

ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, February 12, 2013

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

▪ **Macro-Technical Trend Perspective:** “Invest” (Spend, Spend, Spend, Tax, Tax, Tax.) Yes, that’s what we’re likely to hear this evening in President Obama’s State of the Union address. And we will also hear Republican Senator Marco Rubio (the party’s rising Hispanic star) respond on why the continued focus on government stimulation and state control (like Obamacare, greater regulation, etc.) are the exact wrong way to actually improve the US economy and employment. All of which may provide quite a bit more volatility. It will reinforce the perception there is little chance for compromise ahead of the March 1st automatic budget sequestration (<http://bit.ly/WGFVOW>), and the further direct economic weakness and general deterioration of business sentiment.

While the equities have thrived on the degree to which large businesses with an international focus have succeeded in handling the US political impasse so far, the current dilemma and even the tax program as already in place this year are creating a more negative environment. And that is once again apparent in the depressed (even if slightly improved) level of the NFIB Small Business Confidence Survey released this morning. Net 30% think business is worse six months from now. And among other factors, a new record high 30% said it is because the political climate is terrible, which was reflected in no real net hiring plans. The CNBC interview with NFIB chief economist William Dunkelberg (<http://bit.ly/YTZIsz>) covers a lot more of what ails them, which includes fears over additional taxes, and depressed sales and profitability.

And that is also important in light of yesterday’s Organization of Economic Cooperation and Development’s Composite Leading Indicators (<http://bit.ly/Y6keoX>) that asserts “Growth firming in OECD area” overall, yet with a headline for the overall report “...diverging growth rates across major economies.” Any extensive review of the charts and statistics makes clear just how much improved global potential still relies upon the US to lead further improvement. That gets right back to the major thrusts of Mr. Obama’s speech and the response. If it is at all collegial, that may be good. If it’s, “Hey, too bad, I won”, then markets may not react well.

▪ **Most Likely Critical Horizons:** First, Chinese Markets Closed all week for Lunar New Year. Relatively light data on Monday included Australia Lending data, OECD Composite Leading Indicators as Euro-Area Finance Ministers began a pre-G20 meeting in Brussels, While data still light on Tuesday’s Australia NAB Business Confidence & Conditions, UK CPI & PPI, and US NFIB Small Business Optimism, there are lots of government bond auctions (continue into Wednesday) and central bank-speak. It all culminates with President Obama’s State of the Union Address and GOP response this evening. Wednesday sees less data again, yet that includes Japanese Domestic Corporate Goods Price Index, Euro-Zone Industrial Production and US Import Retail Sales as well as the BoE Quarterly Inflation Report. Thursday continues intense influences with the Bank of Japan Rate Decision and Statement and beginning of the G20 Meeting, along with GDP from Japan, France, Germany, Italy and the Euro-Zone. It all continues on Friday with finance and central bank-speak as well as the China MNI February Flash Business Sentiment Indicator, UK Retail Sales, Euro-Zone Trade Balance, US Empire Manufacturing, Industrial Production & Capacity Utilization, and Michigan Confidence.

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.

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▪ [Economic Data Highlights:](#)

Monday: Australia Lending data, OECD Composite Leading Indicators, Group of 30 Releases Global Economy Report.

Tuesday: Japan Money Stock & Machine Tool Orders, Australia RBA Credit Card Balances and Purchases & NAB Business Confidence & Conditions, German Wholesale Prices, UK RICS House Price Balance & CPI & PPI & RPI & DCLG UK House Prices, OECD Harmonised Unemployment Rates, US Mortgage Delinquencies and Foreclosures & NFIB Small Business Optimism & JOLTs Job Openings & Monthly Budget Statement.

Wednesday: Australia Westpac Consumer Confidence, Japan Domestic Corporate Goods Price Index & Tertiary Industry Index, Euro-Zone Industrial Production, US Import Price Index & Retail Sales & Business Inventories.

Thursday: Japan GDP, Australia Consumer Inflation Expectation, China Actual FDI, French and German and Italian and Euro-Zone GDP, US Initial Jobless Claims.

Friday: China MNI February Flash Business Sentiment Indicator, Japan Industrial Production and Capacity Utilization, UK Retail Sales, Euro-Zone Trade Balance, Canada Manufacturing Shipments & Existing Home Sales, US Empire Manufacturing & TIC Flows & Industrial Production and Capacity Utilization & Michigan Confidence.

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

Monday: Japan Markets Closed, China Markets Closed all week for Lunar New Year, Euro-Area Finance Ministers meet in Brussels, Fed's Yellen, BoC's Lane.

Tuesday: ECB's Liikanen and Constancio and Nordea's Clausen, EU Finance Ministers Meet in Brussels, SNB's Thomas, BoC's Carney and Macklin, ECB's Draghi, Fed's George, Fed's Lockhart, Fed's Plosser, Fed's Lacker, US President Obama's State of the Union Address.

Wednesday: Bank of England Quarterly Inflation Report, ECB's Praet, Fed's Bullard.

