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**From:** ROHR Alert <rohralert@gmail.com>  
**Sent:** Thursday, February 21, 2019 9:07 AM  
**To:** undisclosed-recipients:  
**Subject:** ROHR ALERT!! Loving Liquidity?

**Dear Subscribers,**

**Seemingly US equities are not loving the greater liquidity implied in the FOMC minutes discussion of policy changes. The degree to which the policy board was explicit on “patience and data dependence” in federal funds rate adjustments, and even more so ready to cease balance sheet reduction sooner than previously expected should be constructive for US equities. See pages 9 and 11 of our mildly marked-up version of the minutes (<http://bit.ly/2Val8DK>) for much more.**

**And there was indeed an erratic knee-jerk rally in US equities in response to the idea the Fed would soon make a statement on ending its balance sheet reduction, and that it would indeed cease to shrink it by the end of this year. This would put mean a \$3.6 trillion balance sheet floor versus previous lower expectations. And that means a whole lot more market supporting liquidity.**

**Yet after the Wednesday afternoon grind to a new rally high, US equities are reacting back down again this morning (more below on overall trend parameters.) How could this be with a seeming “bad news is good news” development? Quite simply because the Fed’s less hawkish moments are almost always based on weak US and/or international economic indications and psychology.**

**Despite more friendly US-China trade talk noises, the current international data (now joined by some US indications) is indeed weakening. Global PMI’s this morning were especially troubling for both Japan and Germany. Even with other stressors abating, it is thoroughly possible that the general world economic situation leaves US equities fully priced or even a bit high. See our previous discussions on the OECD indications (FEB 12th) and other observations that include our skepticism on the full range of US-China trade issues being resolved.**

**This is the critical consideration**

**The front month S&P 500 future pre-December activity above the early 2018 lows became relevant again after March S&P 500 future crossed back above 2,600-35 congestion. Along with the low end 2,600 level it has been back above since Tuesday JAN 15, that put 2,675-70 area (including the 2017 Close) back in play.**

**The importance of that with the recent weekly down channel UP Break (2,600) and key moving averages being exceeded is apparent on the weekly continuation chart (<http://bit.ly/2Im129a>) updated through early Tuesday morning. That 2,635-00 area is major lower support, with interim 2,750-40 (including weekly MA-41), the very light 2,708 Negated DOWN Break and 2,675-70 along the way. That key higher resistance remains the more prominent low-2,800 area top of the October-early December range that held into 2,635-00 prior to the December debacle.**

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