

# ROHR INTERNATIONAL

## Weekly Report & Event SUMMARY PERSPECTIVE

Wednesday, January 22, 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:** China Business Climate Index & Entrepreneur Confidence Index & GDP & Retail Sales & Industrial Production & Fixed Assets Ex Rural YTD, Japan Industrial Production and Capacity Utilization, German Producer Prices, Italian Industrial New Orders and Sales

**Tuesday:** Japan Supermarket Sales, German ZEW Survey, UK CBI Trends Total Orders and Business Optimism, Canada Manufacturing Shipments & Wholesale Sales

**Wednesday:** Australia Westpac Consumer Confidence & CPI, China MNI January Business Indicator, Japan Leading and Coincident Indices, UK Employment data & Public Finances, US MBA Mortgage Applications & Kansas City Fed Manf. Activity

**Thursday:** Australia Consumer Inflation Expectation, China HSBC/Markit Flash Manufacturing PMI & Leading Economic Index, French Business Confidence, Euro-zone Advance PMI's & Consumer Confidence, UK CBI Reported Sales, Canada Retail Sales, US Initial Jobless Claims & Markit US PMI Preliminary & House Price Index & Existing Home Sales & Leading Indicators

**Friday:** Italian Retail Sales, UK BBA Loans for House Purchase, Canada CPI

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

**Monday:** All US Markets Closed for Martin Luther King Day Holiday

**Tuesday:** BoE's Haldane, ECB's Nowotny

**Wednesday:** BoJ Monetary Policy Statement, BoE Minutes JAN 8-9 MPC Meeting, BoE Agents' Summary of Business Conditions, Euro Area Third Quarter Government Debt, Bank of Canada Rate Decision and Monetary Policy Report, BoC's Polaz Monetary Policy Press Conference, BoE's McCafferty

**Thursday:** BoJ Monthly Economic Report, BoE's Fisher,

**Friday:** BoE Asset Purchase Facility Quarterly Report, BoE's Carney, ECB's Draghi

**Saturday:** Continuing Influences from World Economic Forum, Davos, Switzerland

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

**Monday:** None

**Tuesday:** Japan, Spain, ECB announces weekly MRO-tender & SMP Sterilization operation

**Wednesday:** Germany

**Thursday:** Japan, UK, France, US announcement on T-notes & Floating Rate Note, Italian announcement, US

**Friday:** Australia, ECB announces LTRO Repayment, Italian announcement

**Concise Market View**

▪ The March S&P future is kind of critical within its relatively narrow range after the recovery from last Monday's low has left it up near the 1,846.50 trading high from the end of last year again. Much above that level a test of the 1,865-70 topping line and oscillator resistance is likely in order. That last Monday's selloff was temporary anticipation that did not actually turn the trend down is most apparent in the timely March S&P 500 future recovery back above the 1,827 short term channel DOWN Break right away last Tuesday. That has turned that area (with a Tolerance to the 1,824.50 previous pullback low) into support. Only a failure back below that range would speak of a potential for a bigger break once again, and that will be critical into tomorrow due to so little economic data on Friday this week.

That is explored in this morning's concise **Rohr-Blog** ([www.rohr-blog.com](http://www.rohr-blog.com)) **TrendView Video** analysis, with the video timeline posted on the blog. And as a Concise Highlights video, it still covers the **March S&P 500 future** and other key markets in the all of the asset classes.

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](http://www.rohr-blog.com)). Those will be updated again later this week.

**MAR S&P 500 Future:** Stallout previous week pointed to 1,815 area support, even as overall trend remains bullish. Higher resistance remains 1,846.50 high and 1,864-70.

RES: 1,846.50; 1,864-70 (OSC & top line) & 1,890-95 (all-time OSC)

SUPP: 1,827-24; 1,806; 1,800; 1,785-87; 1,763; 1,750-42

**Government Bond Futures:** Strong upside reaction to last US Employment report weakness has govovies back on the offensive, yet with some major divergence based on 'country' economic data influences (i.e. weak Europe versus stronger US and UK data.) That includes March T-note challenging resistance up into 124-18, yet slipping below 124-00 area before recovering. Stronger sisters Gilt and (weak data driven) Bund held better, even if March Gilt future fell back from 109.16-30 Fib and congestion resistance. March Bund future above 140.00-.40 & 140.80-141.00, with 142.00 next major resistance.

MAR T-note: RES: 124-18; 125-00; 125-24/-16; 126-10; 126-25

SUPP: 124-08/-00; 123-20; 123-00/122-27; 122-05 (SEP low); 121-08

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

SUPP: 108.65-.30; 108.00 (UP Brk); 107.40; 107.00 (UP Brk)

MAR Bund: RES: 141.50; 142.00-.10; 142.32; 143.35-.50; 144.00

SUPP: 140.80-141.00; 140.00-.40; 139.70; 139.50; 139.00-138.70

**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 last US Employment report. And yet, that is not a decisive up trend signal unless it rallies further above .8100, and knocks out the .8150 resistance.

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

SUPP: .8100; .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 until weak data late this week. More support into low-1.3400 area.

**RES:** 1.3600; 1.3711; 1.3836; 1.3900; 1.40-1.41; 1.4248

**SUPP:** 1.3500; 1.3425-00; 1.3300; 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. Reaction from 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; 1.6150; 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:** 105.00-.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 proved to be critical resistance with weekly MA-9. New failure below mid-.8800 area points to .8750 and .8650.

**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 7<sup>th</sup> 'pop' in spite of Fed QE taper. Asian currencies have finally diverged (Aussie being much weaker), and after managing to gain on the euro and pound are back under pressure. With more major European versus Asia supports lower, weakish euro much more critical into 141-140 against the yen, even if it remains much stronger than very weak Australian dollar.

**EUR/JPY:** **RES:** 143.00-.50; 145.00-.50; 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 last summer. Repeated .8750 area euro failures led to drop below .8350 low end of channel for DOWN Acceleration. And recovery to hold .8300 has fizzled and slippage below .8280-50 leaves .8150 key support.

**RES:** .8303-.8280; .8350; .8400-20; .8475-90; .8550; .8650; .8700-50

**SUPP:** .8230; .8150-30; .8085; .8035; .7975-23; .7875; .7782-55

**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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