

ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, November 19, 2013

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

▪ **Macro-Technical Trend Perspective:** They're baaack. Central Bank-A-Thon resumes. It's already been a very interesting week, even if the market movements have been less than dramatic. However, the tension is increasing as central banks continue to stress their commitment to aggressive accommodation that seemingly impresses the markets less and less. It is interesting that a comment from one investor (Carl Icahn) can be the sole reason the **S&P 500** drops thirteen dollars in an hour. This is a sign that the market was likely looking for an excuse to sell off. And with so much continued central bank largesse washing around and more on the way, that is most interesting. Yet in these circumstances it is always very important to at least inquire what else 'out there' might cause a significant problem?

We have suggested our answer several times previous, and still believe the real world impact of the US Affordable Care Act (aka Obamacare) is the culprit. This is much more than a temporary website glitch, along with recent official denials of understanding that the program was going to cancel millions of Americans' health insurance policies being total hogwash. It is quite simply a bad program based, and sold, on a huge number of faulty assumptions.

The bottom line is the higher priced insurance policies now required by the US government to avoid being fined are going to significantly sap the US middle class discretionary spending. And the operative term there is 'significant'. The idea this does not affect folks who get insurance through their employer is also a canard. That is why the Obama administration delayed the "employer mandate". It is going to get a whole lot worse across time.

And all of the trend analysis remains consistent with the **TrendView Video** global overviews from Monday's focus on the continuing strength of the **equities** and more problematic situation in **fixed income** (<http://bit.ly/lfyHfO>) even if the latter has remained firm. That was followed by **foreign exchange** (<http://bit.ly/1itsStA>) which noted the US dollar rally appears more extensive reaction than reversal. Please refer to those for in-depth trend ideas.

▪ **Most Likely Critical Horizons:** It is a much heavier central bank influence week once again, with **Wednesday** picking up from an already robust early week (see below.) It is not just the BoE early and FOMC late release of their last meeting minutes. There is also a lot of central bank-speak along with Australia Westpac Leading Index, China MNI November Business Indicator and Leading Economic Index, and US MBA Retail Sales and CPI and Existing Home Sales. **Thursday** continues the heavy influences from Japan Supermarket Sales, China and Euro-zone and US Advance PMI's, Euro-zone Consumer Confidence, UK CBI Total Orders, and US Initial Jobless Claims and Philadelphia Fed. That's in addition to the Bank of Japan Rate Decision and further extensive central bank-speak.

Friday continues the Central Bank-A-Thon with the Bank of Japan's Monthly Economic Report and a whole lot of communication from both ECB and Fed officials, and also Japan Small Business Confidence, German GDP and associated figures and IFO Surveys, Canada Retail Sales and only very limited US influence from the JOLTs Job Openings and Kansas City Fed Manufacturing Activity. Really quite a further crunch into tomorrow and beyond.

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 Nationwide and Tokyo Department Store Sales & Tokyo Condominium Sales, China October Property Prices, Euro-zone Current Account & Trade Balance, Canada International Securities Transactions, US TIC Flows & NAHB Housing Market Index

Tuesday: Australia Conference Board Leading Index, Japan Leading and Coincident Indices, EU 25 New Car Registrations, German ZEW Survey (Current Situation and Economic Sentiment), Euro-zone ZEW Survey (Economic Sentiment) & Construction Output, US Employment Cost Index

Wednesday: Australia Westpac Leading Index, Japan Merchandise Trade Balance & All Industry Activity Index & Convenience Store Sales, China MNI November Business Indicator & Conference Board China October Leading Economic Index, German Producer Prices, US MBA Mortgage Applications & Retail Sales & CPI & Existing Home Sales & Business Inventories, Canada Wholesale Sales

Thursday: Australia RBA Foreign Exchange Transaction, China HSBC/Markit Flash Mfg PMI, Japan Supermarket Sales & Machine Tool Orders, Euro-zone Advance PMI's & Consumer Confidence, UK Public Finances & CBI Trends Selling Prices and Total Orders, US Initial Jobless Claims & Continuing Claims & PPI & Markit PMI Preliminary & Philadelphia Fed and Business Outlook

