

# ROHR INTERNATIONAL

## Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, October 9, 2012

*“Chance favors the prepared mind.” –L. Pasteur*

▪ **Macro-Technical Trend Perspective:** Thus spake (reported) the financial luminaries!

Interesting that when the first week of the month is a full calendar week, things are supposed to quiet down after that Friday's US Employment report. Economic data releases are indeed typically a bit more subdued, along with no central bank rate decision meetings. That said, a confluence of central bank releases and Non-Governmental Organization (NGO) analyses and meetings make this one of the most intense weeks in recent memory; even superseding last week's important central bank and economic data influences. That all began from the top of the week with release of the OECD Composite Leading Indicators (<http://bit.ly/PQBGc9>). As we already noted in Monday's *TrendView* MARKET ALERT (<http://bit.ly/OTnPr1>), it was a further confirmation that even previous signs of hope from the US and Japan were already receding into weakness; and with only a few exceptions the rest of the world is quite weak.

That was further reinforced by the World Bank and IMF. The former noted that the weakness in China and the Pacific was driven by weakness in Europe. So much for 'delinking'. And the IMF returned to their consistent view that austerity alone would not solve the fiscal problems of the European Sovereign Debt Crisis (or other) profligates in a weak global economy; even as German Chancellor Merkel visited Greece to offer moral support without any substantial relief for the austerity requirements to continue the monetary drip-feed for their economy.

And then there is Spain. Bailout dynamics there remain as perverse as we noted previous. ECB commitment to support their sovereign debt brings lower interest rates, which in turn encourages Spanish powers-that-be to take an aggressive line on not asking for the requisite bailout to receive that ECB support. And that is now along with the failure of US Middle East policy the current administration is attempting to sweep under the rug until after the election. It is most notably highlighted by the Syria-Turkey confrontation that risks spilling over into a much broader regional conflict. Do we believe that will occur? Probably not. And yet all the uncertainty over the future path of the global economy that now leans toward assumptions of weakness is only reinforced by the obviously unsettled geopolitical context around the world.

▪ **Most Likely Critical Horizons:** It is hard to know just what to highlight in such an amazingly robust week. That said, it only seems reasonable to concentrate on significant NGO analyses and meetings as well as communication from central bankers and finance ministries. It has already begun with the OECD, IMF and World Bank combined weaker global economy views. That was augmented by quite a bit of weak economic data, including softening of US Small Business Optimism. Tomorrow brings further indications on that front with US JOLTS Job Openings figures and Fed Beige Book even if broader influence will come with Thursday's German Institutes Economic Outlook and OECD Quarterly GDP Growth Projections. And then it is on to any potential influence from Thursday's opening of the G7 Meeting and that evening's US Vice Presidential Debate. Friday brings the IMF/World Bank Group Annual and Spring Meetings along with many more speeches than usual from Bank of Japan board members; and coincidentally the currently important Euro-Zone Industrial Production figures.

This review of the schedule for official economic report releases and other communication, as well as fundamental or technical trend analysis comments, general news, central bank or finance ministers or political meetings, and specific events is strictly for educational purposes. The 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 claim of explicit or incidental liability for financial loss or forgone profit against Rohr International, Inc. or any of its informational contributors under all circumstances. Information contained herein may have already been disseminated to others who may have acted upon it, including principals or employees of the advisor. By review of previous and following pages you agree in whole with all of these various stipulations.

A service of **ROHR INTERNATIONAL, Inc.**

© 2012 All international rights reserved. Redistribution strictly prohibited without written consent

▪ [Economic Data Highlights:](#)

**Monday:** AiG Performance of Construction Index, China HSBC Services PMI, German Wholesale Price Index & Current Account & Trade figures & Industrial Production, Euro-zone Sentix Investor Confidence, OECD Composite Leading Indicators.

**Tuesday:** Japan Trade figures & Eco Watchers Survey, Australia NAB Business Conditions and Confidence, UK RICS House Price Balance & BRC Sales & Trade figures & Industrial Production & Manufacturing Production & NIESR GDP, OECD Harmonised Unemployment Rates, US Small Business Optimism & IBD/TIPP Economic Optimism, Canada Housing Starts.

**Wednesday:** Australia Westpac Consumer Confidence, Japan Machine Tool Orders, US MBA Mortgage Applications & JOLTs Job Openings & Wholesale Inventories.

**Thursday:** China New Yuan Loans & Money Supply (M2) & Foreign Exchange Reserves, Australia Consumer Inflation Expectation & Employment figures, Japan Tokyo Office Vacancies & Consumer Confidence, German CPI, German Institutes Give Joint Economic Outlook, OECD Quarterly GDP Growth, Canada New Housing Price Index & International Merchandise Trade, US Initial Jobless Claims & Trade figures & Monthly Budget Statement.

