

# ROHR INTERNATIONAL

## Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, September 24, 2013

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

▪ **Macro-Technical Trend Perspective: US Congress creates a funding crisis... again!!**

For anyone overseas who thinks this is ridiculous, we couldn't agree more. The most relevant comment we heard this week was from Senator Joe Manchin III. He is a bit unique in being a very conservative Democrat and previous Governor from West Virginia who disagrees with almost all of the political agenda of President Obama: Obamacare, gun control, and the list goes on. And all he said was that he heard a lot of justification for extreme positions on Obamacare from both sides, yet nobody calling for meetings to review the common ground.

What a concept. The US Congress should stop playing to the extreme wings of each of the parties, and get back to the business of governing. That would be too easy... or not. This is the ultimate fallout from sound bite politics, where a notoriously uninformed US electorate can only support their respective side's position and reject anything the other side has to say.

And that is why nothing important (infrastructure, education, etc.) gets done any more in the US, and the government and markets must deal with these recurring funding crises. And it is destructive to not just the American image, but also its standing as the leading democratic capitalist society. No wonder so many others have settled for benevolent despots. And the truly benighted nature of the US situation comes through in current shenanigans of Senator Ted Cruz. The man is engaged in a quasi-filibuster of a bill he supports because he doesn't want to fund a healthcare law, even as everyone agrees that funding will be maintained.

And of course along the way he risks having the Senate send an amended bill back to the House with too little time left to pass it into law to avoid a partial US government shutdown. All of which might be okay if there was a potential political benefit to his Party... but there is most definitely NOT!! Everyone in America knows the *realpolitik* is any shutdown will work heavily against the standing and electoral chances of the Republican Party in 2014 midterms. The problem is that independents on whom both parties rely will run (like from fire) from the Republicans if there is any shutdown, no matter how good the case Obamacare is a disaster. It is all only important to us because it will have an impact on the equities and other markets.

▪ **Most Likely Critical Horizons:** A big week for Fed-speak along with other central bankers even though all the actual rate decisions have already been taken this month. And as noted above, the contradictions there might not mean as much as the US budget battle. So it is possible that the data might be back to being more meaningful as long as the US Congress doesn't tip over the government's funding. After lackluster global Advance PMI's and other US data (except for the upbeat housing), Wednesday's German GfK Consumer Confidence Survey, UK CBI Reported Sales and US Durable Goods Orders and New Home Sales are followed in Thursday by more of that extensive central bank-speak, UK and US GDP, and the Kansas City Fed Manufacturing Index. Friday sees more of that major central bank-speak, Japan CPI, China Industrial Profits and MNI September Business Sentiment, French GDP, UK GfK Consumer Confidence Survey, German CPI, and US Personal Income and Spending along with Michigan Confidence, even if all the end-of-month data is deferred until Monday.

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:** China HSBC/Markit Flash Manufacturing PMI, Advance German and French and Euro-zone PMI's, US Chicago Fed Nat Activity Index & Markit US PMI Preliminary

**Tuesday:** Japan Supermarket Sales, German IFO, Canada Retail Sales, US S&P/Case-Shiller House Price Indices & Richmond Fed Manufacturing Index & Consumer Confidence

**Wednesday:** Japan Corporate Service Price & Small Business Confidence, Euro-zone German GfK Consumer Confidence Survey, German Import Price Index, UK CBI Reported Sales, US Durable Goods Orders & New Home Sales & Household Change in Net Worth

**Thursday:** UK GDP & Current Account & Total Business Investment, US Initial Jobless Claims & GDP & Pending Home Sales & Kansas City Fed Manf. Activity

**Friday:** Japan National and Tokyo CPI, China Industrial Profits & MNI September Business Sentiment Indicator, French GDP, UK GfK Consumer Confidence Survey & Lloyds Business Barometer & Index of Services, German CPI, Canada Average Weekly Earnings, US Personal Income and Spending & Michigan Confidence

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

**Monday:** Japanese Markets Closed in Observance of Equinox Day Holiday, ECB's Draghi, Fed's Lockhart, Fed's Dudley, SNB's Hildebrand, Fed's Fisher, BoE's Broadbent

**Tuesday:** ECB's Nowotny, BoE's Salmon, BoE's Miles, ECB's Constancio, BoE's Tucker, Fed's Pinalto, ECB's Coeure and Liikanen, BoC's Schembri, ECB's Mersch, Fed's George, BoE's Bean

