ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Wednesday, December 11, 2013

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

▪ **Macro-Technical Trend Perspective: NO holiday from Washingt6on DC follies yet. Even as we see better economic data, there are stresses from the weather, the now 'in process' US budget deal (which should be good news) and even Obamacare burdens.** One item that is going to be telling late this week is tomorrow's US Retail Sales. While there have been some interesting reports this week, it has also been the first US post-Employment report 'data vacuum' in quite a while. And in the context of what were described as lower than expected actual sales over the Thanksgiving weekend (in spite of higher traffic), tomorrow's US Retail Sales figures should be a key influence into the end of this week and beyond.

Then there is the typical DC Follies. For various reasons we expect both sides in the House to be more rational this time. The bottom line is they each need a 'win' after the Republicans took such a hit on the benighted government shutdown; yet they were proved at least partially right by the slow motion train wreck that is the Obamacare rollout and implementation.

Those are separate items, because the rollout being plagued by a total turkey of a website is just one aspect. Yet that is only the signup phase that has folks concerned about access to health insurance policies now that almost all existing policies are cancelled by the new law. Other than "keep your old policy and doctors" being the 'big lie' which the administration and its minions used to get elected in 2012, the new policies' premiums are going up at the same time as out-of-pocket deductibles are skyrocketing. Total cost is off the charts, and is at least passingly likely to be a significant headwind for consumer spending into next year.

This all creates a lot of uncertainty, especially for middle class families who cannot afford to be uninsured; like those with small children or active women's' healthcare issues that know they need insurance. While there have been a lot of anecdotal stories, recent broad surveys support this view. While some may get bargains and some suffer, the 'average' health insurance policy price has increased 50%. Along with that the deductibles are up between 100% and 140%. Bottom line: previous combined policy cost and deductibles for a family of four was $7,000 ($4,000 + $3,000). New Obamacare coverage: $17,400 ($7,400 + $10.000). They can't afford it. Not many can conjure up another $800(+/-) from their monthly budget.

[Editorial Change to next section. Our subscribers have requested we provide more Perspective above, and limit opinion of reports and events to the very 'most critical'.]

▪ **Most Likely Critical Horizons:** It has been a mixed if interesting data week so far, yet the degree to which the Volcker Rule implementation guidelines were still flexible to a degree was possibly the bigger, and somewhat constructive news equities and the banking sector. The European Banking Authority (EBA) moving toward a union was also constructive.

With very little economic data on Friday, **Thursday's** Australian Employment report, Japan and Euro-Zone Industrial Production, and US Retail Sales and Business Inventories are likely be be the main psychological drivers of the markets. While that is accompanied by New Zealand and Swiss central bank decisions, those are not likely to be very trend-decisive.

▪ Economic Data Highlights:

Saturday: China Trade Balance

Monday: Japan GDP and associated figures & Trade Balance and Current Account & Bank Lending & Eco Watchers Survey, China CPI & PPI, German Labor Costs & Trade Balance and Current Account & German Industrial Production, Euro-Zone Sentix Investor Confidence, OECD Composite Leading Indicators, Canada Housing Starts, US Household Change in Net Worth

Tuesday: Japan Tertiary Industry Index & BSI Large All Industry & BSI Large Manufacturing & Consumer Confidence Index, China New Yuan Loans & Money Supply & Aggregate Financing RMB & Industrial Production & Retail Sales & Fixed Assets Ex Rural, Australia Home Loans & NAB Business Conditions and Confidence & Investment Lending, UK RICS House Price Balance & Industrial and Manufacturing Production & Trade Balance & NIESR GDP Estimate, Italian GDP, US NFIB Small Business Optimism & Wholesale Sales

Wednesday: Australia Westpac Consumer Confidence, Japan Machine Orders & Domestic Corporate Goods Price Index, German CPI, US MBA Mortgage Applications & Monthly Budget Statement

Thursday: Australia Consumer Inflation Expectation & Employment report, Japan Tokyo Avg Office Vacancies & Industrial Production and Capacity Utilization, Euro-Zone Industrial Production, Canada Capacity Utilization Rate & New Housing Price Index & Teranet/National Bank HPI, US Retail Sales & Initial Jobless Claims & Import Price Index & Business Inventories

Friday: UK Construction Output, US PPI

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

Monday: ECB's Mersch, Euro Area Finance Ministers Meet in Brussels, BoC Financial System Review, Fed's Lacker, Fed's Bullard, Fed's Fisher (twice), BOE's Carney

