

ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Wednesday, July 24, 2013

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

▪ **Macro-Technical Trend Perspective: Great data!! But can equities overcome Obama?**

This would a great, hysterically funny joke if the global equity markets were not what hang in the balance. A very light data early week yields to the much heavier influences today that saw no small amount of strong overnight data influences into the US Regular Trading Hours. Those included nothing less than much better than expected Euro-zone Advance PMI's. Might the consideration that Europe is not quite the basket case the Cassandra's have been expecting be behind some of the recent sharp trend changes? After all, the currency has had quite a run up since Mr. Bernanke noted the US might not be as strong as some suspected, and government bonds that held up until the top of this week are back under pressure from the strong data. And the **September S&P 500 future** began today at a minor new high up against the 1,695 weekly oscillator resistance noted previous. However, it was quickly back down into the 1,682 significant channel support from the major post-FOMC 1,554 low.

Now that may all sound quite a bit technical trend discussion for a macro perspective, but it highlights the degree to which all that mostly excellent economic data was no match for the powers of the US President. The sheer anticipation of his economic remarks was enough to put the market down to that channel support, which it broke into mid-morning at 1,683.50. That thoroughly anticipated the President's expected exposition on the joys of the greater government spending that would assure a US return to prosperity. And yet, the **September S&P 500 future** managed to finish the day right back up into the 1,683.50 area. That sets up the potential for a Negation of that DOWN Break if the market can recover back above the 1,687 Tolerance. It may just be that the President of the United States' collectivist tendencies may be as irrelevant to the US equities up trend as they are misguided. A video exploring the full technical trend evolution and outlook is available at (<http://bit.ly/12N39Cr>). The key to the trend hangs in the balance of whether the 1,683.50 area is exceeded in a way that put the up trend back on track, or remains intact as resistance which can drive the market lower. Even if it does break, there are lower supports at 1,673 and 1,666-61. It will be very interesting.

▪ **Most Likely Critical Horizons:** It's been another interesting week, due to the lack of critical influences Monday-Tuesday followed by today's combined economic data and event crunch. After limited Japanese, Euro-zone, Canadian and US data through yesterday, major China (weak) and European (strong) Advance PMI's were added to strong US New Home Sales to push the bullish psych until the US President spoke at lunchtime, which even the powerful data could not overcome. Thursday brings the Reserve Bank of New Zealand Rate Decision and Statement, German IFO Surveys, Italian Consumer Confidence, UK GDP and US Initial Jobless Claims, Durable Goods Orders and Kansas City Fed Manufacturing Activity Index. Friday has fairly limited influences in the form of Japanese CPI numbers, the potentially more telling China MNI July Business Sentiment followed by French Consumer Confidence, and wrapping up with US Michigan Confidence. You also know it's summer when there is so little communication from the financial talking heads... possibly after Fed Chairman Bernanke's recent missteps they are hesitant to say anything. It is going to be a very psychological finish.

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▪ [Economic Data Highlights:](#)

Monday: Japan Supermarket Sales & Convenience Store Sales, US Chicago Fed Nat Activity Index & Existing Home Sales

Tuesday: French Business Confidence & Production Outlook Indicator & Own Company Production Outlook, UK BBA Loans for House Purchase, Canada Retail Sales, US House Price Index & Richmond Fed Manufacturing Index, Euro-Zone Consumer Confidence

Wednesday: Japan Merchandise Trade Balance, Australia CPI, China HSBC Flash Manufacturing Advance PMI, Euro-zone & Germany & France Advance PMI's, Italian Trade Balance & Retail Sales, UK CBI Trends Total Orders & Selling Prices & Business Optimism, US MBA Mortgage Applications & Markit US PMI Preliminary & New Home Sales

Thursday: Japan Corporate Service Price Index, German Import Price Index & IFO Surveys, Italian Consumer Confidence, UK GDP & Index of Services, Canada Average Weekly Earnings, US Initial Jobless Claims & Durable Goods Orders & Kansas City Fed Manf. Activity

Friday: Japan Tokyo & Nationwide CPI, China MNI July Business Sentiment Indicator, French Consumer Confidence, US Michigan Confidence

Saturday: China Industrial Profits YTD

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

Monday: BOJ's Sato, Trans-Pacific Partnership Negotiations,

Tuesday: Japan Cabinet Office Monthly Economic Report,

Wednesday: ECB Bank Lending Survey, US President Obama (twice)

Thursday: Reserve Bank of New Zealand Rate Decision and Statement, Japan's Abe

Friday: None

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

Monday: BoE Quarterly Report, Germany, France

Tuesday: BoE MMLG Survey, US

Wednesday: US

Thursday: Japan, US

Friday: Australia, Italy, ECB Announces 3-Year LTRO Repayment

[Concise Market View](#)

▪ The discussion of the September S&P 500 future being the key for the trend of the other equities is fitting in light of both the previous economic data weakness and equity index performance in Europe over the past month-and-a-half (since recovery from Bernanke JEC appearance Selloff hit support in the 1,554 area. While it seems there is once again a coincident weakness in govies and equities, there is still a sense that any extended equities strength could be a pernicious counterpoint influence into the bond markets.

And as noted above, the improvement in the Euro-zone data is a weight on all those markets in a proportional way. And the currencies are still reflecting 'country' influences, which explains an awful lot about the continued weakness in Asia against the greenback even as the euro rallies.

All the technical trend psychology is significantly consistent with last Thursday's most recent update of **Current Rohr Technical Projections - Key Levels & Select Comments**, repeated below for your convenience. Those are also available via the link near the top of the right-hand column in **Rohr-Blog** (<http://bit.ly/qMYZ1p>). They will be updated after the US Close today to prepare for the important late week technical trend decision.

