Rohr International

Weekly Report & Event Summary Perspective

Wednesday, March 26, 2014

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

▪ **Macro-Technical Trend Perspective: Geopolitical impact meets the Fed Stress Tests. The situation in the Ukraine-Crimea is still tense. Yet we suspected that Mr. Putin would be savvy enough to wait for the US-EU Summit this week to see just what the West's extended response might be to his recent Crimean land grab and potential future designs on some portion of the Ukraine. What he got was not much more than a lot of hot air, and even likely comfort that he was not going to need to worry at all about any sort of military response. Mr. Obama's speech today was very clear on that.**

All of which must be as disconcerting to US allies and encouraging to US enemies as many of the other geopolitical stances by the current US administration. When one adds up the slack the Iranians have been afforded to pursue their nuclear weapons program under the guise of negotiating 'final agreement' on their overall nuclear power program, feckless abandonment of the Syrian opposition to the tender mercies of a Bashar al-Assad who is ostensibly going to be replaced under the auspices of Russian oversight (don't hold your breath), and many other missteps that include the initial demand that Russia withdraw all troops from Crimea, who really takes the US seriously anymore? That is compounded by the contrarian nature of the positions Mr. Obama has taken, aided and abetted by the equally ineffectual John Kerry.

While there is a question over just how extensive a market impact any of this will have, the longer run prospects are not good. Eventually Russian influence, if not outright occupation, of a major portion of Easter Europe will have a commercial impact that extends to the markets. The Obama-Kerry response almost begs further aggression from Russia. Mr. Obama noting there will be no military displacement of Russia from Crimea is counterproductive if he also wishes to assert the reinvigoration of NATO. And his pledge to assist Europe achieve energy independence from Russian gas and oil supplies also lacks credibility. Does anyone really believe that a US President as anti-carbon fuel as Mr. Obama is suddenly going to see the light and approve the many major pipelines necessary to take advantage of the natural gas by-product from shale oil fracking? We can't even get the Keystone Pipeline approved after five years. And the idea that the US is going to impose the sort of sanctions on Russia that might actually have a major impact ignores the fact that most of its European allies rightfully fear the backlash into their own economies. Weak sanctions and a clear commitment to no military action (as if NATO or the US were even up to that) is another major gaffe.

And the additional telling influence came from today's Fed Comprehensive Capital Analysis and Review portion of the Major Bank Stress Tests. That Citigroup failed to get its capital plans approved on key issues of dividend distributions, and was criticized for ineffective management procedures sent equities reeling. And in its wisdom the Fed decided to release all that right into the US equities Close, leaving no room for the markets to digest it and react.

▪ **Most Likely Critical Horizons Video:** We have summarized that and important economic data Thursday, and very much else on Friday so typical of the next to last day of the month. For more see ***Weekly Report & Event Overview and Outlook*** video **http://bit.ly/1hDWukx**.

Concise Market View

▪ **The June S&P future was kind of critical within its relatively wide range after it slightly violated resistance (at what should have been the top of a right shoulder of an H&S Top) at 1,868 early last Friday. However, by lunchtime it was back below the early morning 1,866-68 gap higher, which became a short-term DOWN Exhaustion Gap re-establishing that area as fresh resistance. More important along the way was how near it had traded to the March 7th 1,877.20 high, effectively leaving the start of a Double Top pattern that pointed to 1,833 intervening March 14th (very weak pre-Crimean secession referendum vote) Close to complete the pattern; which might be fulfilled after today's sharp selloff.**

Of course, that would then only become the next critical decision parameter rather than ensure any more extensive slippage. Along the way, govvies had stopped benefitting from geopolitical disturbance 'haven' bids, yet seem to have those back in Europe along with equities weakness contributing to that govvies strength. That is not showing up to any great degree in the far more (geographically) removed US T-note. Especially with June govvies contracts having recovered to varying degrees from well below levels seen by the March contracts (as discussed at length in all recent ***TrendView Videos***), any return of that bearish psychology likely needs to see some sort of equities basing and renewed rally; which may be close at hand if the June S&P 500 future does indeed hold 1,833, or refuses to maintain any DOWN Break below it.

