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To: Alan Rohrbach
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Dear Subscribers,

We are sending this as a reminder to anyone who was out last week that we are still on our annual Christmas-New Year full holiday break until Wednesday, January 2nd. We hope everyone had an enjoyable Christmas and we extend our wishes for a Very Happy and Prosperous New Year.

Regarding ‘prosperous’, some may be very concerned about the extended, highly volatile weakness of the US EQUITIES. This is exacerbated by overly short-sighted communication of electronic press financo-tainment ‘experts’.

Prior to our departure on holiday we had offered specific observations on that and the overall US EQUITIES technical trend context (Evolutionary Trend View.) That includes why the US EQUITIES are not as yet a ‘bear market’, and more likely just into the real underlying trend support and its Tolerance; please see last Friday’s emailed research note for a full background discussion that also ended up nicely anticipating what to look for at extended lower price levels.

In the meantime, we will be enjoying the remainder of our holiday comforted by the knowledge that after all of the ‘dread’ spread by false prophets of the market’s demise (much like Mark Twain’s opening line at an 1897 London speaking engagement), “The reports of [*the market’s*] death

are greatly exaggerated.”

As long as it holds without any sustained price activity below Tuesday’s MARCH S&P 500 FUTURE 2,313 trading low, it has done nothing more than experienced the full correction rarely seen these days, even if in a particularly violent and volatile fashion. We strongly recommend a look at the monthly chart posted last week (link in the original analysis below) for a better idea of why 2,400 is a key trend support, and why the Tolerance below it extends down into the low 2,300 area.

It is also of note that the other asset classes are not really behaving like there is a global economic meltdown at this time, or expected in the near-term future. GOVVIES remain bullish for now, yet without any further new highs above the recent strong trend in response to EQUITIES weakness. The US DOLLAR is also under a bit of pressure recently against DEVELOPED ECONOMY CURRENCIES, even if EMERGING CURRENCIES are back under some pressure due to global economic concerns. Of course, this is especially true for the RUSSIAN RUBLE that is greatly impacted by the continued extensive slide in CRUDE OIL.

Courtesy Full Repeat of Last Friday’s ALERT!!

At this point it is a good question whether, rather than any previous real patriot, Donald Trump is channeling Britney Spears... “Oops!... I did it again” (the title of her 2000 song.) We are coming to you earlier than usual with our last emailed research note of 2018 (on holiday until January 2nd now), and are a bit reticent that it should be so nebulous on the short-term market view.

Yet due to totally erratic binary factors, the US EQUITIES have indeed become near-term unassessable. And a good part of that is indeed on the US President’s actions.

Yet in the intermediate- to longer-term US EQUITIES remain very much assessable, in line with our previous macro analysis and Evolutionary Trend Views. On this week’s overall meltdown through the early year lows, we noted back on Wednesday, December 5th that after the seemingly successful

US-China G20 trade truce, the Tuesday @realDonaldTrump “...I am a Tariff Man” tweet was very destructive.

It was the beginning of the ‘failure swing’ we have noted since that time from that Monday’s (hard to believe) DECEMBER S&P 500 FUTURE 2,791 Close!! And President Trump’s current reversal being based on his demand for border wall funding is an echo of his March reversal on providing a path to citizenship for DACA folks in exchange for what at that time would have been \$25 billion of border wall funding.

In each case the right wing of the Republican Party dictated extreme terms to him, and he caved in. As such, with a government shutdown looming at midnight, the markets have become unassessable in the near-term. Possible further weakness would only put US EQUITIES into a test of major lower support (see Thursday’s emailed research note.) Yet any sharp rally is also likely to meet resistance. All we can do is advise tight risk management, and offer our Best Wishes for Very Happy Holidays.

Courtesy Repeat of Thursday’s 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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