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From:	ROHR Alert <rohralert@gmail.com>
Sent:	Thursday, January 03, 2019 9:08 AM
To:	undisclosed-recipients:
Subject:	ROHR ALERT!! 'Flash' Psychology

Dear Subscribers,
The current focus on the foreign exchange 'flash crash' overlooks the degree to which the US equities holiday action was also a flash crash of sorts. While it was not compressed all into a single trading session, the thin holiday market selloff out of Friday, December 21st into Christmas Eve and subsequent sharp recovery on December 26th represented a similar (if more spread out) sort of whipsaw.

As this is a more finely focused perspective, we highly recommend a review of Wednesday's broader background. As far as the somewhat spread out Christmas US equities crash and bounce, it is instructive to review the original 'flash crash'. May 10, 2010 saw the DJIA drop from the previous 10,868 Close to 9,869 prior to recovering to Close at 10,520. A 1,000 point drop recovering to 'only' 348 lower.

It had already been struggling into resistance in the 11,000-11,200 area As such, it was primed to drop, even if nowhere near that far. This was also an early hiccup in automated/algorithmic trading that saw all bids instantly pulled. And even though it recovered to quickly test resistance near 11,000, over the near term it also revisited the upper 9,000 area once again within a couple of weeks.

The Bottom Line: While it is possible that the US equities remain bullish overall, there is potential for near term troubling news to foment an S&P 500 retest (or near miss) of the Christmas trading lows. And the rally so far has failed up near the violated early year lows; much like the failed immediate recovery in May 2010.

Courtesy Repeat of Wednesday's critical consideration
Ever since the front month S&P 500 future dropped below the early year lows into mid-December, we skipped a lot of our previous higher level activity discussion. Suffice to say that on the early December (post-G20 Trump 'Tariff Man' tweets) sharp slide back below 2,708 it was in the 'failure swing' noted since that time. That quickly led to the violation of the 2,675-70 area (including the 2017 Close.)

The drop below early-2018 2,529-52 lows was critical due to next significant lower support not being until the major 2,400-low 2,300 area, with a Tolerance to the early 2017 2,318 congestion area low. This could be seen on the monthly chart (http://bit.ly/2BA9b3c) from early morning on Thursday, December 20th. That was our last chart indication prior departing on holiday, and was particularly broad to address just how weak the market might become on those new yearly lows.

In the event, March S&P 500 future (new front month into Christmas) did indeed drop below the 2,400 broadest UP channel from the major cyclical (post-Credit Bust and Housing Bust) 666 low from March 2009. A lump of coal indeed. Yet after only a brief test of its Tolerance into that 2017 congestion 2,318 area low, it rebounded sharply (as seen on the current monthly chart http://bit.ly/2CJeQ8C.)

As long as it holds that area, it can still likely return to a more bullish trend, as this is also a key percentage retracement area (see our December 20th ALERT!!) Yet if it should fail, next support is not until the 2,200-2,135 area (including the November 2016 front month S&P 500 future pre-election daily Close.)

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