

ROHR INTERNATIONAL

Weekly Report & Event SUMMARY PERSPECTIVE

Wednesday, January 15, 2014

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

▪ **Macro-Technical Trend Perspective:** “...weather outside is frightful, but in here it’s...” as the old song (*Let It Snow*) lyric says, inside is pretty delightful. And even the dreaded “Arctic Vortex” has abated. Chicago has been above freezing since. Not exactly warm, yet navigable if you’ve been conditioned previous by -40°F wind chills. More important is whether this has any lasting economic impact. In our view likely none, or even a slight positive for GDP. That has to do with Pre- and Post-arctic blast activity. And as you might surmise, there was quite a bit of stocking up on food prior to the well-advertised ‘big chill’ setting in, and a very significant bump in fuel consumption during the event.

But mightn't the bills for all that suppress discretionary spending in other areas? Not in the winter apparel market at the height of the season!! You can bet that sales of winter-wear are going to be stronger much further South than any of the predictions might have anticipated. And the fact that those are ‘one-off’ investments is going to further encourage consumers in the normally warmer climates to proceed with the purchase of warmer outer garments. It is reinforced by the degree to which the residences in those areas are not really equipped to handle the cold. As such, the better than expected US Retail Sales numbers on Tuesday were not much of a surprise. And they negated the angst over that factor from Monday.

And that is all part of the bears still lacking any ability to put the equities back under pressure; just as was the case last year. Using the S&P 500 future as a very brief guide, the Boston Marathon Tragedy only tested 1,530 support, the original May Taper Tantrum held into 1,550 support, renewed taper worries from a new high held the 1,628 Negated DOWN break in August, with a dip somewhat near that same level on the government shutdown in October... but NEVER any actual failure below those key levels. And the key to why we feel the equities remain firm is the New Year selloff not even reaching (much less breaking) the 1,800 area. However ‘toppy’ they may feel at times, Monday’s downdraft not even being able to maintain the fresh 1,827 DOWN Break on Tuesday is another sign the bears are not yet in control.

▪ **Most Likely Critical Horizons:** Between all of the negative views on China due to nothing more constructive than somewhat weaker CPI (which is an explicit government goal) and the passingly weak CPI’s elsewhere, the news remains positive on balance. And the poster child for that is something we have pointedly noted in the US equities trend analysis: the degree to which negative commentary (and market anticipation) for US retailers just did not show up once again in Tuesday’s formal Retail Sales release... classical. That said, what might impact the equities in a negative way after today’s lame yet still mildly constructive Beige Book?

Given recent US and Canadian surprises, it likely pays to keep a close eye on **Thursday’s** Australian Employment and Philly Fed, with a late morning speech by the Fed’s Bernanke. Friday actually gets a bit more interesting with Japan Department Store Sales, Consumer Confidence, UK Retail Sales, Euro-Zone Construction, and US Housing Starts, Industrial Production and Michigan Confidence along with debt ratings reviews for Portugal and Ireland. And don’t forget that the US is Closed (NYSE included) for the Martin Luther King Day Holiday.

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▪ [Economic Data: Most Interesting Highlights](#)

Monday: German Wholesale Price Index, Italian Industrial Production, Bank of Canada Senior Loan Officer Survey, US Monthly Budget Statement

Tuesday: Japan Trade Balance & Current Account & Bank Lending & Eco Watchers Survey, China FDI, UK CPI & PPI & RPI & DCLG UK House Prices, Euro-Zone Industrial Production, OECD Harmonised Unemployment Rates, US NFIB Small Business Optimism & Retail Sales & Import Price Index & Business Inventories, Canada Teranet/National Bank HPI

Wednesday: Australia New Motor Vehicle Sales, German GDP, Spanish CPI, Euro-Zone Trade Balance, US PPI & Empire Manufacturing, Canada Existing Home Sales

Thursday: Japan Tertiary Industry Index & Domestic Corporate Goods Price Index, Australia Employment Change, EU 25 New Car Registrations, Italian Trade Balance, German and Euro-Zone and US CPI, Canada International Securities Transactions, US Initial Jobless Claims & TIC Flows & Philadelphia Fed & NAHB Housing Market Index

Friday: Japan Nationwide * Tokyo Department Store Sales & Consumer Confidence Index, UK Retail Sales, Euro-Zone Construction Output, US Housing Starts and Building Permits & Industrial Production and Capacity Utilization & Michigan Confidence & JOLTs Job Openings

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

Monday: All Japanese Markets Closed for Coming of Age Day, ECB's Mersch, Fed's Lockhart, EU Parliament panel hearing on Lautenschlaeger ECB appointment

Tuesday: Fed's Plosser, Fed's Fisher

Wednesday: Bundesbank's Nagel, ECB's Mersch, BoE's Cunliffe, Furse, Sharp at Treasury Hearing, ECB's Mersch, Fed's Evans, Federal Reserve Beige Book, Fed's Lockhart

Thursday: ECB Monthly Bulletin, Fed's Williams, Fed's Bernanke, ECB's Reinesch

Friday: BoE's Broadbent, S&P reviews Portugal BB, Moody's reviews Irish Ba1, Fed's Lacker

Monday: All US Markets Closed (including NYSE) for Martin Luther King Day Holiday

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

Monday: Italy, Germany

Tuesday: None

Wednesday: Japan, Australia, Germany, UK

Thursday: Spain, US TIPS announcement

Friday: Australia, ECB announces LTRO Repayment

[Concise Market View](#)

▪ The March S&P future is kind of critical after the recovery from Monday's low has left them up near the 1,846.50 trading high from the end of last year. That Monday's selloff was temporary anticipation that did not actually turn the trend down is most apparent in the March S&P 500 future not remaining back below the previous 1,829 short-term channel DOWN Break from a week ago Friday; or the 1,827 fresh Monday DOWN Break. That has turned those areas back into support for an attempt to push up through resistance at the 1,846.50 high that it neared yesterday. A test of the 1,860 topping line and oscillator resistance is the next resistance above that, with the 1,830-25 area now near term support.

