ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Wednesday, November 13, 2013

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

▪ **Macro-Technical Trend Perspective: Central Bank focus onto critical Yellen hearing. And she has done the markets the service of pre-releasing her prepared statement (http://bit.ly/1cXzxMI) this afternoon.** While there is the required focus on regulation and overall financial structures, the key passage on page two regarding Quantitative Easing makes it clear that the Fed will remain committed to "unconventional policy tools" until the economy is indeed in a "more robust recovery." QE-Infinity will be with us for a while. And we also have good reason the QE taper will only begin once she has been installed as the next Fed Chairman. We will have a fresh blog post soon on why it is the same as the last time. Suffice to say for now that just as Mr. Greenspan allowed Mr. Bernanke to shake his dovish image with a rate hike, the latter must now allow Ms. Yellen to take the lead on the taper.

What is interesting on the Fed policy front is the sentiment expressed in this afternoon's CNBC mini-interview of PIMCO's Bill Gross (http://cnb.cx/1arrIe3) on why the Fed unwind of its QE program will be fraught. Even if the Fed can convince public investors that it is reasonable to buy massive amounts of Treasuries, the program now has negatives in its obvious lack of constructive economic impact. There is more on that in the reference to a Financial Times article in our weekend **Rohr-*Blog*** post on the ECB's surprise rate cut.

And all of the trend analysis remains consistent with the ***TrendView Video*** global overviews from earlier this week. There was Monday's focus (http://bit.ly/HKSBiX) on the continuing strength of the equities and more problematic situation in fixed income. That was followed by Tuesday morning's assessment (http://bit.ly/1bmqgqK) of the impact of the soft CPI's and other weak data on foreign exchange. Please refer to those for in-depth trend ideas.

▪ **Most Likely Critical Horizons:** It is a much lighter central bank influence week, yet with a couple of critical notes that are likely to be trend decisive indications. But first it is important to note just how weak the economic data has been on balance. **Tuesday's** weak Asian and European CPI's and other data were reinforced by **today's** somewhat more dovish tone in the BoE Inflation Report. That drove some gyrations by the other currencies catching up with the weak euro, but did not really weigh very heavily on the equities. That latter effect is likely in deference to the weak data reinforcing the central banks' QE instincts right now. And along the way we see the major US Treasury auctions culminating in Thursday's 30-year T-bond.

And all that will be a key focal point into **Thursday's** extensive Q-3 GDP adjustments and UK Retail Sales along with the US Trade Balance. Yet all that will be superseded by the highlight of the week: Janet Yellen appearing at the Senate Banking Committee Confirmation Hearing for Fed Chairman. **Friday** is also interest for its lack of any Asian data into the Italian Trade Balance, Euro-Zone CPI, US Empire Manufacturing, Import Price Index, Industrial Production and Capacity Utilization, and finally Wholesale Inventories and Sales. It will remain very interesting how all of the weak data plays into the background of what will surely be a firm commitment by Ms. Yellen to continue the Fed QE-Infinity plan for now in spite of criticism.

▪ **Economic Data Highlights:**

Monday: China New Yuan Loans & Money Supply, Japan Trade Balance & Current Account & Value of Loans & Bankruptcies & Eco Watchers Survey Current and Outlook, German Wholesale Price Index, Italian Industrial Production

Tuesday: Japan Tertiary Industry Index & Consumer Confidence Index & Machine Tool Orders, Australia NAB Business Conditions and Confidence, OECD Composite Leading Indicators, German CPI, UK CPI & PPI & RPI, US NFIB Small Business Optimism & Chicago Fed National Activity Index

Wednesday: Australia Westpac Consumer Confidence & Wage Cost Index, Japan Machine Orders & Domestic Corporate Goods Price Index, OECD Harmonised Unemployment Rates (HURs), UK Employment figures and Weekly Earnings, Euro-Zone Industrial Production, US MBA Mortgage Applications & Monthly Budget Statement, Canada Teranet/National Bank HPI

Thursday: Japan GDP and associated figures & Industrial Production and Capacity Utilization, China Foreign Direct Investment, Australia Consumer Inflation Expectation, French GDP & Preliminary Non-Farm Payrolls, Italian GDP, German GDP, Euro-zone GDP, UK Retail Sales, US Initial Jobless Claims & Non-Farm Productivity and Unit Labor Costs & Trade Balance

