

ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Tuesday, December 17, 2013

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

▪ **Macro-Technical Trend Perspective:** NO secrets. It's about the FOMC on Wednesday. Even as we see economic data that might be influential under other circumstances and the first US budget in six years (instead of another failure of a 'continuing resolution'), there's only one tune equities want to dance to now: The Taper-On/Taper-Off Tango. And that was even apparent last week. There were those who pointed to the highly vocal yet ultimately flimsy right wing Republican and left wing Democratic objections to the budget deal as the rationale for last Wednesday's selloff (i.e. directly in the wake of the announcement.)

Yet we felt it was just the bears willing to front run the idea that the deal was the last 'macro' good news in front of the Fed QE taper coming tomorrow. Of course in the short term they paid dearly for that. And in fact, that's been the story of the entire bull run this year: plenty to worry about, but nothing so sustained as to allow bears to put the equities below significant support at the key moment. While we feel there are factors that will further assist the bears into next year, note how the Evolutionary Trend View (ETV) failed to vindicate them this year.

Using the S&P 500 future as a very brief guide, there was the Boston Marathon Tragedy that only tested 1,530 support, the original May Taper Tantrum down to 1,550 support, renewed taper worries back down from a new high to the 1,628 Negated DOWN break in August, and a dip somewhat near that same level on the government shutdown in October... but NEVER any actual failure below any of those levels. And the key to why so many feel that any taper might upset equities is the Fed coming out at each of those junctures to reconfirm NO taper.

And **March S&P 500 future** will need to break 1,770-63 near term congestion and also the 1,750-43 deeper congestion and channel support to provide the bears any real reinforcement for the possibility there is an intermediate term trend reversal. Feels a long way off right now. And yet, there is that Obamacare slow motion train wreck. As we explored that in last week's **Summary Perspective**, we refer you back to that for how it hits middle class spending.

[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:** Between Advance PMI's and industrial surveys and inflation numbers, it has been a passing interesting week so far. Yet all of that has already felt less than trend decisive for markets doing the Taper-On/Taper-Off Tango (see above.) Even since last week the idea the first *bona fide* US Congressional budget deal in a while would bring an equities selloff shows the hyper sensitivity to **Wednesday** afternoon's FOMC announcement, projections and press conference. It is also getting very thin in front of both FOMC meeting and the significantly truncated holiday week calendar next week (2 trading days in London.)

While some of it might be meaningful, all other news tomorrow morning is neutered in front of the FOMC. That leaves us with **Thursday's** Japanese & UK retail turnover indications, some US data and an EU Summit extending into **Friday**, which also has interesting Italian numbers, and not much else that looks to be very trend decisive compared to the reaction to the FOMC.

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 Tankan Surveys & Tokyo Condominium Sales, China HSBC/Markit Flash Manufacturing PMI, Euro-Zone Advance PMI's & Trade Balance, UK Rightmove House Prices, US Non-Farm Productivity and Unit Labor Costs & Empire Manufacturing & Markit US PMI Preliminary & TIC Flows & Industrial Production and Capacity Utilization

Tuesday: Australia Conference Board Leading Index, Japan Machine Tool Orders, EU 25 New Car Registrations, UK PPI & CPI & RPI & CBI Trends Total Orders and Selling Prices, Euro-Zone and German ZEW Surveys, Euro-Zone CPI, US Current Account Balance & NAHB Housing Market Index, Canada Manufacturing Shipments

Wednesday: Australia Westpac Leading Index & Skilled Vacancies, Japan Merchandise Trade Balance, China November Property Prices & MNI December Business Indicator & Conference Board November Leading Economic Index & CBI Reported Sales, German IFO, Euro-Zone Construction Output, UK Employment and Earnings figures, US MBA Mortgage Applications & Housing Starts and Building Permits, Canada Wholesale Sales

Thursday: Japan All Industry Activity Index & Leading Index & Nationwide and Tokyo Department Store Sales, Euro-Zone Current Account, UK Retail Sales, US Initial Jobless Claims & Existing Home Sales & Philadelphia Fed. & Leading Indicators

Friday: Japan Supermarket Sales & Convenience Store Sales, German Producer Prices & GfK Consumer Confidence Survey, Italian Industrial New Orders and Sales & Retail Sales, UK GfK Consumer Confidence Survey & Public Finances & GDP & Current Account & Total Business Investment, US GDP and associated figures & Kansas City Fed Manf. Activity, Canada CPI & Retail Sales, Euro-Zone Consumer Confidence

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

Monday: ECB's Draghi at two hearings in Brussels

Tuesday: RBA's Debelle, RBA Meeting Minutes, BoE's Carney,

Wednesday: RBA's Stevens, Bank of England Meeting Minutes, FOMC Rate Decision and Statement and Economic Projections, Fed's Bernanke post-rate decision press conference

Thursday: RBA Quarterly Bulletin, Swiss SECO Economic Forecasts, EU Summit into Friday, Fed's Fisher, SNB Quarterly Bulletin

Friday: Bank of Japan Monetary Policy Statement, EU Summit concludes

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

Monday: None

Tuesday: Japan, Spain, US

Wednesday: US

Thursday: Spain, US T-note & TIPS

Friday: ECB announces LTRO repayment, Italian announcement

Concise Market View

▪ The **March S&P future** is kind of critical after the December contract failed to sustain its push above the 1,805-10 area last week. As noted previous, that Evolutionary Trend View (ETV) left the negative signal from the violation of 1,800 and 1,794 levels pointing to a test of short-term trend support into the 1,775-70 range. The low end of that range is very significant lead contract (still December) congestion and Fibonacci 0.25 retracement, much as the 1,763 area in March contract. Much below it the lower end of that range into 1,750-43 area is next significant support.

