

ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, June 4, 2013

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

▪ **Macro-Technical Trend Perspective:** **“Sell in May and go away” RIP?! Not so much.**

There were so many pundits and prominent financial reporters (both old world and New Age electronic types) who were impressed by the May rally. That is a reasonable response after the last several May trading periods had seen either stagnant or soft trading that month.

However, perhaps they didn't appreciate (or just found it easier to ignore) the implication of whether the old “Sell in May and go away” adage might actually work: it requires waiting until a classically more stagnant or overtly weak period between June and August comes to pass. The assumption the well-established seasonal tendency didn't work was a natural reaction to the degree to which equities had indeed more so topped and actually headed lower in May. One wag even quipped that the reason the adage cited May as the time to sell was “nobody has seemed to come up with anything that rhymes with April.” Yet except for the pronounced weakness in 2010 and last year, May tends to be sluggish rather than overtly weak. Even in the sharp summer selloff of 2011 the stall into May was modest, with a retest of the May trading range in early July prior to the combined Euro-zone and US Debt Ceiling debacle.

Does the current strength somehow preclude the equities turning into a bigger failure across time due to the better technical structure established by the up Runaway Gap after the last US Employment report? There's actually a two part answer to that. The first is that the gap higher (a low of 1,606 above a previous **June S&P 500 future** high of 1,594) was impressive, And as bad as the market has looked at times since the Bernanke JEC testimony and FOMC meeting minutes release two weeks ago, that zone is technically supposed to hold the initial retest regardless of what the news may be. However, after any initial bounce from that area (including a strong one that carries back up to the 1,669 Objective and recent DOWN CPR) it is possible the US headwinds that are already indicating weaker Personal Spending and the like may bring about failure back below that area. If so, the failure of a previous up Runaway Gap is just the sort of thing that can develop into an interim bear market. We shall see.

▪ **Most Likely Critical Horizons:** After weak US and Chinese data on Monday in spite of modest improvement in Europe, the lack of data today left the equities unable to maintain their late Monday recovery. That was in part due to some less than friendly Fed-speak, which seems to be more so the case of late. So it will be especially important to see how all asset classes fare on the heavier economic releases beginning tomorrow. Those include the global Services PMI's along with Euro-Zone GDP and Retail Sales, US ADP Employment Change, Non-Farm Productivity and Factory Orders followed by release of the Fed Beige Book.

Yet the influences only become more critical late week with Thursday's Australia Trade Balance, German Factory Orders, the BoE and ECB Rate Decisions and Statements US Challenger Job Cuts, and of course Mr. Draghi's post-rate decision press conference with some further Fed-speak as well from Ms. Raskin and Mr. Plosser. And the big crescendo comes on Friday's Japan Leading and Coincident Indices, German Trade figures and Industrial Production, and the Canadian and US Employment reports. It'll be interesting.

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: Global Manufacturing PMI's, Japan Capital Spending & Vehicle Sales, Australia TD Securities Inflation & Retail Sales & Company Operating Profit & Inventories, US Construction Spending & Vehicle Sales

Tuesday: Australia Current Account Balance & Net Exports of GDP, Japan Labor Cash Earnings, UK BRC Sales Like-For-Like & Halifax House Prices & PMI Construction, Euro-Zone PPI, Canada International Merchandise Trade, US Trade Balance & ISM New York & IBD/TIPP Economic Optimism

Wednesday: Global Services PMI's, Australia GDP, Euro-Zone GDP & Retail Sales & Gross Fixed Capital and Government Expenditure, UK BRC Shop Price Index, Canada Building Permits, US MBA Mortgage Applications & ADP Employment Change & Non-Farm Productivity and Unit Labor Costs & Factory Orders

Thursday: Australia Trade Balance, Tokyo Average Office Vacancies, UK Lloyds Employment Confidence, German Factory Orders, Canada Ivey PMI, US Challenger Job Cuts & Initial Jobless Claims & Household Change in Net Worth

