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To: undisclosed-recipients:
Subject: ROHR TREND ALERT!! Trend Test Triumph

The bulls have won. The US equities bull is back on track after surviving a very sharp test of the key lower up trend Tolerance. That striking blind flash of the obvious only comes after the previous very rigorous assessment, and a thought spared for how things might have been different as the bears had the market on the ropes during the US Thanksgiving holiday weekend (much more below.)

Yet this is consistent with our oft-repeated observation: While US equities bulls can be weighed down by three or more stressors, as those are removed the market is most likely to revert back to form; and sometimes with a vengeance, as is the case at present. Recent stressors included weaker data (even if that is also now abating a bit today.) More important were the macro factors like the various OECD analyses cited in our Friday November 23rd ALERT!! (i.e. into the very weak weekly Close.) However, it is important to note that a lot of the 'macro' angst was based on future trade psychology, especially the US-China confrontation.

Yet last week Monday the US equities were higher on the removal of the EU-UK Brexit stressor. Then there was the less hawkish tone from Fed Chair powell in last Wednesday's speech (<http://bit.ly/2Ssqyd4> from the top of page 2.) And that was followed by last weekend's partial US-China trade rapprochement at the G20 meeting. While that is more détente than definitive agreement, the suspension of further aggressive action for 90 days was all the market needed to hear.

It is interesting that nobody seems to be thinking about how a return to stronger growth might encourage the commensurate return to more hawkish Fed activity. But that doesn't seem to matter as much as THE major stressor abating for now.

This is the critical consideration

In late October the December S&P 500 future Broke DOWN below 2,708 from its broad weekly up channel since the February-April sharp reaction lows. As noted previous, the rally into early November after a new late-October trading low was an UP Closing Price Reversal (CPR) from the previous week's 2,670 Close.

That extended the channel Tolerance to the 2,675-70 range with the UP CPR 'extended' Tolerance to 2,627 (heavy red line) at the low of the preceding week then being the ultimate test of the bull trend. Yet it held Friday November 23rd, depriving the bears of what might have been a far more meaningful downward spiral. It is one of our classic Sherlock Holmes eliminating a 'highly unlikely' possibility leading to the other outcome (see page 2 on <http://bit.ly/25GidVh>.)

In hindsight it is (as always) easy to see how the bears inability to extend their control led to the sharp recovery as succeeding levels of stressors were removed (<http://bit.ly/2B0dF7u> as of 09:00 EST this morning.) And initial modest recovery on the Brexit breakthrough last Monday was indeed able to get (as we inquired on Friday) "Better, better, better" on the additional major stress reduction from the US-China warming. It is now interesting that the December S&P 500 future has stalled after a brief look above the 2,800 area resistance, with interim 2,750 area as next support. Higher resistances remain into 2,850 and 2,900.

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