



ROHR-BLOG: Waiting on the ECB, Quick Take, Calendar

1 message

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Dear Subscribers,

Constructive resolution of the cross currents that were previously weighing on US EQUITIES was thoroughly reviewed in Monday's 'Priced for Perfection?' research note. Yet as the title implies, there is now a question over whether almost all of the fundamental background now looking positive (including the US-France digital tax truce through the balance of this year... see Monday's analysis) might mean US EQUITIES are vulnerable if any aspect of the 'perfect' picture becomes suspect?

As noted Tuesday, it is a low probability chance that either Trump impeachment trial developments or a flare-up of the US-Iran situation will impact US EQUITIES. There is also potential for China to not comply with the US-China Phase I deal.

Yet as that will not be known for months, it is an unlikely risk for US EQUITIES any time soon. The real risk from China now is the fresh flu-like outbreak of the next coronavirus out of the central Chinese city of Wuhan (a major travel hub.)

Also from Tuesday, for the US EQUITIES bull trend this conforms to the Murphy's Law axiom, "*Anything that can go wrong will go wrong...*" and also "*...at the worst possible time.*" While authorities are attempting to calm things by indicating this virus does not appear as deadly as the 2002-2003 Chinese

SARS outbreak, it still represents a real risk to US EQUITIES and potential fillip for the GLOBAL GOVVIES into the massive Chinese New Year travel.

This makes it a serious 'known unknown' (see Tuesday's ALERT!! For more on that.) [See Monday's very good Reuters article (<https://reut.rs/2uli5kO>) for more on the virus outbreak.]

The other potential source of stress for the US EQUITIES is the possible reversal of a previous supportive factor: central bank accommodation. As noted Tuesday, due to improved global economic psychology Bank of Japan demurred that morning on highly anticipated further stimulus.

And this morning the Bank of Canada held rates steady as we await the ECB early Thursday (US time.) That is going to be very interesting due to little likelihood of any rate change, yet with the next President Lagarde press conference (13:30 GMT; 08:30 EST.)

It will be very critical to hear whether she is still pushing for more fiscal stimulus from the European countries which can afford it (along with structural reforms.) The once again limited risk for the EQUITIES is only if she seems to relent in that area. It would also be nice to hear from Bundesbank President Jens Weidmann again at some point on whether he still holds to his mid-December support for this shift.

Courtesy Repeat of Tuesday's Quick Take

The FRONT MONTH S&P 500 FUTURE early November push above weekly topping line (broken red line on weekly chart through last Friday <http://bit.ly/2RCkn7h>) set the stage for the extended seasonal rally. That was after a major August break and September's subsequent failure above 3,000 (short of the 3,029.50 July high.)

This reinforced the importance of the overrun 3,065-70 Oscillator resistance into that weekly topping line, held on the early November correction. Weekly MA-41 moving up \$10/week meant the 3,065-70 range remained the key. Of note, weekly MA-9 and a key lower Oscillator threshold were also in that area during the early December selloff. Back above 3,090 and 3,105-10 left 3,155-65 higher resistance.

Already above that in early December pointed toward the 3,205-10 area that was overrun as well. That set the stage for the rally extension to the Oscillator range that moves up to 3,295-3,305 this week, with the lower range up to 3,245-50. That said, the most important pre-holiday period congestion remains the

3,200-3,190 area tested and held during the US-Iran confrontation with minimal slippage.

One ‘fly in the ointment’ for MARCH S&P 500 FUTURE is the renewed rally leaving it above that 3,295-3,305 weekly Oscillator resistance, with next higher Oscillator resistance not until 3,350-55. This is the highest ‘adjusted’ extension based on our early 2017 recalculation from the rally at that time (available via the Rohr ALERT!! sidebar area on www.rohr-rlog.com), and also the highest hit in early 2018.

Even with US consumer-driven improvement, overall weakness of international data on balance continues despite selective partial improvement. This has been reinforced by central banks’ perspective, including especially the ECB, with more telling perspective from Mario Draghi’s last press conference (<http://bit.ly/2Nda1ll>) and even Christine Lagarde’s warning on the need for further structural reform at her first press conference as ECB President (<http://bit.ly/2LNRSpQ>.) And we will see more on that on Thursday.