Friday: Australia AiG Performance of Construction Index, Japan Leading and Coincident Indices, German Trade figures and Current Account & Labor Costs & Industrial Production, UK BoE/GfK Inflation Attitudes Survey & Trade figures, Canada Employment report, US Employment report & Consumer Credit

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

Monday: BoC's Lane (twice), ECB's Draghi, ECB's Cœuré, Fed's Yellen, Japan's Abe, Open Hearing on Bill to Transfer EU Bank Supervision to ECB, Fed's Williams, BoE's Bailey

Tuesday: Reserve Bank of Australia Rate Decision and Statement, BoE FPC Members Furse, Sharp, Taylor questioned by Lawmakers, Fed's Raskin, Fed's George, Fed's Fisher

Wednesday: Federal Reserve Releases Beige Book

Thursday: Reserve Bank of Australia Chart Pack release, Bank of England Rate Decision and Statement, BOE Asset Purchase Target, ECB Rate Decision and Statement, ECB'S Draghi post-rate decision press conference, Fed's Raskin, Fed's Plosser

Friday: BoE's Salmon, ECB's Nowotny, BoE's Woods,

▪ Government Debt Auctions or Operations:

Monday: None.

Tuesday: Japan, UK

Wednesday: Australia, Germany

Thursday: Spain, France, US announcement

Friday: Australia, ECB Announces 3-Year LTRO Repayment, Italian announcement

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 that have now experienced a hefty reaction in the past two weeks. However, that also is of no small importance for the end of the primary government bond markets bull, and if the greenback still dominates the trend in foreign exchange. Especially any sharp equities swing from here will be critical.**

With the economic data remaining soft, the recent equities selloff does not necessarily make the govies bear markets; at least not just yet. However, the importance of the 130-00 area in the **June T-note future** and the lower 'even money' areas in the other govies (116.00 **Gilt** and 143.00 **Bund**) cannot be over-estimated in the wake of continued lack of significant recoveries from those areas. For both the **Gilt** and **Bund** those are the major up channel supports from significant lows 2-3 years back. And the 130-00 area in the **June T-note future** is a confluence of major contract congestion and the bottom (Return Line) of the overall weekly down channel from the 135-29 May 2012 major high. As such, any failure below it would be a very significant rote support failure and DOWN Acceleration at the same time. That could lead to a quick further drop to at least the mid-low 128-00 area. And the lack of any extensive recovery there (i.e. not yet back above the very extensive trading lows in the low 131-00 area) may be signally a floor under the US 10-year T-note yields no lower than the key psychological 2.00% area.

Last Thursday's **Current Rohr Technical Projections - Key Levels & Select Comments** (below) still stand as the key levels, even if psychology has evolved to some degree. Those will be updated after Thursday's US Close to reflect any influence from the ECB press conference on the way into the other, even more major influences on Friday.

June S&P 500 Future: 1,594-1,606 Runaway Gap 1,669 Objective finally hit, yet attempt to exceed it imploded into 1,665-73 DOWN CPR. Key now is last week's 1,650 area Close.

RES: 1,657-61; 1,665-73 (CPR & OBJ); 1,680 (all-time OSC); 1,685.50
SUPP: 1,650; 1,640; 1,631.50; 1,620; 1,606-1,594 (R-gap high)

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 US Fed vacillation on future path of QE if economic data continues to improve. Yet, that is problematic at best, and will be best anticipated by countervailing influence of the equities trend. Important in short term that equities have likely topped for now, even if well-supported. Equities DOWN CPR signals now the key to counterpoint influence.

