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ROHR ALERT!! May Fails

1 message

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Dear Subscribers,

While allowing for serial rebounds, revisions and even major deadline extension, it is now obvious to all that UK PM May's Brexit deal is dead... RIP. This is more of a problem than many have allowed, as breakdown of UK-EU trading arrangements would be more of a drag on the global economy than most have estimated.

The near term silver lining may be another extension of the UK Brexit deadline despite previous EU indications that October 31st was the final-final threshold. Yet (much like the March 31st deadline shift) that would only be temporary, and also further expand the uncertainty plaguing those two economies that spills over into the lower corporate capital investment that was heavily cited in the OECD Economic Outlook. (See Tuesday's ALERT!! for much more on that.)

As noted in this morning's in-depth Reuters article (<https://reut.rs/2Huquql>), the chances of UK PM May being ousted and even a general election have increased markedly. As such and as distasteful as the EU might find it, there would need to be another deadline extension to allow for so much change in the UK prior to any definitive Brexit plan decision. And this is all important to equities, global foreign exchange and govies due to the extended impact from any UK no-deal Brexit.

Tuesday's OECD Economic Outlook title was "Trade uncertainty dragging down global growth." We suggest review of the Outlook main (<http://bit.ly/2HGYmz7>) and the "Projections by Country" heading link to 'View the presentation...' classic full PowerPoint and General Assessment. While limited and late in the General Assessment (page 28), It's Brexit view is telling, (including) "...effects could be stronger still if a lack of adequate border infrastructure... ..were to cause serious bottlenecks..." ...as we have warned since early this year. Therefore this is much more than a UK-EU drag on growth.

Another Courtesy Repeat of Monday's critical consideration

It is obvious that the front month S&P 500 future mid-March surge above the 2,825-14 resistance opened the door to more strength. After wild mid-March swings, the June S&P 500 future pushed above a weekly DOWN Closing Price Reversal from 2,830-36, implying more upside was likely. And with the 2,825-14 (October-December range) weekly MA-41 at 2,775 remains important support.

Back in late April 2,900-10 area resistance from September was overrun. That was important as the last congestion this side of September's 2,947 front month future all-time high that was retested into the May 1st prior to the current selloff. Even in the wake of the initial Trump dump two weeks ago (May 6th on the China tariffs comments), it was only back around that 2,910-00 support's 2,890 Tolerance.

However, once that was violated, it was reasonable to anticipate a test of lower supports at the violated 2,865 resistance, 2,836-30 and 2,825-14 all the way to the 2,800 'big penny'. A

round of friendly Trump US-China comments squeezed the bears all the way back up that 2,890 violated Tolerance, but no better. As such, the simple Evolutionary Trend View suggests an evolving bearish phase for now.

[For those of you who are higher level www.rohr-blog.com subscribers, see the latest analysis and Market Take in the daily emailed ROHR-BLOG notes and occasional posts for more on the Evolutionary Trend View.]

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