There is also BoE concern about Brexit. And despite the Brexit bill finally passing Parliament, the BoE’s continues to warn that this still leaves quite a bit of uncertainty through 2020 on the extended trade negotiations that will ensue. As such, there will not likely be any improved encouragement for global capital investment.

While the Fed is more balanced, it is also concerned about global weakness despite current US strength, as evidenced by the recent rate cut.

As previously noted for months, this was also consistent with serial downbeat OECD indications on a weaker global outlook. We saw more of the same in the December OECD Composite Leading Indicators (<http://bit.ly/2RA16VO>) even if those have been reversed to some degree by the January release (<http://bit.ly/2tbMfa0>.) This will foster a more critical focus on their next Economic Outlook after the still weak November update (<http://bit.ly/2D5BvLK>.)

Add to that the recent World Bank downgrade of the global growth outlook (see Reuters <https://reut.rs/2tLi0GP>.) It is no surprise that this is still on slow international trade considerations, even if the Bank says corporate confidence and investment may improve marginally and may be near the bottom.

Yet of note are the lower growth prospects for China despite the US-China Phase I deal. As we have noted previous, the trade ‘truce’ (i.e. NOT a full peace treaty) avoiding tariff escalation still leaves the earlier economic activity-stifling tariffs in place.

Future economic weakness expectations have also been reinforced in the relatively recent indications outside of the mixed global Manufacturing PMIs. Those include more comprehensive global data, like late-November's OECD G20 International Merchandise Trade Statistics (<http://bit.ly/2rvPCaK>.) While all of that may improve to some degree, informed observers are cautious due to the levels of the tariffs that remain despite recent reductions announcements.

Extended JUNE BUND FUTURE resistance in the 168.00 area from mid-2016 was exceeded on the surge just prior to the early month June contract expiration, and even carried above the 168.86 June 2016 all-time FRONT MONTH BUND FUTURE high.

Yet as we noted extensively prior to that event, that was not the most bullish indication for the trend: The SEPTEMBER BUND FUTURE major 2.50 premium fostered even more bullish activity into that June contract expiration.

It is also Closed the first full week of June above the next extended weekly Oscillator threshold in the 171.00-.50 area, leaving a burden of proof on the bears. The next higher historic congestion was not until upper 172.00 area since mid-June with the 174.00 area above that. And even after it dropped back below the key 172.00 congestion into mid-July, it quickly recovered back above it the following week.

The recovery extending above the higher upper 172.00 congestion also sustained upside Acceleration out of an already steep channel. That pointed to a retest of the 174.05 early July all-time high. It then exceeded the next Oscillator resistance in the 174.25-.75 range.

Sustained activity above the 176.00 area Oscillator resistance pointed to the sort of extreme extension last seen in mid-2011 (weekly MA-41 11.75) into the 179.80 area into late August. Yet the subsequent sharp downside reaction to the potential less damaging Brexit situation saw SEPTEMBER BUND FUTURE drop back to the 178.00 area. While the commensurate DECEMBER BUND FUTURE drop to the 175.00 area looked bad, that was just the beginning of a failure back below 175.00 area weekly MA-13, and the 174.00-173.50 area key previous recent congestion and Oscillator support.

Also note the major weekly chart (<http://bit.ly/37ljPJO> updated through last Friday) September drop was actually a dislocation on the major December contract discount; and it also left it closer to the aggressive up channel support. That saw a 173.25 DOWN Break into mid-September, also violating July congestion from during the rally. That was then very important as future

resistance, with next key support into the 171.50-.00 congestion which held for several weeks prior to being overrun in early November. That was also the previous June UP Acceleration out of the channel from the October 2018 157.33 low.

It is of note that this key FRONT MONTH BUND FUTURE congestion at 171.50-.00 from the pause in the rally on the way up during June and July was violated during the same week the more major trend support into the 170.50-.00 area was violated (see the dashed blue line major up channel support from the 156.22 March 2018 trading low on that weekly chart.)

