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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR TREND ALERT!!

Dear Subscribers,

After slightly mixed international data this morning, firm US Industrial Production and Capacity Utilization are likely buoying the US equities after Wednesday's sustained pressure. Of note, the previous equities weakness was reinforced by strength in the govies in spite of higher US inflation indications, accompanied by more extensive weakness in the US dollar than since it rallied on the House passage of the 2018 budget resolution at the end of October; and this may amount to a failure of that time's UP Breakout.

Yet US equities are now back above the next incremental (rising) lower interim weekly Oscillator support (more below) they Closed below on Wednesday. However, any return to weakness is likely only possible if the House somehow fails to pass the tax reform bill. That is needed to stimulate more corporate investment and hiring. Yet it is still running into problems on some features we noted prior to and after last Thursday's Senate tax plan rollout.

That is now a further challenge due to its very different approach than the House, which votes on its version of the plan on Thursday. For much more on continued (and possibly worsening) challenges facing US tax reform, see last Wednesday's www.rohr-blog.com post "Commentary: Trump Tax Tract III." That updates some ground we have covered before, yet also highlights some new problems. For instance, last Thursday's Senate unveiling of its plan showed a benighted delay (2019) for corporate tax reductions. This repeats the Reagan 1981-82 phased tax reduction that caused initial economic weakness.

As noted in recent posts, "They never seem to learn." And overall success of the tax reform effort is now brought into question by Senator Ron Johnson (R-WI) saying he cannot vote for it for reasons other than the SALT deductibility other Republicans have objected to. So even if the House passes its bill today, it does not guarantee the effort succeeding in the much more closely divided Senate.

This is the critical consideration:

After the December S&P 500 future was able to put in a new high above the previous 2,507 all-time high (now extended support as well), the next resistance was into the 2,525-30 weekly Oscillator threshold (MA-41 plus 130-135) into early October. That moved up to 2,563-68 last week (held at the 2,563 lows of Thursday's sharp selloff that are now being violated)...

...and rises to 2,570-75 this week, which it is currently recovering back above.

The push above the previous early October 2,550.75 all-time high leaves it as next lower support, with a broad Tolerance to late October trading lows around 2,542. On the other hand, the extended lower support is not until the low 2,500 area based on the violated all-time highs noted above.

The next major extended Oscillator resistance (tested repeatedly over recent weeks) was at 2,593-98 last week, rising to 2,600-05 this week.