Friday: Japan Small Business Confidence, German GDP and associated figures & IFO Current Assessment and Expectations and Business Climate, Canada Retail Sales & CPI, US JOLTs Job Openings & Kansas City Fed Manf. Activity

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

Monday: Fed's Rosengren, ECB's Nowotny, ECB's Mersch, BoE publishes Systemic Risk Survey Results, BoC's Macklem, Fed's Dudley, Fed's Plosser, ECB's Asmussen, Fed's Dudley

Tuesday: RBA Policy Meeting Minutes, Fed's Kocherlakota, EU General Affairs Ministers Meet, ECB's Praet & EBA's Enria, OECD November Economic Outlook, ECB's Asmussen, ECB's Constâncio, BoE's Salmon, Fed's Evans

Wednesday: BoC's Murray, Fed's Bernanke, RBA's DeBelle, ECB's Cœuré, Bank of England Minutes, BoE's Dale, Fed's Dudley, Fed's Bullard, BoE's Moulder, BoE's Weale, FOMC Oct 29-30 Meeting Minutes, BoC's Poloz and Macklem

Thursday: Bank of Japan Rate Decision and Monetary Policy Statement and 2014 Monetary Base Target, RBA's Stevens, ECB's Draghi, Fed's Powell, Fed's Lacker, Fed's Bullard, ECB's Weidmann, ECB's Asmussen

Friday: Bank of Japan's Monthly Economic Report, ECB's Noyer and Praet and Nowotny, ECB's Draghi, Fed's George, ECB's Praet, Fed's Tarullo

▪ [Government Debt Auctions or Operations \(in order of appearance\):](#)

Monday: Australia

Tuesday: Japan, Spain, UK, UK announcement

Wednesday: Portugal

Thursday: Spain, France, UK, US, US announcement, Italian announcement

Friday: Australia, ECB announces LTRO repayment, Italian announcement

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 US government shutdown, strong Employment report and highly accommodative Fed now fully confirmed by Dr. Yellen's hearing are 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 CPR (Closing Price Reversal), it could not stay below the 1,747.50 short-term Double Top DOWN Break after the ECB rate cut two weeks ago. That was the precursor to pushing up through 1,768-70 even prior to the pre-release of Dr. Yellen's confirmation hearing last Thursday. And as we had suggested, there was no hint of any near term taper at that hearing. While govies were more so worried about the friendlier news from the US and especially the UK of late, they have held in fairly well this week. We will get a much better idea of their sustained resilience or potential weakness with tomorrow's release of the minutes from the latest UK and US central bank meeting minutes.

That has led to those 'country' influences exacerbating the rise in **December Bund future** above its 141.00-.30 resistance once again, even if next resistance is as nearby as 142.00 area. **December T-note future** stallout into the low 127-00 area leaves it vulnerable to slipping back below its critical congestion and UP Break in the 126-24/-16 range. That will depend on the near term data and to some degree whether equities are pushing up aggressively again. And while the **December Gilt future** has squeezed back above its 109.70 DOWN Break, it has further resistance waiting in the area of the 110.75-.50 failed support.

The same can be said for **foreign exchange**, where the downside reaction against the **US dollar** was led by the **euro** in the wake of the surprise ECB rate cut on the 7th, yet with other currencies catching up last week. That led to some interesting situations in the cross rates, where the euro hit and held key supports, especially like **EUR/GBP** .8350, **GBP/AUD** 1.4100, and especially **EUR/JPY** low-131.00 area against ultimate weak sister Japanese yen. It is all part of the **US Dollar Index** rally appearing to be more of an extended reaction than major trend reversal on its rally stalling at no better than failing short of the more prominent .8200. And the **EUR/USD** has also recovered nicely back above the post-ECB 1.3425 DOWN Break, even if a Close above 1.3550 is likely necessary to confirm return to a more bullish trend once again.

While a very more convoluted situation than the other asset classes due to the weakness of the Japanese yen, it also remains much the same as 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 with (even if now also a bit 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 on Thursday.

DEC S&P 500 Future: Short term Double Top 1,747.50 DOWN Break Negated last Friday meant 1,785 & 1,795-1,800 resistances likely to be hit. Video analysis: <http://bit.ly/1al3Krp>.