That left a fresh 170.50 DOWN Break just as weekly MA-41 rose to 170.35 that week. This appeared really weak, as the next support is the longer term congestion from the Summer 2018 168.86 previous all-time high, yet far more pronounced into the heavy 168.00-167.50 congestion range established after that high was set (see the chart.)

However, the significant mid-November rally put it back above 170.50-.00. And in this case 'significant' is not just in terms of the rally's magnitude, but also in the degree to which the DECEMBER BUND FUTURE seemed to be Negating that recent major 170.50 DOWN Break and recovering back above weekly MA-41 in the same area.

Yet that was once again in play after recent selloffs. As it has Negated that DOWN Break, the overall tendency still seems to favor a return to sustained stronger tendencies. This would also indicate sustained global economic weakness.

Even though the 2.00 March contract premium left the MARCH BUND FUTURE in a stronger technical trend position, the US-China deal announcement left it temporarily back below 171.80-.70 Tolerance of the 172.00 area support on multiple dips.

As noted previous, the next major lower level was again the Negated early November 170.50 major weekly channel DOWN Break apparent on the weekly chart (through last Friday <http://bit.ly/37ljPJO>) with a Tolerance to the 170.00 'big penny'. The holiday period weakness left that retested, and it remains critical for the overall trend. And if it needed any reinforcement, note that on the recent 'haven' rally the MARCH BUND FUTURE failed right up near the still important 173.25 area, as it also did back in early December. That said, after the subsequent sharp selloff it recovered on last week's soft inflation data,

even back somewhat above the top of the 171.50-.00 range yet with the 173.25 area still the more major resistance.

For the JUNE T-NOTE FUTURE the more prominent 124-00/-06 historic congestion remained the key area it pushed above more definitively into mid-May on trade worries. Next resistance above 124-00/-06 was the 125-00 area broadest down trend resistance directly derived from the overall trend trajectory from that 2016 high.

That was violated on the late May fresh major 125-00 down channel UP Break, which was an important bullish indication. It also pushed above the important 126-00 area congestion as well as the next resistance is not until the 127-16/128-00 area congestion and September 2017 rally high (128-03.)

The SEPTEMBER T-NOTE FUTURE was testing that area prior to the July US Employment report-driven downside reaction. Yet it held very well without violating the low end of the 128-00/127-16 congestion. However, its relative weakness within the bull trend was highlighted by its inability to overrun that congestion while the BUND and GILT pushed up more aggressively.

Also note the 127-31 early-July weekly DOWN Closing Price Reversal (CPR) as further reinforcement for its near-term resistance back then with a 128-08 Tolerance.

Yet Trump's early-August Chinese tariffs announcement also drove more extensive T-NOTE strength above that resistance. Also obvious are the extended congestion resistances were into 129-16 it is above and held during the early August reaction. The higher historic congestion in the 131-00 area was exceeded on the recent resurgence prior to slippage back below.

However, much as with the previous expiration of the SEPTEMBER BUND FUTURE, the more recent SEPTEMBER T-NOTE FUTURE expiration was a critical test. The DECEMBER T-NOTE FUTURE was trading at a bit more than a half point premium, and was back up into the significant 130-00/129-16 congestion.

Its ability to push back above that area seems well-calibrated with the significant decision in the BUND. Also note that the less aggressive T-NOTE up channel trend support on the weekly chart (<http://bit.ly/38t7PG9> updated through last Friday) also left broader support into prominent low 128-00 area historic and recent congestion that was not even tested prior to the previous rally resumption. Yet that only saw it rally right into the 130-00/129-16 area in early December prior to coming back under pressure.

Of note, that area was the early November fresh DOWN Break prior to the temporary recovery that retested it. And it was no surprise that the still stronger US economic data had left DECEMBER T-NOTE FUTURE not able to push above that 130-00/129-16 area despite the strength of the EUROPEAN GOVVIES.

However, the strengthening of US EQUITIES has not left it weakening too much from that area; only barely into the top of the lower 128-00/127-16 support repeatedly since mid-December, also tested in early September and early November. And the 'haven' test of the 130-00 area failed again (also as in early December just like the BUND FUTURE), yet with recent weakness only into the mid 128-00 area prior to recovering into this week (i.e. less weak than DECEMBER BUND burdened with shifting German fiscal indications.)

