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To: Alan Rohrbach
Subject: ROHR-BLOG: Good, Bad, Ugly and Perspective, Quick Take, Calendar

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Dear Subscribers,

As noted Wednesday morning, the FRONT MONTH S&P 500 FUTURE testing the early year lows on Tuesday was perfectly teed up for Wednesday afternoon's FOMC announcement, projections and press conference. And that certainly saw 'The Good, The Bad and The Ugly' (with apologies to Sergio Leone for use of his movie title.)

The Good was the degree to which the Fed is finally allowing for forward perspective in becoming a bit less hawkish into 2019. The Bad is the degree to which it needed to allow this is based on weakening global economic conditions (see previous emailed research notes for especially the OECD indications on this), even if the US remains firm.

And The Ugly was of course US EQUITIES response to all of that weaker economic view, yet with an outlook for two more FOMC rate hikes into next year. The drop below the early 2018 downside reaction trading lows also represented a fresh DOWN Breakout below a significant channel support (much more below.) However, that brings into consideration the longer term picture, which illustrates the degree to which US EQUITIES remain a bull trend despite the scope of recent losses.

Our 'Perspective' is that the dread being expressed by financo-tainment 'experts' about markets being in 'bear territory' is based on misguided

(dummy) near-term notions. They use simple percentage measures: a 10% drop is a correction, and 20% means the market is a bear.

This only illustrates the degree to which they all became addicted to one-way markets that never saw 'normal' corrections during the central bank liquidity-driven bull trends. As the analysis below will show, the US EQUITIES are still in a correction down to even much lower levels.

Market Quick Take

Now that the FRONT MONTH S&P 500 FUTURE is down below the early year lows, we are going to skip a lot of our previous higher level activity discussion. Suffice to say that on the early December (post-G20 Trump 'Tariff Man' tweets) sharp slide back below 2,708 it was in 'failure swing' noted since that time. That quickly led to the violation of the 2,675-70 area (including the 2017 Close.)

See the weekly chart from Wednesday morning's opening (http://bit.ly/2CoWSZ7) for more. That left the early-2018 2,529-52 lows (lower red line) critical due to the next significant lower support not being until the major 2,400-2,350 area.

As can be seen on the monthly chart (http://bit.ly/2BA9b3c) from earlier this morning, that was also the more aggressive intermediate-term UP channel from reaction lows in the Fall of 2011. Yet that does not reverse the overall up trend from 2009.

Note that the broadest UP channel from that major cyclical (post-Credit Bust and Housing Bust) 666 low is not until the 2,400 area this month into just above it in January. This is backed up by monthly MA-48 into the mid 2,300 area, with the last major lower congestion prior to the mid 2017 straight up rally ranging down to the 2,318 area. Those form the Tolerance below the channel.

And as opposed to the 20% bear market opinion of the financo-tainment 'experts', 25% (of 666 to 2,947) is a classical Fibonacci trend retracement, as is a 20% drop in total value. On that basis 2,376 and 2,357 are the respective correction thresholds. The March contract trading at only a negligible premium into Friday's expiration means this will not affect the

overall trend.

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 that it tested during the worst of the US EQUITIES drop.

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 exceeded 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. That said, the MARCH GILT FUTURE is trading at roughly a 0.60 discount as we head into next Thursday's December contract expiration.

Similarly in FOREIGN EXCHANGE, a 'haven' bid returned to the US DOLLAR INDEX on the previous US EQUITIES drop that left all others under some pressure once again. Even as the US DOLLAR INDEX reacts once again from near its mid-upper 97.00 resistance, it is holding no worse than the mid-96.00 area; even if the more major support remains into 95.50-

.00 area.

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 back above it, EUR/USD 1.1400 remain only marginally back above it. 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, and this still speaks of the vulnerability of European currencies.

And despite the US changeability, the previous hint of US-China rapprochement encouraged AUD/USD to squeeze back above its historic .7200-50 area (also weekly MA-9 & MA-13) prior to dropping back into it and even somewhat below on recent dips. That said, lower historic congestion support remains into the .7050-00 range with the mid-.6800 area below that.

Current weakness is likely also linked to the more aggressive US Justice Department approach to Chinese intellectual property violations.

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 recent US moves noted just above.

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 back below 20.00 again at present. Lower interim support is at 19.70, while more major support remains 19.60-.50.

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 in November. Next lower support in the 13.60-.50 area was probed into the beginning of December prior to pushing temporarily back up 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 previous 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. However, more recent weakness of Crude Oil has it back above 68.00, with next resistance not until the 70.00 area last seen in early September.

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.) While weakening a bit again at present, the last three weeks have still been mostly stagnant between 5.45 and 5.22.

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 was heavy again this week, and as noted previous would be 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 this 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.

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