SEP S&P 500 Future: Similar to DJIA after overrunning Objective and mid-May DOWN CPR Tolerance at 1,669-73. Next resistance above 1,700. Video at <http://bit.ly/12ODpcm>.

RES: 1,685-88.30 (all time hi); 1,705-10 (OSC all-time high); 1,724
SUPP: 1,666-73; 1,653.50; 1,645-48; 1,624-28; 1,612; 1,606-1,594

Government Bond Futures: Push higher on weak May data was impressive, and even US economic data softening supported resilient holding near top of the rally until May US Employment report. Subsequent Fed vacillation exacerbated by tapering consideration, but that is now reversed by FOMC minutes and Mr. Bernanke's clear focus on economic contingencies rather than any preset calendar. And as much as that has actually assisted equities even more, it is also a plus for govies in the context of recent weak European and Chinese data. With Gilt and Bund firm, T-note above 126-16/-24 feels higher as well.

SEP T-note: RES: 127-06; 128-01/127-20; 128-16; 129-08/-02

SUPP: 126-16/-24; 126-00/125-21; 125-00/124-24; 124-00; 123-04/-16

SEP UK Gilt: RES: 113.61-.28; 114.00; 114.50; 115.67-.34; 116.15

SUPP: 112.50; 111.75-.30; 110.56; 110.20-109.84; 108.75; 108

SEP Bund: RES: 144.00-.34; 145.00-.20; 146.00; 146.50-.77 (weekly DOWN CPR)

SUPP: 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

SUPP: 99.66; 99.63; 99.60-.59 (AUG 2011 High); 99.55; 99.50-.52

Foreign Exchange: US Dollar

USD INDEX: It was interesting to see daily MACD DOWN reversed on the recent swing back above .8200. And yet, the attempt to push above the more major mid-.8400 area resistance stalled fully reversed on the renewed consideration the US was 'easy' in wake of the FOMC/Bernanke. Now mid-.8200 area support once again. Yet the lack of EUR/USD follow through on suspect H&S Top 1.2800 DOWN Break makes USD suspect as well.

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

SUPP: .8225-60; .8150-80; .8080-50; .8015-00; .7925-15

EUR/USD: Daily MACD back DOWN since 1.3150 failure, yet attempted 1.2800 DOWN Break below odd weekly H&S Top Neckline has seen sharp rally. Unexpected EUR/USD strength is sign it may be better than many suspect. 1.3150 is key resistance once again, and lack of any substantial weakness since it was hit last week is a constructive sign.

RES: 1.3080; 1.3150; 1.3200-50; 1.3360-30; 1.3450-1.3550; 1.3900

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

Foreign Exchange: US Dollar (continued)

GBP/USD: Serial failures below key 1.5233 and 1.5000 area looked ugly, yet firm holding activity against the 1.5000 area was positive sign. Now back above 1.5000 area once again after dropping below it also indicates better tone with both MACDs now UP again.

RES: 1.5245-25; 1.5345; 1.5500-1.5450; 1.5700 DN Break

SUPP: 1.5000; 1.4950-1.4885; 1.4800-1.4775; 1.4615-1.4550; 1.4450

USD/JPY: Even with BoJ aggressive QE acceleration there was likely only so far the yen could go in the wake of the JGB debacle finally weighing on NIKKEI. Below 100 and 99 left a 98.80-.30 weekly channel DOWN Break that was Negated. And as Bernanke speech Q&A only saw a retest of that area, likely USD can continue to improve against Asia.

RES: 100.00; 101.45-25; 103.30-.80; 105.00-.50; 116.50-117.00 (OSC)

SUPP: 98.80-.30; 96.71; 96.00; 95.00; 93.50-.00; 90.90-.30; 89.40

AUD/USD: Commodity currency still looks bad on weekly MACD DOWN on DOWN Break below .9850-00, with .9581-37 and .9388 major low failures. Now attempting to Break UP out of aggressive down channel right at violated interim .9175 support is the critical level.

RES: .9388 (OCT '11 low); .9581-37 (MAY '12 low); .9850-10

SUPP: .9175; .8927; .8867; .8770-50; .8578-54; .8316; .8220; .8050

Foreign Exchange: Cross Rates: Euro currency weakness reversed, yet only dominant secular trend is continued weak economic data weighing on Australian dollar and yen; and continues questions about the real condition of the Chinese economy. It is a bit of a surprise there is still no strength there while equities trend seems to signal better global economic conditions in wake of reinvigorated QE psychology. Policy-driven Japanese yen weakness still in force in spite of recent reaction on USD plop, where this weekend's Japanese election is going to be a trend psychology driver for the Asian currency trend.

EUR/JPY: **RES:** 132.50-80; 134.00; 137.00; 138.50-139.14

SUPP: 130.00; 127.94; 125.00-50; 124.00; 122.74-123.35; 121.00

EUR/GBP: Pound regained strong sister status since mid-March general basing after the long slide, yet back to weak sister of late. Repeated euro failures at .8800 resistance led to drop below .8600 as well, and that is critical again with weekly MACD only balanced.

RES: .8675-.8700; .8800-30; .8880; .9000; .9085; .9150

SUPP: .8580-.8600; .8475; .8370-.8400; .8250-70; .8180-41; .8115

EUR/AUD: **RES:** 1.4400; 1.4580; 1.4725; 1.4927; 1.5016; 1.5100

SUPP: 1.4265; 1.4165; 1.4000-30 (Neg DN CPR); 1.3878-1.3900

We hope you find this helpful.

-Rohr

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