The same bullish condition was true for the FRONT MONTH GILT FUTURE in the wake of more Brexit stress and the general global weakness, finally pushing above 124.00-.50. Yet that was the least of it, as the atypical significant premium (full 3.00) in the JUNE GILT FUTURE prior to the late-month March contract expiration was a major bullish sign.

This was obviously a Brexit premium anticipating continued economic weakness, and it had weakened a bit (as expected) on the major Brexit extension. JUNE GILT FUTURE was a bit back below 127.00-.50 after testing higher resistances in the 129.00 and 130.00 areas.

Back above 127.00-.50 since early-May opened the door to a test of those higher 129.00 and 130.00 area resistances it also exceeded into early June.

Higher resistances were the nominal 131.00-.50 range the JUNE GILT FUTURE was back up into prior to its expiration. Yet the typical full point discount in the SEPTEMBER GILT FUTURE left it well back below that range. While the overall strength of GOVVIES remained, the question was whether the SEPTEMBER GILT FUTURE that held the immediate lower support into 130.00 area on all pullbacks since early June was going to push back up into 131.00-.50; as indeed it did on a typical expiration rollover psychology in late June.

While reacting back down near the 130.00 area in early July, it quickly pushed back above 131.00-.50. Next major higher resistances remain into the mid-2016 132.50 congestion and 132.97 all-time high have been exceeded.

That left us reverting to historic weekly Oscillator thresholds (much as with the previous BUND new all-time highs.) The scary part for the bears is that

overrunning the old 132.97 all-time high also overran the weekly MA-41 plus 5.50-6.00 historic threshold that was most recently respected on the March rally.

Yet the less damaging path the UK government Brexit situation had taken it well back below 135.00; also influenced by the weakness of upside leader BUND. Yet the challenge here was the DECEMBER GILT FUTURE typical full point discount. That called for a rally toward the late month expiration (on the 26th) that would see it run back into and above the 132.50-133.00 area which had indeed occurred on the back of SEPTEMBER GILT strength.

Much like more resilient activity in previous weak sister T-NOTE, the FRONT MONTH GILT FUTURE was only a bit back below 132.50-133.00 that seemed to point to a retest of the 131.00-.50 area (previously tested and held by the December contract in mid-September.) And while still holding the low end of that area into late October, we had noted that the tendencies in the other GLOBAL GOVVIES should continue to exert pressure.

That indeed dropped it below that area in early November. Yet much like the BUND rallying back above resistance and then dropping again, the GILT is now back into that 131.00-.50 area. While not as critical as the DECEMBER BUND FUTURE overrunning the 170.00-.50 range, next resistance is into 132.50-133.00. Even though there was no sustained weakness below its 131.50-.00 congestion on previous selloffs, it finally slipped below it temporarily on the early December Conservatives election victory prior to recovering; next lower support is 130.00 area with the 132.50-133.00 range remaining the key higher resistance that has now been exceeded for a new 3-month high. Next resistance remains back up into the interim 134.00 area and more major 135.00 area. Yet it is obvious the weaker near-term data leaves the GILT in much better shape than either the T-NOTE or especially the BUND.

In FOREIGN EXCHANGE conditions remain relatively subdued after the firmer US economic data had assisted the US DOLLAR INDEX last summer in finally fully overrunning the mid-upper 97.00 resistance. That inspired the push above the April-May 98.37 area trading highs which occurred in early August prior to lapsing back into near-term weakness.

Next resistances were the interim 99.00 area, yet with the more prominent area not until 100.00 'big penny' historic congestion. In any event, recently strengthening again after a selloff saw it above lower support in the interim 96.50-.00 range on the continued weaker global data outside of the US. That set the stage for the continued strength despite the FOMC's previous modest

easing. After holding those lower supports, weaker Chinese and European data had it back up into the 98.00 area with 98.37 remaining the key near-term resistance area.

