

ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, June 11, 2013

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

▪ **Macro-Technical Trend Perspective:** It's risk-off, risk-on, risk off... just another day.

Interesting how rapidly the psychology shifts on external and direct market influences in what was ultimately a fairly meaningless ranging day in the middle of a broader decision. The big decision will be (as noted extensively) whether the **June** (or a subsequent lead contract) **S&P 500 future** either surges back above the 1,666-73 old Objective and topping area, or heads back down to overrun the key gap remaining after last week's vigorous test of the 1,600 area.

And the background along the way could not be more diabolically divergent. Recent lower US Personal Spending and lower savings rate is taken as a sign of the pressures on consumers (critical to the continued growth), yet OECD Composite Leading indicators released yesterday morning (<http://bit.ly/19pYfIP>) were suggesting the US continues to lead the general further expansion of the global economy. And that includes much of Europe in spite of the still weak current data, with the interesting exception of France (maybe those higher tax rates were not so pro-growth after all.) There is also another round of growing political impasse in the US which will preclude any major tax reform. The Obama administration seems more intent on running out the clock on its current scandals (of significantly varied magnitude), and hoping they can bait Republicans into looking overtly malevolent in a way that costs them the US House of Representatives in the 2014 bi-election. That would put all those (currently nasty) committee chairmanships back in Democratic control, and make all of Mr. Obama's problems with the investigations vanish in a flash. But that is also 17 months away. Not productive.

And then there are problems in Turkey and with peripheral Asia that caused this morning's lower activity prior to the Fed coming in for a major amount of bond buying. While that put the 'tapering' crowd temporarily off their footing, it did not sustain the equities rally. What it did basically prove is that markets are going to be erratic, and the Fed is not the key. Our end-of-day video from today (<http://bit.ly/11vqHKc>) discusses how equities are on the cusp for now.

▪ **Most Likely Critical Horizons:** Here we go again... the news now transcends scheduled reports and events into extended psychological impacts from either volatility they engender or the over-arching politico-economic factors discussed above. That said, there are still some key fundamental influences which must be considered, like the all around weak economic data out of yesterday into this morning. That likely made the impact of the less aggressive than expected BoJ announcement and press conference more vexing for the equities.

It leaves the data and other influences for the balance of the week that much more critical. Tomorrow brings the Japanese Domestic Corporate Goods Price Index, Australia Westpac Consumer Confidence, UK Employment and Euro-Zone Industrial Production leading into Thursday's Australia Employment report, US Retail Sales, Initial Jobless Claims and Business Inventories along with the German Supreme Court hearing on ESM/OMT, ECB Monthly Bulletin and quite a bit of central bank-speak. Friday will also be very interesting on Chinese FDI, UK Construction Output, Euro-Zone Employment, and US PPI, Current Account Balance, Industrial Production and Capacity Utilization as well as 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: Japan Household Confidence & GDP & Current Account & Bank Lending & Consumer Confidence, China Industrial Production & Retail Sales & Fixed Assets Investment & Economy Watchers Survey, French and Italian Industrial Production, Italian GDP Euro-Zone Sentix Investor Confidence, OECD Composite Leading Indicators, Canada Housing Starts

Tuesday: Japan BSI Large All Industry & BOJ 2014 Monetary Base Target & Machine Tool Orders, Australia Home Loans & Value of Loans & NAB Business Confidence and Conditions, UK RICS House Price Balance & Industrial Production, OECD Harmonised Unemployment Rates (HURs), US NFIB Small Business Optimism & Wholesale Inventories and Sales

Wednesday: Japan Loans & Discounts & Machine Orders & Domestic Corporate Goods Price Index, Australia Westpac Consumer Confidence, German CPI, UK Employment & Weekly Earnings ex-Bonus, Euro-Zone Industrial Production, US Monthly Budget Statement

Thursday: Australia Consumer Inflation Expectation & Employment report, German Wholesale Price Index, Canada New Housing Price Index & Capacity Utilization Rate, US Retail Sales & Initial Jobless Claims & Import Price Index & Business Inventories

Friday: China FDI, UK Construction Output, Italian General Government Debt, Euro-Zone CPI & Employment, US PPI & Current Account Balance & Industrial Production and Capacity Utilization & Michigan Confidence, Canada Manufacturing Shipments

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

Monday: Australia Markets Closed for Queen's Birthday, Chinese Markets Closed for Dragon Boat Festival, BoE Quarterly Bulletin 2013 Q2 pre-release article on central counterparties, ECB's Nowotny and Couere and Austria's Fekter, ECB's Coeure, Fed's Bullard, International Economic Forum Conference of Montreal through Tuesday, Fed's Southeast New Mexico Economy Free Conference, SNB's Danthine

Tuesday: Chinese Markets Closed for Dragon Boat Festival, World Economic Forum Meeting on Japan, Bank of Japan Rate Decision and Monetary Policy Statement, BoJ's Kuroda post-Rate Decision press conference, ECB's Liikanen, BoE's Hauser, ECB's Makuch, ECB's Praet

Wednesday: Chinese Markets Closed for Dragon Boat Festival, BoJ Monthly Economic Report, BoE's Haldane and Kohn appear Treasury Select Committee, BoE's Fisher, ECB's Coeure

