Rohr International

Weekly Report & Event Summary Perspective

Monday, May 13, 2013

***"Chance favors the prepared mind."* –L. Pasteur**

▪ **Macro-Technical Trend Perspective: Better news for equities continues this week.** Does it get any better than this? While there is the occasional negative surprise, on balance the fundamentals have remained positive for now. That was especially interesting in today's US Retail Sales figures, where the key ex-Autos & Gas number was up 0.6% versus an estimate of plus 0.3%. While the impact of higher Payroll Taxes and existing employees being moved to part-time status that would be a logical corporate step in the face of Obamacare requirements, none of that has seemd to really impact the US consumers' consumption habit.

And that also flies in the face of last week's release of US Wholesale Inventories and Sales, where the latter was very weak. Admittedly that was a March number, yet it speaks of a lack of wholesale demand that should have been a precursor to weak April US Retail Sales. It is a quandary that will continue to challenge any reasonable market analysis in the near term, even if the factors noted above will be incrementally more telling across time. And that may have an impact on the sustained success of the equities and any further weakness of the primary government bond markets that will be more apparent in the later part of this week.

That said, based on the current technical trend signals, the post-US Employment **June S&P 500 future** sizable gap higher is still pointing to 1,670 area as a minimum target (as long as the 1,600 area is respected as support on any initial pullbacks.) In spite of the rather sluggish nature of the uptrend last week into early this week, unless the bears can at least foment a break back below the 1,620 support generated on pullbacks last week there is no chance they can even challenge the top of the gap at 1,606. While the broader factors may be telling across time, the recent reports are now leaning toward 'good news' (versus rallying on a 'bad news is good news' central bank accommodation psychology.) While that does create a bit of a hostage to fortune for the equities bulls if the news should turn weak again, the substantial central bank accommodation remains in place to buffer any near term selloffs.

So it appears that the bulls own the trend for now, even if the recent shift to good news has perversely left it a more sluggish affair than when the weak news encouraged the rally.

▪ **Most Likely Critical Horizons:** There was already some good news this morning from Asia through G7 pronouncements allowing austerity moves in Europe may be tempered across the cycle, and right through to the slightly better than expected US Retail Sales. More important influences follow throughout the week, beginning with Tuesday's Japan Domestic Corporate Goods Prices, German and Euro-zone ZEW Surveys, OECD Composite Leading Indicators, and US NFIB Small Business Optimism. Wednesday brings French, German, Italian and Euro-Zone GDP figures, UK Employment, BoE Inflation Report and US Empire Manufacturing along with Industrial Production & Capacity Utilization. On Thursday it is a lot of central bank speak and Japan GDP, Euro-zone Trade Balance, US Initial Jobless Claims and Philadelphia Fed, followed on Friday by major influences from China April Property Prices and Conference Board Leading Index, EU 25 New Car Registrations, Euro-Zone Construction Output, and US Michigan Confidence and Leading Indicators. Will it all remain mostly bullish?

A service of Rohr International, Inc.

▪ **Economic Data Highlights:**

Monday: Australia NAB Business Confidence and Conditions & Value of Loans & Investment Lending & Home Loans & RBA Credit Card Purchases and Balances, China Industrial Production & Retail Sales & Fixed Assets Investment, US Retail Sales & Business Inventories

Tuesday: Japan Domestic Corporate Goods Price Index & Machine Tool Orders, UK RICS House Price Balance, German WPI & CPI & ZEW Survey, Euro-zone ZEW Survey & Industrial Production, French Current Account, Italian General Government Debt, OECD Composite Leading Indicators, US NFIB Small Business Optimism & Import Price Index & New York Fed Quarterly Household Debt Report, Canada Teranet/National Bank HP Index

Wednesday: Japan Tertiary Industry Index & Consumer Confidence, Australia New Motor Vehicle Sales & Wage Cost Index, French and German and Italian and Euro-Zone GDP figures, UK Employment figures & Earnings, US MBA Mortgage Applications & Empire Manufacturing & PPI & TIC Flows & Industrial Production and Capacity Utilization & NAHB Housing Market Index, Canada Manufacturing Shipments & Existing Home Sales

Thursday: Japan GDP & Tokyo Condominium Sales & Industrial Production and Capacity Utilization, Australia RBA Foreign Exchange Transactions, Euro-zone CPI & Trade Balance, US Initial Jobless Claims & Housing Starts and Building Permits & CPI & Philadelphia Fed, Canada International Securities Transactions

Friday: Japan Machine Orders & Housing Loans, China April Property Prices & Conference Board Leading Economic Index, EU 25 New Car Registrations, Euro-Zone Construction Output, Canada CPI, US Michigan Confidence and Inflation Expectation & Revisions to Factory Orders Report & Revisions to Housing Starts & Leading Indicators

▪ **Central Banks, Finance Ministries, Political Influences & General Events:**

Monday: None.