**Wednesday:** BOE Publishes Financial Policy Committee Meeting Statement, EU Commission Releases Report on National Competitiveness, ECB's Asmussen, ECB's Weidmann

**Thursday:** ECB's Asmussen, ECB's Liikanen, SNB Quarterly Bulletin, ECB's Mersch, Fed's Stein, ECB's Constancio, Fed's Kocherlakota, ECB's Coeure

**Friday:** Fed's George, Bank of Italy Governor and ECB Council's Visco, ECB's Draghi, Fed's Evans, Fed's Rosengren, Fed's Evans, Fed's Dudley

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

**Monday:** Germany, UK Gilt Syndication

**Tuesday:** Spain, UK announcement. Italian announcement. US

**Wednesday:** Australia, Italy, US

**Thursday:** Italy, US

**Friday:** Japan, Australia, Italy, ECB announces 3-yr LTRO repayment

[Concise Market View](#)

▪ The discussion of the December S&P 500 future being the key for the trend of the other equities is fitting once again in spite of the whipsaw engendered by the FOMC surprise last Wednesday. The net effect of the blowup (which infected the govies at the same time) and subsequent fall back to pre-FOMC levels (which the govies have rather liked) leaves the trend from the upper 1,600 area critical once again. And that can be readily summed up as whether the December S&P 500 future either falls back below the 1,682 weekly Close from two weeks ago, or pushes back up above the low-1,700 area.

The importance of that decision not just for equities but other asset classes as well is highlighted in our video analysis from after the US Close today (<http://bit.ly/15sZPxD>). We suggest review of that view on the December S&P 500 future even if your interest is more specifically in other equities or asset classes, which we mention later on in the video analysis. The timeline of the video begins as always with the S&P 500 future with mention of the other equities at 07:25, brief govies note at 07:40, foreign exchange at 08:05 and a mention of macro factors at 09:00, returning for a brief review of the key short-term factors for the December S&P 500 future at 09:40. That last bit also includes a brief mention of the benighted US political/fiscal influence flowing out of Congress that was noted above.

Due to the rather stable consolidation trading today, the trend tendencies are also still much the same as discussed in this morning's [TrendView BRIEF UPDATE](http://bit.ly/16x3jyv) (<http://bit.ly/16x3jyv>), and we refer you back to that for the extended analysis. That includes more of the discussion of the psychological importance of the December S&P 500 future 1,682 area. In fact, while we were planning on revising the technical levels and comments in this analysis, the stability of the various asset classes today leaves us feeling last Thursday's most recent update of **Current Rohr Technical Projections - Key Levels & Select Comments** remain the relevant trend psychology and technical levels. We will be updating those as needed. This is also available for review via the link in the right-hand column of the **Rohr-Blog** (<http://bit.ly/gMYZ1p>).

**DEC S&P 500 Future:** Expected bounce from 1,630-25 leads to major push to new high, with DEC critical into lead contract 1,725-30 resistance. Video: <http://bit.ly/1buxCxF>.

RES: 1,725-30; & 1,750-55 (OSC); 1,765; 1,780 (all-time OSC)

SUPP: 1,705; 1,700-1698; 1,690-88; 1,682-80; 1,669-73; 1,652-56

**Government Bond Futures:** It still seems to be a bear market in spite of the sharply bullish short-term response to Wednesday's FOMC "no taper" QE surprise. And it is also important that the futures are progressing through the lead contract quarterly expiration rollover from September contracts to December. Thursday's video (<http://bit.ly/1buxCxF>) covers those govies considerations from 06:45, with assumptions about the DEC Gilt trading at lead contract levels (due to very late expiration cycle for illiquid SEP contract. Basically DEC contracts discounts work against any major up trend forming in govies.