Friday: No Asian data, Italian Trade Balance, Euro-Zone CPI, Canada Manufacturing Shipments & Existing Home Sales, US Empire Manufacturing & Import Price Index & Industrial Production and Capacity Utilization & Wholesale Inventories and Sales

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

Monday: French Bank Holiday, Canada Bank Holiday, US Veterans Day Holiday partial market closure, Bundesbank's Weidmann, Fed's Fisher

Tuesday: BoE's Salmon, Fed's Kocherlakota, Fed's Lockhart, ECB's Asmussen

Wednesday: Fed's Fisher, BoJ's Miyao, Bank of England Inflation Report and Press Conference, Fed's Pianalto, Fed's Bernanke

Thursday: ECB Monthly Bulletin, BoE's Gracie, Fed's Plosser, US Senate Banking Committee Confirmation Hearing for Janet Yellen as Fed Chairman, BoE's Miles

Friday: BoE's Adams, ECOFIN Meetings, ECB's Mersch, BoE's Weale

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

Monday: Germany
Tuesday: Japan, Australia, Italy, UK announcement, US
Wednesday: Australia, Italy, Germany, US
Thursday: Japan, UK, US announcement, US
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 highly accommodative Fed likely to be reconfirmed at Ms. Yellen's hearing NOT the only drivers. They do not necessarily correlate any longer with 'country' influences like the lack of BOE QE that are driving near term trends; and especially divergence from the previous unified QE psych.**

Even as the **December S&P 500 future** had set a very minor 1,768 DOWN Closing Price Reversal (CPR), it still has very good short term support in the 1,750-48 area. And after it tried to Break DOWN below that last Thursday, Friday's recovery on the stronger than expected US Employment Report (rather than a failure on the QE taper assumptions), the 'window of opportunity' was closed for the bears. Today's push up through 1,768-70 was merely the final confirmation that equities believe the Fed QE is here to stay for now, and there will be no hint at any taper in Ms. Yellen's Senate Confirmation hearing tomorrow. We shall see.

That is quite a bit different than govvies that are more so worried about the friendlier news from the US and especially the UK of late, versus the weak news in the Euro-zone. That has led to those 'country' influences exacerbating the rise in **December Bund future** above its 141.00-.30 resistance, and holding only a modest dip below that October congestion while the **December T-note future** stallout above 127-16/-24 resistance has seen it drop below its critical congestion and UP Break in the 126-24/-16 range. That is now resistance, and the mid 125-00 area the key support just as the December Gilt future has sagged back below 110.75-.50 to leave a fresh 109.70 DOWN Break on its way to test the critical 109.20-108.75 area once again.

The same can be said for **foreign exchange**, where the downside reaction against the **US dollar** did not originate with the **euro**, yet is being led by it on the reaction to continued weak economic data and especially last Thursday's ECB rate cut. This is a very much more convoluted situation, and we refer you to the extensive ***TrendView Video*** analyses cited on page one for more insight into this very fluid situation, including the cross rates as well.

The balance of the analysis remains very much in line (even if now also very evolved) from the levels and comments noted in last Friday'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 on Thursday.

DEC S&P 500 Future: 1,766-68 key DOWN CPR signal now threatened as s.t. Double Top 1,747.50 DOWN Break Negated after US NFP. That makes 1,785 & 1,795 key resistances.

RES:	**1,775 (OSC); 1,785 (s.t. topping); 1,795 (l.t. topping & OSC)**
SUPP:	**1,730-35; 1,700-05; 1,695; 1,685;** 1,669-73; **1,652-56;** 1,644

Government Bond Futures: The other great change is central bank accommodation tied into better than expected economic data is now very bad for the primary government bond markets. As long as equities were rallying on 'bad news is good new' QE psych, the bad news was also good news for govvies. Yet likely further extension of Fed QE in spite of better data (see our Rohr-Blog Commentary on that) is toxic for the short term govvies psychology, and that will maintain for now. This is apparent in the T-note failure below 126-24/-16 & Gilt below 110.75-.50, even if more resilient Bund holds 141.30-.00 for now.

