

## Alan Rohrbach

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**From:** ROHR Alert <rohralert@gmail.com>  
**Sent:** Wednesday, May 16, 2018 9:06 AM  
**To:** undisclosed-recipients:  
**Subject:** ROHR ALERT!! NOTE: Much the Same

Dear Subscribers,

It's still 'bond yield time', and that telling influence remains pretty much the same as communicated in Tuesday's ALERT!! We refer you back to that for how US equities are now needing to react to the negative aspects of higher US 10-year yields reaching critical levels. That is in spite of the previous two weeks' US equities (and others) strengthening on a 'bad news is good news' psychology...

...with weaker economic data translating into less hawkish central banks, or conversely at least remaining more accommodative than previously anticipated. However, recent tariffs threats could increase intermediate-term production input costs, and the continued overall strength of the US and Chinese economies are driving an overall positive global economic psychology in spite of the tariff risks.

That is glaringly apparent in this month's OECD Composite Leading Indicators released Monday morning. Our mildly marked-up version highlighting those tendencies is available at <http://bit.ly/2L65hmD>. And as opposed to the 'drive by' glance at it in late April, the US 10-year Treasury-note yield is still pushing up into and slightly above the key late 2013 3.05% (a nearly 4.5-year high yield.) If it maintains strength above that, the next key yield threshold is not until 3.21% last seen in early 2011 (see our mid-April table at <http://bit.ly/2HctAg3>)...

...and it will be important to see how that will affect the June S&P 500 future that has been down testing 2,710-00 congestion for the past couple of sessions. It is going to be a key arbiter for the short-term trend. The key bond market area to watch is the June T-note future 118-21 equivalent to that 3.05% 10-year cash yield, which it has also been testing over the past couple of sessions.

Courtesy repeat of Tuesday's critical considerations:

After its test of 2,809, the June S&P 500 future failing to hold the 2,770-60 range into mid-March left it weak. It was therefore no real surprise it slipped below interim 2,700-10 and 2,660-50 areas. That entitled it to revisit the broader channel tested in the mid-2,500 area back in early February that had moved up to 2,620 in mid-March. The early April failure below it and weekly MA-41 allowed for further weakness to near lower support in the 2,550-32 range tested in early February.

As noted at that time, it was important to see if it could claw its way back above 2,600-20, which was accomplished later that week on the delay in imposing any tariffs. That reinstated it as lower support. It finally pushed back above 2,650-60 in mid-April as well to test 2,700-10 area prior to weakening again late that week.

With it back below 2,650-60 three weeks ago and again after the May 2nd FOMC statement, lower 2,600-20 support became more important. That held two weeks ago Thursday morning, and finishing that week back above 2,650-60 was a very strong sign. Holding it early last week despite the US Iran nuclear deal withdrawal was a key indication. Recently above the 2,700-10 range leaves that as support, with resistances at 2,760-70 and the 2,810 area.

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