

ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Monday, August 19, 2013

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

▪ **Macro-Technical Trend Perspective:** **It's an economic expectations environment.**

While that may seem a bit odd to folks who still thinking that 'good news is bad news' (and vice versa), the fact is that bad news has shown itself to be bad news of late. And that is impacting both general trends and specific instruments relative activity with asset classes.

And especially in a week with somewhat less critical economic influences than recent weeks (with a couple of notable exceptions), the overall psychology counts. That has to do with the Fed QE 'tapering' potential once again. We find that fear more than a bit specious in the wake of the weaker US economic data of late. And it is exacerbated by the rolling conversation on who the next Fed Chairman will be. Whoever might be the better choice, the volatile market reactions to whether Janet Yellen will ascend to the top role or be displaced by the also very adept Larry Summers seems a bit inane. The consideration that Summers will somehow be more aggressive than Yellen in limiting or unwinding Fed QE because he was not a part of developing and implementing it is absurd. Larry Summers is not going to come in as a new Fed Chairman and do anything that would trash the US economy or global markets.

Yet that still leaves us with the other recent sustained development: the unexpected relative weakness of US data versus Europe and the UK being better-than-expected (even if still negative in some cases.) And that shows up in the relative performance of the equities and the other asset classes on a 'country' basis we have noted of late. Look for more of the same.

Our video analysis and outlook (<http://bit.ly/16ZpM9p>) from after today's **September S&P 500 future** Close includes extensive discussion of the other equities and asset classes in the context reviewed above. We hope you find this more extensive graphical analysis of how the 'country' influences and general psychology are affecting trends and spreads useful.

▪ **Most Likely Critical Horizons:** It's a much quieter week in its way than seen for some time. Today was a good example, as only the Japan Trade Balance and Leading and Coincident Indices were in the mix. No auctions and no central bank-speak. Tomorrow shows not much more in what is true mid-month vacuum. There is only Japan All Industry Activity Index and various Store Sales, Euro-Zone Construction Output and Canada Wholesale Sales even if the morning sees RBA meeting minutes and a 40-year JGB auction. Wednesday picks up again with Australia Westpac Leading Index, Conference Board China Leading Economic Index, UK CBI Trends Total Orders and US Existing Home Sales, followed by FOMC Meeting Minutes.

Thursday is of note not just for the Australia Conference Board Leading Index, China HSBC/Markit Flash Manufacturing PMI, Euro-zone and US Advance PMI's, Leading Indicators and Kansas City Fed Manufacturing Activity and Canada Retail Sales, but also for the opening of the Kansas City Fed Jackson Hole Symposium. That will be followed on Friday by more from there (albeit without leading lights of most years like Bernanke, Draghi or even new BoE Governor Carney), and German and UK GDPs and associated figures, Euro-Zone Consumer Confidence and US New Home Sales. And the week doesn't really wrap until Saturday's Jackson Hole panel discussion chaired by none other than Janet Yellen.

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 Trade Balance & Leading and Coincident Indices, Australia New Motor Vehicle Sales. UK Rightmove House Prices

Tuesday: Japan All Industry Activity Index & Nationwide and Yokyo Department Store Sales & Convenience Store Sales, German PPI, Euro-Zone Construction Output, Canada Wholesale Sales, Chicago Federal Reserve National Activity Index

Wednesday: Australia Westpac Leading Index, Conference Board China July Leading Economic Index, Japan Supermarket Sales, UK Public Finances & CBI Trends Total Orders and Selling Prices, US MBA Mortgage Applications & Existing Home Sales

Thursday: Australia Conference Board Leading Index, China HSBC/Markit Flash Manufacturing PMI, Euro-zone Advance PMI's Manufacturing and Services, US Initial Jobless Claims & Markit US Advance PMI Preliminary & House Price Index & Leading Indicators & Kansas City Fed Manufacturing Activity, Canada Retail Sales

Friday: German GDP and associated figures, UK GDP and associated figures, Canada CPI, Euro-Zone Consumer Confidence, US New Home Sales

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

Monday: None

Tuesday: RBA meeting minutes,

Wednesday: FOMC Meeting Minutes

Thursday: Fed's Fisher, opening of Kansas City Fed Jackson Hole 37th Symposium

Friday: Various from Jackson Hole

Saturday: Fed's Yellen chairs panel Jackson Hole with BoE's Bean and BoJ's Kuroda

▪ **Government Debt Auctions or Operations:**

Monday:

Tuesday: Japan, Australia, UK

Wednesday: Australia, Germany

Thursday: US announcement

Friday: Australia

Concise Market View

▪ The discussion of the September S&P 500 future being the key for the trend of the other equities is no longer as fitting as it was as recently as a month ago. As noted above, the unexpected extensive weakening of US economic data (save housing) is in stark contrast to better-than-expected data out of the UK and Europe. And Asia remaining somewhat weak in spite of spotty improvement in Chinese data sets the stage for European equities to hold up better, and euro and British pound to firm while Bunds and Gilts weaken.

As noted previous in video and text-based analysis, that may be not much more than an 'equalization' of the degree to which US equity indices outperformed on the recovery to the new high after the Bernanke JEC and FOMC. While Europe and Japan rallied as well, they were not as extended when the US data deteriorated and European data began to come in better than expected over the past several weeks (PMIs, UK Retail Sales, etc.)

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 any important trend evolution in the wake of the FOMC meeting minutes release.

SEP S&P 500 Future: Similar to DJIA after gap to new high closed back below 1,694.30, also a near-term channel DOWN Break. Gap below 1,680 bad sign, encouraging further drop below 1,670 into more important 1,660-50 range. Needs to hold there if it is good.

RES: 1,661; 1,669-73; 1,680; 1,694-97; 1,705; 1,730-35 (OSC)

SUPP: 1,652.50; 1,645-48; 1,624-28; 1,612; 1,606-1,594/1,588 (R-gaps)

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. Recent stronger European data has really weighed on the Gilt and especially the Bund. T-note back below 126-00/125-21 still holding 125-00/124-16 area, but bigger decision definitely with the next major Bund and Gilt supports noted below.

SEP T-note: RES: 126-00/125-21; 126-16/-24; 127-06; 128-01/127-20; 128-16

SUPP: 125-00/124-24; 124-00; 123-04/-16; 122-30

SEP UK Gilt: RES: 110.20-109.84; 110.56; 111.75-.30; 112.50; 113.61-.28; 114.00

SUPP: 109.20-108.75; 108; 106.50-.20; 105.00-104.60; 104.10

SEP Bund: RES: 141.30-.00; 141.70; 142.30-.62; 143.00; 143.50-.75; 144.00-.34

SUPP: 140.00-139.60; 138.41 (SEP low); 137.50; 137.00-136.70; 135.20

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: .8150-80; .8225-60; .8300; .8335-55; .8450; .8516; .8625-36

SUPP: .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.

Foreign Exchange: (EUR/USD continued)

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, with 1.57 area next stop.

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 are 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); .9300; .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 until recently. Repeated .8800 euro failures led to drop below .8600 as well, and that was critical again with weekly MACD now back DOWN.

RES: .8580-.8600; .8675-.8700; .8800-30; .8880; .9000; .9085; .9150

SUPP: .8475; .8370-.8400; .8250-70; .8180-41; .8115; .8020-00

EUR/AUD: RES: 1.4725; 1.4927; 1.5016; 1.5100; 1.5200; 1.5500; 1.5700; 1.6000

SUPP: 1.4580; 1.4400; 1.4265; 1.4165; 1.4000-30 ; 1.3860-10

We hope you find this helpful.

-Rohr

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