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From: ROHR Alert <rohralert@gmail.com>
Sent: Wednesday, December 19, 2018 9:30 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Perfectly Teed Up

Dear Subscribers,
Having dropped to the lower of the early year lows on Tuesday prior to recovering into this morning, the front month S&P 500 future is perfectly teed up for this afternoon's FOMC announcement and press conference. This is a good proxy for the overall trend into the end of this year for all US equities, even if the DJIA and NASDAQ remain somewhat above their equivalent early year reaction lows.

As reviewed below (with updated annotated chart as well), the problem for the bulls is that any failure of the S&P 500 leaves no additional major support until much lower levels. And whatever the Fed does indeed signal today, there remain more than a few other bearish influences. Those include especially the actual outcome of the 90-day US-China tariffs increase hiatus, what at this point still seems to be the likelihood of a messy 'no deal' UK Brexit from the EU, and the overall weaker global economic data and prospects (see Monday's ALERT!! for the full range of recent OECD economic outlooks and indications.)

Due to President Trump's criticism of the Fed, it has no choice but to raise the US base rate 25 basis points one more time to 2.50% despite obvious deterioration in global economic indications. More important will be the forward view in revised economic projections and Chair Powell's press conference. The more so he sounds like the Fed is on a preset path for serial rate hikes, the worse it is likely to be for US equities. The more the Fed is back to being 'data dependent' into weakening data, the more US equities are likely to interpret that as constructive.

This is (still) 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'.

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 have been tested over the past couple of sessions. See the weekly chart from after this morning's opening (http://bit.ly/2CoWSZ7.) Those are critical due to the potential for a rally, yet with next significant lower support not being until the major 2,400-2,350 area.

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