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To: undisclosed-recipients:
Subject: ROHR TREND ALERT!! Third Alternative

We are coming to you a bit earlier than usual with an outlier US midterm election potential we did not include on Monday due to its low probability: the possibility the Democrats will take control of both the Senate and the House.

We will revisit that soon, but first it is worth noting that regular market influences early this week have improved from previous weak data. Outside of China and Italy that were weak for obvious reasons, the global Services PMIs this week have been firm-to-strong. That gives us more reason to suspect the US equities (and others) can indeed return to strength after the US election results are in.

There are three distinct election potentials for the US Congress: the GOP retains control of both House and Senate (a outlier bullish economic scenario); a split due to the Dems taking the House (most likely and still constructive scenario... see Monday's ALERT!!); the Dems taking both the House and Senate. Only that last alternative is troubling for the equities on possible policy reversals.

The reason Democrats are likely going to take control of the House is backlash against President Trump's style among educated suburban voters who went for him in 2016. The RealClear Politics election map and table (<http://bit.ly/2PFyl9E>) amply illustrates the 38 House toss-ups being mostly in Republican held seats. That speaks volumes about reversal in states where Trump won handily in 2016.

15 current Republican seats are already likely to become Democratic (i.e. not even toss-ups), and Democrats only need a change in 23 seats total to take control of the House. As such, if Dems take only a third of the toss-ups, they will once again control the House. That still remains economically irrelevant due to any policy changes being unlikely, as explored in Monday's ALERT!!

And the Senate is the opposite math. The GOP will likely take enough seats from vulnerable Democrats to offset any of their own losses, thus maintaining control of the upper chamber. Thus, while anything can happen, the split Congress with the House going Democratic remains the most likely outcome. As noted previous, this would be intermediate-term economically and equity market constructive.

Limited critical consideration (much the same)

Two weeks ago December S&P 500 future Broke DOWN at 2,708 from its broad up channel since the February-April mid-2,500 area sharp reaction lows. As noted previous, that week's Close below the late-May 2,675 pullback low Tolerance of the channel was by such a marginal factor as to allow subsequent recovery.

And even after Friday's weakness last week's rally was strong enough to push back above 2,708 (<http://bit.ly/2DIEWAc>) in a way that seems to Negate the DOWN Break. As such, that is once again support with a reinforced Tolerance to 2,675.

We will be returning to a more robust critical consideration from Wednesday morning onward, yet felt additional extensive pre-election opening perspective would be useful under the

circumstances. It seems to reinforce the technical activity indication that US equities likely remain bullish overall in the near term.

Shortly after the election the upcoming 'Santa Claus Rally' will further reinforce the basically firm economic influences if indeed US equities reestablish overall upward momentum (more on that soon.) Please refer back to the Friday ALERT!! critical consideration for the still relevant extended trend discussion.

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