

ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, August 6, 2013

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

▪ **Macro-Technical Trend Perspective: Ready for WED-THU accommodation yin-yang?**

This is going to be very interesting. After what is obviously accommodative action from the Reserve Bank of Australia's 25 basis rate cut (to 2.50%) and rather dovish statement from the Governor (<http://bit.ly/1c9TFe3>), Wednesday likely brings less dovish expressions from new Bank of England (and ex-BoC) Governor Mark Carney's discussion at BoE Inflation Report press conference. And it is possible that some anticipation of this is fomenting a 'good news is bad news' (the converse of 'bad news is good news') mentality in the equities.

And that might cast a pall over the equities for the week if not for the very likely countervailing sentiment playing prominently in Thursday morning's Bank of Japan rate (non-)decision and statement from Mr. Kuroda. There is little doubt after the recent LDP election victory Messrs. Abe and Kuroda are committed to full bore quantitative easing to ensure a more competitive Japanese yen and upbeat consumer sentiment (with actual figures on Friday) at home. It is going to be a real yin-yang for the equity markets to digest not just that but also Friday's RBA Statement on Monetary Policy and Bank of Japan's Monthly Economic Report. It is all quite the radical influence into a thin summer market that should be expecting a quieter spell in the wake of US Employment and the global PMI's. So while the general trend volatility remains very subdued at present, short term trading volatility seems to be fairly high in a thin market.

There are intermarket implications for all that churn, including the shift to a less dire outlook for Europe that has the Bund under more pressure than the T-note (even if in an orderly way), and the euro gaining on the greenback. Our video analysis and outlook for **September S&P 500 future** and select views of other asset classes can be seen at <http://bit.ly/19M8PUM>. The bottom line is that the damage experienced today by the **September S&P 500 future** on the failure back below its 1,694 UP Break from last Thursday may be temporary as long as it does not fail secondary support in the 1,687 area. While it will still need to rally back above 1,697 to show any real strength, only below that next threshold does it appear in real trouble.

▪ **Most Likely Critical Horizons:** Interesting week insofar as early week economic data and events were fairly important yet will be overshadowed by mid-late week influences. So as interesting as global PMI's (mostly constructive) and RBA interest rate cut may have been, the markets will need to deal with the factors noted above from Mr. Carney's exposition at the BoE Inflation Report press conference Wednesday along with German Industrial Production, Canada's Ivey PMI and expositions from the Fed's Plosser and Pianalto. Thursday brings the Bank of Japan rate decision and statement, Australia Trade Balance & Employment figures, China Trade Balance, Japan Eco Watchers Survey, German Trade Balance, and US Initial Jobless Claims along with the US 30-yr T-bond on the last day of this week's US auctions.

And not to be outdone, Friday sees the RBA Statement on Monetary Policy, Bank of Japan's Monthly Economic Report, Japan's Tertiary Industry Index & Consumer Confidence, China Industrial Production & Retail Sales, UK Trade figures, Canada Housing Starts & Employment figures and US Wholesale Inventories and Sales. So it's quite a week with much yet to come.

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: Australia Retail Sales Ex Inflation, China HSBC/Markit Services PMI, Euro-zone & UK & US Services PMI's, Euro-Zone Sentix Investor Confidence & Retail Sales,

Tuesday: Australia AiG Performance of Service Index & Trade Balance, Japan Leading and Coincident Indices, UK BRC Sales Like-For-Like & Industrial and Manufacturing Production & NIESR GDP Estimate, Italian GDP, German Factory Orders, Canada Merchandise Trade, US Trade Balance & Mortgage Delinquencies and MBA Mortgage Foreclosures & IBD/TIPP Economic Optimism & JOLTs Job Openings

Wednesday: Australia AiG Performance of Construction Index & Investment Lending & Value of Loans, German Industrial Production, Canada Building Permits & Ivey PMI, US MBA Mortgage Applications & Consumer Credit

Thursday: Australia Trade Balance & Employment figures, China Trade Balance, Japan Tokyo Average Office Vacancies & Eco Watchers Survey Current and Outlook, German Trade Balance, US Initial Jobless Claims

Friday: Japan Tertiary Industry Index & Consumer Confidence, China Industrial Production & Retail Sales, UK Trade figures & Construction Output, Canada Housing Starts & Employment figures, US Wholesale Inventories and Sales

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

Monday: Fed's Fisher

Tuesday: Reserve Bank of Australia Rate Decision and Statement, Fed's Evans

Wednesday: RBA's Debelle, Bank of England Inflation Report and Press Conference, Fed's Plosser, Fed's Pianalto

Thursday: Bank of Japan Rate Decision and Statement, Bank of Japan 2014 Monetary Base Target, ECB Monthly Bulletin

Friday: RBA Statement on Monetary Policy, Bank of Japan's Monthly Economic Report

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

Monday: None

Tuesday: UK, UK announcement, US

Wednesday: Australia, Germany, Italian announcement, US

Thursday: UK, Italian announcement, US

Friday: Australia, 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 and FOMC selloff hit the 1,554 area support.) And it seems there is once again some correlated weakness in govies and US dollar. However, the 'bad news is good news' psychology typically carries only so far before the equities run into problems on one of two fronts: Either there is good news (seemingly the quandary at present), or the bad news is bad enough to bring into question whether central bank QE is going to help.

