Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
Sent: Thursday, February 04, 2016 9:03 AM
To: undisclosed-recipients:
Subject: ROHR TREND ALERT!!

Dear Alert Service Subscriber,
This is a critical short-term view:

While we were more circumspect on the MARCH S&P 500 FUTURE yesterday, that was in part due to the erratic higher opening where the key lower levels were still quite important *as we indicated.) And as noted in Tuesday's Follow-Up ALERT, the fine line 'Tolerance' of 1,902-1,895 support was the 1,893.70 top of the gap from Friday's higher opening (i.e. Friday's low of the day) on the BoJ surprise cut to negative interest rates**. Much below it the market should have been more likely to want to revisit the more major 1,865-60 area that it held all week last week on setbacks** (even after the still somewhat hawkish FOMC Statement.)

So even in spite of Wednesday's higher opening, the market dropped down below 1,902-1,895 in approximately the first 30 minutes of Wednesday's trading. It was a blatantly negative sign. And consistent with our expectations (even if a bit more accelerated than even we might have expected), it dropped directly to the top of the 1,865-60 area followed by a rapid recovery.

<u>Here's the critical consideration today</u>**: The holding action of MARCH S&P 500 FUTURE holding 1,865-60 area and then recovering is reminiscent of the activity after last week Wednesday's FOMC statement indicated the Fed's continued instinct to raise rates several more times this year. That is a constructive sign, yet only regarding the resilience of lower support. Based on recent short term activity there is now also another interim resistance above 1,902-1,895 in the 1,910 area this side of the 1,925-32 resistance.**

On a further note regarding the drivers for Wednesday morning's Ecstasy followed by such rapid and extensive Agony (with apologies to Irving Stone), **it was likely based on weak data along with the dual interpretation of what NY Fed head Dudley had to say.** While not overtly admitting December's FOMC rate hike was a mistake, raising doubts over whether the path for future rate increases will at all resemble the projections in December is obviously important.

Though the EQUITIES took some initial comfort from his dovish revisionism, the extended influence was for markets to be very nervous over the possibility that the December FOMC rate hike was indeed a mistake. That is especially so in the context of the broader FOMC perspective still standing in spite of what Dudley had to say.

The one bright note for EQUITIES this morning is the Bank Of England Monetary Policy Committee going to a full nine votes (versus 8-1 previous) to hold its base rate steady at 0.50%. Its Inflation Report press conference also reinforced the degree to which the BoE is not considering raising rates anytime soon. And opposite to the Fed that may be beginning to realize tightening is misguided, the BoE joins the ECB and BoJ in remaining very accommodative in the current weak global economic context.

And that should be constructive for EQUITIES in the near term on further reinforcement for the 'bad news is good news' psychology.

[For those of you who are subscribers, see the latest Global View TrendView video analysis at www.rohr-blog.com for more on the current trend evolution. It is available to all Gold and Platinum echelon subscribers along with the Market Observations.]

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