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From: ROHR Alert <rohralert@gmail.com>
Sent: Monday, July 29, 2019 8:43 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! US-China Still Driving Global Fears

Dear Subscribers,
And rightfully so. As noted in last Wednesday's 'China Déjà Vu' ALERT!!, talks will "*initially be more so about the promised Chinese purchase of US agricultural products that have yet to materialize after the G20 Trump-Xi rapprochement*."

As a very good Reuters article (https://reut.rs/2YcrCZO) explores, the broader issues are not even considered addressable at present. The Munchin-Lighthizer Shanghai visit this week is only to get China to fulfill its post-G20 US agricultural products purchases commitments to avoid immediate higher tariffs, and to see what the US is going to do about partial relief for Chinese tech giant Huawei's access to parts from US producers. This leaves current tariffs in place.

As noted in Friday's 'ECB Disappointment into Weak Macro' ALERT!!, at his post rate-decision press conference (http://bit.ly/2Mfjd0g) ECB President Draghi noted, "*This outlook is getting worse and worse*." As the various NGOs have noted, the tariffs-driven international lack of business investment will continue to weigh on the global economy in the same way as we have seen in last Wednesday's global Advance PMI's. There is no basis at present for anticipating stronger growth.

So central bank largesse may inspire short-term US equities strength while there is no attractive 'risk free' yield (i.e. government bonds) available. Yet the longer term economics do not seem to support developed economy strength outside of the US. This is also the reason both govvies and the US dollar can remain strong.

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 3,015-20 area above that on the continued rise of weekly MA-41. Also note the major topping line out of January 2018 on the weekly chart (http://bit.ly/2K7Qbx4) through last Friday's Close, rising to 3,035 this week. The question now would seem to be whether it can sustain a push above those levels, as the next Oscillator threshold above is not until the 3,065-75 range this week.

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 that is why the 'extended' weekly Oscillator projections and topping line are so important the overall trend momentum above that psychological 3,000 level.

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