

Rohr International
Weekly Report & Event SUMMARY PERSPECTIVE
Tuesday, October 23, 2012
"Chance favors the prepared mind." –L. Pasteur

▪ Macro-Technical Trend Perspective: Lighter week hasn't seen lower volatility so far.

While it was indeed a slower reporting week (as expected) after last week's major onslaught of speeches from financial luminaries and analyses by Non-Governmental Organizations (NGO's) impacted the markets, that hasn't diminished the volatility from the late last week.

And while Monday and Tuesday of this week were especially light reporting days, the very weak nature of that economic data played right into the main themes of the NGO's: that we are generally in a much weaker global economic addition than the various governments are willing to admit at present. And what weighed so heavily on equities in addition to the current round of weak data is the general lack of business entering a more pernicious phase where sustained weakness in corporate topline revenue is finally impacting earnings. And that will be much harder to offset by any further cost-cutting than during previous phases where it was possible still 'manufacture' good earnings from sheer cost-cutting. And based on guidance from the companies that have reported so far, much of the weakness is due to the continued recession in Europe. That obviously affects other regions as well, especially Asia/Pacific.

So while there is much yet to be seen in this week's remaining reporting schedule and events, the negative tone is going to be hard to offset now that there is a sense lower guidance is not just so much corporate 'gaming' of the earnings releases. And while the equities have been able to hold up nicely in spite of negative macroeconomic data, that was in large measure due to the degree to which expectations for quantitative easing assisting economic growth were broadly accepted. Maybe not by the bears (present analyst included); but by a large swath of analysts and portfolio managers who still clung to the adage, "don't fight the Fed."

While that is certainly true in normal times, and should especially apply to combined efforts of the other central banks in conjunction with the Fed, the solvency, fiscal and the poor national governance issues facing the individual and global economies are more daunting this time. Without trying to be at all partisan about it, in spite of their claims of restored jobs and the like, the Obama team has presided over the very weakest recovery from a financial meltdown and recession in the history of the United States. And that is compounded by the lack of ability of Europe to finalize its crisis/recession relief plans, which was heavily noted by the NGO's.

▪ Most Likely Critical Horizons: While it was indeed a slower reporting week (as expected) on Monday and Tuesday, much more significant data will commence on Wednesday morning. That includes Chinese, Euro-zone and US Advance PMI's, UK CBI data, and US New Home Sales, and Bank of Canada Monetary Policy Report followed by the FOMC Interest Rate (non-)Decision and Statement. Thursday brings the top of the morning Reserve Bank of New Zealand Rate Decision, UK GDP, and US Durable Goods Orders, Weekly Initial Jobless Claims, Pending Home Sales and the Kansas City Fed Manufacturing Index, along with several speeches by folks at the Bank of England. While Friday is another light day, it does include the Chinese MNI Business Sentiment Indicator, German GfK Consumer Confidence and most importantly the first look at US Q3 GDP for a very interesting finish to the week.

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

RoHR INTERNATIONAL Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, October 23, 2012

Page 2 of 4

- Economic Data Highlights:

Monday: Japan Trade figures & Supermarket Sales & Department Store Sales & Convenience Store Sales & Small Business Confidence, Euro-Zone Government Debt-GDP Ratio.

Tuesday: Australia Conference Board Leading Index, Euro-Zone Government Debt-GDP Ratio & Consumer Confidence, UK BBA Loans for House Purchase, Canada Retail Sales, US Richmond Fed Manufacturing Index.

Wednesday: Australia DEWR Internet Skilled Vacancies & Consumer Prices Index, China HSBC Flash Manufacturing PMI, German & Euro-zone Advance PMI's, German IFO, Euro Area Second Quarter Government Debt, UK CBI Trends Selling Prices & Total Orders & Business Optimism, US MBA Mortgage Applications & Markit PMI Preliminary & New Home Sales.

Thursday: Japan Corporate Service Price Index & Small Business Confidence, China Conference Board China Leading Economic Index, UK Gross Domestic Product & Index of Services, US Chicago Fed National Activity Index & Durable Goods Orders & Cap Goods Orders and Sales Nondefense Ex Air & Initial Jobless Claims & Pending Home Sales & Kansas City Fed Manufacturing Activity.

Friday: Japan National & Tokyo CPI, China MNI Business Sentiment Indicator, German GfK Consumer Confidence Survey, US GDP, Personal Consumption, Michigan Confidence.

- Central Banks, Finance Ministry & Political influences:

Monday: RBA's Debelle, BoE Asset Purchase Facility Q3 Quarterly Report, ECB's Asmussen.

Tuesday: Bank of Canada Rate Decision and Statement, BoE's King.

Wednesday: RBA's Ellis, ECB's Draghi (twice), BoE's Bailey, Bank of Canada Monetary Policy Report & press conference, Federal Open Market Committee Rate Decision and Statement.

