

Alan Rohrbach

From: no-reply@vrmailer3.com on behalf of ROHR-BLOG <info@rohr-blog.com>
Sent: Friday, February 01, 2019 9:09 AM
To: Alan Rohrbach
Subject: ROHR-BLOG: 1998 NOT 2008, Quick Take, Calendar

[View this email in your browser](#)



Dear Subscribers,

The old axiom, “The market doesn’t repeat, but it rhymes” is alive and well. And current US EQUITIES trend structure seems a lot more like 1998 than 2008.

We are coming to you quite a bit earlier than usual again today in the wake of still weak global Manufacturing PMI’s yet another strong US Employment report.

This is the perfect complement to the ‘bad news is good news’ psychology wholly reinforced Wednesday by a somewhat less hawkish Fed (see Thursday’s “Fed-tastic” emailed research note.) As observed previous, this is also good for GOVVIES and EMERGING CURRENCIES.

The major background is the interesting US EQUITIES ‘decade cycles’ that have seemed to be more critical into the “8’s”... especially 1998 and 2008 on recent form. The 2008 Bursting of the Credit and Housing Bubble led to a sustained vicious selloff. That was very different from the 1998 Asian Contagion sharp selloff with a very timely rebound into the further extension of the bull trend.

The monthly chart through 2008 into 2009 (<http://bit.ly/2RxkyyO>) shows how US EQUITIES could not recover above the earlier channel DOWN

Break, leading to the extended selloff. On the other hand, the monthly chart of 1998 into 2000 (<http://bit.ly/2DNHZjH>) is an example of the sort of recovery that Negates initial DOWN Breaks to reinstate the overall bull trend.

The ‘macro’ difference was the heavy investment of the banks and securities firms (remember them?) in their own complex housing market driven Mortgage-Backed Securities (MBS) into 2008. That put the entire financial system at risk.

1998 was more of an example of offshore weakness affecting a strong US economy. Sound familiar? Well it also looks very familiar on the S&P 500 charts in the trend analysis below. Will this year see the same sort of extended post-1998 US EQUITIES strength? 2019 is a very different global economy with more drags and risks than the late 1990’s, yet allowing for at least a modest return to US EQUITIES strength with a more sanguine Fed.

Courtesy Repeat of Thursday’s Quick Take

The FRONT MONTH S&P 500 FUTURE pre-December activity above the early 2018 lows is relevant once again with March S&P 500 future back above 2,600-35 resistance. Along with lower 2,600 congestion it has been back above since Tuesday January 15th, that put the 2,675-70 area (including the 2017 Close) back in play.

At this point it must be noted that the push back above the full 2,600-35 range has also ratcheted MARCH S&P 500 FUTURE back up into the October-early December trading range. The importance of that with the fresh weekly down channel UP Break (2,600) and key moving averages being exceeded is apparent on the 3-year weekly continuation chart (<http://bit.ly/2TjATZt>) (including weekly MA-9 & MA-13) updated through last Friday’s Close.

It is now also above that 2,675-70 area it had stalled into the previous week-and-a-half. Yet there is also higher resistance back up into interim previous 2,708 DOWN Break, mid-2,700 area (also weekly MA-41), and more prominent low-2,800 area top of the October-early December range.

While the December drop below early-2018 2,529-52 lows was critical due to next significant lower support not being until the major 2,400-low 2,300 area, that held its Tolerance into the early 2017 2,318 congestion area low right after Christmas. This can be seen on the monthly chart (<http://bit.ly/2VBvb6D>) updated through the end of last year; it highlights that the broad up trend support was held.

Consistently weak data along with previous sharp EQUITIES weakness had also encouraged GOVVIES to predictably push up again. That had recently also exhibited the volatility at times which seemed to be missing on the previous US EQUITIES selloffs, even if the recent US EQUITIES extended rally is indeed on more so that 'bad news is good news' psychology. Once again, this allows for unconventional mutual EQUITIES-GOVVIES strength.

Combining the remaining Brexit concerns and weaker global data had seen strong sister DECEMBER BUND FUTURE 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.

While it stalled temporarily into more major resistance in the 164.00-.50 area during the holidays, previous weak economic data and EQUITIES stalling into resistance had pushed it back above that range after holding only marginally back below it. Sustained recent activity above it leaves it closer to the 166.00-.50 major higher congestion.

And weak sister DECEMBER T-NOTE FUTURE well back above its 118-10 mid-May trading low also sustained its rally above higher trend resistance in the 119-00/-08 area. That pointed to the heftier 120-00 area congestion (also weekly MA-41) it is also pushed above in early December. That left the 120-24 area highs and previous trading highs into 121-12 area as next resistances it also exceeded on its way to a temporary push above next resistance in the 123-00 area prior to dropping only somewhat back below 122-00. Yet after holding around 121-12 again, it is back above 122-00 after the Fed influence.

The same was true for DECEMBER GILT FUTURE above 122.00-.50, with

next heavy congestion into the 124.00-.50 range it stalled into. That said, the MARCH GILT FUTURE was trading at roughly a 0.60 discount into the late-month December contract expiration. After the top of the year push back up into the 124.00-.50 range, it reversed to some degree to retest the 122.00-.50 range prior to moving back up again now to closer to the 124.00-.50 range.

