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To: undisclosed-recipients:
Subject: ROHR TREND ALERT!! Gridlock is Good

While we are usually quick to discount the 'received wisdom', our confidence the Democrats would take the House while the GOP retained the Senate has been borne out in the results... and US equities have shown it is as 'economically inconsequential' as we projected in recent ALERT!!s.

That said, this does not mean it is politically inconsequential. The Dems control of the House means their installation as committee chairs will allow them to unleash the 'hounds of investigation' on Trump and his allies as well as business. While our space is too short to individually list those Representatives, be assured they (especially those on the Far Left) have more interest in crippling Trump and financial services and other businesses than producing bipartisan legislation.

However, as noted in recent analysis, expanded Republican control of the Senate means there is no chance there will be rollback of the tax reform, and Trump's regulatory rollback will also stand. As discussed on Monday, even if the totally marginal potential for President Trump to be impeached and then convicted in the Senate actually occurs, there is no credible logic pointing to a President Pence reversing tax reform or reimposing regulations. As such, the current constructive economic environment is likely to continue under all scenarios, with occasional market upsets possible from tangential political influences.

This is the critical consideration

Since the beginning of October front month S&P 500 future had obviously been back below the 2,900 area and old violated higher resistance into the 2,840-50 area. The latter failure included a weekly channel 2,835 DOWN Break, and subsequently failed 2,800-2,790 support. In the event the 'quadruple whammy' on Thursday, October 11th hit near-term psychology for failures below those areas, all of which remain the current higher resistances.

Then two weeks ago December S&P 500 future Broke DOWN at 2,708 from its broad weekly up channel since the February-April 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 in a way that seems to Negate the DOWN Break. As such, that is once again support with a reinforced Tolerance to 2,675. This has been solidified by a consistent grind higher all of this week (<http://bit.ly/2JJJP6p>), coming close to the 2,800-2,790 area again this morning prior to setting back a bit.

This all gets back to our classic trend assessment insight based on the Sherlock Holmes principle of eliminating the 'impossible' (<http://bit.ly/25GidVh> page 2.) While no such total confidence is reasonable in the markets, as the US equities sustained their recovery last week into this one, the diminished potential for a return to weakness became apparent; thus favoring the bulls once again.

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