developments and NGO forecasts, see Friday’s emailed research note. That included this holiday-compressed month’s weaker than already downbeat estimates for European Advance PMI’s, with France falling shockingly below 50.0 (i.e. contraction territory.) This is reinforced by still very accommodative views from Mario Draghi at Thursday’s ECB post-rate (non-)decision press conference

(<http://bit.ly/2yMh99Z>.)

We have also cited the serial weak indications from OECD, like last Monday's most recent Composite Leading Indicators (<http://bit.ly/2B78ZYF>), and previous full quarterly Outlook presentation (<http://bit.ly/2xQTogU> or review the PowerPoint at <http://bit.ly/2PMdUZh>) and Q3 Trade stats (<http://bit.ly/2PZSUP2>.)

It all reinforces the US EQUITIES 'failure swing' (see last Monday's emailed research note for more on that Evolutionary Trend View), reinforced by last week's rally failure. This is also still encouraging the bid in the GOVVIES as well as the 'haven' bid in the US DOLLAR (even if the latter is reacting a bit at present.)

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. Yet the rally into early November was an UP Closing Price Reversal (CPR) from the previous week's 2,670 Close. That stretched the channel Tolerance to the UP CPR 'extended' 2,627 Tolerance (heavy red line) at the low of the preceding week.

It held Friday November 23rd, and the bears inability to extend that selloff led to a sharp rally into the following Monday after the G20 US-China stressor removal. Yet the Tuesday Trump 'Tariff Man' tweets (and others) put it below key levels like 2,708 and even 2,675-70 (including the 2017 Close.) Note that its recovery rally failed that Friday morning at the 2,708 level it should not have violated again after the last rally; hence it was a 'failure swing'. See the weekly chart from just after this morning's opening (<http://bit.ly/2GnTyBs>) for a clear view of that.

As such, DECEMBER S&P 500 FUTURE back below critical CPR UP signal at 2,670 is also below 2017's Close, killing the Santa Claus psychology late this year. And below 2,627 (heavy red line), the UP CPR, 2,603 low was unlikely to hold. Lower supports remain early-2018 2,529-52 lows (lower red line), which are critical due to the next significant lower support not being until the major 2,400-2,350 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 recently reacted to retest prior to strengthening again. 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. Of note, the March contract is trading at an atypically very limited 04/32 discount as we head into Friday's December contract expiration.

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 and even somewhat below on recent dips. Even though the previous Powell speech had it back above that area, with next resistances into the .7400 and .7500 areas, it is weakening 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 December. However, it was also back into 14.40-.50 early last 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 OPEC situation has provided the recently suffering Crude Oil market with a boost.

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 two weeks has been a truly stagnant trend stuck between 5.45 and 5.25.

While more so than ever obviously 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.

Yet the central bank influence is heavy again this week, focused on Wednesday's full FOMC rate decision, revised projections and press conference. This is also an extended two-and-a-half week version of the normal weekly calendar, covering the period through New Year's Day. That is to address our holiday after Friday, December 21st, returning to the office January 2, 2019.

We have attempted to provide a fairly complete forward view of reports and events into the Christmas-New Year period. Yet there are very limited trading and reporting days, with a goodly number of late-month reports being brought forward into the coming week (as was already the case for the global Advance PMI's released last Friday.) As such, please consider those Christmas-New Year listings more indicative than the very specific times and projections that we would normally prefer to provide.

The Rohr-Blog Research Team

info@rohr-blog.com

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Rohr International, Inc.
300 West Adams Street
Chicago, IL 60606 - USA