Slippage back below 98.37-.00 on likely UK Brexit success and better global growth prospects is not a surprise. That has opened the door to a retest of the 96.50-.00 range support missed back in October yet tested recently on the better global economic sentiment with next lower support in the low 95.00 area January 2019 14-month lows. Yet the recent better US data has left it pushing back up toward 98.37-.00 once again.

While EUR/USD was well back above 1.1400 into early February (and even very temporarily above the 1.1500 area), it had dropped back below the 1.1400 area on the increasingly nervous Brexit implications and generally weak European data. That left it into the top of the 1.1250-00 area 20-month trading lows in mid-February. While it recovered closer to 1.1400 again into mid-March, stalling there had left it under pressure again into the low end of 1.1250-00 area.

GREENBACK weakness had assisted it in swinging well back above 1.1200, and it is no surprise it had extended that rally back up into the 1.1400 area on the previous dovish FOMC influence.

However, subsequent weak European data fomented concerns over ECB accommodation that left it back below 1.1200 once again, and churning around the 1.1100 area trading lows prior to bouncing from near the 1.1000-1.0950 area with 1.0800 below.

While the recovery into early August had it churning in 1.1200 area, it was back below the 1.1100 area and had failed the attempt to hold the 1.1000-1.0950 area prior to rallying back above the high end of it and 1.1100 on the recent more upbeat Brexit developments. That said, 1.1200-50 remains the more major resistance above the market, and it dropped back below the 1.1100 area into the more major 1.1000-1.0950 range prior to the recent push back above into the 1.1250-00 area higher resistance that stopped the rally once again and has left it back down around the 1.1100 area.

Brexit concerns have obviously been a major influence on GBP/USD all year. After rallying back up into 1.3250-1.3300 in late the overall selloff resumed. Brexit concerns left it retesting the 1.3000 area since late March with only minor bounces. As we had suggested at the time, the major Brexit extension (October 31st) granted by the EU was not necessarily an economic positive

even though it avoided an April 12th 'hard' no-deal Brexit crisis. It only exacerbates UK economic uncertainty. That was reinforced by Governor Carney's previous Inflation Report press conference comments revisited on August 1st.

This has been reflected since mid-May in GBP/USD slipping not just back below 1.3000, but also below the low end of the 1.3000-1.2800 key support range. This was followed by failure below the 1.2773 February selloff lows, and subsequent rallies all failed into the 1.2800 area.

Lower key historic supports were into the 1.2500-1.2430 range late 2018 (2-year) trading lows it had slipped below in the wake of stronger US economic data prior to temporary stabilization. More sustained activity below that had also led to violation of interim 2016-2017 congestion at 1.2360, with nothing recent until 1.2150-00 area this weak sister managed to hold outside of temporary weakness in mid-August and early September.

Yet the rapidly evolving UK government situation and a bit of the hopeful global developments had brought a rally back above 1.2150-00 (stronger than the EURO) and the minor 1.2360 area. As noted previous, back above the low end of the 1.2800-1.3000 range opened the door to a test of the high end seen previous; or even higher levels on further Brexit deal progress. And indeed it surged on the Conservative election success back above 1.3000 and even 1.3200 and the 1.3300 area for a temporary test of low end of the 1.3500-1.3600 range prior to dropping back down on more problematic developments.

Even the recent drop back below the 1.3000 area left it into support (weekly [MA-9](#) & [MA-13](#) as well), and it still seemed to have some upside momentum on the push back up toward 1.3200 even if it slipped back slightly below the 1.3000 area again at present on weak data prior to the current recovery modestly above it.

And despite US and Chinese changeability, the previous hints 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 subsequently dropped below more major .7000 area congestion.

This was not a surprise on previous Chinese economic weakness and still somewhat problematic US-China relations despite the ostensible G20

'breakthrough'. While late-January secular US DOLLAR weakness had it recovering modestly above .7200-50, it subsequently dropped back below it toward the .7000 area in mid-May.

Minor squeezes temporarily pushed it back above the .7000 area prior to slipping more definitively below it in late July.

Next lower major support is the .6825 area early-2016 10-year trading lows it also slipped below around the same time. The next temporary squeeze above it into early September also failed.