On govvies, the **March T-note future** resistance around 125-05 is equivalent of the December contract (expiring Thursday) 126-16. That is still relevant for other govies as we head into the expiration rollover. That is due to the 1-10 discount in the March contract meaning it still needs the December contract to rally to reinforce recent resilience, or it is likely to resort to weakness. And the 126-00 and 125-16 levels are still critical support for the lead contract (still December for now) that need the March contract to recover at least to the low end to continue the resilient technical picture on the weekly continuation chart.

The key to the foreign exchange remains the aftermath of the break led by the euro in the wake of the surprise ECB rate cut on November 7th, yet with other currencies catching up on the downside against the US dollar after that. The difference is the strength which has returned to Europe versus the extended weakness in Asia, especially with the **euro** reasserting itself back above EUR/USD 1.3711 and Australian dollar serial failures below AUD/USD .9200 and .9000. The low end of that range is still a very important oscillator support which must be regained in order to rescue the Aussie, which likely has implications for the Japanese yen as well.

That is explored in this morning's concise **Rohr-Blog (www.rohr-blog.com) TrendView Video** analysis (<http://bit.ly/1kd0nl0>), with the video timeline posted on the blog. However, it is limited to the foreign exchange, and we suggest yesterday morning's **TrendView Video** for analysis and outlook of the equities and fixed income (which is a bit lengthy due to the need to explore those expiration rollovers into 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 official expiration is not until December 27th; which is useless for real trend 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 again later this week.

MAR S&P 500 Future: After 1,785 UP Break fed move to low-1,800 area, disappointing back below 1,794. 1,763 key support Video analysis incl. rollover <http://bit.ly/1qByMtL>.

RES: 1,785-87; 1,800 (OSC & cong); 1,805; 1,818 (l.t. topping); 1,830

SUPP: 1,764; 1,750; 1,740-38; 1,726-20; 1,700; 1,685-80

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 two weeks ago and other strong data. That said, lead contracts still on cusp of major Tolerance levels like December T-note future 125-15, December Gilt 108.30 and March Bund 140.00, T-note and Gilt need a rally for discounted March contracts to regain key lead contract levels. Otherwise they might 'default' into weakness late this week.

MAR T-note: RES: 124-24/16; 125-24/16; 126-04; 127-00/126-24 (NEG UP Break)

SUPP: 123-04/16; 122-30; 122-02; 121-24; 121-08; 119-20

Government Bond Futures (continued):

MAR UK Gilt: RES: 107.95-.85; 108.65-.30; 109.00-108.75; 110.20-109.70
SUPP: 107.40; 106.60; 105.50; 105-104.60; 104.25-.08; 103.10-102.90

MAR Bund: RES: 140.00-.40; 140.80-141.00; 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: 99.40-.425; 99.46-.48 (all-time hi); 99.60 & 99.70 (OSC)
SUPP: 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.) .8000 and .7950 still lower supports.

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 push above mid-1.6200 area for new high above 1.6300-79, which is now support along with 1.6260 that held last week.

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, that only reinforces the critical nature of that area.

RES: 103.30-.74 (DOWN CPR); 105.50; 109.00; 110.00-.50
SUPP: 102.90-103.13; 101.45-25; 100.00-.62; 98.80; 97.00-96.71; 96.00

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: a major UP Break failure. That is led to violation of .9000 OSC support; .8848 (AUG low) supports.

RES: .9050-00; .9175-56; .9190; .9280-40; .9320; .9370-88
SUPP: .8900; .8867-48; 8770-50; .8578-54; .8316; .8200-,8175

Foreign Exchange: Cross Rates: The obvious indication was ECB's somewhat surprising November rate cut that put euro under pressure. While that weakness seemed to also bring some 'secular' US dollar strength, as we 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 much weaker Asian currencies have 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 above 141 after holding 131), and now even Aussie (euro from 141 to above 151) even if OSC resistances loom.

EUR/JPY: RES: 143.00-.50 (OSC); 146.00-.50 (OSC); 148.75-149.25
SUPP: 141.00 (Fib); 140.00; 138.50-139.14; 137.00; 135.00-135.50

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: .8475-90; .8550; .8650; .8700-50; .8800-30; .8880
SUPP: .8400-20; .8350; .8300-.8280; .8230; .8150-30; .8085; .8035

EUR/AUD: RES: 1.55 (cong.); 1.5600 (OSC); 1.5700; 1.59-1.60 (cong. & OSC)
SUPP: 1.5200; 1.5100; 1.5016; 1.4927; 1.4725; 1.4500-50

We hope you find this helpful.

-Rohr

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