DEC T-note:	**RES:**	**126-16/-24 (UP Break); 127-06/-16;** 128-00; **128-14; 129-16**
	SUPP:	**126-00/125-21; 124-24/-16; 123-04/-16;** 122-30; **122-02**
DEC UK Gilt:	**RES:**	**110.20-109.80;** 110.50-.70; **111.75-.30; 112.50; 113.61-.28**
	SUPP:	110.42; **109.20-108.75;** 108.15; **107.85-.50; 106.50-.20**
DEC Bund:	**RES:**	141.50-.75; **142.50-.65; 143.30-.50; 144.00-.40**
	SUPP:	**141.00-.30; 140.10-.30; 139.60;** 139.00: **138.41 (SEP low)**

June 2015 Short Money Forward Futures:

Eurodollar: **RES:** **99.40-.425; 99.47 (all-time hi)**

SUPP: **99.33-.34;** 99.25-.29; **99.20; 99.12-.14;** 99.06-.04; **99.00**

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 mid-September FOMC QE "no taper" shock. Yet now doing well on US NFP back above .8000 and .8050-80 (also weekly MA-13) may stabilize it for a near term recovery to upper-.8100 or low .8200 area.

RES: **.8150-40;** .8180-.8200; **.8210-25; .8267; .8335-55; .8450;** .8516

SUPP: .8080-50; **.8000-.7950; .7860-10; .7680-50; .7500; .7472-50**

EUR/USD: Rally above 1.3450-1.3500 opened door to a violation of 1.3710 as expected. However, stallout into 1.3836 Fib resistance left 1.3450-1.3500 support failing after ECB cut, which also left up channel .13425 DOWN Break. Weekly MACD in balance (from UP.)

RES: **1.3450-25; 1.3550;** 1.3650; **1.3711; 1.3836;** 1.3900; **1.40-1.41**

SUPP: **1.3350-00; 1.3200-50; 1.3150;** 1.3080; **1.2950-1.3000; 1.2860**

GBP/USD: Second stallout into 1.6250 is potential Double Top, with 1.5900-1.6000 key intervening low area. Holding on current euro selloff-inspired US dollar rally as sterling stronger sister (see below), GBP/USD likely to hold no worse than 1.5750-00 in any event.

RES: 1.6150; **1.6250-80;** 1.6300; **1.6379 (JAN hi); 1.6500-50;** 1.6619

SUPP: 1.6000-1.5950; 1**.5880-1.5900; 1.5700-50; 1.5500-1.5450**

USD/JPY: Even with BoJ QE acceleration, the confirmation Abe favors tax increases was likely to bolster yen. Trapped recently between 98.30 UP Break and 98.80 DOWN Break, US helps BoJ program with US dollar strength above it, even if 100.62 still critical now.

RES: **100.00-.62; 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: 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 reaction below .9500, low-.9300 to mid-.9200 support still likely to hold.

RES: **.9388 (OCT '11 low); .9500-.9450;** .9581; **.9705-50; .9850-10**

SUPP: **.9320; .9280-40; .9175-56; .9050-00; .8900; .8867-48;** .**8770-50**

Foreign Exchange: Cross Rates: The obvious indication is ECB's somewhat surprising rate cut has put the euro under pressure against other currencies as well as US dollar. That weakness is also bringing somewhat of a 'secular US dollar strength' mentality (rightfully or not.) So the euro weakness is buffered to a goodly degree by that weakness in other currencies against the greenback. So, as far as it has dropped on the crosses, it is in fact down to next significant supports. This quantum adjustment leaves a bit of a burden of proof on the euro bears, except against the US dollar where it is likely to seek somewhat lower ground along with the other currencies. This also indicates the recent greenback rally is incremental rather than any sort of major bull; at least in the near term.

EUR/JPY:	**RES:**	**132.50-80; 134.00; 135.50;** 137.00; **138.50-139.14; 140.00**
	SUPP:	130.80; **130.00; 127.94;** 125.00-50; 124.00; **122.74-123.35**

EUR/GBP: Pound regained strong sister status since summer. Repeated .8750 area euro failures led to drop below .8600 into .8400 area low end of channel. Failure to maintain push above .8550 critical weak sign on way to retest of key .8350 bottom of channel.

	RES:	**.8370-.8400; .8475; .8550; .8650; .8700-50; .8800-30;** .8880
	SUPP:	.8300; **.8250-70; .8180-41; .**8115; .8035; .**7972-60 (UP Break)**
EUR/AUD:	**RES:**	1.4265; **1.4400-1.4350; 1.4500-50;** 1.4725; **1.4927; 1.5016;**
	SUPP:	**1.4165; 1.4050; 1.3950; 1.3860-10;** 1.3630; **1.3500**

We hope you find this helpful.
-Rohr
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