DEC T-note: RES: 126-00/125-21; 126-16/-24; 127-06/-10

SUPP: 124-24/-16; 123-04/-16; 122-30; 122-02; 121-08/-16

DEC UK Gilt: RES: 109.20-108.75; 110.20-109.84; 110.56; 111.75-.30; 112.50

SUPP: 108.15; 107.50; 106.50-.20; 105.00-104.60; 104.00; 103.00

DEC Bund: RES: 138.41 (SEP low); 139.00; 140.00-139.60; 141.00

SUPP: 138.00-137.60; 137.00-136.70; 135.20; 134.12; 133.40

**June 2015 Short Money Forward Futures:**

Eurodollar: RES: 99.12-.14; 99.20; 99.25-.29; 99.40-.425; 99.47 (all-time hi)

SUPP: 99.06-.04; 99.00; 98.93-.87; 98.80; 98.76; 98.68-.66

**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 previous FOMC/Bernanke expressions... and even more so on the Wednesday QE "no taper". Mid-.8200 area support violation and Summers' gap lower on Monday presaged likelihood it could finally test the .8000 area we had been expecting to see.

**RES:** .8080-50; .8150-40; .8210-25; .8260; .8300; .8335-55; .8450

**SUPP:** .8015-00; .7925-15; .7840-10; .7680-50; .7500; .7472-50

**EUR/USD:** Daily MACD back DOWN after 1.3150 failure, yet July 1.2800 DOWN Break attempt below odd weekly H&S Top Neckline saw very sharp rally. Drop back below 1.3350-00 initial sign of weakness, yet only to 1.3250-00 Tolerance at 1.3150-00 left it ready to rally again. Surge now above 1.3500 leaves that as critical s.t. support.

**RES:** 1.3450-1.3550; 1.3711; 1.3900; 1.40-1.41; 1.4250; 1.4500-80

**SUPP:** 1.3360-30; 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. Finally pushing above prominent 1.5700-50 area and even 1.6000 leaves those as support, with 1.6300 major resistance.

**RES:** 1.6150; 1.6250-80; 1.6300; 1.6379 (JAN hi); 1.6500-50

**SUPP:** 1.6000-1.5950; 1.5880-1.5900; 1.5700-50; 1.5500-1.5450

**USD/JPY:** Even with BoJ aggressive QE acceleration, the confirmation Kuroda favors tax increases was likely to bolster the yen. Below 100 and 99 back in June left a 98.30 weekly channel DOWN Break, which was Negated. Of note this week was a 98.50 daily channel DOWN Break, which was immediately reversed today. Looking higher overall on that.

**RES:** 100.00; 101.45-25; 103.30-.80; 105.00-.50; 110.00

**SUPP:** 98.80; 97.00-96.71; 96.00; 95.00; 93.50-.00; 90.90-.30; 89.40

**AUD/USD:** Bad on weekly MACD DOWN on DOWN Break below .9850-00, with .9581-37 and .9388 major low failures. Yet weekly MACD back UP recently on squeeze above .9300 area, and that left an extension to key .9500 Fibonacci 0.382; likely sets range for now.

**RES:** .9500; .9581 (MAY 2012 lo); .96.90-.9705 (FIB 0.50)

**SUPP:** .9388 (OCT '11 low); .9275-.9307; .9175-56; .9000; .8927; .8867

**Foreign Exchange: Cross Rates:** Euro currency strength back for now, yet secular trend remains weak Australian dollar and yen in spite of some improvement on recent data; there are still questions about Greater Asian/Emerging Market economies in spite of lack of Fed tapering being more supportive than expected. Cross rates are also impacted the European data turning a bit stronger along with US weakening again of late, and that is showing up most prominently in the crosses by EUR/JPY finally pushing out above the long-standing (since May) mid 132.00 resistance. Look for more upside there.

**EUR/JPY:** **RES:** 137.00; 138.50-139.14; 140.00; 141.50; 143.70; 145.00

**SUPP:** 134.00; 132.50-80; 130.80; 130.00; 127.94; 125.00-50; 124.00

**EUR/GBP: Pound regained strong sister status since summer. Repeated .8800 area euro failures led to drop below .8600 as well. Yet pound has now failed to press the advantage on recent euro weakness below .8400 area, so retest of .8600 seems most likely s.t. path.**

**RES:** .8475; .8580-.8600; .8675-.8700; .8800-30; .8880; .9000; .9085

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

**EUR/AUD: RES:** 1.4450-00; 1.4580; 1.4725; 1.4927; 1.5016; 1.5100; 1.5200

**SUPP:** 1.4265; 1.4165; 1.4000-30; 1.3860-10; 1.3500; 1.3325

We hope you find this helpful.

-Rohr

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