The foreign exchange remains a bit more of a churning affair within current trends with the exception of the strength of the British pound and Australian dollar. We refer you back to this morning's ***TrendView Video*** for more on that and interesting recent developments in the 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 in the sidebar 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 near 1,877 June contract trading high back below key s.t. 1,868-66 congestion also a s.t. DOWN CPR. Could be the evolution into a short-term daily Double Top, with the intervening 1,833 Close-gap bottom key level.

	RES:	**1,877; 1,884.50 (all-time hi); 1,905 (top line); 1,910-15 (OSC)**
	SUPP:	**1,868-66; 1,840-33; 1,820;** 1,810; **1,804; 1,788-84; 1,767-62**

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 was moot after Hike Hysteria (similar to last May's Taper Tantrum) engendered by Janet Yellen's Wednesday "six month" likely misstatement. Govvies took fright, yet have only dropped to lower supports for now. Much likely rests with the geopolitical influences again.

JUN T-note:	**RES:**	123-20; **124-08/-03; 124-18;** 125-08; **125-24/-16;** 126-10
	SUPP:	**123-08/-04; 122-27; 122-08;** 121-24; **121-08; 119-20**
JUN UK Gilt:	**RES:**	**109.90-110.25;** 110.50; **111.10-.25; 111.75-112.20;** 113.20
	SUPP:	**109.30-.00; 108.65-.30; 108.00 (UP Brk); 107.40-.00; 106.35**
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: 99.36-.34; 99.40-.425 (DN Break); 99.46-.50 (all-time hi)

SUPP: 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 was not inspiring. Still generally trending lower in spite of EUR/USD being back below 1.3836, which works with critical nature of Yellen comment-driven .8000 UP Break.

RES: .8000 (UP Break); .8050-38; **.8100; .8150;** .8180; **.8210-25; .8267**

SUPP: .7950; .7900; **.7860-10; .7680-50; .7500**

EUR/USD: Finally posting a weekly Close above 1.3836 Fib resistance was propitious for a move to 1.40-1.41. While Wednesday's daily Close back below 1.3836 included a daily channel 1.3815 DOWN Break, it has still held the top of the 1.3750-00 support for now. That's hefty congestion, Fib and weekly MA support; critical with daily MACD DOWN.

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

SUPP: 1.3836-15 (DN Break); 1.3750-00; 1.3600; 1.3500; **1.3425-00**

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 stalled there on mid-February short-term DOWN CPRs, it remains in up trend around 1.6500 with 1.6250 still the major extended support.

RES: 1.6500-50 (DN Break); 1.6640; **1.6710-48;** 1.6879; **1.7044**

SUPP: 1.6450; **1.6379 (JAN hi); 1.6250-80; 1.6165-40; 1.6050**

USD/JPY: As noted previous, the Negated May 103.30-.74 DOWN CPR remains important resistance restraining the early month rally. Even so, current correction into a sideways churn has good supports into 101.60 & 100.60 dual weekly up channels noted previous.

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

SUPP: 101.60; 100.60; 100.00; **99.20-98.80; 98.30-.00**

AUD/USD: December violation of .8848 support led to test of .8670 major Fib. Yet on the recovery it has neared the .9087 January reaction rally high that remains key resistance. Nature of the rally reinstates .8930 & low-.8800 support, with .9240-.9300 key resistance.

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 in spite of the (likely misguided) inferences from Janet Yellen's "six month" comment on Wednesday. So not much of a secret why the US dollar languishes against all but weakest currencies (still the commodity currencies in spite of the recent reactions) even with euro off a bit.

Foreign Exchange: Cross Rates: (continued)

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:**	1.5390; **1.55 (cong.); 1.5600; 1.5830 & 1.6030 & 1.6330 (OSC)**
	SUPP:	**1.5200-1.5150;** 1.5100; **1.5016-00; 1.4927;** 1.4725; **1.4500-50**

We hope you find this helpful.

-Rohr
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