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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Trumpalumpa Redux... and then some

Dear Subscribers,

Back in late May we send a couple of ALERT!!s citing the Trumpalumpa factor: as in which side was taking market lumps on recent Trump pronouncements. That has been sharply back in focus since early this month for US equities and the global govies. The US equities gyrations around alternating key US-China trade trash talk and more accommodative communication (on both sides) has seen major swings, including Wednesday's worst day of the year.

And we are coming to you later than usual after our short holiday, in order to review all of the key factors. That is especially on the past couple of days' data that showed continued weakness in China and Europe, yet with strength in UK and US consumer activity along with UK labor market strength. So why should the equities remains so weak and global govies so strong in that context?

It is because the industrial side of things remains very weak. Investor sensitivity to that is apparent from their flood into govies and other bonds, as detailed in last week's very good Financial Times article (<http://bit.ly/2Ttsjlv>.) It is an axiom of longer term cycles that capital investment precedes strong growth, and its reversal leads to downturns... even if with long lead times.

And as noted in Friday's 'The Hits Just Keep On Coming', last Thursday's OECD Composite Leading Indicators (CLI <http://bit.ly/2MJ46g5> for our marked up version) only further reinforce the current on balance downbeat economic data; that extends to surveys measuring economic and industrial psychology.

In any event, much now rests with the musings of Donald Trump, and markets are inclined to move higher or lower on his latest trade and diplomacy mood swings. The problem now with equities rallies is that his previous radical flip-flops have suppressed global corporate capital investment. And on a forward view equities seem to signal this will ultimately lead to a softer consumer and profits as well. This leads us to suspect friendly noises from Trump will have diminished impact across time, as seems to be the case in this week's equities and govies activity.

This is the critical consideration

After the early June US-Mexico tariffs scare sent front month S&P 500 future back near the 2,722 March trading low, US equities rallied sharply. Lower supports at 2,865, 2,836-30 and 2,825-14 were all reinstated. Higher resistance was 2,900-10 area, with the 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. Having failed to exceed that led to the recent major correction... even if not necessarily predicting its sharpness.

Any reversal needed September S&P 500 future to fail below the 2,938.25-2,947.50 area, with 2,910-00 next. That left key lower support into important weekly MA-41 at 2,796 it so far only traded temporarily below, extending its hopeful rally back above 2,865 into 2,885 to the mid-2,900 area prior to the next negative influences. All of the interim congestion areas remain as noted above.

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