That is explored in this morning's concise **Rohr-Blog** (www.rohr-blog.com) **TrendView Video** analysis (<http://bit.ly/19ur56n>), with the video timeline posted on the blog. And it is a global video that covers all markets in all asset classes that we typically review.

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: Stallout last week points to 1,815 and 1,880 area supports, even as overall trend remains bullish. Higher resistance remains 1,846.50 high and 1,855-60 .

RES: 1,846.50; 1,855-60 (OSC & top line) & 1,880-85 (all-time OSC)

SUPP: 1,822 (UP Accel.); 1,806; 1,800; 1,785-87; 1,763; 1,750-42

Government Bond Futures: Strong upside reaction to today's US Employment report weakness has put the govbies back on the offensive, yet with some key higher levels yet to be challenged. Those include March T-note challenging the low 124-00 area, yet with much heavier resistance up into 124-18 and 125-00. March Gilt future has switched into strong sister on 108.00 UP Break, yet nearer more major resistance at 109.25. That is also much the same for March Bund future that is right up against its 140.00-.40 resistance, with additional resistance on the 140.80-141.00 daily DOWN Break and congestion.

MAR T-note: RES: 124-24/-16; 125-00; 125-24/-16; 126-10; 126-25

SUPP: 124-08/-00; 123-00/122-27; 122-05 (SEP low); 121-08; 120-16

MAR UK Gilt: RES: 108.65-.30; 109.25; 110.00; 110.50; 111.10-.25

SUPP: 108.00 (UP Brk); 107.40; 107.00 (UP Brk); 106.35-.00; 105.50

MAR Bund: RES: 140.00-.40; 140.80-141.00; 141.50; 142.00-.10; 142.32; 143.35

SUPP: 139.70; 139.50; 139.00-138.70; 138.41 (SEP 2012 low)

June 2015 Short Money Forward Futures:

Eurodollar: RES: 99.36-.34; 99.40-.425; 99.46-.50 (all-time hi); 99.60 (OSC)

SUPP: 99.25-.29; 99.20-.18; 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 slid below .8000 on previous euro strength, it rallied back above .8050-38 on both Fed QE taper surprise and today's US Employment report. And yet, that is not a decisive up trend signal unless sick gap further above .8100, and knock out the .8150 resistance.

RES: .8100; .8150; .8180; .8210-25; .8267; .8335-55; .8450

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

Foreign Exchange: US Dollar (continued)

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 its recent 1.3600 DOWN Break, which feels an awful lot like what transpired in early November.

RES: 1.3711; 1.3836; 1.3900; 1.40-1.41; 1.4248; 1.4420; 1.4500-50

SUPP: 1.3600; 1.3500; 1.3450-25; 1.3350-00; 1.3200-50

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. Back up near 1.6500-50, with 1.6250 still significant support.

RES: 1.6500-50; 1.6619; 1.6710-48; 1.6879; 1.7044; 1.7230-70

SUPP: 1.6379 (JAN hi); 1.6250-80; 1.6120; 1.6000-1.5950;

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.) Overrunning 102.90 daily DOWN CPR led to Negation of May 103.30-.74 DOWN CPR: that 1.03.00 area still significant support.

RES: 105.50; 109.00; 110.00-.67; 112.50; 114.50-115.00

SUPP: 103.74; 103.30-102.90; 101.45-25; 100.00-.62; 99.20-98.80

AUD/USD: November slide below .9500 violated low-.9300 to mid-low .9200: a major UP Break failure. That led to violation of .9000-50 OSC support, which is now critical weekly MA-9 and congestion resistance. Recent .8930 daily UP Break now short-term support.

RES: .9050-00; .9175-56; .9178; .9280-40; .9320; .9370-88

SUPP: .8900; .8867-48; 8770-50; .8578-54; .8316; .8200-.8175; .8000

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' in spite of Fed QE taper. Weaker Asian currencies have finally managed to gain on the euro and pound, yet into higher oscillator and congestion after recent early year bounce, with more major European versus Asia supports lower. The euro will be much more critical into 141-140 against the yen, and if it gets down to the 1.5000 area against the Aussie.

EUR/JPY: **RES:** 143.00-.50 (OSC); 145.00-.50 (OSC); 148.75-149.25; 150.75

SUPP: 141.00 (Fib); 140.00; 138.50-139.14; 137.00; 135.50-.00

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. And recovery to hold .8300 important and spite of temporary slippage below .8280-50.

RES: .8350; .8400-20; .8475-90; .8550; .8650; .8700-50; .8800-30

SUPP: .8303-.8280; .8230; .8150-30; .8085; .8035

EUR/AUD: **RES:** 1.55 (cong.); 1.5650-1.57 (OSC); 1.5950-1.6050 (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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