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From: ROHR Alert <rohralert@gmail.com>
Sent: Thursday, January 10, 2019 9:27 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Powell to the Rescue (Again)?

Dear Subscribers,
Despite the wrap up of the one-day extended current round of US-China trade talks and President Trump's Tuesday evening speech, much remains the same. That includes the overall positive US equities tendencies revisited below despite this morning's setback. That also includes some limited return of strength in the govvies today. And if there was any real progress on the thornier US-China trade issues (like forced technology sharing) we would have heard about it.

That leaves the other key stressor of US government shutdown based on Trump's desire for major expansion of the existing US southern border barrier. As noted Wednesday, more than a few of his Tuesday speech assertions were refuted by nonpartisan fact-checkers. And in any event the Democrats are still unwilling to cooperate on any wall/barrier funding to end the partial yet telling US shutdown.

That may become more problematic for many Republicans once US government employees and contractors start missing paychecks on Friday. Yet well ahead of that will be the consideration of the more accommodative Fed communication, including Wednesday's FOMC meeting minutes release. Those seem quite a bit more dovish than either the statement or press conference on December 19th.

That followed a much more dovish (including balance sheet) discussion on Friday between Fed Chair Powell and predecessors Yellen and Bernanke. Yet a word of caution is in order: even if Powell again sounds less hawkish at Economic Club of Washington DC at 12:00 EDT (watch live: https://youtu.be/9WFLNKcfGaM), that will be due to weaker economic expectations. We shall see.

This is the critical consideration
Ever since the front month S&P 500 future dropped below the early 2018 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 can still be seen on the monthly chart (http://bit.ly/2VBvb6D) from the end of last year. Those areas form the bounds of a broad range, which the market has pushed above since Tuesday morning.

While it must be noted that only a failure back below the 2,529 February 2018 low will restore bearish momentum, there is very substantial interim congestion (October-November basing attempt and previous) in the 2,600 area. That extends to approximately 2,635, and includes weekly MA-9 and MA-13. As such, it appears that the relevant trading range has ratcheted up, yet would still need to see more proof in the bullish pudding prior to indicating a full positive trend reversal.

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