ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Wednesday, October 30, 2013

***"Chance favors the prepared mind."* –L. Pasteur**

▪ **Macro-Technical Trend Perspective: Not quite Halloween, yet markets are spooked. Was this a classic case of 'buy the rumor and sell the fact'? It seems the continued FOMC largesse was not enough to cheer equities, or the US govvies for that matter.** What in the world could possibly be weakening markets that flew up so well together in the wake of the FOMC 'no taper' surprise back in mid-September? Well, just possibly it is the actual weak news extending to the point that it hits every once in a while, where 'bad news actually ***is*** bad news'. It was not lost on us that all this was preceded by US HHS Secretary Kathleen Sibelius' lengthy Affordable Care Act (i.e. Obamacare) testimony up on Capitol Hill.

While there is no doubt the website rollout for that program is a mess, its October 1st implementation has brought new insights into just how expensive this major upgrade to US healthcare is going to be. That is due to significant new 'minimum' requirements for any healthcare policy. While the Obama administration continues to push this as a major advantage, the sticker shock is beginning to hit businesses and individual policy holders. Especially the latter are seeing policy terms weaken while costs jump sharply. How can we spell this out in markets terms? L-E-S-S Consumer Discretionary Spending in the wake of major new mandated spending… or else, the IRS gets to impose a fine via their tax refunds.

And there is a ***TrendView Video*** from this afternoon **(http://bit.ly/16O8TTI)** that purposely waited for the release of the FOMC statement. As it and the earlier global analysis video update all the technical trend ideas, the **Concise Market View** below will only repeat the technical projections and comments from last Thursday. The timeline for the video is located in that lower section as well. We suggest scrolling to the parts most relevant to you.

▪ **Most Likely Critical Horizons:** It has been and will continue to be a much less central bank fixated week. That might sound odd with today's FOMC statement followed by Reserve Bank of New Zealand and the BoJ tomorrow. Yet possibly in deference to the FOMC meeting there is just a lot less central bank-speak and finance ministry activity this week than the onslaught of the past couple of weeks. After weak US data Tuesday into today, there is still quite a bit of interesting economic data even beyond tomorrow morning's central bank announcements.

Thursday also brings Japan Nomura/JMMA Manufacturing PMI and Construction Orders, Australia Private Sector Credit & Building Approvals, German Retail Sales, Italian & Euro-Zone Unemployment Rates, Canada Gross Domestic Product and US Initial Jobless Claims with NAPM-Milwaukee and Chicago Purchasing Manager s Indices. And Friday is a typically very interesting top of the month even if Euro-zone Manufacturing PMI's are delayed until Monday and the US Employment Report delayed until Friday October 8th. That still leaves the Australia AiG Performance of Manufacturing Index, China Manufacturing PMI & HSBC/Markit Manufacturing PMI, Japan Vehicle Sales, UK PMI Manufacturing, US Markit PMI Final with ISM Manufacturing Index and Prices Paid and Vehicle Sales along with a bout of Fed-speak in the morning as well. So a lot to focus on for all the various markets' trend decisions.

▪ **Economic Data Highlights:**

Monday: China Leading Index, UK Hometrack Housing , German Retail Sales, UK CBI Sales, US Industrial Production & Capacity Utilization & Pending Home Sales & Dallas Fed Index

Tuesday: Japan Household Spending & Jobless Rate & Retail Trade & Large Retailers' Sales & Small Business Confidence, German GfK Consumer Confidence Survey & Import Price Index, UK Nationwide House Prices & Consumer Credit & Money Supply, Canada Raw Materials and Industrial Product Price Indices, US Retail Sales & PPI & S&P/Case-Shiller Home Price Index & Business Inventories & Consumer Confidence & Monthly Budget Statement

Wednesday: Japan Industrial Production & Vehicle Production, Australia HIA New Home Sales, Spanish GDP, German Unemployment Change and Rate & CPI, typical range of Euro-Zone Confidence Indicators & Business Climate Indicator, UK Lloyds Business Barometer, US MBA Mortgage Applications & ADP Employment Change & CPI

Thursday: Japan Nomura/JMMA Manufacturing Purchasing Manager Index & Labor Cash Earnings & Housing Starts and Construction Orders, Australia Import and Export Price Indices & Private Sector Credit & Building Approvals, German Retail Sales, Italian Unemployment Rate, Euro-Zone Unemployment Rate & CPI Estimate, Canada Gross Domestic Product , US Initial Jobless Claims & NAPM-Milwaukee & Chicago Purchasing Manager

Friday: Australia AiG Performance of Manufacturing Index & PPI & RBA Commodity Index SDR, China Manufacturing PMI & HSBC/Markit Manufacturing PMI, Japan Vehicle Sales, UK PMI Manufacturing, Euro-zone Manufacturing PMIs delayed until Monday, US Employment Report delayed until Friday October 8th, Markit US PMI Final & ISM Manufacturing Index and Prices Paid & Vehicle Sales