Thursday: Reserve Bank of New Zealand Rate Decision and Statement, BoE's Gracie, BoE's Tucker, BoE's Haldane.

Friday: ECB's Praet.

- Government Debt Auctions or Operations:

Monday: None.

Tuesday: Spain, US.

Wednesday: Germany, Italian announcement, US.

Thursday: Japan, Italian announcement, US.

Friday: Australia, Italian announcement.

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. In spite of that December S&P 500 future failed back below its recent 1,451 UP Break at the end of last week. And that was enough to disappoint the bulls in a major way. After the previous week's recovery from 1,430-25 DOWN Breaks, it was expected those levels would hold again; and they clearly did NOT! The reason being a combination of continued weak economic data along with corporate topline revenue remaining soft long enough to affect earnings. And that sets a much weaker tone for equities, even if the more critical lower supports are not until the December S&P 500 future 1,400 area and its 1,389-870 tolerance. It is going to be very interesting, especially in light of the lack of confirmation so far that this is indeed the beginning of a major meltdown in the equities.

A service of **RoHR INTERNATIONAL, INC.**

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

ROHR INTERNATIONAL Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, October 23, 2012

Page 3 of 4

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

December S&P 500 Future: Secondary slippage below 1,351 UP Break last Friday weak sign, with weekly MACD DOWN here as well. But bears now need it below 1,389-87 area.

RES: 1,420; 1,425-30; 1,440.70-1,445; 1,451; 1,467; 1,474.50
SUPP: 1,399-1,402; 1,389-87; 1,375; 1,355-50; 1,338-35; 1,316; 1,300

Government Bond Futures: Primary government bond markets were not acting well in the face of previous equities resilience, and finally experienced the sort of heavier selloff associated with better US data and the further crisis mitigation in Europe. And even in the wake of the first sharp equities selloff in a while, govvies' recovery feels lackluster. Might this just be another delayed reaction while equities get the benefit of the doubt, or are govvies entering a heavier secular more bearish phase? That's what's so important about the near term equities decision around December S&P 500 future 1,389-87 support.

DEC T-note: RES: 133-04/132-24; 134-04/133-26; 134-15; 134-30/135-06; 135-29
SUPP: 132-10/-02 (Jan 2012 hi); 131-21/-16; 131-02; 130-12; 130-00
DEC UK Gilt: RES: 120.00-.25; 121.00-120.80; 121.50; 121.86-.94; 122.30-.45
SUPP: 119.30-.52; 118.50-.25; 117.68 (JAN hi); 117.00; 115.75-.50
DEC Bund: RES: 140.00-139.60; 141.30-.00; 141.70; 142.30-.62; 143.50-.75;
SUPP: 139.34; 138.60-.41; 137.50-.00; 136.30; 135.30-.00; 134.30-.00

June 2013 Short Money Forward Future:

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, QE-driven equities rally made that a fair result. Below the .7915 broad Tolerance, .8000 area and .8070-50 now resistance, yet with daily MACD now UP. That reinforces the critical nature of the equities decision 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 was 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 follow through above the 1.2950-1.3000 range looked very good until late September. That is key s.t. technical area again, with a buffer to low 1.2800 area.

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

ROHR INTERNATIONAL Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, October 23, 2012

Page 4 of 4

Foreign Exchange: US Dollar (cont.)

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. Daily MACD is now DOWN, and failure below interim 1.6150 area has led to a test of far more critical 1.6000-1.5950 daily channel & weekly MA-13 support.

RES: 1.6000-1.5950; 1.6150; 1.6250-80; 1.6302 (APR hi); 1.6400

SUPP: 1.5880-1.5900; 1.5750; 1.5650-00; 1.5500-1.5450; 1.5268-33

AUD/USD: Commodity currency recovered better on equities rally than recent phases, but September 1.04-1.05 area failure was a weak sign with equities up. It is critical Asian drag on bullish QE psychology. 1.0250-20 now also key long term channel support.

RES: 1.0350; 1.0500-1.0450; 1.0615-25; 1.0750; 1.0850; 1.1000-67

SUPP: 1.0250-20; 1.0150-00; 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, trend likely depends on the equities as well.

EUR/JPY: **RES:** 104.30 (DN Brk); 105.50; 106.50; 107.50-108.00; 109.12

SUPP: 103.00-102.40; 101.30-.65; 100.00-99.25; 98.50; 97.75

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 push above mid-September .8115 high, as .8150 remains ultimate resistance.

RES: .8180-41; .8250-70; .8370-.8400; .8500; .8580; .8630-67

SUPP: .8115; .8020-00; .7950-80; .7850-00; .7750-.7694 (OCT '08 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)

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.

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

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