

# ROHR INTERNATIONAL

## Weekly Report & Event SUMMARY PERSPECTIVE

Monday, August 12, 2013

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

▪ **Macro-Technical Trend Perspective:** [Parody] **Summertime, and markets are choppy.**

This is going to be very interesting once again this week, yet not for any radical swing in the equities that one might otherwise expect after such a significant rally. While this can change at any time, the far more impressive (also a bit grudging at times) trends are in the govies and foreign exchange. The obvious question is why this is the case right now? For one thing, it is ‘high summer’... and a lot of the active equity market participants are off in the Hamptons or Spain or wherever they might be. Yet, that has not prevented August from being a highly active (even hyper-volatile) time for equities (think 2011 combined US and Euro-zone crises.)

However, the crises that plagued August in previous years have been substantially damped down by the serial central bank and finance ministry machinations as they unfolded over the past several years. And given quite a bit of that solution has been achieved through buying time via the central bank Quantitative Easing channel, there is not much to get excited about.

Ever since Mario Draghi’s assertion ECB would do whatever is necessary to save the euro, the financial crisis Cassandra’s have been unable to affect any meaningful worries that last more than a few days. Hence the recent ‘tired’ S&P action has only amounted to a 1.50% trading correction from high above 1,700 to low. The biggest risk seems to be whether any of the likely US Fed tapering of QE is going to have a negative effect. Any ‘prismatic’ phases where ‘bad news is good news’ (& *vice versa*) are not typically radical trading environments.

Our Friday video analysis and outlook for **September S&P 500 future** and select views of other asset classes can be seen at <http://bit.ly/13ptE16>. The bottom line is the damage experienced recently by the **September S&P 500 future** is not very telling so far, and the real trend activity is still far more prominent in the weak govies and foreign exchange.

▪ **Most Likely Critical Horizons:** It has been a less than dynamic week so far, based on the factors noted above. Even so, the more prominent economic data and events that pick up from this morning offer some hope of more active trends. After today’s relatively subdued reaction to the Japan GDP downside miss, Tuesday brings Bank of Japan minutes, Australia NAB Business Conditions and Confidence, German Wholesale and Consumer Price Indices and ZEW Survey, Euro-zone ZEW Survey, UK CPI, PPI and RPI, US NFIB Small Business Optimism, Retail Sales and Business Inventories along with a speech from Fed’s Lockhart.

Wednesday sees China Foreign Direct Investment, Australia Westpac Consumer Confidence, French and German and Euro-zone GDP, UK Employment and Wage data, Bank of England Minutes and US PPI, followed by Thursday’s Australia Consumer Inflation Expectation, UK Retail Sales, US CPI, Empire Manufacturing, Initial Jobless Claims, Industrial Production and Capacity Utilization, NAHB Housing Market Index and the Philadelphia Fed Index, and the Bank of Canada Review. Friday brings the Euro-Zone Trade figures and Current Account, the US Non-Farm Productivity, Housing Starts and Building Permits and Michigan Confidence. Very interesting at a time when so many eyes are on Asia there is a late week data void.

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▪ [Economic Data Highlights:](#)

**Monday:** Japan GDP and Deflator & Domestic Corporate Goods Price Index & Tokyo Condominium Sales & Industrial Production and Capacity Utilization, US Budget Statement

**Tuesday:** Australia NAB Business Conditions and Confidence, German Wholesale Price Index & CPI & ZEW Survey, Euro-Zone Industrial Production & ZEW Survey, UK RICS House Price Balance & CPI & PPI & RPI, US NFIB Small Business Optimism & Import Price Index & Retail Sales & Business Inventories

**Wednesday:** China Foreign Direct Investment, Australia Westpac Consumer Confidence & Wage Cost Index, French GDP, German GDP, UK BoE Agents' Summary of Business Conditions, UK Employment Data and Earnings, Euro-Zone GDP, US PPI, Canada Teranet/National Bank HPI

**Thursday:** Australia Consumer Inflation Expectation & Average Weekly Wages, UK Retail Sales, US Empire Manufacturing & CPI & Initial Jobless Claims & TIC Flows & Industrial Production and Capacity Utilization and Manufacturing (SIC) Production & NAHB Housing Market Index & Philadelphia Fed, Canada Existing Home Sales

**Friday:** Euro-Zone Current Account & Trade Balance & CPI, US Non-Farm Productivity and Unit Labor Costs & Housing Starts and Building Permits & Michigan Confidence, Canada International Securities Transactions & Manufacturing Shipments

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

**Monday:** None

**Tuesday:** Bank of Japan meeting minutes, RBA's Hancock, Fed's Lockhart

**Wednesday:** Bank of England meeting minutes

**Thursday:** Bank of Canada Review

**Friday:** RBA's Debelle, BoE releases 5 Working Papers, Federal Reserve publishes Charge-Off and Delinquency Rates on Loans and Leases at Commercial Banks

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

**Monday:** None

**Tuesday:** Japan

**Wednesday:** Australia, Germany

**Thursday:** UK, US TIPS

**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 weakness in European govies that is much less pronounced in the US T-note future. And the US dollar firming again in a time of slightly better data not assisting the equities, it only demonstrates how the govies relate directly to the economic news while the US dollar and equities are capable of that 'prismatic' response (i.e. bad news is good news, and *vice versa*.) However, the additional economic data this week may change things.

And as noted above, the improvement in the Euro-zone data is a weight on govies even if the US dollar is now taking weaker US news as a drag on equities that can create just a bit of the old 'flight to quality' bid that has been lacking on previous equities improvement. That is in spite of the better data also assisting the Australian dollar and Japanese yen in the near term.

Govies also seem to have now gone through the looking glass, with the US firming on weaker 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, yet still needing to push more convincingly above its 142.75 DOWN Break; with a similar condition in the Gilt regarding 111.50.

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 with no adjustments to the original projections and comments. This is also available for review via the link near the top of the right-hand column of the **Rohr-Blog** (<http://bit.ly/qMYZ1p>). They will be updated after the US Close on Wednesday to reflect the influences from key economic data we are going to see tomorrow and Wednesday.

**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. While there is further s.t. support into 1,687 area, needs surge back above 1,697 to re-establish up momentum.

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 a preset calendar helped equities more than govies. Yet T-note back above 126-00/125-21 looks resilient, Bund holding well on weaker 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 on 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 and now 1.3350 sign that 1.34 and 1.37 top of H&S targets as 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. Yet back above 1.5233 left upbeat BoE communication a fillip for swing back above 1.55 as well. Can it maintain that now?

**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, the confirmation Kuroda favors tax increases was likely to bolster the yen. Below 100 and 99 left a 98.80-.30 weekly channel DOWN Break that was Negated, yet back below it the next supports 96.00 and 93.50.

**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 was bad on weekly MACD DOWN on DOWN Break below .9850-00, with .9581-37 and .9388 major low failures. Failed .9175 Break UP out of down channel same as shallow H&S Bottom as well being challenged on recovery from .8867.

**RES:** .9175-56 (NEG UP Break); .9388 (OCT '11 low); .9581-37

**SUPP:** .9000; .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 in spite of recent improved data. It is a bit of a surprise there is still no strength there while overall data seems to signal better global economic conditions in reinvigorated QE psychology. Policy-driven Japanese yen weakness still in force in spite of reaction on USD plop, and recent Japanese election reinforces weak trend psychology for the Asian currencies.

**EUR/JPY:** **RES:** 130.00; 130.80; 132.50-80; 134.00; 137.00; 138.50-139.14

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

**SUPP: .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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