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

Sunday: UK and Europe return to Standard Time

Monday: ECB's Cœuré, BOJ's Iwata

Tuesday: RBA's Stevens, ECB's Nowotny

Wednesday: ECB's Constancio, ECB's Costa, ECB's Weidmann, Federal Open Market Committee Rate Decision & Statement & MBS and Treasury Purchase Program Plan

Thursday: Reserve Bank of New Zealand Rate Decision and Statement, Bank of Japan Rate Decision and Statement, BOJ 2014 Monetary Base Target

Friday: Fed's Bullard, Fed's Kocherlakota, Fed's Lacker

▪ **Government Debt Auctions or Operations (in order of appearance):**

Monday: Italy, US
Tuesday: Japan, Australia, UK announcement, US
Wednesday: Australia, Italy, Germany, US
Thursday: None
Friday: Australia, ECB announces LTRO repayment

Concise Market View

▪ **As noted previous, the discussion of the December S&P 500 future being the key for the trend of other equities and asset classes is not fitting at this time. Extended influences from the US government shutdown, weak Employment report and Beige Book and still highly accommodative Fed are still creating incentives for everything to rally except the US dollar. That is in spite of today's short term post-FOMC announcement setback.**

Even as the **December S&P 500 future** has set a very minor 1,768 DOWN Closing Price Reversal (CPR), it still has very good short term support in the 1,750 and ultimately violated resistance in the 1,735 area. And the minor nature of that DOWN CPR is minor to the limited nature of today's new rally high prior to the lower Close. In cases like this there is actually limited downside momentum generated, because there was not enough trend extension into the new high (or low in a down trend) prior to the reversal for a Close in the opposite direction.

This is important both classically and in terms of a lot recent activity in various asset classes. The most telling examples have been in govvies, where the **December T-note future** upswing from a minor new low on October 16th took it from a test of 125-21 support up above 126-00. And it managed to follow through with a gap higher the next day that confirmed the bottom for the current move up into the 127-16/-24 resistance. On the other hand, in the foreign exchange previous upside leader **GBP/USD** left an early October weekly DOWN CPR from 1.6140 after ranging up to 1.6262 early in the week. Yet it could not break the next lower key support in the 1.6000-1.5900 area. While it is back testing that lower area now, it first ranged up to Negate the 1.6140 resistance on another swing to the previous mid-1.6200 area highs.

So not all Closing Price Reversals are created equal. And the lack of range and volatility for the current **December S&P 500 future** DOWN CPR leaves us suspicious it is a true top. The proof will be in the 'follow through' pudding. If it can break the 1,750 area support, it will possibly at least create further weakness back into the 1,735 area. If not, there is a reasonably good chance today's 1,770 is a temporary reaction high prior to a move to higher levels.

The same holds true for the **December T-note future** minor DOWN CPR, where the high was a bit more extended (on a relative basis) but the daily Close was hardly lower at all. After a high slightly above 128-00 it came down to Close at 127-16. This was not only just short of a quarter point lower on the day, it was also not below the low end of the 127-16/-24 resistance which it had attempted to overrun this morning. Not very convincing in a market where the next lower support is as nearby as the 126-24/-16 area, which also happens to be a significant UP Break. This also reinforces the degree to which 127-16/-24 is still the key this side of 128-16/-24.

The further discussion and graphical analysis for both of those is available in this afternoon's TrendView Video analysis **(http://bit.ly/16O8TTI)** for your interest. We also discuss the other govvies resilience in that video, and touch on the degree to which the foreign exchange still feels like a minor upside US Dollar Index reaction unless other currencies weaken substantially. The timeline for the video is macro factor (i.e. fundamental economic) discussion, followed by **December S&P 500 future** short-term trend view at 00:55 and intermediate-term assessment at 03:30. That is followed by the **December T-note future** at 06:40, with mention of the **other govvies** from 09:25 and select **foreign exchange** comments at 10:00.

The balance of the analysis remains very much in line (even if now also very evolved) from the levels and comments noted in last Thursday's **Current Rohr Technical Projections - Key Levels & Select Comments** available via the link near the top of the right-hand column in **Rohr-*Blog* (http://bit.ly/YcbRwv)**. Those will be updated after the US Close tomorrow.

DEC S&P 500 Future: Much stronger than DJIA on push above 1,725-35 mid-September 'no-taper' surge lead contract high/oscillator resistance. Video at http://bit.ly/1hflt0A.

RES:	**1,755-60 (OSC); 1,680-85 (long term topping line & OSC)**
SUPP:	**1,730-35; 1,700-05; 1,695; 1,685;** 1,669-73; **1,652-56;** 1,644

Government Bond Futures: It still seemed to be a bear market in spite of the sharply bullish short-term response to FOMC "no taper" QE surprise. And yet continued disarray in US politics around budget process brought the 'haven' bid back to primary govvies. Even as partial US government shutdown cleared up, the T-note responded well on likely weakening of US GDP, and that heavily influenced Gilt and Bund. Strong T-note holding low end of 126-00/125-21 led to surge above 126-16/-24 on an UP Break with mid-127 area now critical. Gilt resistance upper 111; Bund UP Break 140.30 already seen 141.00-.30.

