Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! BoE & US Wall Politics

Dear Subscribers,
Governor Carney was very circumspect at the Bank of England Inflation Report press conference today (http://bit.ly/2SAsAvh full report with a link to the press conference.) And with good reason, regarding a 'hard' Brexit (UK 'no-deal' crash out of EU) on March 29th or a 'soft' Brexit yet to be determined. In response to a question he noted the 'hard' option was unimaginable a year ago. Its likelihood has moved up to "...not the central scenario." That's a wonderful bit of British understatement (even though he's actually Canadian) with just seven weeks left.

The bottom line is another still very accommodative central bank we have been noting of late, now joined by a Fed that is coming around to acknowledging these global pitfalls as being relevant. And Carney was quick to point out BoE early negative anticipation on the Chinese and European economies that is turning out worse than expected. Along with the negative impact of UK Brexit uncertainty driving weak capital investment, the BoE economic outlook has been lowered to the weakest levels since the 2008-2009 financial crisis aftermath.

Yet he also noted that this negative anticipation left room for quite a UK resurgence if the still 'core' scenario of a 'soft' Brexit manages to be rescued by March 29th. This is all consistent with our current uncertainty driving a 'bad news is good news' psychology for US equities and other markets. As noted for the increasingly critical US 'wall' politics (see Wednesday's ALERT!! for much more), whether Wednesday's closed-door security experts' testimony to a bipartisan Congressional panel will bring about compromise (to avert another US shutdown) is now a critical factor. The shifts from 'bad' to 'good', and possibly back again, will be instrumental in determining near-term (likely inverse) market psychology.

This is the critical consideration
The front month S&P 500 future pre-December activity above the early 2018 lows is relevant again with March S&P 500 future back above the 2,600-35 congestion. Along with lower 2,600 congestion it has been back above since Tuesday January 15th, that put 2,675-70 area (including the 2017 Close) back in play.

At this point it must be noted that the push back above the full 2,600-35 range had also ratcheted March S&P 500 future back up into the October-early December trading range. The importance of that with the recent weekly down channel UP Break (2,600) and key moving averages being exceeded is apparent on the 3-year weekly continuation chart (http://bit.ly/2S5Rcwt) (including weekly MA-9 & MA-13) updated through last Friday's Close.

Also above 2,675-70 area last week that it had stalled into during the previous week-and-a-half opened the door to interim previous 2,708 DOWN Break it has now been well above prior to the current setback into that area. Higher resistances remain the mid-2,700 area (weekly MA-41) it neared on the recent rally, and prominent low-2,800 area top of the October-early December range.

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