Rohr International

Weekly Report & Event Summary Perspective

Tuesday, February 18, 2014

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

▪ **Macro-Technical Trend Perspective: "…everything bad is good again…" all around. As equities demonstrated beyond any doubt over the past two weeks, there is a new tune (actually a parody of "Everything Old is New Again") in the markets since the emerging markets crisis cooled down. Of course, potential taper of the Fed QE taper looms large in the wake of recently weaker data, including the previously strong US.** That is not just the second successive disappointing US employment Report two weeks ago. Other US economic data since then has been significantly disappointing as well, even up through this morning's Empire Manufacturing and the especially weak NAHB Housing Index. Even if we often disparage the latter is nothing more than a homebuilder sentiment survey, it is indicative of just how far this previous driver of US strength has slipped in recent months.

And then we get to the question of the influence of the weather on the economic climate. It is reasonable for the bulls to assert that quite a bit of the recent weak data is due to the December and January deep-freeze in the US. And even bears need to allow the dreaded "Polar Vortex" hitting the northern tier with -40°F wind chills and creating insurmountable travel challenges in the South probably did deter a goodly amount of retail and commercial business activity. But the question now, which will spill over into coming months, is whether that is just masking the sort of general weakness which is occurring for other reasons that will not be lifted by rising temperatures. Higher taxes, a weak jobs picture, and especially the rolling predations of what we now fondly refer to as the (Un-)Affordable (Health) Care Act.

The major business uncertainty and extra outright costs are daunting. It is clear that the most recent deferral of the medium-sized business signup mandate until 2016 was a political ploy by the Obama administration to avoid bad electoral consequences this Fall. For more on this see our December 20th ***Obamacare… dagger at the heart of the US economy*** post. Yet all of this will take time to play out into coming months, and for now the weaker data has some feeling that central banks will need to become more accommodative again. That includes the degree to which the Fed will 'taper' the QE taper, And there are even rumors in the air about the recently less accommodative Mario Draghi instituting his own form of QE if the economy in the Euro-zone begins to feel deflationary. In the meantime, "bad news is good news."

▪ **Most Likely Critical Horizons Video:** We continue to expand our use of video to better communicate the ideas behind our Evolutionary Trend View (ETV) of the markets and the forces which are driving them. In brief, this week is going to see much more data that will be accentuated by various central bank influences. The latter are especially telling tomorrow on the release of the BOE and FOMC meeting minutes, followed by the same From BoJ Friday. And along with other central bank and NGO influences, just how sensitive the UK and US central banks are going to be to any economic weakening is the key issue. And among other also important data, the markets will further test that psychology with the release of the UK Employment data tomorrow and global Advance Purchasing Managers Indices on Thursday. For a complete view of the flow of those influences and many others, please link into the ***Weekly Report & Event Overview and Outlook*** full discussion at **http://bit.ly/1fdsUq5**.

Concise Market View

▪ **The March S&P future is kind of critical within its relatively narrow range after recovery from combined emerging markets crisis, continued Fed QE taper and surprisingly weak US economic data into several weeks ago. While the push up has been impressive, it is now back near its 1,846.50 all-time trading high from the end of last year. And even prior to that we have isolated on the gap down from 1,838.60 Close on January 22nd for now.** While there were a couple of higher Closes along the way at the end of last year and earlier in January, the gap lower opening on the morning of January 23rd was the jumping off point for the sharp break into the 1,732.20 reaction trading low two weeks later. And we surmise that any daily Close back above that level would be a strong enough sign to presage a push above the old all-time high. If not, then the March S&P 500 future might at least react back down to lower supports in the 1,810 to 1,804 area (Negated daily channel DOWN Break), with extended support back to the area of the low end of last Tuesday's gap higher at 1794.70.

Along the way, the govvies are rather enjoying the week news that has the March futures back above key DOWN Breaks at the 'even money' areas in each case. And that speaks of the likelihood of at least a near term bout of renewed strength there as long as data remains soft. Foreign exchange has seen the US dollar distinctly dislike the weaker US data, but not to a disastrous degree as most of those markets are orderly trending affairs that have completed reactions at this point pending the next decisions.

Much else remains 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)**. A selection of those is available below, and they will be updated again later this week.

MAR S&P 500 Future: Bounce from 1,804 retest of Negated DOWN Break confirms near term strength. But the burden of proof has shifted to the bulls to get through the late year 1,846.50 all-time high to avoid any slippage with the weekly MACD still DOWN.