DEC T-note:	**RES:**	**127-06/-16;** 128-00; **128-14; 129-16;** 130-00; **130-20 (12/08 hi)**
	SUPP:	**126-16/-24 (UP Break); 126-00/125-21; 124-24/-16; 123-04/-16**
DEC UK Gilt:	**RES:**	**111.75-.30; 112.50; 113.61-.28;** 114.00; **114.50**
	SUPP:	110.50-.70; **110.20-109.84; 109.20-108.75;** 108.15; **107.50**
DEC Bund:	**RES:**	**141.00-.30;** 141.50-.75; **143.30-.50; 144.00-.40**
	SUPP:	**140.10-.30; 139.60;** 139.00: **138.41 (SEP low); 138.00-137.60**

June 2015 Short Money Forward Futures:

Eurodollar:	**RES:**	**33.34; 99.40-.425; 99.47 (all-time hi)**
	SUPP:	99.25-.29; **99.20; 99.12-.14;** 99.06-.04; **99.00; 98. .93-.87;** 98.80

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 more so on the recent FOMC QE "no taper" shock and now US Employment. Failed bounce from .8000 area attempted Inverse H&S Bottom destroyed by last week's break. Looks like .7860-00 is next.

RES:	**.8000-.7950;** .8080-50; **.8150-40; .8210-25; .8260;** .8300
SUPP:	**.7860-10; .7680-50; .7500; .7472-50**

EUR/USD: Rally above 1.3450-1.3500 leaves 1.3650 s.t. support after mirror-image to US Dollar Index H&S Top attempt also destroyed by last week's rally. 1.3710 overrun as expected, yet with the 1.3836 Fib resistance this side of 1.3950-1.4000 as likely targets.

RES:	**1.3836;** 1.3900; **1.40-1.41;** 1.4250; **1.4500-80**
SUPP:	**1.3711; 1.3450-1.3550; 1.3350-00; 1.3200-50; 1.3150;** 1.3080

GBP/USD: Finally pushing above prominent 1.5700-50 area and 1.5950-1.6000. Dip below the latter was s.t. DOWN Break critical resistance also obliterated by last week's rally. Push above 1.6164 weekly DOWN CPR bit of a churn, yet with 1.6300 and 1.6379 likely.

RES:	1.6250-80; **1.6300; 1.6379 (JAN hi); 1.6500-50;** 1.6619; **1.6748**
SUPP:	1.6150; **1.6000-1.5950;** 1.5880-1.5900; **1.5700-50; 1.5500-1.5450**

Foreign Exchange: US Dollar (continued)

USD/JPY: Even with BoJ aggressive QE acceleration, the confirmation Abe 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 last week saw yen weaken after test of 98.80 critical resistance. 97.00 critical support again this side of major mid-93.00s.

RES: **98.80; 100.00; 101.45-25;** 103.30-.80; **105.00-.50; 110.00**

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

AUD/USD: Weekly MACD back UP ever since mid-upper .9200 UP Break & Fibs, and after push above next low-.9500 Fib resistance it has seen .9700-50 area Fib and congestion. Even on current sharp reaction from that area, .9500 and low-.9300 to mid-.9200 support.

RES: **.9705-50; .9850-10; 1.0000-.9950;** 1.0150-00

SUPP: .9581; **.9500; .9388 (OCT '11 low); .9320; .9280-40**

Foreign Exchange: Cross Rates: Europe weakened against Asia of late, but the Aussie is remains stronger than yen until last couple of sessions. Other currencies strengthening against pound now in spite of GBP/USD recovery back above 1.6000. EUR/GBP holding and rebounding from .8350 low end of gradual down channel to Close higher three weeks ago was UP CPR for further rally; holding against mid-low .8400 support positive sign. With weak Australian dollar obviously reversed against recent US dollar weakness yen is the problem child, but still need to watch USD/JPY into 97.00 area on any further dip. EUR/AUD rally back to 1.4500 area congestion and DOWN Break bears watching now.

EUR/JPY: **RES:** **135.50;** 137.00; **138.50-139.14; 140.00;** 141.50

SUPP: **134.00; 132.50-80;** 130.80; **130.00; 127.94;** 125.00-50; 124.000

EUR/GBP: Pound regained strong sister status since summer. Repeated .8800 area euro failures led to drop below .8600 as well. Yet after pound failed to press advantage below .8400 area, .8550 now critical s.t. resistance with daily MACD UP since early this month.

RES: **.8550; .8650; .8700-50; .8800-30;** .8880; **.9000;** .9085

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

EUR/AUD: **RES:** **1.4400-1.4350; 1.4500-50;** 1.4725; **1.4927; 1.5016;**

SUPP: 1.4265; **1.4165; 1.4050; 1.3950; 1.3860-10;** 1.3630; **1.3500**

We hope you find this helpful.
-Rohr
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