Tuesday: ECOFIN Meetings, Fed's Plosser, ECB's Asmussen

Wednesday: BoE's Salmon, Bank of England Inflation Report and Press Conference, OECD Harmonised Unemployment Rates (HURs), BoE's Cleland

Thursday: Fed's Plosser, Fed's Rosengren, Fed's Fisher, ECB's Praet, BoC publishes Monthly Review, Fed's Raskin, Fed's Williams

Friday: ECB's Asmussen, BoE's Weale, ECB's Praet, Fed's Kocherlakota and Riksbank's Ingves on panel

▪ **Government Debt Auctions or Operations:**
Monday: Italy
Tuesday: Japan, UK
Wednesday: Australia, Italy, Germany
Thursday: Japan, UK, France (twice), US TIPS
Friday: Australia, ECB announces 3-Year LTRO repayment

Concise Market View

▪ **The degree to which so many equity indices are hitting either new all-time highs or multi-year highs is impressive. And that it is occurring on good news along with the existing central bank accommodation is finally weighing previously buoyant govvies. That doesn't necessarily make govvies bear markets, but they are down to key supports.**

The dilemma is that the degree to which the **June S&P 500 future** has carved out some extra breathing room above 1,606 means that any initial selloff is likely to hold in that area. For more on the gap's implications, please review the week ago Friday's video **http://bit.ly/10dTVgb**. Even though the **June S&P 500 future** has advanced since the post-US Employment gap higher, the video is worth watching if you have not done so already to better understand the present critical dynamic. Either the market is ready to push up another forty dollars or so beyond today's 1,632.80 high, or a the bears will indeed be able to foment a failure back below the bottom of the major post-US Employment gap higher gap; in other words, the 1,592.30 Close, which might represent the sort of failure which foments a more major reaction.

And while they have fallen markedly since that US report two weeks ago, that also does not necessarily make the govvies bear markets after their recent substantial rise. Yet what it does do is create more of a classical counterpoint tendency to the equities trend. Of note is that the govvies are already nearing some important lower support levels. So whether the **June S&P 500 future** is on the verge of pushing another forty dollars higher or possibly putting in a top for at least a near term correction back down to the low-1,600 area is important.

In light of the less than significant shifts in the equities and primary government bond trends since late last week, we have not updated the **Current Rohr Technical Projections - Key Levels & Select Comments** included below as of last Wednesday's US Close. We will be those projections and comments after Wednesday's US Close to prepare for any impact from the important late week economic data and extensive central bank-speak.

June S&P 500 Future: The Runaway Gap above the previous 1,594 rally high sets up an Objective at 1,669. Gap midpoint 1,600 also important along with 1,611 weekly Oscillator.

	RES:	**1,606 (gap high); 1,611; 1,621.50 (trend high) 1,640 (OSC)**
	SUPP:	**1,594-1,592.30;** 1,588-77 (gap); **1,568-65;** 1,550-52; **1,547-45**

Government Bond Futures: Push higher on weak economic data was impressive, and previous weakening of even US economic data supported resilient holding near top of the rally. However, anticipatory 'hostage to fortune' rally on weak data was tipped over by the stronger data along with the addition of the previously recalcitrant ECB to the major central bank accommodation party. As noted previous, govvies were vulnerable unless the equities begin showed some weakness once again, which did not happen

JUN T-note:	**RES:**	**133-04/132-24;** 133-10/-08; **134-04/133-26;** 134-15
	SUPP:	132-12; **132-00/131-25; 131-12/-10; 130-20 (12/08 hi)**
JUN UK Gilt:	**RES:**	**119.30-.52; 120.53; 121.05; 121.50;** 121.86-.94; **122.30-.45**
	SUPP:	**118.50-.25;** 118.00; 117.57; **117.20-.00;** 116.30-.00
JUN Bund:	**RES:**	**146.26; 146.89 (all-time high); (OSC) 148.15;**
	SUPP:	**145.60-.88; 145.00-.20; 144.00-.34; 143.50-.75;** 143.00

December 2013 Short Money Forward Futures:

Eurodollar:	**RES:**	**(all OSC) 99.75 & 99.80 & 99.86**
	SUPP:	**99.66 (MAR highs); 99.63; 99.60-.59 (AUG 2011 High);** 99.55

Foreign Exchange: US Dollar

USD INDEX: Now restrained on euro's short term recovery, even if yen weakness is underpinning all other currencies. Yet strength elsewhere seems a bit more of a 'risk-on' rally, which leaves the trend hostage to equities decision on noted gap psychology. It is reinforced by weekly MA-13 up into .8180 area next week with daily MACD still DOWN.

