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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Surge or Slump?

Dear Subscribers,
US equities have worked themselves into a position where there could be a surge above important resistance, or at least a limited near-term slump back down to lower support (much more below.) This is not in any way surprising. As noted in last Thursday's focus on global macro factors, China's benefit from the US-NK talks breakdown was showing up in stronger US equities.

With little international economic data this morning, it is now highlighted again by hopeful sounds from each side on the potential for a US-China trade deal. Yet that is rightfully feared by US trade hawks as a very possible Trump capitulation to get a 'win' in the wake of that ostensible Hanoi failure of his persuasion skills. And as it relates to the now necessary continued pressure on the Kim regime, the clear winner was North Korean benefactor China and President Xi.

The situation now is that the US needs China more than ever once again to maintain NK pressure, which likely creates a much less demanding near-term US-China trade negotiation stance. That should indeed be good for the global economy, yet with the drag from current overall weakness. That will be revisited again in this Wednesday morning's OECD Interim Economic Outlook.

Also note one other drag for the US as strongest of the major global economies: Significantly reduced seasonal tax refunds for US taxpayers. This is fallout from the constructive 2017 tax reform. Due to elimination of SALT (state and local tax) deductibility along with other factors, quite a few Americans are seeing either reduced refunds or actually owe money. This is an important factor, as (in gross terms) the refund is typically 10% of US households' annual income, and is spent on major durable items. Just one more thing to keep in mind

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. The importance of that with January's weekly down channel UP Break (2,600) and key moving averages being exceeded is apparent on the weekly continuation chart (http://bit.ly/2NEKA2N) updated through last Friday. That 2,635-00 area is major lower support, with interim 2,750-40 (including weekly MA-41), the light 2,708 Negated DOWN Break area and 2,675-70 along the way.

Yet the 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. Also apparent on the chart is the series of highs, the highest of which is the 2,825 minor bounce high during the overall October selloff. Only if that can be exceeded will the market signal it is ready to surge toward extended resistance at 2,865-80 and 2,900 congestion areas, and possibly even the 2,947 all-time high.

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