Rohr International

Weekly Report & Event Summary Perspective

Tuesday, March 18, 2014

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

▪ **Macro-Technical Trend Perspective: Geopolitical impact on central bank psychology? The situation in the Ukraine-Crimea is cooling down, yet that is mostly through the Russian Bear being content to digest his Crimean meal, and the expectation there will be precious few meaningful sanctions from the West. Having set the cat loose among the canaries, the Bear is likely content to sit back and see what they do next instead of making any more aggressive moves right now. All the world has seen from the inept Obama-Kerry team (abetted by Ms. Merkel) is demands that ring extremely hollow.**

And in a wisecrack that reminds us one man's villain is another's hero, the joke going around Moscow right now asks whether one has been sanctioned by the US? If not, it is cited as a sign they have not been doing enough for their country. Gallows humor notwithstanding, the demands by Mr. Obama in this case are wholly reminiscent of the Syrian chemical weapons 'red line' that conveniently went by the wayside once action was indicated. He then relished his great success in bringing an end to the Syrian chemical weapons program through wholly diplomatic means with the help of his friend… Vladimir Putin. Well, Vlad the Peacemaker is now allowing that the elimination of Syrian WMD might take quite a bit longer than expected (echoing Iran's indication their nuclear program negotiation will take much longer as well); and just how much cooperation or enforcement does the West expect from Mr. Putin now?

All of which sounds fairly dire except for the fact that equities are indicating they are pleased for now there is no chance of a more intense military confrontation. And it seems the potential sanctions are also a figment of Obama-Kerry imagination. Ms. Merkel's tough words at the weekend will likely amount to little participation in any meaningful burdens on Russia. As one wag put it today, "You can sanction North Korea and you can sanction Iran, but you cannot sanction the fifth largest economy (by PPP); blowback on the rest of the world is too great."

And especially in light of Europe's extensive dependence on Russia for its energy supplies (which many of us warned years ago was a bad idea in spite of the savings), just what it can do that might cause Russia to reverse its Crimea acquisition is unimaginable. So we have gone from Obama-Kerry demands Russia withdraw from Crimea to warning any incursion into eastern Ukraine would have dire consequences. Like what? And who cares? No credibility.

So what does all this mean to the markets? Much like the previous crises going back to the Asian Contagion in 1997, this is another reason for central banks to remain accommodative. Even as Mr. Carney pushes BoE reforms and warns of low rate assumption bubble risks, the Fed is likely to remain very dovish even as it continues to rein in its QE purchases tomorrow. All of this reinforces the degree to which equities can churn higher in the near term while the govvies suffer a bit on the geopolitical 'haven' bid receding along with Crimean tensions.

▪ **Most Likely Critical Horizons Video:** We must of course pay heed to the BoE minutes tomorrow morning as well as the UK Budget announcement. Yet much is going to rest with the FOMC announcement and Chairman Yellen's first press conference. Even allowing for important US data Thursday and much else on Friday, the FOMC remains a major influence. For more view ***Weekly Report & Event Overview and Outlook*** video **http://bit.ly/1g0t03L**.

Concise Market View

▪ **The June S&P future was kind of critical within its relatively wide range after it slightly violated support last on Friday's Close below the 1,836 low end of the Monday-Tuesday major gap higher from two weeks ago. Yet it immediately gapped back above it on the relief rally yesterday morning. It is also very interesting it managed to push back up this morning above the top of that major gap at 1,856 on Mr. Putin's assertion of no Rusiian interest in any further territory beyond the Crimea. That seems to have liberated it above the top of a potential 'Gap Trap' between the 1,856 area resistance (and 1,860 Tolerance) down to the 1,840-36 range. The recovery from the geopolitical burden looks very good.**

Along the way, the govvies have stopped benefitting from the geopolitical disturbance 'haven' bid that extended the early year rallies. It is not like the removal of the geopolitical tension 'haven' bid has crushed the recent govvies rally. Yet, much like under similar circumstances at the top of the month, there is no rationale by which they should rally through their recent, rather elevated, trading highs if the geopolitical driver for the rally is waning. Especially with June govvies contracts well below levels seen by the March contracts (as discussed at length in all recent ***TrendView Videos***), there is a bearish psychology setting in that might lead at least back to recent lows; if not indeed lower levels across time if the economic news is strong and the Ukraine-Crimea situation remains on the back burner to which it now seems relegated.

The foreign exchange remains a bit more of a churning affair within current trends, and we refer you back to yesterday's ***TrendView Video*** for more on that and churning short money forwards. 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.

