ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Wednesday, December 4, 2013

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

▪ **Macro-Technical Trend Perspective: Heavy data again combines with central banks. Of course, that is only to be expected in a classical first week of the month that is a full calendar week. No delays in any of the central bank meetings or key economic data.** And it's already been an interesting week on the underperformance of some data (Spanish Manufacturing PMI and other Euro-zone data as well as Australian indicators.) And even though there have been several central bank influences, none have been very critical.

Yet with the US data still strong on balance, why would the equities pick the typical Santa Claus Rally (or as we always point out, the 'Santa Portfolio Manager Rally') time frame to begin a selloff? We have continuing concerns about the impact on US consumer discretionary spending from the problems with what we now refer to as the UN-Affordable Care Act (also known as Obamacare.) While the concerns may be overblown, there are quite a few (in the millions of) Americans losing perfectly good health insurance policies, and being forced into what are more expensive plans. While monthly premiums are not necessarily any higher, the 'deductable' (amount the insured pays prior to the insurance company picking up the tab) are very high. This creates 'risk' of major additional costs being foisted onto the consumer. All of which creates uncertainty that suppresses spending, and does not include the employer mandate which will begin to see many others kicked off their old policies into mid-late 2014.

▪ **Most Likely Critical Horizons:** It has been a typically data heavy first week of the month with a couple of key influences from modest surprises. Those include Monday's weaker than expected Spanish Manufacturing PMI's along with weak Euro-zone Retail Sales that began this week's equities selloff. This morning saw weaker than expected Australian GDP that also weighed on equities psychology and especially the Australian dollar. And while we have had central bank influences (RBA and Bank of Canada rate decisions and statements), the latest also proved to be the most bland: this afternoon's Fed Beige Book that only saw a steady as it goes 2.0% US economic growth environment. And in any event, all that pales in comparison to what is in store from both central banks and data into the later part of this week.

Thursday is a light economic data day in front of US Initial Jobless Claims, GDP, Personal Consumption, Monthly Chain Store Sales and Factory Orders as well as Canadian Ivey Purchasing Managers Index. There is only the Australian Trade Balance. Far more important will be UK Chancellor Osborne's Autumn Statement, the BoE and ECB Rate Decisions and Statements, and the ECB President Draghi's post-rate decision press conference. And as influential as all that might be, no first week of the month can be complete without the very important **Friday** US Employment report; especially after last month's much stronger than expected figures. Even that is preceded by Australia AiG Performance of Construction Index, Japan Leading and Coincident Indices, UK New Car Registrations and German Factory Orders, and followed by Personal Income and Spending, Preliminary Michigan Confidence, Consumer Credit, and the Canadian Employment report. There is also Fed-speak from Plosser and ex-head Greenspan, and a separate speech by the Chicago Fed's Evans.

▪ **Economic Data Highlights:**

Monday: Global Manufacturing PMI's, Australia RPData/Rismark House Px & TD Securities Inflation & Building Approvals & Company Operating Profit & Inventories & Commodity Index, Japan Capital Spending & Company Sales and Profits & Loans & Discounts & Official Reserve Assets & Vehicle Sales, China , HSBC/Markit Manufacturing PMI, UK Hometrack Housing Survey, US September and October Construction Spending

Tuesday: Japan Monetary Base & Labor Cash Earnings, Australia Current Account Balance & Net Exports of GDP & Retail Sales, China Non-manufacturing PMI, UK Halifax Plc House Prices & BRC Sales Like-For-Like & PMI Construction, OECD Consumer Price Indices, Euro-zone PPI, US ISM New York & Vehicle Sales

Wednesday: Global Services PMI's, Australia GDP & RBA Chart Pack, UK BRC Shop Price Index & Official Reserves, Euro-zone Retail Sales & GDP and associated figures, US MBA Mortgage Applications & ADP Employment Change & Trade Balance & September and October New Home Sales & Canada International Merchandise Trade

Thursday: Australia Trade Balance, UK Lloyds Employment Confidence, US Challenger Job Cuts & Initial Jobless Claims & GDP & Personal Consumption & Monthly Chain Store Sales & Factory Orders, Canada Ivey Purchasing Managers Index

Friday: Australia AiG Performance of Construction Index & Foreign Reserves, Japan Leading and Coincident Indices, UK BoE/GfK GfK NOP 12-month Inflation Attitudes Survey & New Car Registrations, German Factory Orders, US Employment report & Personal Income and Spending & Preliminary Michigan Confidence & Consumer Credit, Canada Employment report and associated figures

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

Monday: ECB's Constâncio, BoE Q3 Funding for Lending Scheme data, Fed's Bernanke, Fed's Plosser