**Friday:** Japan Domestic Corporate Goods Price & Tertiary Industry Index & Cabinet Office Monthly Economic Report, Euro-Zone Industrial Production, US PPI & Michigan Confidence.

▪ [Central Banks, Finance Ministry & Political influences:](#)

**Monday:** Japan Market Holiday, RBA's Stevens, ESM Board of Governors Meeting, US Partial (Debt & Foreign Exchange) Holiday, EU's Van Rompuy, Euro Area Finance Ministers Meeting.

**Tuesday:** BoJ's Shirakawa, RBA's Lowe, IMF World Economic Outlook, NATO Defense Ministers Meeting, EU Finance Ministers Meeting concludes, ECB's Draghi, BoE's King.

**Wednesday:** Fed's Yellen, BoJ's Shirakawa, EU Parliament Panel Debates Banking Union Proposals, ECB's Weidmann & Praet, Fed's Tarullo, Fed Beige Book Economic Survey, Fed's Kocherlakota, Fed's Fisher.

**Thursday:** RBA's Ellis, Fed's Kocherlakota, BoJ's Nishimura, Start of the G7 Meeting, EU's Van Rompuy & Barroso & Monti, Fed's Yellen, ECB Monthly Bulletin, Fed's Stein, Fed's Raskin, Fed's Plosser, US Vice Presidential Debate.

**Friday:** RBA's Ellis, IMF/World Bank Group Annual and Spring Meetings, BoJ's Shirai, ECB's Asmussen, BoE's Tucker, BoJ's Nishimura, BoJ's Miyao, Fed's Bullard, Fed's Lacker.

▪ [Government Debt Auctions or Operations:](#)

**Monday:** Germany, Italian announcement.

**Tuesday:** Greece, UK, UK Announcement, US.

**Wednesday:** Italy, Germany, US.

**Thursday:** Japan, Italy, UK, US TIPS announcement, US.

**Friday:** Germany (??)

[Concise Market View](#)

▪ As noted previous, expectations of extensive ECB support for distressed sovereign debt in Europe along with the Fed's major expansion of its quantitative easing (QE3) were expected to keep equities buoyant above key December S&P 500 future resistance in the 1,445-40 range. Last Friday's fizzle into today's failure was therefore interesting.

That was due to the degree to which the December S&P 500 future back below last Thursday's 1,451 UP Break is a Negation that likely leads to further weakness. Along with that the govies have recovered back above support. Especially as the December S&P 500 future failed back below the gap higher from last Wednesday's 1,444.70 Close, the daily MACD DOWN signal from two weeks ago has been maintained (after moving back up to only back in balance into early this week), and current news encourages the bears.

It is very similar for the euro slippage back down below EUR/USD 1.3000-1.2950 technical congestion, even if mid-low 1.2800 recent basing area forms a natural buffer. The fact that the weaker govies are also somewhat back above nominally violated support at December Bund future 141.30-.00 (with a Closing price Tolerance to 140.70) and December Gilt future at 120.25-.00 (with a Closing price Tolerance to 119.80) is another constructive sign at least for now. The rest also seems a reversal of the bullish equities tendencies last week up until Friday's fizzle of the attempted upward US Jobs pop.

The rest of this analysis is from the levels and comments in the Current Rohr Technical Projections - [Key Levels & Select Comments](#) as of Monday's US Close (already available at Rohr-[Blog](#).) That includes the initial equities selloff and other asset classes response.

**December S&P 500 Future:** Slippage back below recent 1,351 UP Break a weakish sign, but bears need it below 1,440.70-1,445 again for any joy. Daily MACD similar to DJIA.

RES: 1,451; 1,467; **1,474.50**; **1,490-95**; 1,510; **1,526**; 1,545; **1,558.50**

SUPP: **1,440.70-1,445**; **1,425-28**; **1,411-17**; **1,399-1,402**; **1,389-87**

**Government Bond Futures:** Primary government bond markets hold well and recover after previous equities rally. Europe psychology and equities now in better shape led to selloff late last week. And yet, that led to quick rebound from lack of convincing 'failure' Closes in weaker sisters last week. That includes December Bund never actually Closing Friday below 141.30-.00 and December Gilt very marginal slippage below 120.00. Equities decision after Monday's slippage likely critical to whether govies continue to hold and rally from those supports. Of note, govies daily MACD's remained UP so far on selloff.

