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From: ROHR Alert <rohralert@gmail.com>
Sent: Friday, July 12, 2019 8:51 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Perverse or Normal?

Dear Subscribers,
While the US equities and global govvies rising together until late last week seemed perverse, it was actually normal under the circumstances. Even with still weak international economic data, the US equities can rise while dovish central bank psychology on non-US weakness drives a bullish govvies psychology.

That has gone a bit further into the perverse side this week as Fed Chair Powell has signaled an FOMC rate cut at the end of July despite continued US data's strength. It is reminiscent of the 1997-1998 Greenspan approach to global influences (see Thursday's 'Ghost of Greenspan?' ALERT!!) This is especially as it concerns stronger US inflation indications over the past couple of days. This has turned a modest global govvies reaction into a more substantial correction of their previous extended rally since late May (especially the Bund and Gilt.)

And the global economy is looking like it will weaken further in the near-term, not the least because of the continued US-China trade impasse. This came home to roost today in the form of much weaker than expected Chinese import numbers, as noted in an excellent Reuters article (https://reut.rs/2jF2Z4H.) Along with many other observations it again reinforces our view that the Trump-Xi rapprochement does not leave the talks back anywhere near the often touted "90% complete."

It even goes on to note that "...*existing tariffs remain in place, producing a long slow burn for the Chinese economy*…" and "...*the two sides remain at odds over significant issues*…" ...as we have noted repeatedly despite short-term positive sounds at times. As such, US equities can rise on a bit of almost unnecessary Fed stimulus and a sense they are the 'last man standing' in their asset class once again. Watch the resistance they are now testing. Yet we also feel govvies will find a base on this reaction due to the still weak overall global economy.

Courtesy Repeat of Thursday's critical consideration
Front month S&P 500 future 2,900-10 resistance from September was overrun back in late April. That led to the retest of September's 2,947 front month future all-time high into May 1st that extended to 2,961. Once lower 2,910-00 support was violated, it was reasonable to expect a test of lower supports at previously violated 2,865 resistance, 2,836-30 and 2,825-14 all the way to the 2,800 area.

And even after the early June US-Mexico tariffs scare selloff back near the 2,722 March trading low, US equities saw a sharp rally. Lower key supports at 2,865, 2,836-30 and 2,825-14 were all reinstated. Higher resistance was again 2,900-10 area, with the early May 2,938.25-2,947.50 gap lower from the all-time high Close above. As those are now overrun, September S&P 500 future is above historic Oscillator levels at 2,965-70 and 2,985, with the critical 3,005-10 above that.

Also note the low 3,000 area topping line out of January 2018 on the weekly chart (http://bit.ly/30rWe6n) through last Friday's Close. The question now would seem to be whether it can push above the critical 3,005-10 Oscillator resistance and somewhat higher

topping line into the 3,025 area prior to dropping back below the 2,947-38 gap and old all-time high area from September it has now fully overrun.

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