Tuesday: Reserve Bank of Australia Rate Decision and Statement, BoE's Paisley, BoE publishes record of Financial Policy Committee, BoE's Butler, ECB's Nowotny

Wednesday: BOJ's Sato, Troika Starts 10th Review of Portugal, BoE's Bland, Bank of Canada Rate Decision and Statement, Federal Reserve Beige Book

Thursday: BoE's Haldane, UK Chancellor Osborne Autumn Statement, Bank of England Rate Decision and Statement & Asset Purchase Target, European Central Bank Rate Decision and Statement & Deposit Facility Rate, Fed's Lockhart, ECB's Draghi post-rate decision press conference, Fed's Fisher

Friday: ECB's Nowotny, ECB's Asmussen, Fed's Plosser and Greenspan, Fed's Evans

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

Monday: None
Tuesday: UK, UK announcement
Wednesday: Australia, Germany, Portugal
Thursday: Japan, Spain, France, US 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 fitting once again at this time, even if FTSE is an obvious laggard. December S&P 500 future is kind of critical after failing to sustain its push above the 1,805-10 area at the end of last week. As noted previous, the negative signal from the violation of the 1,799 area low leaves the 1,800 area as resistance; and that was reinforced by today's failure to get back above it on ostensible 'good news'.**

And the important short-term support in the 1.789 area was also temporarily violated today on a swing that got near even more important short-term trend support down into the 1,775-70 area. However much other data and influence might flow from other sources, whether the **December S&P 500 future** will either get back above 1,800 for a potential push to the 1,808-17 resistance or attack the 1,775-70 support area support once again will likely rest with two key influences. Those are the European Central Bank press conference following its likely lack of any interest rate change, and Friday's US Employment report. The latter is especially important in the wake of last month's much stronger than expected numbers. On balance, the bears have the best window seen since the US government shutdown, but must get the market to fail 1,770 area.

That is all explored at length in this morning's concise **Rohr-*Blog* (http://bit.ly/YcbRwv)** ***TrendView Video*** analysis **(http://bit.ly/1az7RX0)**, with the video timeline posted on the blog. That covers the changes in the telling aspects of the equities, govvies and foreign exchange since the eve **more extensive multi-asset class analysis** is in Tuesday morning's major ***TrendView Video*** analysis **(http://bit.ly/187Y3IU)**, which covers each market in all asset classes, including divergence in **foreign exchange** even prior to today's Australian dollar flop. .

And as noted previous, while the govvies were content to remain firm with equities on the back of the previously weakish US economic data, **December T-note future** stalling again into the low 127-00 area left it vulnerable to slipping back down if the news improves to any degree. That has also seen the technical manifestation of both it and the **December Gilt future** having Head & Shoulders Tops with critical thresholds just below today's lows: 125-16 in the T-note and 108.30 area in the Gilt. Even after 'country' influences noted of late exacerbating the rise in **March Bund future** above its 141.00-.30 resistance once again, it has now sunk back down to the more important supports in the 140-,40-.00 range. So in their way after all of the previous divergence govvies are loosely calibrated once again on whether they can hold in the near term.

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 November 7th, yet with other currencies catching up shortly thereafter. The difference is the strength which has returned to Europe versus the sustained weakness in Asia. As noted previous, that euro selloff led to interesting situations in the cross rates, where the **euro** hit and held key supports like **EUR/GBP** .8350, and especially **EUR/AUD** 1.4100 and **EUR/JPY** low-131.00 area. Of course, **sterling** has maintained its bid to a goodly degree against the **euro**, even as they both have gained significantly against Asia over the past two weeks. All of which is covered at length in the videos and the previous text based analysis in **Rohr-*Blog*** below the video analyses.

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 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 tomorrow's US Close.

DEC S&P 500 Future: After 1,785 UP Break fed move to low-1,800 major topping line, it was a disappointing finish after squeezing above 1,805-10 on Friday. 1,817 now critical.

RES: **1,808-17 (l.t. topping & OSC); 1,843-48 (all-time high OSC)**

SUPP: **1,785 (s.t. topping accel. & OSC); 1,750-48; 1,730-35; 1,700-05**

Government Bond Futures: Central bank accommodation into better than expected data is once again not great for the primary government bond markets. But they are not all that weak either in light of sustained equities rallies. Equities' weak finish last week after what might have been runaways above key resistances didn't hurt. It all likely rests with important early month data again next week. Note that the Bund has already been shifted to the March futures in front of the December 6th expiration. Yet the slight March premium means no major implications as seen on December's discount in September.