DEC T-note: RES: **134-04/133-26**; 134-15; **134-30/135-06**; **135-29**

SUPP: **133-04/132-24**; **132-10/-02** (Jan 2012 hi); 131-21/-16

Eurodollar: RES: **99.645**; **99.675** (SEP highs); **99.70** (topping line); **99.78** (OSC)

SUPP: **99.60-.59** (AUG 2011 High); 99.55; **99.50-.52**; **99.45**; 99.38-.40

### **Foreign Exchange: US Dollar**

**USD INDEX:** The recovery of the euro and psychology in Europe made selloff below .8000 area no surprise. As noted previous, more QE anticipation made that a reasonable result. Below the broad Tolerance at .7915 the .8000 area is now resistance, yet with daily MACD now UP. That reinforces the critical nature of the low-mid-.8000 resistance right now.

RES: .8015-00; .8070-50; .8150-80; .8225-60; .8300; .8335-55; .8450

SUPP: .7915; .7860-10; .7680-50; .7500; .7472-50

**EUR/USD:** The upside follow-through has been impressive in wake of ECB President Draghi's commitment to bond market interventions and major Fed QE3. Once it was back above 1.2500-1.2450 area, the additional follow through above the 1.2950-1.3000 range looked very good until two weeks ago. That is now the key s.t. technical area again.

**Foreign Exchange: US Dollar (cont.)**

**EUR/USD:** RES: 1.2950-1.3000; 1.3080; 1.3250-80; 1.3450-1.3550; 1.3830  
SUPP: 1.2860; 1.2750; 1.2600-38; 1.2500-1.2450

**GBP/USD:** Much as with EUR/USD above 1.2500-1.2450, the push back above 1.5750 key weekly MA's, Fibonacci and congestion last month led to a full extension to the major 1.6300 area April high. Even strong sister daily MACD is now DOWN. Today's failure back below interim 1.6150 support highlights risks from any further equities weakness now.

RES: 1.6150; 1.6250-80; 1.6302 (APR hi); 1.6400; 1.6500; 1.6620  
SUPP: 1.6000; 1.5880-1.5900; 1.5750; 1.5650-00 (NEG UP Break)

**AUD/USD:** Commodity currency recovered better on equities rally than recent phases, but recent drop back below 1.04-1.05 is a weak sign with equities up, and a critical Asian drag on bullish QE psychology. 1.0167 SEP low also key long term channel support.

RES: 1.0500-1.0450; 1.0615-25; 1.0750; 1.0850; 1.1000-67  
SUPP: 1.0350; 1.0250-20; 1.01; 1.0000-.9950; 9810-00; .9705; .9537

**Foreign Exchange: Cross Rates:** Euro currency weakness had limitations based on the support expectations furthered by ECB President Draghi and the Fed's major QE effort. And with EUR/USD rally above 1.2450-1.2500 carrying above 1.2950-1.3000, euro trend against the other currencies improved further as well. It has regained a bit of strong sister status against the British pound and especially weak sister Aussie dollar. Yet, as it is in EUR/USD 1.2950-1.3000 area again, trends likely depends on the equities as well.

**EUR/JPY:** RES: 101.30-.65; 103.00-102.40; 104.30 (DN Brk); 105.50; 106.50  
SUPP: 100.00-99.25; 98.50; 97.75; 97.25-.00; 95.50-.00

**EUR/GBP:** British pound maintaining strong sister status overall in spite of the previous June euro recovery to .8150 resistance. Weekly MACD UP on euro bid after ECB and Fed moves, and slippage held test of .7950-.8000 area May selloff low. That remains critical, along with current retest of mid-September .8115 high, even if .8150 ultimate resistance.

RES: .8115; .8180-41; .8250-70; .8370-.8400  
SUPP: .8020-00; .7950-80; .7850-00; .7750-.7694 (MAJ OCT 2008 low)

**EUR/AUD:** RES: 1.2880-1.2900; 1.3000-1.2925; 1.3200-30; 1.3350  
SUPP: 1.2650; 1.2480-1.2510; 1.2360; 1.2250; 1.2170-33; 1.2000

We hope you find this helpful.

-Rohr

[www.rohrintl.com](http://www.rohrintl.com)

**Rohr-Blog:** Extended Observations, Calendar & Events Perspective, Tech & Comments

<http://rohrintlblog.wordpress.com/>

This analysis is confidential. It may also be legally privileged. While based upon information from sources believed reliable, the analyst(s) do(es) not accept liability for any errors or omissions, and (do)es not guarantee any profitability or avoidance of loss based upon content of the foregoing analysis.

Internet access cannot be guaranteed to be timely, secure, or error and virus-free.

Actual release dates may vary from those listed in the Perspective for various reasons, including (but not limited to) official changes to schedules, communications problems, natural disasters, erroneous initial listings in the source calendars from which data is derived, and simple human error.