	RES:	**1,835-1,838.60; 1,846.50 (all-time high); 1,855-60 (OSC)**
	SUPP:	**1,822-25;** 1,810; **1,804 (DN Break);** 1,793; **1,767-62;** 1,750

Government Bond Futures: Govvies holding up very well on weaker economic data as might have been expected in spite of equities rally; as can be the case in a 'bad news is good news' psychology. And whether the news remains weak is very important to govvies that have each left recent short-term DOWN Breaks just below their higher 'even money' areas: 126-00 T-note, 110.00 Gilt, 144.00 Bund. If the resistances are not violated soon, expect govvies to revisit lower supports. Weekly MACDs remain up for now.

MAR T-note:	**RES:**	126-10; **126-25;** 127-08; **127-16-25; 128-02/-08; 129-08/-20**
	SUPP:	**125-24/-16;** 125-00; **124-18; 124-08/-00;** 123-20; **123-00/122-27**
MAR UK Gilt:	**RES:**	**110.00;** 110.50; **111.10-.25; 111.75-.30; 112.50; 113.61-.28**
	SUPP:	**109.25; 108.65-.30; 108.00 (UP Brk); 107.40**
MAR Bund:	**RES:**	**144.00; 145.00-.20; 145.60-.88; 146.26; 146.89**
	SUPP:	**143.35-.50;** 142.32; **142.00-.10;** 141.50; **140.80-141.00**

June 2015 Short Money Forward Futures:

Eurodollar: RES: 99.46-.50 (all-time hi); 99.53 & 99.63 (OSC)

SUPP: 99.40-.425; 99.36-.34; 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 yet, none of that is a decisive up trend signal unless it rallies further above .8100, and knocks out the .8150 resistance, which it has failed to do.

RES: .8050-38; **.8100; .8150;** .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 the recovery left that as support, reinforced in the current phase by that level being a Tolerance for weekly up channel moving up to the 1.3500 area.

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

SUPP: 1.3600; 1.3500; **1.3425-00; 1.3300; 1.3200-50**

GBP/USD: Having pushed through the attempted 1.6250 Double Top back in November, that area has been good support ever Since. And while it took a while, firm UK economic data has supported the rally extension to 1.6750, with 1.7044 the next historic stop.

RES: 1.6710-48; 1.6879; **1.7044; 1.7230-70**

SUPP: 1.6640; **1.6500-50;** 1.6450; **1.6379 (JAN hi); 1.6250-80**

USD/JPY: As suggested previous, the 102.90 Negated daily DOWN CPR and Negated May 103.30-.74 DOWN CPR remain important resistance after the slide below them. Even so, any extended correction still has very good supports into mid-101, 100 & 99 areas.

RES: 103.30-102.90; 103.74; **105.00-.50; 109.00; 110.00-.67;** 112.50

SUPP: 101.54-25; **100.00-.62; 99.20-98.80; 98.30-.00**

AUD/USD: December violation of .9000-50 OSC & congestion and historic .8848 support led to test of .8670 major Fib. Yet on the recovery it has neared the .9087 reaction rally high that remains key resistance. The extent of the rally reinstates mid-low .8800 support.

RES: .9050-87; .9175-56; **.9178; .9280-40; .9400**

SUPP: .9000; .8930; .8867-48; .8770-50; .8670; .8578-54; .8316

Foreign Exchange: Cross Rates: The obvious indication was ECB's somewhat surprising November rate cut followed by consistent indications that its base rate is going to remain low for a long time during the struggling Euro-zone recovery. That is consistent with Fed policy that is still QE taper-focused, yet with rates also remaining very low. So not much of a secret why the US dollar languishes against all but the weakest currencies (still the commodity currencies in spite of the recent reactions.) And of course the euro remains the weaker sister in Europe even as the yen has weakened of a bit against the Aussie.

Foreign Exchange: Cross Rates (continued):

EUR/JPY:	**RES:**	140.00; **141.00 (Fib); 143.00-.50; 145.00-.50; 148.75-149.25**
	SUPP:	**138.50-139.14;** 137.00; **135.50-.00; 133.50; 132.80-50**

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:	.8230; **.8303-.8280; .8350; .8400-20; .8475-90; .8550; .8650**
	SUPP:	**.8150-30;** .8085; .8035; **.7975-23;** .7875; **.7782-55 (4.5-yr low)**
EUR/AUD:	**RES:**	**1.5200; 1.55 (cong.); 1.5600; 1.5830 & 1.6030 & 1.6330 (OSC)**
	SUPP:	1.5100; **1.5016; 1.4927;** 1.4725; **1.4500-50**

We hope you find this helpful.

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