Thursday: Reserve Bank of New Zealand Rate Decision and Statement, BoJ's Shirai, World Cities Summit Mayors Forum, German Supreme Court hearing on ESM/OMT, ECB's Asmussen, ECB Monthly Bulletin, BoE's Tucker, BoE's Sharma, ECB's Coeure

Friday: Rome Meeting on Youth Employment Before EU Summit, BoE's McCafferty,

▪ **Government Debt Auctions or Operations:**

Monday: Germany

Tuesday: Greece, UK, US

Wednesday: Australia, Germany, Italy, US

Thursday: UK, Italy, US announcement 30-yr TIPS, US

Friday: Japan, Australia, 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 that have now experienced a hefty reaction in the past several weeks. However, that also is of no small importance for the end of the primary government bond markets bull, and if the greenback can stabilize prior to too much more weakness (i.e. into the .8000 area.) Any sharp equities swing from here will be especially critical for the recently weak undertone in the govies.

All of the technical trend psychology is significantly consistent with yesterday's most update of **Current Rohr Technical Projections - Key Levels & Select Comments**. We strongly suggest that anyone wishing to maintain the projections for the June futures retain a copy of that, as we will be migrating the technical assessments to the September futures later this week.

June S&P 500 Future: 1,594-1,606 Runaway Gap 1,669 Objective and DOWNSIDE now key resistance, with last Thursday now is last week's UP SIDE from 1,606-1,594 area support.

RES: 1,645-48; 1,660; 1,666-73 (CPR & OBJ); 1,685.50; 1,690 (OSC)

SUPP: 1,640-1,635; 1,620; 1,610; 1,606-1,594 (R-gap high); 1,576-73

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 until May US Employment report. Subsequent Fed vacillation on future path of QE affected overall psychology. That was evident in limited bounce on recent equities weakness, and now the DOWNSIDE Breaks below trend supports. Not much of a rationale for govies holding and rallying until S&P future tests and fails from 1,670 resistance.

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: 115.67-.34; 116.30-.00; 117.20-.00; 117.57; 118.00; 118.50-.25

SUPP: 114.50; 114.00; 113.61-.28; 112.50; 111.75-.30; 110.56; 109.84

SEP Bund: RES: 143.00; 143.50-.75; 144.00-.34; 145.00-.20; 145.60-.88

SUPP: 142.30-.62; 141.70; 141.30-.00; ; 140.00-139.60; 138.60-.41

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 was interesting to daily MACD DOWNSIDE reinforcing weakness back below .8335-55 area. That correlates with EUD/USD 1.30 and the GBP/USD strength above the mid-1.5200 area.

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

SUPP: .8150-80; .8080-50; .8015-00; .7925-15; .7860-10; .7680-50

Foreign Exchange: US Dollar (cont.)

EUR/USD: While major 1.3450-1.3550 resistance temporarily violated into February, spill back below it was a fresh DOWN Break. Daily MACD back UP since push above 1.2860, and above weekly MA-13 in the 1.3000 area reinforced renewed strength. Weekly MACD barely up makes further follow through above 1.3250 resistance now a critical decision.

RES: 1.3250-80; 1.3450-1.3550; 1.39; 1.40-1.41; 1.4250-1.4300

SUPP: 1.3170-1.3200; 1.3080; 1.2950-1.3000; 1.2860; 1.2712-1.2660

GBP/USD: Serial failures below key 1.5233 and 1.5000 area looked ugly, with failure after squeeze above 1.5500-1.5450 area. Yet, the firm holding activity against the 1.5000 area was positive sign, and once again above the 1.5500 area leaves 1.5700 critical resistance.

RES: 1.5700 DN Break; 1.5880-1.5900; 1.6000-1.5950; 1.6150

SUPP: 1.5500-1.5450; 1.5345; 1.5245-25; 1.5000; 1.4950-1.4885

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 below the next major level at 101.45 it was ready for the extended correction below 100 and 99 areas. Yet only washing out to 105 area leaves up trend intact for now.

RES: 100.00; 101.45-25; 103.80; 105.50; 107.50; 109.00; 110.67

SUPP: 98.80-.30; 96.71; 96.00; 95.00; 92.50-93.00; 91.00; 89.40

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 DOWN Break below .9850-00, which fed failure blow .9581-37 major low area; major .9388 OCT 11 low not under attack now.

RES: .9581-37 (MAY '12 low); .9850-10; 1.0000-.9950; 1.0150-00

SUPP: .9388 (OCT '11 low); .9175; .8927; .8867; .8770; .8578-54

Foreign Exchange: Cross Rates: Euro currency weakness reversed now, yet no dominant secular trend in wake of continued weak economic data weighing on 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 there on equities trend seeming to signal better general global economic conditions. As noted previous, that is 'Irrational Lack of Exuberance'. Policy-driven Japanese yen weakness still in force in spite of recent reaction, and that also highlights the weakness of Asia, where the Aussie is even leading the yen down.

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:** 1.4000; 1.4265; 1.4342; 1.4580; 1.4725; 1.4927; 1.5016 (JUL '10)

SUPP: 1.3878-1.3900; 1.3700-1.3648; 1.3520; 1.3300-1.3260; 1.3100

We hope you find this helpful.

-Rohr

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