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From: ROHR Alert <rohralert@gmail.com>
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Subject: ROHR TREND ALERT!!

Slo-mo and lightning. US equities have been intractably stuck this week after slipping down to lower support (more below) on Tuesday. Quite a bit of that is the still firm US (and other) equities up trend being offset by the rise in US yields. That has also been very orderly in spite of the US 10-year yield moving up to a new 7-year high (i.e. above the late 2013 3.05% upside reaction high.) And thus, the orderly interest rate increase begets an orderly US equities reaction to the next lower support. This will need to be closely monitored.

This is also a day with no US economic releases after light yet firm international data. This adds to yesterday's expectation that it will be a psychological/technical finish for the week. And as opposed to very orderly US equities and US yields…

...that's where the lightning comes in: foreign exchange. Various international politico-economic influences out of the Trump administration have caused some weakness in developed currencies, and have outright slammed many of the emerging currencies in what can be described as 'lightning' fast moves.

The latest example after previous sustained weakness in the Turkish lira this year is the Mexican peso's sharp reversal from among the stronger currencies as recently as mid-April to recent extreme weakness. Just today USD/MXN has pushed through a key late 2017 19.90 high. It probably has something to do with US Trade Representative Lighthizer talking about how far apart the parties are in the NAFTA renegotiation. Yet it also points out there is extensive volatility in the background that may yet trigger sharper reactions in US equities as well.

This is the 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 steel 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. Above 2,700-10 again last week leaves it support that is currently being retested, with resistances at 2,760-70 and the 2,810 area.

[For those of you who are subscribers, see the latest analysis and Market Observations write-up at www.rohr-blog.com for more on the current trend evolution. Market Observations are available to Gold and Platinum subscribers.]

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