That is important after it slipped nearer to next interim support at .6690-77. The .6500 and .6250 areas are next supports this side of the .6000 area October 2008 16-year trading low. And while previous positive US-China announcements left it only modestly back above the .6825 area, it had fully tested the more prominent .7000 area for the first time since late July prior to the recent slippage back nearer .6825 once again.

While EMERGING CURRENCIES are still more country-specific trends, previous US DOLLAR weakness into early this year was assisting them. That was partially on central bank accommodation creating more extensive economic hope. Yet now the US DOLLAR INDEX weakness being related to the failure of the US-China Phase I negotiations is leaving the EMERGING CURRENCIES back under pressure.

The MEXICAN PESO that had seen multiple USD/MXN November-December tests of the 20.50 area prior to sliding back below 20.00 again. At various times it has also been below interim support at 19.70 as well as more major 19.60-.50 congestion between January and August. Next lower congestion areas are in a range from 19.20 (high end which it was also below in January) to interim 18.70 it did not quite reach even at the low end in March and April.

Yet Trump's Mexico tariffs threat had put the PESO back under extreme pressure, with USD/MXN surging right through 19.20 into the major 19.60-.50 congestion once again. Any sustained activity above that pointed to another test of the 20.00-20.20 area it neared on the rally into early-June. Yet of course the at least temporary withdrawal of the US tariffs threat had seen a substantial PESO rally on USD/MXN dropping back into the 19.20-.00 area.

While stuck in the 19.20-.00 range from early June until early August, the subsequent Trump tariffs threatening global economic activity saw the PESO sink below the USD/MXN 19.60-.50 range once again. Sustained activity above the interim 19.60-.68 pointed to the 20.00-20.20 range it was retesting into early

September prior to the current PESO relief rally drop back below 20.00 all the way to a retest of 19.60-.50 congestion it dropped back below in early October. Next lower supports were the interim 19.20 area it had slipped back below and failed to exceed on rallies during October into early November, with major congestion at 19.00-18.90 it neared in late October.

Yet USD/MXN pushed back above 19.20 and was trading back near its 19.50-.60 congestion in early December prior to slipping back below the 19.20 area. That was likely based on the vagaries of progress in the US House on the USMCA trade deal (already approved by Canada and Mexico and having passed the US Senate), impacted by its impeachment obsession.

And its approval finally coming through has seen USD/MXN weakness back below 19.20 and now the 19.00 area on the improved outlook, with the next lower support into April's 18.75 area congestion and 14-month it has finally slipped below once again. Next lower support is the 18.50-.40 area.

And that was just part of the EMERGING CURRENCY return from weakness prior to the subsequent pressure. USD/ZAR had pushed up from below 14.00 to testing and failing from 14.50 again on its way back below 14.00 last November. Next lower support in the 13.60-.50 area was probed into the beginning of December prior to pushing back above 14.00 with only temporary slippage below from February into July.

Yet it stalled into next resistance in the historic 15.00 area during the US DOLLAR surge into August prior to secular US DOLLAR weakness along with dovish central banks dropping it all the way back below 14.50-.40 into September. Previous GREENBACK strength had seen USD/ZAR push back up toward the 15.50 area into early October prior to the drop back below 15.00 to test 14.70 and even sag near 14.50. That had interim support area around 15.20 that was retested on the sharp bounce from near 14.50.

Slipping back once again from 15.00 left next interim support back into the 14.70 area it slipped below again in late November as well as the 14.50-.40 area overrun in mid-December. That led to a rapid selloff to the next lower interim support in the 14.15 area that has also been violated in recent trading. The next major congestion in the 13.90-.80 range (including July's 9-month trading low) was also violated temporarily on the recent selloff prior to the sharp bounce back above 14.20 to the current retest of the 14.40-.50 area congestion, reinforced as resistance by significant weekly MAs slightly above that range.

USD/RUB was a clear outlier on the previous and current EMERGING CURRENCIES return to weakness. That was due to the extensive Crude Oil recovery from the depths of December in the wake of the Saudi oil refinery attack relieving some pressure on the RUBLE.

USD/RUB had reacted back down from above 67.00 yet was back above both it and 68.00 on the suffering of the Crude Oil market back in December, even if USD/RUB failed once again at the 70.00 area resistance in early January (just like early September.)

