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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Here Comes the Bounce

Dear Subscribers,

US equities slippage below psychological support at the September S&P 500 future 3,000 'big penny' seemed to have been temporary, until Friday afternoon's response to the Iranian seizure of a UK-flagged oil taker in the Persian Gulf. It was widely seen as Iranian retaliation for the British seizure of an Iranian tanker two weeks earlier. The subtlety of the Iranian tanker very possibly being used to break sanctions on oil shipments to Syria seems to be lost on the Iranians.

Yet this sort of threat to peace in essential Persian Gulf shipping lanes is enough to upset the US equities despite all sides claiming they are not interested in going to war. However, as we noted into Friday morning, the basis for the previous bounce back up into the September S&P 500 future 3,000 area was shaky. It was based on slightly soothing words on US-China talks from Treasury Secretary Mnuchin. Yet that overall context remains fraught (see Friday's ALERT!! for much more), even if key lower supports have not as yet been aggressively tested.

So while US-China talks are at the principal level, there is still some hedging on whether that will lead to any in-person meetings... *"to the extent that it makes sense for us to set up..."* those meetings. A singularly tepid communication on whether they will indeed occur. And now we have the additional stressor, even if possibly easier to resolve in a best case scenario, of the Persian Gulf tensions.

This is the critical consideration

Even after the early June US-Mexico tariffs scare selloff sent the front month S&P 500 future 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 were overrun into mid-June, September S&P 500 future was above historic Oscillator levels at 2,965-70 and 2,985, with the critical 3,010-15 into this week above that.

Also note the low 3,000 area topping line out of January 2018 on the weekly chart (<http://bit.ly/2Y7ViSV>) through last Friday's Close. The question now would seem to be whether it can sustain any bounce for a push above 3,010-15 Oscillator resistance and somewhat higher topping line into the 3,030 area prior to dropping back below the 2,947-38 gap and old all-time high area from September.

The other psychological key in light of current trading levels is the 'big penny' psychology: the tendency for markets to treat major round numbers (like 3,000) as significant whether or not they are actual technically important thresholds.

In this case 3,000 is not a fine line threshold, yet relates to trend momentum. And 'extended' weekly Oscillator projections suggest any sustained escape above the 3,010-15 area points to 3,060-70 next (weekly MA-41 plus 280-290.) Yet September S&P 500 future slipping below that 3,000 'big penny' opens the door to retests of 2,985 and 2,965-70 (already the past two weeks), with the 2,947-38 gap below that.

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