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

As noted Monday morning, 'it' finally happened. 'It' being the more definitive retaliation against Trump & Co.'s sustained aggressive tariffs and trade talk and ultimate action. And China's tit-for-tat threat to the same amount of US imports as the $50 billion the Trump administration put on Chinese imports was already not sitting well with equity markets that weakened on Monday.

Yet even if that was only modest softening, the Trump administration response being the threat of an additional $200 billion worth of tariffs has finally hit the US equities (more below.) Even though Europe and Japan are also suffering, the already not so strong Chinese equities are even weaker. That is because versus US equities giving back part of an overall excellent performance, the Shanghai Composite (for example) is down at a new 1-year low, and if it should drop much below 3,000 it will be at almost a 2-year low. For context, its low after its 2015 bubble and bust was into the 2,638 January 2016 low. As such, it is in worse shape than others. And the Trump administration controls a lot more 'tat'...

...on the degree to which the Trump administration tactics may look ham-fisted, yet are based on an accepted economic logic: in the realm of trade tiffs the country with the large deficit actually has an advantage. It is in a position to hurt the trade surplus economy through much greater tit-for-tat impact on that country's exports than can be applied to the deficit country's far lesser exports.

While there is also pain for the deficit country's consumers, this is occurring at a time when the US economy is in very good shape. Trump & Co. is betting on the degree to which they can legitimately threaten China with a major weakening of its economy if China does not come to the table to adjust key policies... and not just on tariffs but also intellectual property that is a bigger issue across time. Scary, yet possibly the only way to get China to accept a key adjustments.

This is the critical consideration:
The September S&P 500 future became 'front month' on Friday's June contract expiration. As a point of reference it is still important to note how well the 'front month' S&P 500 future has done after the selloff into early February stabilized. Back below 2,650-60 in late April and early left important lower 2,600-20 support. That held in early May, and the June contract back above 2,650-60 was a strong sign. And it held the following week despite US Iran nuclear deal withdrawal.

Above 2,700-10 again early last month left it support it only slipped below temporarily in late May on Euro-zone concerns. Yet it quickly recovered back above 2,700-10, and two weeks ago pushed above the 2,741 key interim resistance it had stalled into through all of May.

That left higher resistances back up at 2,760-70 and 2,810 area. The lower of them was exceeded a week ago Wednesday, and the front month (June) held it early last week and again in the wake of Fed Chair Powell's more hawkish stance last Wednesday afternoon. On current concerns September S&P 500 future is down below 2,770-60 congestion again, with next

interim congestion those 2,741 area May 'front month' trading highs. Lower 2,710-00 support includes weekly MA-13.

[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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