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: **110.20-109.70;** 110.50-.70; **111.75-.30; 112.50; 113.61-.28**

SUPP: **109.20-108.75; 107.85-.50;** 106.60; 105.50; **105.00-104.60**

MAR Bund: RES: 141.50; 142.00-.10; **142.50-.65; 143.30-.50; 144.00-.40**

SUPP: **141.00-.30; 140.10-.30; 139.60;** 139.00: **138.41 (SEP 2012 low)**

June 2015 Short Money Forward Futures:

Eurodollar: RES: **99.48 (all-time hi); 99.60 & 99.70 (OSC)**

SUPP: **99.40-.425; 99.33-.34;** 99.25-.29; **99.20; 99.12-.14;** 99.06-.04

Foreign Exchange: US Dollar

USD INDEX: As the summer rally into the more major mid-.8400 area resistance stalled, it fully reversed on consideration the US was 'easy' in wake of previous FOMC/Bernanke expressions… and more so on mid-September FOMC QE "no taper" shock. Even though it rallied on US NFP and other strong data back above.8050-80 (now key support with .8038 Tolerance), unable to reach upper-.8100 or low .8200 area on stall into mid-.8100s.

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

SUPP: .8050-38; .8000; **.7950;** .7900; **.7860-10; .7680-50; .7500**

EUR/USD: Violation of 1.3710 only led to stallout into 1.3836 Fib resistance. And the ECB rate cut subsequent failure below 1.3450-1.3500 support also left an up channel 1.3425 DOWN Break. Yet lack of downside follow through left euro strong again above 1.3560.

RES: 1.3650; **1.3711; 1.3836;** 1.3900; **1.40-1.41**

SUPP: **1.3550-60; 1.3450-25; 1.3350-00; 1.3200-50; 1.3150;** 1.3080

GBP/USD: Second stallout into 1.6250 was potential Double Top, with 1.5900-1.6000 key intervening low area. Holding slippage below 1.5900 area two weeks ago was a classical false DOWN Break attempt. That has (not surprisingly) led to the push above mid-1.6200 area for a new high for the rally. 1.6379 already reached, with 1.6500-50 next resistance.

RES: **1.6379 (JAN hi); 1.6500-50;** 1.6619; **1.6710-48;** 1.6879; 1.7044

SUPP: 1.6300; **1.6250-80;** 1.6120; 1.6000-1.5950; 1**.5880-1.5900**

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. Now also above 100.62 and interim 101.45-25 (now s.t. support) points to test of May 103.30-.74 DOWN CPR & high.

RES:	**103.30-.74 (DOWN CPR); 105.50;** 107.50; **109.00; 110.00-.50**
SUPP:	101.45-25; **100.00-.62; 98.80; 97.00-96.71;** 96.00; **95.00**

AUD/USD: Push above low-.9500 Fib resistance stalled into major .9700-50 area Fib and congestion. Subsequent slide below .9500 violated low-.9300 to mid-low .9200, which is a major UP Break failure. That is now resistance, and .9000 and .8848 (AUG low) supports.

RES:	.9175-56; **.9190; .9280-40;** .9320; **.9370-88 (OCT '11 low)**
SUPP:	**.9050-00; .8900; .8867-48; 8770-50; .8578-54; .8316**

Foreign Exchange: Cross Rates: The obvious indication was ECB's somewhat surprising rate cut that put 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, leaving the US dollar looking less a dynamic trend reversal than extended correction. The euro has commensurately been able to gain once again, and concerns about weaker data and the influence of the Chinese plenum decisions have left Asia the weaker sisters. That was not surprising on yen (euro right well up above 135.00), and now even Aussie

EUR/JPY:	**RES:**	**138.50-139.14;** 140.00; **141.00-142.50 (Fib & OSC);** 143.90
	SUPP:	137.00; **135.00-135.50 (rally high); 134.00; 132.50-80; 131.00**

EUR/GBP: Pound regained strong sister status since summer. Repeated .8750 area euro failures led to drop below .8600 into .8350 area low end of channel. Failure to maintain push above .8550 weak sign on way to critical retest of key .8350-00 bottom of channel.

	RES:	.8400; **.8475-90; .8550; .8650; .8700-50; .8800-30;** .8880
	SUPP:	**.8350; .8300-.8280;** .8230; **.8150-30;** .8085; .8035; **7975**
EUR/AUD:	**RES:**	**1.4927; 1.5016;** 1.5100; **1.5200; 1.5500;** 1.5700; **1.6000**
	SUPP:	1.4725; **1.4500-50; 1.4400-1.4350;** 1.4265; **1.4165; 1.4050**

We hope you find this helpful.
-Rohr
(www.rohrintl.com)
Rohr-*Blog*: Commentary, Video Analysis, Calendar, Perspective, Projections
(www.rohr-blog.com/)