RES: 1,795-1,800 (l.t. topping & OSC); 1,825-30 (OSC)

SUPP: 1,785 (s.t. topping); 1,775 (OSC); 1,730-35; 1,700-05; 1,695

Government Bond Futures: The other great change is central bank accommodation tied into better than expected economic data is once good in the near term for primary government bond markets. But will it last if economic data firms at all from this week's rather extensive weakness? What is clear is the Fed is not likely to taper this side of Dr. Yellen's first meeting as Chairman in March. This is apparent in the T-note only rallying back so far to test its Negated 126-24/-16 UP Break and Gilt below 110.75-.50 struggling a bit with 110.00 area, even if resilient Bund above 141.30-.00 back into interim 142.00 res.

DEC T-note: RES: 127-00/126-24 (Negated UP Break); 127-10; 127-16/24; 128-02
SUPP: 126-04; 125-24/-16; 124-24/-16; 123-04/-16; 122-30; 122-02

DEC UK Gilt: RES: 110.50-.70; 111.75-.30; 112.50; 113.61-.28
SUPP: 110.20-109.70; 109.20-108.75; 108.15; 107.85-.50

DEC Bund: RES: 142.00; 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) stabilized it, even if unable to reach upper-.8100 or low .8200 area so far.

RES: .8150-40; .8180; .8210-25; .8267; .8335-55; .8450; .8516
SUPP: .8080-50; .8000-.7950; .7860-10; .7680-50; .7500; .7472-50

EUR/USD: Violation of 1.3710 only led to stallout into 1.3836 Fib resistance. And the ECB rate cut subsequent failure below left 1.3450-1.3500 support also left up channel 1.3425 DOWN Break. Yet lack of downside follow through leaves euro feeling stronger again.

RES: 1.3550; 1.3650; 1.3711; 1.3836; 1.3900; 1.40-1.41
SUPP: 1.3450-25; 1.3350-00; 1.3200-50; 1.3150; 1.3080; 1.2950-1.3000

GBP/USD: Second stallout into 1.6250 is potential Double Top, with 1.5900-1.6000 key intervening low area. Holding slippage below 1.5900 area this week looks like a false DOWN Break attempt, which has undertone improving again as well on daily MACD.

RES: 1.6120; 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

Foreign Exchange: US Dollar (continued)

USD/JPY: Trapped recently between 98.30 UP Break and 98.80 DOWN Break, US dollar general strength assisted violation of that upper boundary. Yet, 100.62 still the critical short-term higher resistance this side of a test of May 103.30 DOWN CPR.

RES: 100.00-.62; 101.45-25; 103.30-.74 (DOWN CPR & hi)

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

AUD/USD: Push above low-.9500 Fib resistance stalled into major .9700-50 area Fib and congestion. Even on current reaction below .9500, low-.9300 to mid-.9200 support still likely to hold. Current .9370 daily up channel DOWN Break key near term resistance.

RES: .9370-88 (OCT '11 low); .9500-.9450; .9581; .9705-50; .9850-10

SUPP: .9320; .9280-40; .9190; .9175-56; .9050-00; .8900; .8867-48

Foreign Exchange: Cross Rates: The obvious indication is ECB's somewhat surprising rate cut put the euro under pressure against other currencies as well as the US dollar. That weakness is also bringing somewhat of a 'secular US dollar strength' mentality (rightfully or not.) However, the euro weakness was buffered to a goodly degree by that weakness then infecting other currencies against the greenback. So it has all equalized a bit, leaving the US dollar looking less a dynamic trend reversal than extended correction. The euro has commensurately been able to gain once again to some degree against the weaker sisters; especially the yen (watch the 135.00 resistance) and even the Aussie (the 1.4500-50 resistance key again), yet not so against Sterling (back down to .8400-.8350.)

EUR/JPY: **RES:** 135.00; 135.50 (rally high); 137.00; 138.50-139.14; 140.00

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 .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:** 1.4500-50; 1.4725; 1.4927; 1.5016;

SUPP: 1.4400-1.4350; 1.4265; 1.4165; 1.4050; 1.3950; 1.3860-10

We hope you find this helpful.

-Rohr

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