Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
Sent: Monday, December 17, 2018 9:58 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Lump of Coal

Dear Subscribers,
As we have noted in previous years, there is no benevolent 'Santa Claus' handing out free profits in the markets: it is more so a 'Santa Portfolio Manager' function when managers feel it is to their benefit to shed cash into the end of an up year in US equities. As also previously suggested, a sustained drop back below the 2017 annual Close would negate the potential for any 'Santa Claus' rally late this year.

And 'a lump of coal' in investors' and portfolio managers' stockings is looking more so the most likely result late this year. The question is a matter of degree, as further explored in supports in the annotated chart and trend comments below. Suffice to say for now that the 'macro' situation has multiple threads which are creating more current weakness and future uncertainty than expected in early 2018 after the major US tax cuts and regulatory reform.

For more on the latest developments and NGO forecasts, see Friday's ALERT!! That included this holiday-compressed month's weaker than already downbeat estimates for European Advance PMI's, with France falling shockingly below 50.0 (i.e. contraction territory.) This is reinforced by still very accommodative views from Mario Draghi at Thursday's ECB post-rate (non-)decision press conference (http://bit.ly/2yMh99Z.) We have also cited the serial weak indications from OECD, like last Monday's Composite Leading Indicators (http://bit.ly/2B78ZYF), and previous full quarterly Outlook presentation (http://bit.ly/2xQTogU or review the PowerPoint at http://bit.ly/2PMdUZh) and Q3 Trade stats (http://bit.ly/2PZSUP2.)

It all reinforces the US equities 'failure swing' (see last Monday's ALERT!! for more on that Evolutionary Trend View), reinforced by last week's rally failure.

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. Yet the rally into early November was an UP Closing Price Reversal (CPR) from the previous week's 2,670 Close. That stretched the channel Tolerance to the UP CPR 'extended' 2,627 Tolerance (heavy red line) at the low of the preceding week.

It held Friday November 23rd, and the bears inability to extend that selloff led to a sharp rally into the following Monday after the G20 US-China stressor removal. Yet the Tuesday Trump 'Tariff Man' tweets (and others) put it below key levels like 2,708 and even 2,675-70 (including the 2017 Close.) Note that its recovery rally failed that Friday morning at the 2,708 level it should not have violated again after the last rally; hence it was a 'failure swing'. See the weekly chart from just after this morning's opening (http://bit.ly/2GnTyBs) for a clear view of that.

As such, December S&P 500 future back below critical CPR UP signal at 2,670 is also below 2017's Close, killing the Santa Claus psychology late this year. And below 2,627 (heavy red line), the UP CPR, 2,603 low was unlikely to hold. Lower supports remain early-2018 2,529-52 lows (lower red line), which are critical due to the next significant lower support not being until the major 2,400-2,350 area.

[For those of you who are www.rohr-blog.com subscribers, see the latest analysis and Market Take in the daily emailed ROHR-BLOG notes and occasional posts for more on the current Evolutionary Trend View.]

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