Tuesday: EU Finance Ministers Meet in Brussels, ECB's Draghi, US Financial Regulators Meet on Volcker Rule

Wednesday: Troika Returns to Greece, European Banking Authority holds board meeting, ECB's Nowotny, ECB's Constancio, BoE's Weale

Thursday: Reserve Bank of New Zealand Rate Decision and Statement, ECB's Draghi, Swiss National Bank Rate Decision and Statement, ECB Monthly Bulletin, ECB's Liikanen, European Banking Authority holds board meeting, ECB's Asmussen, BoC's Poloz

Friday: BoE's Carney, ECB's Praet, ECB's Constancio and Hansson and Latvia's Rimsevics, BoE's Dale

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

Monday: Italian announcement
Tuesday: Spain, UK, US
Wednesday: Italy, Germany, US
Thursday: Japan, UK, US announcements, US
Friday: ECB announces LTRO repayment, UK *DMO publishes 2014 issuance calendar*

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 (no active BoE QE efforts likely the culprit.) Extended influence now fully confirmed by Dr. Yellen's hearing is a key driver as the US QE implications remain a driver for the psych elsewhere for now; at least for now, and even in spite of the previous week's FOMC minutes ripple. Yet, today's weakness in the wake of a US budget deal and better than expected economic data is a sign that there is some sort of general unease.**

Is that based on something as obvious as early jitters over a potential Fed QE taper next week? Or might it be more so based on our 'outlier' assessment of the increasingly heavy impact of the Obamacare pressure on the middle class? Even though we believe the Fed QE taper will not happen at the major FOMC announcement and projections revisions and press conference next Wednesday, that doesn't mean the equities might not be bothered by the prospect.

For all manner of good reasons, it seems to us that the Obamacare serial failures and now obviously higher costs (it's becoming the UN-Affordable Care Act) are the sort of things the market might be taking more so to heart. That would be the kind of 1-2 month anticipation which the markets classically exhibit. However, any short term selloff would need to break technical trend support to confirm price activity is reflecting those sorts of forward looking problems.

Even as the **December S&P 500 future** had a significant setback today after failing once again to overrun 1,810-24 resistance (major weekly topping line and oscillator.) The most interesting bit in the short term is the degree to which today's failure below 1,800 and 1,794 leave those as renewed resistance; even if it has traded above and below them previous. Finishing today below the 1,785 short term support means any violation of 1,780 area would point to a likely test of the far more major and critical 1,775-70 area congestion and Fibonacci 0.25 retracement.

All of which becomes that much more important as we head for December contract expiration next week Thursday. Much below 1,770 the overall up trend support in the 1,750-42 range would become very critical. That includes both more major Fibonacci levels, the November 7th (post-ECB rate cut) low at 1,742.50 and the overall up channel support from the 1,640 US government shutdown reaction low. But first, can the bears even get it below 1,770?

That is explored in this afternoon's concise **Rohr-*Blog* (www.rohr-blog.com)** ***TrendView Video*** analysis **(http://bit.ly/1e7HUWF)**, with the video timeline posted on the blog. However, it is limited to the equities and fixed income due to the need to explore those expiration rollovers next week Thursday. Those include the **S&P 500 future** and **T-note future**, and what ultimately becomes the typical quarterly *de facto* expiration for the Gilt future (even though the official expiration is not until December 27th; which is useless for tracking a real trading and trend.)

And while the govvies are content to remain firm with equities in spite of firmer US economic data, **December T-note future** stalling again into the low 127-00 area left it vulnerable to slipping back down to the key 125-16 support; which it held after a modest washout in spite of last Friday's better than expected US Employment report. And while the **December Gilt future** has squeezed back above its 109.70 DOWN Break again, it had further resistance waiting in the area of the 110.75-.50 failed support along with its weekly down channel as low as the 110.20 area it respected last week. That led to the similar downdraft to Break DOWN below 108.65, even if holding the 108.30 after the US Employment report. Both of those markets' weakness is very important in light of discounts in the March contracts into December expiration next week. Both need a rally by next Thursday to prevent further technical 'displacement' erosion.

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.

It is all still part of the **US Dollar Index** rally appearing to be more of an extended reaction than major trend reversal even if the Asian weakness is buffering any major greenback selloff now. Yet its rally stalling at no better than the more prominent .8200 resistance was telling. Not very impressive so far, and moving down to the mid-.8100 area this week makes that congestion and gap even more critical. Lower support remains .8070-50 with a Tolerance to the critical .8038 November 6th pullback low. And the **EUR/USD** also recovered nicely back above the post-ECB 1.3425 DOWN Break two weeks ago, and looks good after holding on the sharp 'early QE taper' selloff last month. Today's Close above 1.3711 is also daily channel UP Acceleration, pointing toward higher ground a potential retest of the 1.3838 Fibonacci resistance.