JUN S&P 500 Future: Strong sister fall from new all-time high below 1,856 area has now sagged below 1,840-36. Next support into 1,820 area, yet with even more critical support in 1,840 area. Much depends on Crimea referendum response, with 1,856 now resistance.

	RES:	**1,840-36; 1,870-75 (OSC); 1,900 (top line); 1,905-10 (OSC)**
	SUPP:	**1,820;** 1,810; **1,804; 1,788-84; 1,767-62;** 1,750; **1,730-35; 1,720**

Government Bond Futures: Govvies were holding up well on weaker economic data as expected in spite of equities rally. And the Ukrainian crisis Crimea secession vote was enough to put the 'haven' bid back into the Bund and other govvies. All of this will now depend on how that situation goes next week, with an emphasis on whether it seems to weigh on the broader global economy as well as Europe. And it is occurring against the backdrop of quarterly futures expirations that began with typically early Bund last week.

JUN T-note:	**RES:**	125-08; **125-24/-16;** 126-10; **126-25/127-00; 127-20/-25**
	SUPP:	**124-18; 124-08/-03;** 123-20; **123-00/122-27; 122-08;** 121-24
JUN UK Gilt:	**RES:**	110.50; **111.10-.25; 111.75-112.20;** 113.20; **113.76**
	SUPP:	**109.90-110.25; 109.30-.00; 108.65-.30; 108.00 (UP Brk); 107.40**
JUN Bund:	**RES:**	**143.35-.50; 144.00-.30; 145.00-.20; 145.60-.88**
	SUPP:	142.32; **142.00-.10;** 141.60; **141.20-.00; 140.40; 140.00-139.70**

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: Even though it slid below .8000 on euro strength, it rallied back above it on the geopolitical concerns. And yet, the inability to recover even back above the .8050-38 area is not inspiring. Still generally trending lower with EUR/USD finally posting a weekly Close above 1.3836 looking like 1.40-1.41 is possible. Lower support .7950, .7900 & .7860, the lowest of which likely correlates fairly well to EUR/USD 1.4100 area more or less.

RES: .7950; .8000; .8050-38; **.8100; .8150;** .8180; **.8210-25; .8267**

SUPP: .7900; **.7860-10; .7680-50; .7500**

EUR/USD: Finally posting a weekly Close above 1.3836 Fib resistance is propitious for a move to 1.40-1.41. While the daily Close today was not particularly strong, the burden of proof is on the bears to knock it back below 1.3836 and ultimately 1.3700 area. That is now hefty congestion, Fibonacci and weekly MA support. Both MACDs UP this week.

RES: 1.40-1.41; 1.4248; 1.4500; 1.4600-20; 1.4800-70

SUPP: 1.3900; **1.3836; 1.3711; 1.3600;** 1.3500; **1.3425-00; 1.3300**

GBP/USD: Having pushed through the attempted 1.6250 Double Top back in November, that has been good support. And while it took a while, firm UK economic data supported rally extension to 1.6750. Even though it has stalled in that area since short-term DOWN CPRs 3 weeks ago, it remains in up trend above 1.65. Next resistance is 1.7040 area.

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 restraining rally for now. Even so, the current correction has good supports into 101.30 & 100.00 up channels noted previous.

RES: 101.54; **103.30-102.90;** 103.74; **105.00-.50; 109.00; 110.00-.67**

SUPP: 101.00-100.62; 100.00; 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. Nature of the rally reinstates .8930 & low-.8800 support.

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

SUPP: .9000; .8930; .8848-10; .8770-50; **.8670; .8578-54;** .8316

Foreign Exchange: Cross Rates: The obvious indication was ECB's somewhat surprising November rate cut followed by all recent 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.) Yet for now the euro has firmed a bit against sterling even if the yen has firmed again against the Aussie within ranges.

Foreign Exchange: Cross Rates (continued):

EUR/JPY:	**RES:**	**143.00-.50; 145.00-.50; 148.75-149.25**
	SUPP:	**141.00 (major 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 .8350 DOWN Acceleration. After early February recovery above .8300 fizzled .8350 remained key resistance that it just Closed above, even if next res. is .8450.

	RES:	**.8400-20; .8440-70; .8550; .8650; .8710**
	SUPP:	**.8350; .8303-.8280; .8150-30;** .8085; .8035; **.7975-23;** .7875
EUR/AUD:	**RES:**	**1.55 (cong.); 1.5600; 1.5830 & 1.6030 & 1.6330 (OSC)**
	SUPP:	1.5390; **1.5200;** 1.5100; **1.5016; 1.4927;** 1.4725; **1.4500-50**

We hope you find this helpful.

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