Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
Sent: Friday, January 04, 2019 8:27 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Good or Bad?

Dear Subscribers,
Is the major US Nonfarm Payrolls 312,000 December gain (versus a 164,000 estimate) good news? Or will this end up being a case of "good news is bad news" in the context of its influence on the Federal Reserve's already hawkish tendencies (i.e. looking to raise US base rates another two times this year?

First let's allow the external 'macro' factors were a very positive overnight influence on US equities. Chinese trade officials will resume meetings with US counterparts in Beijing next week, where previous there had been no meetings after Presidents Xi and Trump declared a 90-day tariffs truce at the beginning of December. This is a very positive development for US equities (and others.)

On the other hand, there is no guarantee anything will be agreed on the thornier issues facing the US-China relationship. Also a bit of a negative this morning is the Cleveland Fed's Mester view that the US economy is indeed strong enough to warrant the additional two rate hikes suggested for this year. We should know more soon, as Fed Chair Powell joins predecessors Bernanke and Yellen in a panel discussion at 10:15 EST. A streaming view of that panel is supposed to be available at https://www.aeaweb.org/conference/livecasts/2019

In the meantime, market tendencies remain as expected, with the US equities swinging back down in a more orderly manner after the post-Christmas bounce. We suggest review of Thursday's "Flash Psychology" ALERT!! and Wednesday's broader background on "Stale Indications and a Good Question."

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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