

# ROHR INTERNATIONAL

## Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, May 21, 2013

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

▪ **Macro-Technical Trend Perspective:** Lots of data and central bank-speak as well.

Does it get any more convoluted than this?! While yesterday and today relatively quiet on the economic data front, what came out was rather weaker-than-not. And yet, any attempt to put the **June S&P 500 future** back below even the most near-term support back in the upper 1,650s was met with buying and a renewed rally to successive new trading highs yesterday and today. However, as that was only up into the key Runaway Gap Objective at 1,669 and closely associated major weekly Oscillator 1,673 resistance, it is going to be a very interesting week for just how much central bank accommodation commitments can further assist the equities if the fundamental data remains at all weak. Of course, and even bigger problem bears find relevant if the important economic data should markedly later this week.

In that particular prismatic view is more critical now due to several factors. The first of which is those technical Objectives are minimum projections, even if in many cases markets choose to react back in the opposite direction to the prevailing trend or even fully reverse course. It is also the case however that a market that can significantly exceed an Objective is signaling that it is short-sighted. And those instances the market can often extend the current trend to a significant degree. The question becomes one of the Tolerance of what represents a clear ‘overrunning’ of the Objective. For various reasons on the extended weekly Oscillator levels into next week and a generally wide berth we ascribe to major technical levels, for the **June S&P 500 future** it is likely takes a weekly Close above 1,681 to encourage a further upside runaway rally. And rather than a repeat of the discussion of the headwinds which might still derail the US economy and equities, this technical perspective is now the most critical key.

▪ **Most Likely Critical Horizons:** It has already been a most interesting week and spite of the relatively light economic data releases. That is because even some important figures out of Australia and Japan have been weaker than expected, yet the equities continue to rise in spite of that. And the key being the expressions of continued central bank accommodation means that the balance of the week seeing so much further central bank-speak is going to be at least nominally supportive of the equities, even if the weak data might also underpin the primary government bond markets. And some of the most important influences begin right away Wednesday morning with the BoJ Rate Decision and Mr. Kuroda press conference that is followed by BoE MPC Minutes, Chairman Bernanke’s economic outlook testimony, and the afternoon release of the FOMC meeting minutes. And that is in addition to Asian number, UK Retail Sales and US Existing Home Sales. Thursday brings a world of central bank-speak that culminates with the ECB’s Draghi along with global Advance PMI’s, Euro-zone Consumer Confidence, Italian Retail Sales, UK GDP and US New Home Sales. It all wraps up on Friday with another major round of central bank-speak (mostly out of Europe this time) and China MNI May Flash Business Sentiment Indicator, German GDP and Trade figures and both the GfK Consumer Confidence and IFO Surveys, Italian Consumer Confidence, and US Durable Goods Orders right into US fixed income and foreign exchange markets closing early in front of the Memorial Day weekend. And the UK is closed on Monday for the Spring Bank Holiday.

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▪ [Economic Data Highlights:](#)

**Monday:** Tokyo Condominium Sales & Japan Leading and Coincident Indices & Tokyo and Nationwide Department Store Sales & Machine Tool Orders & Convenience Store Sales, Italian Industrial New Orders and Sales, UK Rightmove House Prices, Chicago Fed Nat Activity Index

**Tuesday:** Australia Conference Board Leading Index, Japan All Industry Activity Index & Supermarket Sales, German Producer Prices, UK DCLG UK House Prices & CPI & PPI & RPI

**Wednesday:** Japan Merchandise Trade Balance, Australia Westpac Consumer Confidence, Euro-zone Current Account, UK Retail Sales & CBI Trends Total Orders and Selling Prices, Canada Retail Sales, US Existing Home Sales

**Thursday:** Australia Consumer Inflation Expectation, China HSBC Flash Manufacturing PMI, Euro-zone Advance PMI's, Euro-zone Consumer Confidence, Italian Retail Sales, UK GDP and related data, US Initial Jobless Claims, Markit US PMI Preliminary & House Price Index & New Home Sales & Kansas City Fed Manf. Activity

**Friday:** China MNI May Flash Business Sentiment Indicator, German GDP and related data & Trade figures & GfK Consumer Confidence Survey & IFO Survey, Italian Consumer Confidence, UK BBA Loans for House Purchase, US Durable Goods Orders & New Home Sales Revisions

▪ [Central Banks, Finance Ministries, Political Influences & General Events:](#)

**Monday:** Japan Cabinet Office Monthly Economic Report for May, Most European markets closed for Whit Monday, BoE's Tucker, Fed's Evans, EU Parliament's Economic Committee Votes on Banking Reforms

**Tuesday:** RBA Minutes, ECB's Liikanen, Fed's Bullard, BoC Gov. Carney, Fed's Dudley

**Wednesday:** Bank of Japan Rate Decision and BOJ Kuroda Press Conference, BoJ Monetary Policy Statement, EU Leaders Summit in Brussels, BoE MPC Minutes, SNB's Jordan, Fed's Bernanke, ECB's Praet, US FOMC Meeting Minutes

**Thursday:** BoJ Monthly Economic Report, ECB's Noyer, ECB's Nowotny, Fed's Bullard, ECB's Liikanen, ECB's Coeure, BoE's Hauser, ECB's Weidmann, ECB's Draghi

**Friday:** BoJ's Kuroda, EU's Rehn and Constancio, EU's Barnier, BoE's Fisher, Bank of Portugal Costa, ECB's Weidmann, Bank of Finland King-Katainen Debate, ECB's Constancio, EU's Rehn, US Bonds and Foreign Exchange Market Early Close prior to Memorial Day Holiday

**Monday:** UK Spring Bank Holiday, US Memorial Day Holiday

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

**Monday:** France

**Tuesday:** Japan, Australia, Spain

**Wednesday:** Germany

**Thursday:** Spain, US TIPs

**Friday:** ECB Announces 3-Year LTRO Repayment

[Concise Market View](#)

▪ The discussion of the key indications for the June S&P 500 future noted above may be specific to the generally strong global equities trend. However, that also is of no small importance for the end of the primary government bond markets and foreign exchange. Especially the former might be affected by any sharp equities swing from current levels.