JUN T-note: RES: 130-20 (12/08 hi); 130-30; 131-16/-08; 132-00/131-25
SUPP: 130-00/129-24; 129-08/-02; 128-16; 128-01/127-20; 127-03
JUN UK Gilt: RES: 117.57; 118.00; 118.50-.25; 119.30-.52; 120.53; 121.05; 121.50
SUPP: 117.20-.00; 116.30-.00; 115.67-.34; 114.50; 114.00
JUN Bund: RES: 144.00-.34; 145.00-.20; 145.60-.88; 146.26; 146.89 (all-time hi)
SUPP: 143.50-.75; 143.00; 142.30-.62; 141.70; 141.30-.00

December 2013 Short Money Forward Futures:

Eurodollar: RES: 99.66 (MAR highs); 99.70 (high); (all OSC) 99.75 & 99.80
SUPP: 99.63; 99.60-.59 (AUG 2011 High); 99.55-.54; 99.50-.49

Foreign Exchange: US Dollar

USD INDEX: While encouraged by euro short term weakness and also Aussie dollar and continued yen softness, euro strength has reversed recent greenback up trend. It will be interesting to see if daily MACD DOWN reinforces weakness back below .8335-55 area. That correlates with EUD/USD 1.40 and the GBP/USD decision in the mid-1.5200 area.

USD INDEX: RES: .8335-55; .8450; .8516; .8625-36; .8695; .8750; .8825-70
SUPP: .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 above 1.2950-1.3000 also critical, as it puts daily MACD UP and above weekly/daily MAs.

RES: 1.3080; 1.3170-1.3200; 1.3250-80; 1.3450-1.3550; 1.39
SUPP: 1.2950-1.3000; 1.2860; 1.2712-1.2660; 1.2570-00; 1.2450

GBP/USD: Serial failures below key 1.5233 and 1.5000 area looked ugly, with failure after squeeze above 1.5500-1.5450 area critical on turning daily MACD DOWN again. Yet, the firm holding activity against the 1.5000 area looking good, even if the real test is once again the 1.5245-25 area. Especially so with both weekly and daily MACD critical.

RES: 1.5245-25; 1.5345; 1.5500-1.5450; 1.5650-00 (NEG UP Brk)
SUPP: 1.5000; 1.4950-1.4885; 1.4832; 1.4615-1.4550; 1.4450; 143.30

USD/JPY: Even with BoJ aggressive QE acceleration there was likely only so far the yen can go in the wake of the JGB debacle finally weighing on the mighty NIKKEI. After it fell short of the next major level (and likely intermediate term exhaustion) at 105.00-.50, it has swung back below 101.45. Yet as noted previous, more major trend factors come into play in the 100 and 99 areas on weekly MACD (still nominally UP) and MA-9 & MA-13.

RES: 101.45-25; 103.80; 105.50; 107.50; 109.00; 110.67; 112.50
SUPP: 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 now seen DOWN Break below .9850-00 already test .9581-37 major low area.

RES: .9705; .9850-10; 1.0000-.9950; 1.0150-00; 1.0250-20; 1.0350
SUPP: .9581-37 (MAY '12 low); .9388 (OCT '11 low); .9175; .8927

Foreign Exchange: Cross Rates: Euro currency weakness back, yet not dominant secular trend in the wake of continued weak economic data weighing heavily on the Australian dollar; and that raises questions about the real condition of the Chinese economy. It is a bit of a surprise there was no strength on equities trend seeming to signal better general global economic conditions. As noted previous, this was 'Irrational Lack of Exuberance'. In any event, policy-driven Japanese yen weakness in force in spite of recent reaction.

EUR/JPY: RES: 132.50-80; 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; with weekly MACD DOWN, the .8400 support still critical this side of upper .8100 area.

RES: .8580-.8600; .8675-.8700; .8800-30; .8880; .9000; .9085; .9150
SUPP: .8500; .8370-.8400; .8250-70; .8180-41; .8115; .8020-00

EUR/AUD: RES: 1.3520; **1.3700-1.3648**; 1.3878-1.3900
SUPP: **1.3300-1.3260**; 1.3100; **1.3000-1.2925**; 1.2810-35; **1.2650-00**

We hope you find this helpful.

-Rohr

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