Thursday: Bank of Japan Rate Decision and Statement, G20 Finance Ministers and Central Bank Governors Meet In Russia, ECB Monthly Bulletin, EU to Propose Financial Transaction Tax, Fed's Tarullo, Fed's Bullard.

Friday: RBA's Kent, BoJ's Monthly Economic Report History, G20 Finance Ministers and Central Bank Governors Meet In Russia, BoE's Weale text pre-release, ECB's Draghi and Bank of Russia Chairman Ignatiev, Fed's Piantato, ECB's Praet.

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

Monday: Germany.

Tuesday: Spain, Italy, Germany, EFSF, UK announcement, US.

Wednesday: Australia, Japan, Italy, Germany, US.

Thursday: UK, US announcement, US.

Friday: Australia, ECB announcement.

[Concise Market View](#)

▪ **The US Fiscal Cliff avoidance and upbeat "the crisis is over" official European leader line seemed to be priced into the equities until last Friday's March S&P 500 future push above 1,510 resistance. That doesn't mean the uptrend might not reverse at any time. Yet, the burden of proof is now back on the bears to get it to fail well back below 1,510; as in at least a daily Close back below Friday's 1,508.20-1,505.30 gap higher opening.**

That is because that gap up was part of the violation of a short term (indeed an extremely short term five day attempt at a) Double Top at 1,510... and the gap was therefore a bit of an upside 'runaway' signal unless and until it is not just closed, yet until the **March S&P 500 future** should post a daily Close back below it. Unless the bears can find a way to create that failure, the natural bigger next resistance (historic and current weekly Oscillator) was always going to be 1,526 (or even somewhat above it to a Tolerance at maybe 1,535) after the S&P future had escaped the lower significant congestion and Oscillator resistance back in the 1,475-65 range.

And that lower threshold remains important support on any extended setback. In part important congestion levels (especially 1,474.50 major lead contract futures high from last September) continue to be important areas. And on the other hand, various weekly MAs, some anticipated Fibonacci levels whether it hits 1,526 or tops out right here), and likely for trend oscillators like weekly MACD as well should also be critical if there is any drop back even as far as 1,475-65. Yet, that certainly puts the cart well out in front of the horse, as whether **March S&P 500 future** does indeed fail back below 1,510-05 or push higher will be the more immediate decision.

Yet, that seems a less important indication for primary government bond markets than might have been surmised as little as two weeks ago when they were under more pressure in the face of equities strength. It seems the govies are involved in another of their bouts of 'hostage to fortune' bids. Rather than being up at the highs as they have rallied at times, this is more so about holding in at support... sort of a 'hostage to fortune' holding action than rally as such.

That would be especially the case for the **March Bund future** that has held on not much worse than the low end of the 142.62-142.30 previously violated support after sagging previous for a test of the top of 141.30-.00. The same goes for the previous weak sister **March Gilt future** holding around the low end of its 116.30-.00 area, and **March T-note future** still refusing to remain below its major 131-16/-12 congestion after Closing below it two weeks ago.

Foreign exchange remains an individual country affair, with the Japanese yen still leading the way down and the euro still leading the way up. It was especially interesting that last Thursday's ECB press conference confirmation of the fragility of the Euro-zone economy may have had a slight effect on the DAX, yet was enough to knock **EUR/USD** back below its key 1.3550-1.3450 area; also a near term DOWN Break below channel support at the low end of the range. And the breathtaking weakness of the Japanese yen predictably saw **USD/JPY** extension above 91.00, which has led to a stallout into more significant resistance at the 93.80-95.00 interim Objective.

All the technical indications below remain the same as last Thursday's **Current Rohr Technical Projections - Key Levels & Select Comments**, as there has not been much change in the trend evolution since then. The only minor adjustments are for those markets which have moved through a specific technical level. The select comments remain the same, and the projections should also be effective through this evening's US State of the Union address. We will be revising those later this week, once there is further change to trend levels and tendencies.

March S&P 500 Future: Stallout into 1,510 seems a bit tired, and daily MACD is DOWN. Yet very resilient as well into top of 1,490-85, and 1,475-65 secondary support if it breaks.

RES: 1,526; 1,545; 1,558.50; 1,570-1,573.50

SUPP: 1,510-05; 1,485-90; 1,474.50; 1,465-67; 1,460-58; 1,450

Government Bond Futures: Recent equities push higher on Fiscal Cliff avoidance and continued central bank QE expansion weighed on govies. Even strong sister March German Bund future below 143.75 fail was also a fresh DOWN Break, yet on fail below 142.62-.30 held well at top of 141.30-.00. March T-note future below major 131-16/-12 no longer strong sister, yet back above it. March Gilt future below 117.50-.00 holds interim 116.30-.00 area. Holding seems 'hostage to fortune' to equities short term trend decision.