And that is similar to even firmer activity in the British pound which leaves **GBP/USD** violation of its 1.6260 Double Top key resistance and mid-upper 1.6300 range a sign of the ability to test the 1.6500-50 historic congestion. Of course, those lower levels are now support.

And all the while Asia remains weak on the Australian dollar joining the Japanese yen on the **AUD/USD** failure below the .9200 area tolerance of the upper-mid .9200 area support (previous Break and major Fibonacci level.) That points to slippage at least back to the .9000 area, now fully in line with the **USD/JPY** push back above 99.00 pointing to a test or violation of the 103.30 May DOWN CPR resistance. And that is having the predictable implications for the cross rates, all of which was explored at length in yesterday morning's ***TrendView Video*** analysis.

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* (www.rohr-blog.com)**. Those will be updated after the US Close on Friday.

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:	**1,813 (l.t. topping); 1,824 (OSC); 1,850-55 (all-time high OSC)**
SUPP:	**1,785 (s.t. topping accel. & OSC); 1,770; 1,750-48;** 1,726

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 that weak either in light of what should have been a disastrously strong US Employment report on Friday. That said, still on cusp of major Tolerance levels like December T-note future 125-15, December Gilt 108.30 & March Bund 140.00, Any farther equities strength or positive economic data may well tip them over the edge for another point to point-and-a-half lower. That's also very critical for all weekly MACD's, which are still up for now.

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

Government Bond Futures (continued):

DEC UK Gilt:	**RES:**	109.00-108.75; **110.20-109.70;** 110.50-.70; **111.75-.30; 112.50**
	SUPP:	**108.65-.30; 107.85-.50;** 106.60; 105.50; **105.00-104.60**
MAR Bund:	**RES:**	**140.00-.40; 141.00-.30;** 141.50; 142.00-.10; **142.50-.65**
	SUPP:	139.50; **139.00-138.70;** 138.41 (SEP 2012 low); **137.80**

June 2015 Short Money Forward Futures:

Eurodollar:	**RES:**	**99.46-.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 last strong US NFP, it was not the case today. Likely a sign of NO taper, and in any event back below .8050-80 (.8038 Tolerance. Looks like .8000 or .7950 test likely.

RES:	.8050-38; **.8150-40;** .8180; **.8210-25; .8267; .8335-55; .8450**
SUPP:	.8000; **.7950;** .7900; **.7860-10; .7680-50; .7500**

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

RES:	**1.3711; 1.3836;** 1.3900; **1.40-1.41; 1.4248;** 1.4420; **1.4500-50**
SUPP:	1.3650; **1.3550-60; 1.3450-25; 1.3350-00; 1.3200-50; 1.3150**

GBP/USD: Second stallout into 1.6250 was potential Double Top, with 1.5900-1.6000 key intervening low area. Holding early NOV slippage below 1.5900 area was a classical false DOWN Break attempt. That has (not surprisingly) led to the push above mid-1.6200 area for a new high above 1.6300-79, which is now support 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;**

USD/JPY: Push above 98.80 DOWN Break on US dollar general strength led to violation of 100.62 and interim 101.45-25 (now s.t. support.) While test of May 103.30-.74 DOWN CPR led to 102.90 daily DOWN CPR, which only reinforces the critical nature of that area.

RES:	**102.90-103.13 (DOWN CPR); 103.30-.74 (DOWN CPR); 105.50**
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. While that weakness seemed to also bring some 'secular' US dollar strength, as we have noted that was fairly transitory. The US dollar has been looking less dynamic after that isolated November 7th 'pop', as Europe has regained the upside leadership even if weaker Asia has buffered the greenback's weakness. 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 into 141 after holding 131), and now even Aussie (euro from 141 to above 151.)

EUR/JPY:	**RES:**	**141.00 (Fib); 143.00 (OSC);** 143.90; **146.00 (OSC)**
	SUPP:	140.00; **138.50-139.14;** 137.00; **135.00-135.50 (rally high)**

EUR/GBP: Pound regained strong sister status since summer. Repeated .8750 area euro failures led to drop below .8600 and .8350 low end of channel for DOWN Acceleration. Yet recovery back above .8303 is UP CPR that reinstates .8350-00 as support for now.

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

We hope you find this helpful.
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