Yet it had been back below both 68.00 and 67.00 (including weekly [MA-9](#) & [MA-13](#)) since January on the resurgence of Crude Oil from the depths below 50.00 to well back above it. Further support once again back into 65.00 (including weekly [MA-41](#) up to 65.75 area) had been breached as well into mid-March. However, the additional hefty mid-2018 congestion into the 64.00 area was only violated temporarily into mid-March and again in mid-April.

Previous Crude Oil weakness had assisted USD/RUB recover back above 64.00 and 65.00 temporarily prior to slipping back below that range since mid-June. Lower support in the mid-63.00 area was violated into mid-December.

That has seen it weaken into the more major supports in the 62.00 area and especially now the 61.00 area on previously higher CRUDE OIL prices and the slightly improved global outlook. And while the next psychological level may be the 60.00 'big penny', the more prominent historic congestion is not until the 59.00 area with the mid-56.00 to mid-55.00 area below (2017 and 2018 4.5-year lows.)

In the meantime, previous weakness in the TURKISH LIRA had USD/TRY above the 5.50-5.60 area in April. Sustaining activity above the 5.50 and 5.6230 resistances in late April had seen it rally above the 5.90-6.00 range congestion from summer 2018.

This was once again very important, as extended resistance was not until the 6.35-6.40 range last seen during the beginning of the TURKISH LIRA upturn (USD/TRY extended selloff) in September 2018. As such, the late-May USD/TRY drop back below 6.00-5.90 area was a major LIRA improvement.

Next lower supports (LIRA resistance) are 5.65-.60 (January high and weekly [MA-41](#)) tested into early June and barely violated into early July prior to Closing near the low end of the range, and the heftier congestion in the 5.50-5.45 area.

And it seems that even President Erdogan's early July dismissal of central bank Governor Cetinkaya a year prior to the end of his term had not weighed too heavily on the LIRA. After USD/TRY ranged as high as 5.7871 in the wake of the dismissal prior to stabilizing, it dropped back below 5.65-.60 area despite the recent much larger than expected 4.25% rate cut with 5.50-5.45 also tested last into early August.

Yet it held that key area, and was recently back above the 5.65-.60 range again, and the early July 5.7871 high from after the central bank governor dismissal. However, key resistance is at 5.90-5.93 recently retested and now quietly exceeded. While recent narrow ranges seemed to speak of government intervention, USD/TRY did not strengthen above the 6.00 area that would have pointed to a retest of the interim 6.15 area or even the May 2019 crisis 6.25 area 15-month trading high. Of course as noted repeatedly of late, this is all despite the strength of other EMERGING CURRENCIES on improved global growth prospects, pointing up the 'country' nature of the LIRA's problems based on geopolitical concerns; especially regarding US actions.

However, the recent LIRA improvement on USD/TRY dropping back below 5.90-5.93 seems to indicate the near-term crisis is over, even if it has bounced back up into that area. Recent congestion suggests next support as nearby as the 5.80 area.

While still obviously less relevant (as we have been noting for some time and is most glaringly apparent again at present) on the standard report releases in the midst of more major global trade and political cross currents, the Weekly Report & Event Calendar (accessible for Sterling and higher level subscribers) is available via the www.rohr-blog.com sidebar.

In a week that benignly commenced with the US long holiday weekend into Monday's Martin Luther King Jr. Day holiday full US markets closure, we are rounding the corner from last week's next edition of the monthly OECD Composite Leading Indicators followed by other important 'macro' factors. Those included last Wednesday's signing of the US-China Phase I trade agreement and release of the Fed's Beige Book. While those were obviously constructive for US EQUITIES, they did not harm the low inflation indication bid in the GLOBAL GOVVIES.

The latter is important as we head into the next phase: this is the week of the central banker. Just see the calendar for the timing of upcoming missives from the PBoC, BoJ, Bank of Canada and the ECB. While there are also some important fundamental indications, it is all going to also be in the context of

the beginning of the Trump impeachment process as well as the annual capital markets and economic conference in Davos.

Once again, keep those seatbelts fastened.

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