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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Assured Accommodation

Dear Subscribers,

Having just seen Mario Draghi's ECB press conference (<http://bit.ly/2WTHNpE> opening statement with link to press conference video), we are very confident of one thing: assured accommodation. That is only natural for an economy which is suffering weakness in Germany with Italy in recession. Draghi explained away the Italian data as 'not unexpected', and assured the government was taking steps.

However, the overall thrust of the ECB's message is that the current downdraft in European growth impacted by global weakening and uncertainty clearly shows risks remain "tilted to the downside." And this requires that it be ready to use all tools at its disposal. This raises the spectre of it possibly dropping its base rate into negative ground, and reinstating a QE program (in its case APP.) The entire press conference was a litany of woes on everything from the weakness that is spreading globally, and especially the Brexit risks to Europe as well as the UK.

On that he noted that some European countries are especially vulnerable to a 'hard' Brexit. Yet his additional ire was reserved for the heavy over-capacity in the European banking system. He noted too many high-cost (too many branches and employees) operations that had not been reformed. While bad loans are not as big a problem now, the overall problems there echo our Tuesday indications on why the recent People's Bank of China stimulus efforts are having less success than previous. That is due to banks holding 26% of China's banking assets being constrained by bad loans (see Monday's FT article <http://bit.ly/2FZ5fv0> for more.)

The counterpoint today is the best Asian and European economic data in recent memory. This is likely buoying US equities even as the govies keep their bid on the overall sense of weakness. And divergent tendencies noted Monday continue with the further strengthening of emerging currencies. It will be interesting to see which psychology wins out after this afternoon's FOMC minutes release.

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 in mid-January. The importance of the January weekly down channel UP Break (2,600) also exceeding key moving averages is apparent on the weekly continuation chart (<http://bit.ly/2D0SKyn> updated through last Friday's Close.)

It is also obvious that the mid-March surge above the 2,825-14 resistance at the top of October-early December trading range opened the door to more strength despite weak global data. After wild swings three weeks ago, it left a weekly DOWN Closing Price Reversal (CPR) from 2,830 (Tolerance 2,836.50) that seemed to signal an end to the major post-Christmas rally. Yet two weeks ago it could not sustain weakness that is necessary to confirm a 'single period' reversal (like a CPR.) The subsequent weekly Close above 2,830-36 Negated that DOWN CPR.

Higher resistances were the 2,865-80 area it has now overrun, and 2,900-10 from back in September it recently neared prior to the current selloff. That is the last congestion resistance (also weekly Oscillator) this side of the 2,947 all-time high.

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