With the economic data remaining soft, the recent extend the selloff does not necessarily make the govies bear markets after their previous substantial rise. Yet what it does do is create more of a classical counterpoint tendency to the equities trend than in a while. Of note is that the govies have already held some important lower support levels, which had already been updated with other technical projections in excerpts from last week's **Current Rohr Technical Projections - Key Levels & Select Comments** below. With the possible exception of the Australian dollar weakness below AUD/USD .9850-00, the levels remain the same along with the psychologies review in the select comments. Those will be updated after Wednesday's US Close to reflect any influence from the release of the FOMC meeting minutes, and there were the major economic data and central bank-speak influences on Thursday and Friday.

**June S&P 500 Future: The Runaway Gap above the previous 1,594 rally high sets up an Objective at 1,669, which is now not so far away. It is also APR '99 all-time OSC**

RES: 1,655 (OSC); 1,669 (OBJ & APR '99 all-time OSC); 1,695 est.  
SUPP: 1,640; 1,631.50; 1,611-1,606 (gap high); 1,594-1,592.30

**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 and even RBA to central bank accommodation party. Govies still vulnerable unless equities begin to show weakness, which is finally possible again on S&P 500 future into 1,669 Objective.

JUN T-note: RES: 132-00/131-25; 133-04/132-24; 133-10/-08; 134-04/133-26  
SUPP: 131-16/-08; 130-30 (JAN low); 130-20 (12/08 hi); 130-00/129-24  
JUN UK Gilt: RES: 118.00; 118.50-.25; 119.30-.52; 120.53; 121.05; 121.50  
SUPP: 117.57; 117.20-.00; 116.30-.00; 115.67-.34; 114.50; 114.00  
JUN Bund: RES: 145.00-.20; 145.60-.88; 146.26; 146.89 (all-time high)  
SUPP: 144.00-.34; 143.50-.75; 143.00; 142.30-.62; 141.70; 141.30-.00

**December 2013 Short Money Forward Futures:**

Eurodollar: RES: 99.70 (high); (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 encouraged by not just euro short term weakness, but also the Aussie dollar and continued yen softness. Even as equities strength seems a 'risk-on' rally, that is not assisting weaker economies and currencies; may prove misguided across time. That would encourage at least a short term equities reversal justifying USD strength.

RES: .8450; .8516; .8625-36; .8695; .8750; .8825-70  
SUPP: .8335-55; .8300; .8225-60; .8150-80; .8080-50; .8015-00

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 reinforced critical nature of 1.3170-1.3200 resistance. And back below 1.2950-1.3000 is uglier this time due to the weak state of all the trend indicators.

**Foreign Exchange: US Dollar (continued)****EUR/USD (continued):****RES: 1.2950-1.3000; 1.3080; 1.3170-1.3200; 1.3250-80****SUPP: 1.2860; 1.2712-1.2660; 1.2570-00; 1.2450; 1.2289; 1.2150**

**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. And 1.5500-1.5450 area was critical on daily MACD DOWNturn looking bad as 1.5245-25 under attack once again.

**RES: 1.5345; 1.5500-1.5450; 1.5650-00 (NEG UP Brk); 1.5750****SUPP: 1.5245-25; 1.4950; 1.4800-1.4750; 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 exceeded, with 105 area next major Objective.

**RES: 103.80; 105.50; 107.50; 109.00; 110.67; 112.50; 115.00****SUPP: 101.45; 100.00; 99.00; 97.75; 96.71; 96.00; 95.00; 93.80**

**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 and RBA rate cut has reinforced it with failure of 1.0250-20. .9850-00 critical Triangle support now.

**RES: 1.0000-.9950; 1.0150-00; 1.0250-20; 1.0350; 1.0500-1.0450****SUPP: .9850-10; .9705; .9581-37 (MAY '12 low); .9388 (OCT '11 low)**

**Foreign Exchange:** Cross Rates: Euro currency weakness as back as dominant secular trend in the wake of continued weak economic data on balance in spite of bright spots. And a bit of a surprise there is no strength on equities signaling better general global economic conditions Irrational lack of exuberance, or a sign things are not that good? In any event, policy-driven Japanese yen weakness still in force and other currencies following weakness against 'King Dollar' for now on EUR/USD below 1.2950-1.3000.

**EUR/JPY: RES: 132.00; 134.00; 137.00; 138.50-139.14; 141.25; 147.50****SUPP: 130.00; 127.94; 125.00-50; 124.00; 122.74-123.35**

**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 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: 1.3100; 1.3300-1.3260; 1.3520; 1.3700-1.3648; 1.3878-1.3900****SUPP: 1.3000-1.2925; 1.2810-35; 1.2650-00; 1.2480-1.2510; 1.2360**

We hope you find this helpful.

-Rohr

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