And as noted above, the improvement in the Euro-zone data is a weight on govies and the US dollar in a proportional way. Which is to say that quite a bit of the near term trading activity is 'country' specific. That still explains an awful lot about the continued weakness of the Australian dollar against the strength of the euro, with the greenback stuck somewhere in the middle. Govies still demonstrate the same tendencies as well, with the US most delicate on stronger US news (after not rallying nearly as far as the Bund on the bounce from the late June lows.) That is hand-in-glove the recently weaker (which is to say more volatile in both directions) Bund holding in fairly well after the recent sharp selloff. And the Gilt is typically stuck in the middle.

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 yet with adjustments where key technical trend levels have evolved sufficiently to warrant adjustment. The original projections and comments (which have also been adjusted below) are also available for review via the link near the top of the right-hand column of the **Rohr-Blog** (<http://bit.ly/gMYZ1p>). They will be updated after the US Close on Thursday to reflect the influences from both the Boe Inflation Report and BoJ interest rate press conference and Monetary Policy Statement prior to the final late week reports and events.

SEP S&P 500 Future: Similar to DJIA now that gap to new high has been closed back below 1,694.30, which is also a near-term channel DOWN Break. Yet there is further s.t. support into 1,687 area, with any resurgence back above 1,697 a potentially strong sign.

RES: 1,694-97; 1,703; 1,725-30 (OSC all-time high); 1,733

SUPP: 1,683.50-1,587; 1,669-73; 1,661; 1,653.50; 1,645-48; 1,624-28

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 weighed on govies. FOMC minutes and Bernanke's focus on economic contingencies rather than any preset calendar helped equities more than govies. T-note back above 126-00 looks resilient, Bund holding reasonably well on weak data, at least for now.

SEP T-note: RES: 126-16/-24; 127-06; 128-01/127-20; 128-16

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

SEP UK Gilt: RES: 112.50; 113.61-.28; 114.00; 114.50; 115.67-.34; 116.15

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

SEP Bund: RES: 142.30-.62; 143.00; 143.50-.75; 144.00-.34; 145.00-.20; 146.00

SUPP: 141.70; 141.30-.00; 140.00-139.60; 138.41 (SEP lo)

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 June swing back above .8200. And yet, as the attempt to push above the more major mid-.8400 area resistance stalled, it fully reversed on the renewed consideration the US was 'easy' in wake of the FOMC/Bernanke. Mid-.8200 area support violation once again leaves the .8050 and .8000 areas as potential targets in EUR/USD follow through above 1.3250.

RES: .8225-60; .8300; .8335-55; .8450; .8516; .8625-36; .8695; .8750
SUPP: .8150-80; .8080-50; .8015-00; .7925-15; .7840-10

EUR/USD: Daily MACD back DOWN after 1.3150 failure, yet attempted 1.2800 DOWN Break below odd weekly H&S Top Neckline saw very sharp rally. Unexpected EUR/USD strength is sign it's better than many suspect. Push above more recent 1.3150 and 1.3250 DOWN Breaks very strong sign 1.35 and 1.37 top of H&S are targets with MACDs UP.

RES: 1.3360-30; 1.3416; 1.3450-1.3550; 1.3711; 1.3900;
SUPP: 1.3200-50; 1.3150; 1.3080; 1.2950-1.3000; 1.2860

GBP/USD: Serial failures below key 1.5233 and 1.5000 area looked ugly, yet recovering from next dip below 1.5000 area put both MACDs UP. Now back above 1.5233 puts it back into a stronger state, with daily MACD UP and flat weekly threatening to do the same.

RES: 1.5345; 1.5500-1.5450; 1.5700 (DN Break)
SUPP: 1.5245-25; 1.5000; 1.4950-1.4885; 1.4800-1.4775

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 post FOMC reaction left it not much below that area, it still looks very constructive overall.

RES: 98.80-.30; 100.00; 101.45-25; 103.30-.80; 105.00-.50
SUPP: 97.00-96.71; 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. .9175 Break UP out of down channel stalled in that area, which led to failure of shallow H&S Bottom as well.

RES: .9000; .9175-56 (NEG UP Break); .9388 (OCT '11 low); .9581-37
SUPP: .8927; .8867; .8770-50; .8578-54

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 continued 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 reaction on USD plop, and where recent Japanese election reinforces weak trend psychology as a driver for the Asian currency trend.

EUR/JPY: **RES:** 132.50-80; 134.00; 137.00; 138.50-139.14
SUPP: 130.80; 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, 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: .8800-30; .8880; .9000; .9085; .9150

SUPP: .8675-.8700;.8580-.8600; .8475; .8370-.8400; .8250-70

EUR/AUD: RES: 1.4927; 1.5016; 1.5100; 1.5200; 1.5500; 1.5700; 1.6000

SUPP: 1.4725; 1.4580; 1.4400; 1.4265; 1.4165; 1.4000-30

We hope you find this helpful.

-Rohr

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