Similarly in FOREIGN EXCHANGE, a 'haven' bid that had returned to the US DOLLAR INDEX on the previous US EQUITIES drop had not been in evidence of late. As noted previous, its typical crisis phase 'haven' bid can be the opposite if the US is the source of market stress. And to that the easier Fed stance now also reinforces the weakness of the greenback.

Even as the US DOLLAR INDEX reacts once again from its mid-December rally near mid-upper 97.00 resistance, it was holding no worse than the mid-96.00 area in December. Yet the more major support remains into 95.50-.00 area (including weekly MA-41) it finally tested early this month and is back down into after a rebound into the low-mid 96.00 area. Additional major recent and historic congestion support remains into the 94.00 area.

Along with that EUR/USD that had surged back above 1.1400 to near the 1.1500 resistance in thin New Year's Day trading was back marginally below 1.1400 once again early this month. Next support into 1.1250-00 was again neared on the recent dip. While well back above 1.1400 last week and even temporarily above the 1.1500 area on recent US DOLLAR weakness, it had then dropped back below the 1.1400 area prior to the current rebound toward 1.1500. More prominent resistance remains into 1.1600 area (including weekly MA-41.)

And the Brexit concerns that had dropped GBP/USD well below 1.28-1.30 toward next major support in the 1.25-1.24 area remain in place. And the 'bad-good' response to the Brexit bill failure has seen GBP/USD sustain activity well back above 1.2800. Already back above weekly MA-9 & MA-13 in the mid-1.2700 area, the higher likelihood of a Brexit delay has finally seen it push back above 1.3000 congestion as well. Yet the further question remains whether it can sustain activity above the 1.30 area (including weekly MA-41) on further Brexit developments? Even if so, next important historic congestion is as nearby as 1.3250-1.3300.

And despite 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.) However, that same negative early-December Trump ‘Tariffs Man’ tweet that hit US EQUITIES on the lower chances for US-China trade rapprochement also dropped AUD/USD back from a hopeful early-December test of the .7300-50 area to back below .7200-50. It was recently down into more major .7000 area congestion, with the .6825 nearly 9-year trading low below that. This was not a surprise on current Chinese economic weakness and fraught US-China relations, even if current secular US DOLLAR weakness has it recovering modestly above .7200-50.

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 remains a key influence, along with the self-inflicted wounds of the US DOLLAR on the unruly shutdown and other economic drags that are reinforced by the ‘bad news is good news’ psychology now reinforced by its adoption by the Fed.

The MEXICAN PESO that had seen USD/MXN drop back temporarily below its 20.00-20.20 congestion, had been back up on multiple November-December tests of the 20.50 area prior to sliding back below 20.00 again. It is also now below lower interim support at 19.70 as well as more major 19.60-.50 congestion. Next lower congestion areas are in a range from 19.20 (high end) it is currently below to interim 18.70 and ultimately 18.50-.40 (low end.)

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 area and even 14.60 into the holidays prior to dropping back below 14.00 into the beginning of January. Those areas remain important even as the current drop below 13.60-.50 area opens the door to a test of the 13.10 and 12.80-.70 areas not seen since July and May of 2018.

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 early December Fed shift had engendered slippage back below 67.00 there as well the encouragement both it and the OPEC situation had provided, the subsequent suffering of the Crude Oil market had USD/RUB back above 68.00 in December, even if it failed once again at the 70.00 area resistance (just like early September.)

It has recently been back below both 68.00 and 67.00 (including weekly MA-9 & MA-13) on the resurgence of Crude Oil from the depths below 50.00 to back above it. The further support is once again back into 65.00 (including weekly MA-41) it is approaching once again at present. So basically back into the more sustained 3-month trading range areas, with additional hefty mid-2018 congestion into the 64.00 area.

In the meantime, the still improved TURKISH LIRA had USD/TRY slipping once again from 5.50, even if it experienced an intraday spike above it on January 3rd. And on the previous weakness it refused to drop to next support into the 5.00 area, with weekly MA-41 now up into the recent 5.20 area congestion as well. Outside of that recent temporary spike higher, the last two months had still been mostly a trading range affair between 5.45 and 5.22 until the early January US-Turkey Syria disagreement put it back up for a test of 5.50 once again.

Yet now it is failing below 5.22 on the overall US DOLLAR weakness, leaving it closer to the 5.13 late-November lows that had also not quite reached the heavier previous congestion in the 5.00-4.90 range.

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.

There are obviously important economic data releases in this split late month into the top of the following month on Friday. It all culminates Friday with global Manufacturing PMI's and the US Employment report that is expected to be released on time.

The Rohr-Blog Research Team

info@rohr-blog.com

© 2019 Rohr International, Inc. All international rights reserved.

This review of market opinions and all other information is strictly for educational purposes. This information is provided without consideration of portfolio requirements, suitability for financial risk, or psychological state of any recipient. Any use of this information to implement actual trades or investments is the sole responsibility of the individual or entity authorizing that decision. This waives your right to any claim of explicit or incidental liability for financial loss or forgone profit against Rohr International, Inc. and any informational contributors under all circumstances. Information contained herein may have already been disseminated to others who may have acted upon it. Implicit in the Rohr services is the understanding that principals or employees of Rohr may have already taken positions. By review of Rohr alerts and/or Rohr views and all attendant information you confirm receipt of them as educational content, as well as agreement with all of the stipulations articulated above.

Click to [edit Email Preferences](#) or [Unsubscribe](#) from this list.

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