MAR T-note: RES: 131-16/-12; 132-08/-05 (Jan '12 hi); 133-04/132-24; 133-10/-08

SUPP: 130-20 (12/08 hi); 129-24/-16; 129-00/128-14

MAR UK Gilt: RES: 117.20-.00; 117.57 (OCT low); 118.00; 118.50-.25; 119.30-.52

SUPP: 116.30-.00; 115.50; 114.50; 113.61-.28; 112.50

MAR Bund: RES: 143.50-.75; 144.17; 144.50; 145.00-.20; 145.70-.88

SUPP: 142.30-.62; 141.70; 141.30-.00; 140.00-139.60; 138.40; 137.50

Eurodollar: RES: 99.64-.65 (gap); 99.66 (DEC high); 99.72 (OCT lead ctr. high)

SUPP: 99.60-.59; 99.55-54; 99.51 (gap); 99.50-.48; 99.465 (gap); 99.44

Foreign Exchange: US Dollar

USD INDEX: The recovery of the euro and psychology in Europe made another selloff below .8000 area no surprise. QE-driven equities rally makes that a fair result. Yet it held another test of .7930-.7860 support. .8000 area now less important due to multiple swings above and back below. .8080 much more important I.t. MA, Fibonacci and congestion.

RES: .8080-50; .8150-80; .8225-60; .8300; .8335-55; .8450

SUPP: .8015-00; .7925-15; .7860-10; .7680-50; .7500; .7472-50

EUR/USD: The upside follow-through was impressive in wake of all the various forms of ECB and Fed QE, evidenced initially in early September push above 1.2500-1.2450 area. Above 1.3000, 1.3200 DOWN Break (Negated) and 1.3250-80 range those are supports. Greater 1.3450-1.3550 resistance temporarily violated, but spill back below it yesterday fresh DOWN Break with Daily MACD DOWN means temporary weakness likely the case.

RES: 1.3450-1.3550; 1.39; 1.40-1.41; 1.4250; 1.4500-80

SUPP: 1.3250-80; 1.3170-1.3200; 1.3080; 1.2950-1.3000; 1.2860

GBP/USD: Much as with EUR/USD above 1.2500-1.2450, the August push above 1.5750 key weekly MA's, Fibonacci and congestion led to a full extension to major 1.6300 area. Recent failures back below 1.6150 and prominent 1.6000-1.5950 are fairly ugly. Also fail below 1.5750 makes it s.t. critical, yet higher on the week back above 1.5695 firm sign.

RES: 1.5750; 1.5880-1.5900; 1.6000-1.5950; 1.6150; 1.6250-80

SUPP: 1.5650-00; 1.5500-1.5450; 1.5360; 1.5260

Foreign Exchange: US Dollar (continued):

USD/JPY: After February rally above key resistances at 78.35 and 79.50 were UP Breaks, near term failure at 84.00-.50 key resistance fed retest of those lower levels. Holding them led to a much more major confirmation of the overall UPturn. Back above 84.00-.50 and 85.54-.94 led to violation of more critical 87.50-.00 area that was also top of channel UP Acceleration, and above 91.00 has led to test of 93.80-95.00 Objective with 100.00 next.

RES: 93.80-95.00; 96.00; 97.75; 99.00; 100.00-.70; 101.45

SUPP: 92.50-93.00; 92.50-93.00; 91.00; 89.40; 87.50-.00 (NEG DN Brk)

AUD/USD: Commodity currency less than impressive on failure below 1.0450-1.0500 after stallout into resistance in 1.0600 area. Weekly MACD just DOWN and failure back below 1.0350 interim support leaves 1.0250 critical support this side of the major .9800 area.

RES: 1.0350; 1.0500-1.0450; 1.0615-25; 1.0750; 1.0850; 1.1000-83

SUPP: 1.0250-20; 1.0150-00; 1.0000-.9950; .9800; .9860; .9580; .9388

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 efforts. So return to strength after January ECB meeting 'lack of crisis' confidence no surprise. That was reversed by today's signal of Euro-zone weakness, and is still modest in the context of yen weakness. The post-election policy-driven yen swing has been reinforced by the early resignation of the BoJ Governor, but that might be s.t. trend crescendo.

EUR/JPY: **RES:** 127.94; 130; 132; 134; 136.00; 138.50-139.14; 140.00; 141.00

SUPP: 125.00-50; 122.74-123.35; 119.65-120.00; 118.50; 117.00-.50

EUR/GBP: Pound lost strong sister status since mid-November in spite of repeated euro failures at .8150 resistance. January ECB meeting confidence-led push above .8250-70 resistance fed rally above .8370-.8400 DOWN Break; still support on the current selloff.

RES: .8675-.8700; .8800-30; .8880; .8935; 9040-85

SUPP: .8560; .8500; .8370-.8400; .8250-70; .8180-41; .8115-00

EUR/AUD: **RES:** 1.3100; 1.3300-1.3260; 1.3520; 1.3640; 1.3820-60; 1.4075

SUPP: 1.3000-1.2925; 1.2810-35; 1.2650; 1.2480-1.2510; 1.2360

We hope you find this helpful.

-Rohr

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