RES: **.8225-60;**.8300; **.8335-55; .8450;** .8516; .8625-36; **.8695;** .8750

SUPP: **.8150-80; .8080-50;** .8015-00; **.7925-15**

EUR/USD: While major 1.3450-1.3550 resistance temporarily violated into February, spill back below it was a fresh DOWN Break. Daily back UP since push back above 1.2860, and above weekly MA-13 reinforces critical nature of 1.3170-1.3200 resistance. As this seems a modest 'risk-on' squeeze, quite a bit of decision may rest with equities trend.

RES: **1.3170-1.3200; 1.3250-80; 1.3450-1.3550;** 1.39

SUPP: 1.3080; **1.2950-1.3000; 1.2860;** 1.2712-1.2660; **1.2570-00**

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. Yet serial failures below key 1.5233 and 1.5000 area looked ugly. Now back down near the 1.5500-1.5450 area is critical indication, with next resistance at 1.5700 DOWN Break.

RES: **1.5500-1.5450;** 1.5650-00; **1.5750; 1.5880-1.5900**

SUPP: 1.5360; **1.5268-33; 1.5000-1.4950;** 1.4800-1.4775; 1.4615-1.4550

USD/JPY: February 2012 rally above key 78.35 and 79.50 were UP Breaks, and holding them on extended summer correction led to a much more major UPturn. Above 84.00-.50 and 85.54-.94 led to violation of critical 87.50-.00 area top of channel UP Acceleration. Violation of the 93.80-95.00 Objective reinstated by recent extension above it in the wake of BoJ aggressive QE acceleration. 100 now hit with 105 next major Objective.

RES: **100.00; 101.45;** 103.80; **105.50;** 107.50; **109.00; 110.67**

SUPP: 99.00; **97.75; 96.71;** 96.00; **95.00; 93.80;** 92.50-93.00; **91.00**

AUD/USD: Commodity currency less than impressive on failure below 1.0450-1.0500 after stallout into 1.0600 area. Daily MACD back DOWN on failure of 1.0350 UP Break looked weak, and RBA rate cut has reinforced it with a failure of 1.0250-20 area with .9850 next.

RES: **1.0250-20; 1.0350; 1.0500-1.0450; 1.0606-25; 1.0750; 1.0850**

SUPP: 1.0150-00; **1.0000-.9950; 9850-10; .9705;** .9537

Foreign Exchange: Cross Rates: Euro currency weakness was back as dominant secular trend in the wake of Cyprus problems and inability to form Italian government. The return to strength is now a reflection of better general global economic conditions on the back of so much massive central bank QE. Is that actually a rational expectation? Maybe yes, and maybe not. But the anticipation of easing by the ECB would normally weaken the euro if it were not. In any event, policy-driven Japanese yen weakness still in force.

EUR/JPY: **RES:** **130.00;** 132.00; **134.00;** 137.00; **138.50-139.14; 141.25;** 147.50

SUPP: **127.94;** 125.00-50; 124.00; **122.74-123.35; 119.65-120.00**

EUR/GBP: Pound regained strong sister status since mid-March general basing after the long slide. Repeated euro failures at .8800 resistance led to slippage below .8600 as well, and with weekly MACD just DOWN the .8400 support critical this side of upper .8100 area.

	RES:	**.8500; .**8580; **.8675-.8700; .8800-30;** .8880; **.9000;** .9085; **.9150**
	SUPP:	**.8370-.8400; .8250-70; .8180-41; .**8115; .8020-00
EUR/AUD:	**RES:**	**1.3000-1.2925;** 1.3100; **1.3300-1.3260;** 1.3520
	SUPP:	1.2810-35; **1.2650-00; 1.2480-1.2510;** 1.2360; **1.2250; 1.2170-33**

We hope you find this helpful.
-Rohr
(www.rohrintl.com)
Rohr-*Blog*: Extended Observations, Calendar & Events Perspective, Tech & Comments
(http://rohrintlblog.wordpress.com/)
